

# Q3

## 9-Month-Report 2007

- Sales after 9 months at Euro 27.1m: +10% in comparison with previous year
- EBIT increased by 20% to Euro 1.0m (previous year: Euro 0.8m)
- Orders on hand at Euro 21.1m continue at very high level (+21% in comparison with previous year)
- Concretised outlook for 2007

### Overview of key figures for the first nine months

	9M 2007	9M 2006	Change in %
Sales (kEuro)	27,095	24,712	+10
EBIT (kEuro)	979	816	+20
EBT (kEuro)	1,092	976	+12
Net income for the period (kEuro)	519	625	-17
Net income for the period per share (Euro)	0.08	0.10	-17
Cash flow from current business activities (Euro)	-3,364	-7,600	-/-
Investments (kEuro)	672	757	-11
Orders on hand (mEuro)	21.1	17.4	+21
Employees (as of 30 Sep)	234	220	+6

	30.9.2007	31.12.2006	Change in %
Liquid assets (kEuro)	4,413	8,430	-48
Equity (kEuro)	19,566	19,024	+3
Equity ratio (%)	73	67	+6% points
Loans (kEuro)	0.00	0.00	-/-

### Overview of key figures for the third quarter

	Q3 2007	Q3 2006	Change in %
Sales (kEuro)	10,110	9,536	+6
EBIT (kEuro)	609	518	+18
EBT (kEuro)	605	618	-2
Net income for the period (kEuro)	206	400	-49
Net income for the period per share (Euro)	0.03	0.06	-49

### The secunet share

Reuters	Bloomberg	German SIN	ISIN
YSNG.DE	YSN	727650	DE0007276503

	28.9.2007	29.9.2006
Share price (Euro)	6.29	7.09
Number of shares	6,500,000	6,500,000
Market capitalisation (Euro)	40,885,000	46,085,000
High/Low 52 wk (Euro)	H: 9.30/ L: 5.72	H: 16.22/ L: 6.95

	Q3 2007	Q3 2006
Daily trading volume XETRA, average	3,630	4,884

### Financial Calendar 2007

**8 November**  
9 month results 2007

**14 November**  
German Stock Exchange  
Equity Capital Forum

# We are more

secunet Security Networks AG is one of the leading specialists in IT security in Germany and Europe. We supply solutions for all types of security issues for companies, public authorities and international organisations. Our customers can therefore use the entire potential of their IT infrastructure safely and reliably.

We regard IT security not as an isolated system but see our role as an integral part of the whole process. To this end we look beyond the limits of the actual issue and concern ourselves with issues such as workflow, profitability and process optimisation. Our way of working is determined by pragmatic approaches to solutions, which are as individual as they need to be, but employ as many standard technologies as possible.

Our particular strength is in the area of high security. This is why state organisations in Germany are among the most important of secunet's customers. We ensure that IP communication within and between authorities is secure at the highest level. We bring this comprehensive level of experience to other large organisations as well, both nationally and internationally.

We use our good competitive position to foster further growth. In this regard we intend both to increase our share of our core market in Germany and also to be increasingly active in international markets.

We are more than security.

## Presentation of the business unit Business Security

Globalisation is placing new demands on digital capital. Strategies, contracts, research results and customer data are just some examples of material that must be protected. Our flexible solutions for protecting your data will meet your requirements precisely.

### One success for the business unit Business Security:

***secunet installs security infrastructure for Egypt – a logical extension of our international activities***



[Essen, 11 October 2007] The German firm of secunet Security Networks AG, together with Giesecke & Devrient (G&D) Egypt Services Ltd, has won the tender to set up a national Root – CA in Egypt. secunet, as a leading supplier of IT security goods and services, will supply the PKI (Public Key Infrastructure) software, parts of the network infrastructure, the associated schemes and documentation and will train the staff at the Trust Centre. Pilot trials of the Trust Centre in Egypt under the direction of the Egyptian Information Technology Industry Development Agency (ITIDA) are planned to begin in June 2008. (See [www.secunet.com](http://www.secunet.com) for more information)

## Dear shareholders, customers, employees and friends of secunet,

In the first nine months of the business year 2007 secunet has achieved very satisfactory earnings. In comparison with the previous year we have increased sales by 10 percent and earnings before interest and tax (EBIT) by 20 percent. We have been able to increase production in all areas – and we are particularly proud of the strong growth in our business abroad. This growth has not been achieved at the expense of profitability: the increase in EBIT makes this clear.

This year we have been able to turn sales around and have thus returned to our old growth pathway.

Our strategy is clearly formulated and focussed:

- In those markets where we are already established we will exploit potential. This concerns the business areas of e-health, biometrics and official documents and the future expansion area of automotive security.
- In the product area we intend to generate increasing income and to this end expand our range of products in the software and hardware areas. We will however remain with our specialisation in high grade security.
- We will open up new target groups: This particularly covers companies in the private sector who are using high grade IT security.
- We want to continue to grow our export business and will expand our activities in international sales with our own resources and by using resellers.

This strategic stance focussed on high grade IT security will enable us in the medium term to achieve a significant improvement in earnings, i.e. to achieve an EBIT margin in the high single digit to double digit range while simultaneously increasing our sales. The profitability of our business is very much dependent on how our sales are made up: as we are still in the early phase of the life cycle with some of these products, the EBIT margin will be lower in the short term. For 2007 we are anticipating that sales revenues will be of the same order as those achieved in 2005. Earnings before interest and tax (EBIT) will be higher than for the previous year. Whether or not we achieve the record EBIT figure of 2005 depends greatly on the sales mix in the current fourth quarter.

We have ambitious growth goals for the medium term. The signs for this are good: In our core German market we are benefiting from a continued rise in demand for high grade IT security. A growing number of new customers is showing interest in our products and foreign sales of our core SINA product are increasing to an even greater extent. In addition we are also having success in new markets with our official documents area. In this respect our particular expertise in identification systems is standing us in good stead. We are therefore optimistic that we can continue to count on a high level of orders and a high level of capacity utilisation and thus continue our growth in the long term.

Yours sincerely

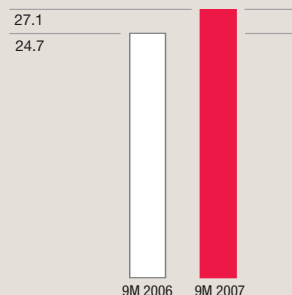


Dr Rainer Baumgart  
CEO



Dr Rainer Baumgart

Sales in Euro million



EBIT in Euro million



## Interim management report for the third quarter of 2007

### Sales

In the first nine months of 2007 the secunet group has achieved sales of about Euro 27.1m. In comparison with the first nine months of the previous year in which sales of about Euro 24.7m were achieved, sales increased by Euro 2.4m or 10 percent. This positive development is in part due to a base effect resulting from the fact that in the previous year relatively low sales were achieved due to the absence of demand from government sources. However, we were able to achieve growth in sales of over 2 percent in comparison with the first nine months of 2005, during which time these special conditions did not obtain. To this extent continued growth can be recorded.

In the third quarter sales for the secunet group were around Euro 10.1m. In comparison with the same period for the previous year this represents a growth in sales of 6 percent (Euro 9.5m).

### Profit situation

The main cost items have undergone varied changes in comparison with the first nine months of the previous year: The cost of purchased materials has risen slightly at +1 percent in comparison with the previous year. This reflects the fact that growth in sales occurred mainly in the consultancy business area. Material expenses, which are driven mainly by SINA projects, did not therefore show a pronounced rise. On the other hand personnel expenses have risen more sharply. The increase of around 8 percent in comparison with the first nine months of 2006 can be mainly attributed to the increase in the number of personnel. In comparison with the 30 September 2006 the number of employees has risen from 220 to 234, a rise of 6 percent. In parallel with this other operating expenses have increased (+12 percent in comparison with the previous year). The cause of this increase is in fact to be found in the first half-year: This is where expenses occurred for process adjustments and optimisations as a consequence of the new organisational structure in the company. In comparison with the third quarter of 2006 the other operating costs for the third quarter of 2007 are therefore almost unchanged. Writedowns have increased by 10.5 percent. The reason for this is the high proportion of so-called low-value assets associated with the recently acquired office furniture and equipment, which are written down entirely in the first year of use. Total expenditure by the secunet group has risen by Euro 1.7m or 7 percent in comparison with the previous year.

EBIT now stands at around Euro 1.0m in comparison with Euro 0.8m for the first nine months of the previous year, a significant rise of 20 percent. Positive financial results give earnings before tax of around Euro 1.1m. Following corporate tax reform provisions of Euros 0.3m for liabilities for deferred taxes were reversed as of the 30 September. This produces a significantly higher amount of taxation in comparison with the previous quarters and the previous year which significantly reduces net income for the nine-month period and for the third quarter. After deducting the tax payable there is net income after the first nine months of 2007 of Euro 0.5m in comparison with Euro 0.6m in the first nine months of the previous year. Earnings per share therefore stand at Euro 0.08 in comparison with Euro 0.10 in the first nine months of 2006.

Earnings before interest and tax (EBIT) in the third quarter standing at Euro 0.6m are 18 percent higher than in the corresponding quarterly earnings for the previous year. Due to the changes in the financial results and the higher levels of taxation, net income in the third quarter of 2007 is Euro 0.2m in comparison with Euro 0.4m in the previous year.

## Segment reporting

secunet is organised into two company divisions: in this way it is possible to focus our approach to customers in accordance with their requirements. In addition it is possible to control internal processes significantly better. The Private Sector division addresses the needs of customers in that sector, and the Public Sector division gears its activities towards official bodies and other state organisations. Each of the company divisions is divided into business units; in the Public Sector division these business units are High Security and Government and in the Private Sector division they are called Business Security and Automotive.

In the first nine months of 2007 the Private Sector division with sales of Euro 8.9m made up around 33 percent of the group's sales. After deducting materials and operating expenses the Private Sector division achieved earnings before interest and tax (EBIT) of Euro 0.3m.

Sales for the Public Sector division for the first nine months of 2007 were Euro 18.2m, constituting 67 percent of the group's sales. For the same period the Public Sector division achieved an EBIT figure of Euro 0.7m.

January - September 2007  
in kEuro

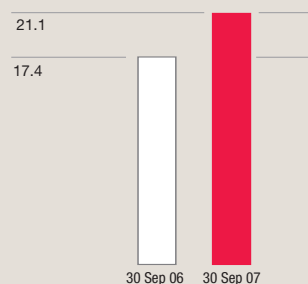
	Private Sector	Public Sector	<b>Total</b>
Sales	8,860	18,235	27,095
Other income	326	173	536
Cost of materials	-1,040	-6,130	-7,169
Operating expenses	-7,908	-11,574	-19,481
EBIT	275	704	979

## Assets and financial situation

The accounts of the secunet group as of the 30 September 2007 in comparison with the situation at the end of 2006 show a distinct decline in the level of liquid assets: from Euro 8.4m for the 31 December 2006 to Euro 4.4m. Changes current assets have had an effect on the level of liquid assets. The level of trade accounts payable and other liabilities sank in total by Euro 2.0m. The level of trade accounts receivable increased from Euro 11.1m for the 31 December 2006 to Euro 13.8m for the 30 September 2007.

The slightly improved earnings situation is indeed reflected in the cash flow. However this is far more than cancelled out by the payment of variable compensation and changes in current assets which produces a negative cash flow in earnings for the first nine months of Euro -4.0m. In the previous year cash flow was at Euro -8.3m.

#### Orders on hand in Euro million



### Investments

In the first nine months of 2007 around Euro 0.7m was invested in the acquisition and replacement of hardware, software licences and other machinery and equipment. In comparison with the previous year expenditure on investment declined by around 11 percent.

### Employees

As of the 30 September 2007 the secunet group employed 234 employees. This is 14 more employees or 6 percent more than at the end of the first nine months of the previous year. The increases in personnel were concentrated in the productive areas of product management, sales and consultancy and development.

### Outlook

The requirement of official bodies, international organisations and companies for IT security and high security is significant and is continuing to grow. Investment in these areas is being promoted by the current security situation and a growing awareness of the potential damage arising from deficient IT security. The market for high grade IT security is therefore clearly a growth market. In this area of activity secunet has a high level of expertise, can draw on many years of experience and supplies high grade products which meet the requirements existing here in the best way possible. On this basis secunet is very well positioned in the market for high grade IT security.

The positive current demand situation is reflected in the level of orders placed with secunet. As of the 30 September these orders were worth Euro 21.1m. This is an increase of 21 percent in comparison with the level at the end of the first nine months of 2006 and an increase of 46 percent in comparison with the level on 31 December 2006.

The market and order situation give grounds for the Executive Board of secunet Security Networks AG to be confident that sales of the same order as in 2005 can be achieved in 2007. Earnings before interest and tax (EBIT) will be higher than for the previous year. Whether or not the record EBIT figure of 2005 can be achieved depends on the sales mix.

### Supplementary information

In the first nine months of 2007 members of the executive board have neither been promised nor granted benefits by a third party with regard to their work as members of the board. The members of the supervisory board have received no other remuneration or benefit for their services, particularly advisory and mediation services, other than the remuneration for members of the supervisory board for which provision is made in the articles of association of secunet Security Networks AG. Neither the members of the executive board nor of the supervisory board are in receipt of loans from the company.

#### Statements regarding the future

This 9-month-report includes statements relating to the future development of secunet Security Networks AG and economic and political developments. These statements represent estimates which we have made on the basis of information available to us at this moment in time. If the suppositions on which they are based do not prove to be the case or if other risks intervene, the actual results may be different from those currently anticipated. We cannot therefore provide a guarantee for this information.

# Summary interim report for the third quarter of 2007

## Consolidated Balance Sheet of secunet Security Networks (IFRS)

<b>Assets</b> in Euro	<b>30 Sep 2007</b>	31 Dec 2006
<b>Current assets</b>		
Cash and cash equivalents	4,412,677.44	8,430,450.62
Trade accounts receivable	13,874,669.07	11,122,327.90
Trade accounts receivable from affiliated companies	449,490.62	448,646.50
Inventories	1,070,000.54	534,587.25
Other current assets	347,201.08	189,335.24
Claims from income tax	16,468.78	282,868.91
<b>Total current assets</b>	<b>20,170,507.53</b>	<b>21,008,216.42</b>
<b>Non-current assets</b>		
Tangible assets	1,373,220.46	1,393,064.91
Intangible assets	81,033.02	104,396.25
Goodwill	2,950,000.00	2,950,000.00
Financial assets	621,044.03	564,371.63
Deferred taxes	1,710,376.00	2,264,486.21
<b>Total non-current assets</b>	<b>6,735,673.51</b>	<b>7,276,319.00</b>
<b>Total assets</b>	<b>26,906,181.04</b>	<b>28,284,535.42</b>

<b>Equity and liabilities</b> in Euro	<b>30 Sep 2007</b>	31 Dec 2006
<b>Current liabilities</b>		
Current portion of capital lease obligations	31,820.51	64,194.59
Current loans and current portions of non-current loans	0.00	6.82
Trade accounts payable	2,127,871.18	3,176,472.83
Accounts payable for affiliated companies	14,494.00	21,842.52
Other provisions	2,571,294.49	2,675,376.21
Deferred sales charge	67,832.85	0.00
Income tax liabilities	49,833.00	69,127.25
Other current liabilities	782,499.83	1,488,383.50
Deferred items	178,859.20	371,025.61
<b>Total current liabilities</b>	<b>5,824,505.06</b>	<b>7,797,302.08</b>
<b>Non-current liabilities</b>		
Capital lease obligations less current portion	5,257.29	24,477.67
Deferred taxes	38,158.00	69,127.25
Pension provisions	1,472,374.52	1,369,370.00
<b>Total non-current liabilities</b>	<b>1,515,789.81</b>	<b>1,462,974.92</b>
<b>Equity</b>		
Subscribed equity	6,500,000.00	6,500,000.00
Capital reserved	21,922,005.80	21,922,005.80
Treasury stock	-104,654.77	-108,974.77
Accumulated deficit	-8,731,493.25	-9,250,615.49
Accumulated other overall result	-19,971.61	-38,157.12
<b>Total equity</b>	<b>19,565,886.17</b>	<b>19,024,258.42</b>
<b>Total equity and liabilities</b>	<b>26,906,181.04</b>	<b>28,284,535.42</b>

## Consolidated Income Statement of secunet Security Networks (IFRS)

in Euro	1 Jul - 30 Sep 2007	1 Jul - 30 Sep 2006	1 Jan - 30 Sep 2007	1 Jan - 30 Sep 2006
Sales	10,109,897.96	9,536,179.30	27,094,511.75	24,711,794.01
Other operating income	49,782.10	74,663.20	535,579.36	1,065,346.21
Cost of purchased materials and services	-2,730,333.99	-3,127,679.57	-7,169,455.92	-7,069,675.69
Personnel expenses	-4,616,262.00	-3,817,016.68	-13,037,010.46	-12,109,585.63
Depreciation and amortisation	-239,945.50	-173,527.03	-658,335.95	-596,026.82
Other operating expenses	-1,963,924.75	-1,974,272.08	-5,786,078.77	-5,185,375.61
<b>Earnings before interest and tax</b>	<b>609,213.82</b>	<b>518,347.14</b>	<b>979,210.01</b>	<b>816,476.47</b>
Interest income/expense	36,976.16	81,684.40	146,741.43	135,215.92
Foreign currency exchange gains/losses	-41,004.85	18,156.74	-33,855.27	24,612.53
<b>Earnings before tax (and minority interests)</b>	<b>605,185.13</b>	<b>618,188.28</b>	<b>1,092,096.17</b>	<b>976,304.92</b>
Tax on income	-399,326.90	-218,250.36	-572,973.93	-351,017.20
Result before minority interest	205,858.23	399,937.92	519,122.24	625,287.72
<b>Net income</b>	<b>205,858.23</b>	<b>399,937.92</b>	<b>519,122.24</b>	<b>625,287.72</b>
Earnings per share (undiluted)	0.03	0.06	0.08	0.10
Earnings per share (diluted)	0.03	0.06	0.08	0.10
Average number of shares outstanding (undiluted)	6,469,125	6,451,240	6,468,459	6,443,889
Average number of shares outstanding (diluted)	6,500,000	6,500,000	6,500,000	6,500,000



## Consolidated Statement of Changes in Equity of secunet Security Networks (IFRS)

in Euro	Subscribed equity	Capital reserves	Treasury stock	Accumulated deficit	Accumulated other overall result	<b>Total</b>
<b>Equity as of</b>						
<b>31 Dec 2005</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-168,771.13</b>	<b>-11,426,459.38</b>	<b>-11,054.49</b>	<b>16,815,720.80</b>
Changes in						
treasury stock			59,796.36			59,796.36
Foreign currency differences					-27,102.63	-27,102.63
Net income/loss						
1 Jan – 30 Dec 06				2,175,843.89		2,175,843.89
<b>Equity as of</b>						
<b>31 Dec 2006</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-108,974.77</b>	<b>-9,250,615.49</b>	<b>-38,157.12</b>	<b>19,024,258.42</b>
Change in						
treasury stock			4,320.00			4,320.00
Foreign currency differences					18,185.51	18,185.51
Net income/loss						
1 Jan – 30 Sep 07				519,122.24		519,122.24
<b>Equity as of</b>						
<b>30 Sep 2007</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-104,654.77</b>	<b>-8,731,493.25</b>	<b>-19,971.61</b>	<b>19,565,886.17</b>

## Consolidated Cash Flow Statement of secunet Security Networks (IFRS)

in Euro	1 Jan – 30 Sep 2007	1 Jan – 30 Sep 2006
<b>Cash flow from operating activities</b>		
Earnings before interest and tax	979,210.01	816,476.47
Adjustments for:		
Minority shares	0.00	0.00
Depreciation and amortisation	658,335.95	596,026.82
Increase/decrease in provisions	48,755.80	-3,580,744.24
Gains/losses on the disposal of fixed assets	0.00	0.00
Other non-cash transactions	-29,535.24	57,976.96
Interest income and expenses	146,741.43	135,215.92
Cash flows from taxes	-215,136.00	0.00
Decrease/increase in current receivables, inventory and other assets	-2,964,928.29	-5,761,075.55
Increase/decrease in current and other liabilities	-1,987,601.68	136,113.76
<b>Cash and cash equivalents generated from/ used in operating activities</b>	<b>-3,364,158.02</b>	<b>-7,600,009.86</b>
<b>Cash flow from investment activities</b>		
Purchase of subsidiaries, excluding acquired liquid assets	0.00	0.00
Proceeds from the sale of subsidiary companies, less cash and cash equivalents transferred	0.00	0.00
Acquisitions of property, plant and equipment	-671,800.67	-756,944.71
Income from the sale of equipment	0.00	0.00
Other	0.00	0.00
<b>Cash and cash equivalents used for investments</b>	<b>-671,800.67</b>	<b>-756,944.71</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	0.00	0.00
Increase from current or non-current loans taken out	0.00	0.00
Decrease from the repayment of loans	0.00	0.00
Decrease for liabilities from finance leasing	0.00	0.00
Acquisition of company's own shares	0.00	0.00
Deposits from other associates	0.00	0.00
Decrease (increase) in other current financing receivables	0.00	0.00
Other	0.00	0.00
<b>Cash and cash equivalents generated from/ used in operating activities</b>	<b>0.00</b>	<b>0.00</b>
Net effect of currency conversions of cash and cash equivalents	18,185.51	49,643.03
<b>Increase/reduction in cash and cash equivalents</b>	<b>-4,017,773.18</b>	<b>-8,307,311.54</b>
Cash and cash equivalents at start of period	8,430,450.62	12,845,872.17
<b>Cash and cash equivalents at end of period</b>	<b>4,412,677.44</b>	<b>4,538,560.63</b>

# Explanatory Report

## Accounting standards

The consolidation method and the procedure for currency conversion for the period from 1 January to the 30 September 2007 are in accordance with those in the company's annual accounts for the business year 2006. The accounting and valuation methods were retained. The annual accounts of secunet Security Networks AG for the 31 December 2006 were produced in accordance with Section 315a of the German Commercial Code (HGB) and in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union.

The figures shown in the balance sheet, income statement, cash flow statement and statement of changes in equity correspond to the normal course of business at secunet and do not include any extraordinary items.

A tax rate of 32 percent applies to the calculation of tax on income for national companies. Calculation of tax payable on income for foreign companies is based on the relevant rates of tax for those countries. Taxation effects arising from the company tax reform currently determined were included in the assessment of the deferred taxes. The company realized an effect on earnings of Euro 0.3m due to the taxation reform.

## Level of treasury stock/subscription rights

As of the 30 September 2007 the company holds 30,571 treasury stock; this corresponds to 0.5 percent of the capital stock. In the period from the 1 January to the 30 September 2007 1,367 shares were sold at a share price of Euro 3.00 (in accordance with the share option programme). The shares sold represent 0.02 percent of the capital stock. On the balance sheet date 16,478 share options are still outstanding.

## Transactions with related parties

The consolidated companies within the secunet group have an association with their main shareholders, Giesecke & Devrient GmbH, Munich, and RWTÜV AG, Essen, in the course of their normal business activities. All transactions are conducted in accordance with normal business practice.

## Events occurring after the balance sheet date

There were no significant events occurring after the date on which the annual accounts were published. Similarly, there has been no change in the significant opportunities and risks as described in the annual accounts of 2006.

## Issued by

secunet Security Networks AG  
Kronprinzenstraße 30  
45128 Essen

Phone: +49 (0) 201 5454-0  
Fax: +49 (0) 201 5454-123

E-Mail: [info@secunet.com](mailto:info@secunet.com)  
Website: [www.secunet.com](http://www.secunet.com)

## Concept and Design

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This 9-Month-Report is also available in German. In the event of conflicts the German language version shall prevail.