



Your No.1 for IT Security

Annual Report 2007



# Content

---

- Key Figures
- Organisation

4	<b>Foreword</b>
8	<b>Report of the Supervisory Board</b>
14	<b>The Unit Business Security</b>
18	<b>The secunet Share</b>
22	<b>Corporate Governance</b>
28	<b>Management Report</b>
29	Business and basic conditions
38	Development of earnings
43	Investment
44	Financial and asset situation
46	Employees
47	Supplementary report – significant events after the end of the fiscal year
47	Risk report
47	Forecast report
54	<b>Consolidated Financial Statements (IFRS)</b>
54	Consolidated balance sheet
56	Consolidated income statement
57	Consolidated cash flow statement
58	Consolidated statement of changes in equity
59	Notes
87	Auditor's certificate
88	<b>Financial Statements of secunet AG (HGB)</b>
88	Balance sheet
89	Income statement
90	Development of fixed assets
92	Notes
98	Organs of the company
100	Auditor's certificate
101	<b>Service</b>
101	secunet offices
102	Financial calendar
102	Multi-year overview
	Information/imprint

# Company Profile

## **secunet – Your No.1 for IT Security**

IT security and its pioneering application form the core competence of secunet Security Networks AG. The development and implementation of security solutions for sensitive data mean that the company is a specialist firm which is much in demand in Germany and Europe.

Our customers include national authorities and other state consumers, international organisations with national and international companies.

Excellent technological understanding is reflected in our services and ready modulated products. The progressive digitalisation of processes and communication channels of all kinds confront secunet and its employees with new challenges every day. With our high level of expertise we are setting the standards for IT security in the market. For our customers we aim to optimise IT security while simultaneously improving the efficiency of processes: economy and security are the priorities.

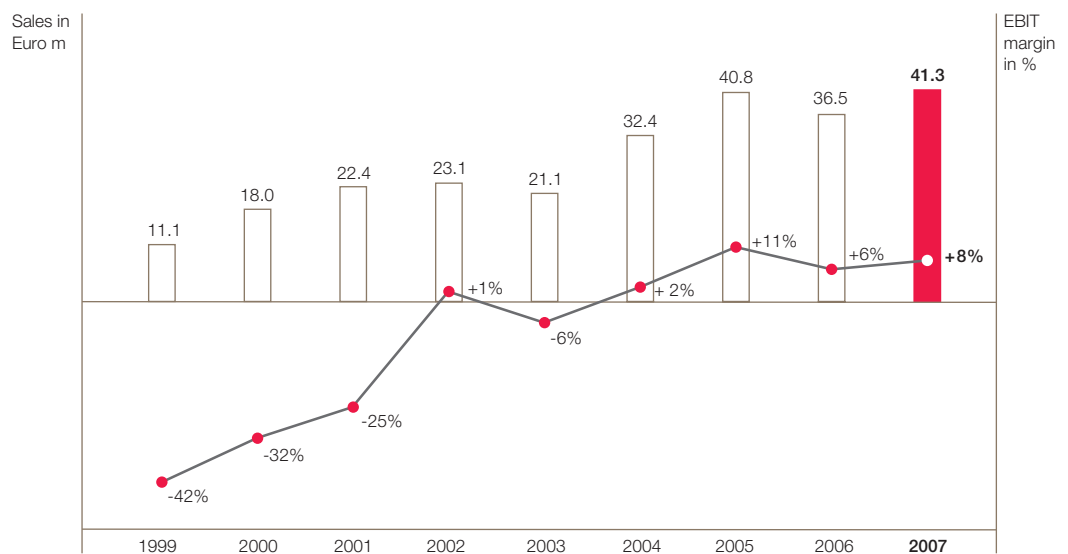
Our highly qualified and experienced staff at seven locations in Germany – as well as in subsidiaries in Switzerland and the Czech Republic – delivers leading innovative solutions, smooth project management and round-the-clock support.

Our business model is designed for long-term, profitable growth. The good market and competitive position of secunet supports us in the achievement of our goals. For our shareholders we aim to deliver sustained growth in value. To our staff we offer long-term interesting jobs.

# Key Figures

in Eurom	2007	2006	Change in %
Sales	41.3	36.5	+13
EBIT	3.5	2.2	+60
EBITDA	4.4	3.0	+45
EBT	3.7	2.4	+55
Net income/loss for year	2.7	2.2	+24
Earnings per share	0.42	0.34	+24
Balance sheet total	33.7	28.3	+19
Equity	21.7	19.0	+14
Liquid assets	10.9	8.4	+30
Liabilities	12.0	9.3	+29
Loans	0.0	0.0	–
Cash flow from operating activities	3.3	-3.1	–
Investments	1.1	1.3	-15
Free cash flow	2.5	-4.4	–
Orders	16.8	14.5	+16
Employees as of 31.12.	236	228	+4
Personnel costs	17.3	16.6	+4

## Long-term development – sales and EBIT margin



## Public Sector

### Government

In the government business sector we are developing solutions which meet the special IT security requirements of authorities and institutions. Nationally and internationally we ensure that all the prescribed security standards in dealing with particularly sensitive data are observed. We thus make it possible for public administrative authorities to exploit the potential of e-government to the fullest extent. Our areas of activity include the areas of e-government, biometrics and official documents, healthcare, secure web solutions and security validation. In addition we also maintain a BSI-accredited evaluation laboratory for IT conformity. As a provider of security solutions to the German Federal Government we have for many years enjoyed the confidence of these customers in the public sector.



### High Security

Our SINA product family is the only IP-based encryption system for processing and transferring classified materials which is approved by the Federal Office for Information Security up to the TOP SECRET level of security. The specialists in our high-security business department provide support for our customers with regard to advisory services, integration and legally compliant electronic processing of classified data. We are familiar with the requirements of our government customers and have geared our SINA products to those standards. The SINA range of products includes SINA Box, SINA Thin Client, SINA Virtual Workstation and SINA Virtual Desktop.



## Private Sector

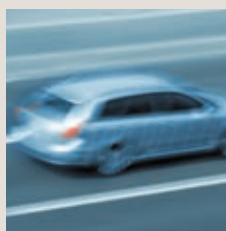
### Business Security

Since global networking was established by the Internet commercial espionage has taken on new forms. A simple email is enough for valuable information to end up in the wrong hands. Staff in the Business Security department specialise in high-quality IT security solutions for private business. We can provide a comprehensive range of product solutions with regard to qualified signatures, single sign-on, user management, and public key infrastructures, as well as network and system security. We can also take on the operation of IT security. With our Managed Security Services costs for our customers can always be calculated and their systems are always state-of-the-art.



### Automotive

With the growing part played by software applications and electronics in vehicles some interesting new business models are opening up for vehicle manufacturers. However, the increasing use of digital components in on-board vehicle networks is accompanied by the growing need to protect them from manipulation and misuse. As a partner and adviser of many years' standing for vehicle manufacturers and component suppliers we can provide support for our customers in devising, implementing and testing innovative security solutions. With regard to IT matters we provide assistance with new technologies in vehicles, such as communication between the vehicle and the Internet, or authentication of the driver and the vehicle for downloading data where charges are applied.









# WE SECURE BORDER CONTROLS



In order to improve the security of border controls, increasingly more biometric identification and check systems are being introduced.

**secunet** offers advice about their conception and implementation. With secunet biomiddle we provide a central building block for futuristic architecture. We support the development of electronic passports and test them to verify their security.

# Foreword of the chairman of the Executive Board

Dear shareholders, customers, staff and friends of secunet,

secunet has finished the year 2007 with a record of success:

- **We have considerably improved business results in comparison with the previous year and are thus continuing on a growth path. We finished 2007 with record sales.**
- **We have implemented our strategy and can see positive effects from this.**
- **We are looking towards the future with confidence: the prospects are good.**
- **We have been operating in the market for over 10 years with a very loyal workforce – this is the most important foundation of our success**

## We have maintained the growth of secunet

In 2007 we have greatly improved both sales and profits. After the disappointing year of 2006 we have therefore rejoined the growth trend of the previous years. With an increase in sales of 13% to Euro 41.3m we were even able to beat the record sales achieved in 2005.

The consistently high demand from administrative authorities in Germany, whom we regard as some of our regular customers, was felt very clearly. The fact that secunet is one of the few companies supplying security services to the German Federal Government is very helpful in this respect. We take the obligations that come with this relationship very seriously.

International sales increased markedly: our customers are administrative authorities and international organisations. However, we are also seeing growing demand from private business, where there is growing interest in high-quality IT security from Germany.

Our cost-consciousness and strict adherence to commercial principles have contributed to a marked improvement in profits. Earnings before interest and tax (EBIT) increased by 60% to Euro 3.5m, which is a proportionately far greater increase than in sales themselves.



## We are reaping the first rewards of our consistent strategic direction

The reason for the good results of 2007 was that our consistent strategic direction has begun to have its positive effect.

Our success is based on our high performing organisation. During the year 2006 we had decided to restructure the organisation of the company and this was implemented at the start of 2007. The core component of this was the division of secunet into four business units, Business Security and Automotive in the private sector (customers in private industry) and Government and High Security in the public sector (customers in public administrative bodies). This new organisational structure strengthened personal responsibility and promoted personal initiative. The company and business units are geared to our target customers and their specific requirements. By focusing on these customers with individual sales and consultancy services and concentrating on core issues secunet is establishing itself as a recipient of increasing respect and recognition as a specialist in complex IT security and high-security matters. The bids that we have gained in this fields in 2007 confirm our assessment of the situation.



left to right: Thomas Koelzer, Dr Rainer Baumgart, Thomas Pleines

We offer our customers a specialised line of products with a clear range of benefits. This particularly applies to the area of high security, which contributes a large part to secunet's sales returns. With our Secure Inter-Network Architecture SINA we have developed a range of products in collaboration with the BSI (German Federal Office for Information Security) which are geared to the particular security requirements of German administrative authorities. The successful collaboration with the BSI has now been continuing for many years and is progressing positively with the further development of the SINA range of products. SINA has not only been successful in Germany but is also enjoying increased demand worldwide. "High Security made in Germany" is a very attractive proposition for many customers.

The future of international travel lies in electronic travel documents which support biometric identification systems. Concepts for documents in the future will also be based on what is known as e-ID using biometric characteristics. In the area of biometrics we are offering with secunet biomiddle a solution which is attracting a great deal of interest both nationally and internationally and which already has a record of initial successful applications.

The remaining part of our strategy is our intention to open up new customers and target groups nationally and internationally. Our growing sales abroad show that this direction promises further success. Both in Germany and in other European countries we are gaining new customers in private business.

## We are looking towards the future with optimism

The market for IT security is continuing to grow. The drivers of this are, on the one hand, the constant threats to IT infrastructures and systems from malware of all kinds and, on the other hand, the increase in commercial crime and commercial espionage. It is precisely the latter which demand solutions from the areas of high security and special IT security which are developed and implemented by secunet. Companies are also becoming increasingly aware that globalisation, which requires more and more mobility and networking, at the same time also places a high and growing demand on (IT) security standards.

With its many years of experience, its highly developed product portfolio and its "nothing but IT security" orientation, secunet occupies a niche in this market and is recognised as a trusted specialist and partner. It is with good reason that we present ourselves with the slogan: "Your No.1 for IT Security".

We have a clear strategic direction with which we will generate growth in the medium and long term. We have here been able to report on the first signs of success of this strategy.

In the short and medium term we foresee positive developments: the high level of orders at the end of the year is a clear indicator and permits us to predict optimistic levels of growth for 2008.

We are anticipating more positive progress from the development and marketing of new products and from collaboration with existing and new partners. In this regard we are aiming to establish collaborative arrangements both in the product as well as distribution areas.

## We have an outstanding team to thank for our results

We would not have achieved all this without an expert and enthusiastic team. All the employees of secunet have contributed to the good results with their high level of commitment and I would like to thank them specifically.

The future success of secunet will also depend on the expertise and performance of our staff. They are an important pillar in support of our business success. Most of our staff stay with us for a long time, staff turnover is low and many employees return after a period of absence.

I would also like to thank our loyal shareholders, who have stayed with us even during difficult times in the capital markets and have placed their confidence in us. We will continue to do all in our powers to ensure you are not disappointed.

Yours sincerely



Dr Rainer Baumgart



# Report by the Supervisory Board

Dear Shareholders,

During the fiscal year 2007 the Supervisory Board of secunet Security Networks AG has exercised its responsibilities as specified by law and in the articles of association. The Board have regularly advised the Executive Board on matters concerning the management of the business and have monitored the company's conduct of business. The Supervisory Board was directly involved in all the important business of the company and received regular, prompt and comprehensive information from the Executive Board, both in writing and orally, regarding the progress of business for secunet Security Networks AG and the consolidated group of companies, the relevant issues concerning the strategic orientation of the company and the status of implementation of the strategy.

In exercising its supervisory and advisory functions, the Supervisory Board has taken all the necessary measures in those matters requiring that the Supervisory Board be informed or grant its consent and has supported the Executive Board in implementing the company strategy and its associated measures. After thorough examination and consultation, the Supervisory Board has voted on the reports and proposed decisions by the Executive Board wherever this was required by law or the provisions of the articles of association.

The Chairman of the Supervisory Board was constantly informed about current developments in the business situation and significant business events. In addition, in separate discussions conducted regularly with the Executive Board he consulted on the strategic orientation of the consolidated group, business developments and risk management.

## Monitoring and inspection methods

In the main the Supervisory Board has based its examination on

- The regular reports provided by the Executive Board as provided for by law and the Executive Board's rules of procedure
- The separate reports which the Executive Board has submitted as the occasion indicated and
- The supplementary explanations provided by the Executive Board and the auditors.

The reports were submitted to all members of the Supervisory Board. Where the Executive Board submitted business measures for the approval of the Supervisory Board, the Supervisory Board's copy was in each case accompanied by a presentation of the main points to be considered in taking a decision. During the period covered by this report, the Supervisory Board has never seen any cause to have the books and papers of the company looked at, or examined by, individual members of the Supervisory Board or particular experts.

## Meetings of the Supervisory Board

During the past fiscal year a total of four ordinary meetings of the Supervisory Board were held, on 28 March, 24 May, 13 September and 28 November 2007. In the periods between meetings the Executive Board also informed the Supervisory Board comprehensively through written reports regarding projects and plans, which were of particular importance for the company.

In addition to current business developments, the meetings of the Supervisory Board were concerned with all the relevant issues of business planning, investment planning, profit and liquidity developments, risk situation and risk management along with significant organisational and personnel changes.

At the annual financial report meeting on 28 March 2007, the Supervisory Board was mainly concerned with the annual financial statement and the consolidated financial statement for the fiscal year 2006 and preparations for the Annual General Meeting on the 24 May 2007. The Supervisory Board examined in detail – and approved – the consolidated financial statement documentation for the fiscal year 2006 in the presence of the auditor. The Supervisory Board also approved the Supervisory Board report for the fiscal year 2006 and the agenda for the Annual General Meeting on the 24 May 2007.

The focus of the meeting on the 24 May 2007, which took place immediately after the 2007 Annual General Meeting, was a recapitulation of the Annual General Meeting.

Dr Karsten Ottenberg



At the meeting on 13 September 2007 the Supervisory Board considered the strategy of secunet Security Networks AG for the coming years. There was discussion about approaches for strengthening the company's good position in the German market and for expanding the international activities of secunet. In addition the Supervisory Board considered topics relating to corporate governance.

The main item considered at the meeting on 28 November 2007 was the planning for the year 2008 as well as medium-term business planning for the years 2008 to 2010. As part of its corporate-governance functions the Supervisory Board addressed the issue of risk management and approved the compliance statement in accordance with Section 161 of the Stock Corporation Act (§ 161 Aktiengesetz). At this meeting the Supervisory Board also gave much consideration to self-evaluation and possible ways of improving the efficiency of the work of the Supervisory Board (efficiency testing).

At the meetings on 24 May, 13 September and 28 November 2007 all the members of the Supervisory Board were present. One member was missing from the meeting of 28 March 2007. There were no extraordinary meetings of the Supervisory Board.

### Meetings of the Chairman's Committee of the Supervisory Board

The Supervisory Board of secunet Security Networks AG has a three-member Chairman's Committee. The members of this committee are the Chairman of the Supervisory Board, Dr Karsten Ottenberg, the Deputy Chairman of the Supervisory Board, Dr Wilhelm Wick, and another member of the Supervisory Board, Dr Peter Zattler. At its meetings on 28 March and 24 May 2007 the Chairman's Committee considered personnel matters regarding the Executive Board. All members attended both meetings.

### Corporate Governance

The Supervisory Board attaches particular importance to the German Corporate Governance Code and its implementation. Apart from a few exceptions, secunet Security Networks AG has complied with the recommendations of the German Corporate Governance Code during the year covered by this report. The Executive Board and Supervisory Board have submitted their statement regarding the recommendations of the "German Governmental Commission on the Corporate Governance Code" in accordance with Section 161 of the Stock Corporation Act (§ 161 Aktiengesetz) for the fiscal year 2007. The compliance statement was made permanently available for shareholders on the company's website and is also set out in the Corporate Governance report, which forms part of this company report.



## Financial statement and consolidated financial statement for 2007

The financial statement prepared by the Executive Board in accordance with the Commercial Code (HGB) and the consolidated financial statement for the fiscal year 2007 together with the summarised situation report for the group and the company were audited including the accounts by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen branch. The auditing contract was awarded by the Supervisory Board in accordance with the resolution passed by the Annual General Meeting on the 24 May 2007. The auditor issued an audit certificate without reservation.

With regard to the existing majority shareholding by Giesecke & Devrient GmbH, Munich, the auditor also examined the report compiled by the Executive Board regarding relationships with affiliated companies in accordance with Section 312 of the Stock Corporation Act (§ 312 Aktiengesetz) and issued the following statement without reservation:

“Following our obligatory audit and assessment we can confirm, firstly that the actual information given in the report is correct, secondly that payments made by the company with regard to the transactions mentioned in the report were not inappropriately high and thirdly that with regard to the measures mentioned in the report there were no circumstances to indicate a significantly different assessment from that made by the Supervisory Board.”

Immediately after their compilation the financial statement documentation, the report concerning relationships with affiliated companies and the auditor's report were distributed to all members of the Supervisory Board. At the annual financial report meeting on 27 March 2007 the above-mentioned statements and reports were discussed and examined by the Supervisory Board in the presence of the auditor, who gave a report of the main findings of his audit.

Following the final outcome of the audit the Supervisory Board had no objections to its conclusions, the summarised report on the situation of the company and the consolidated group, the report on the relationships with affiliated companies including the final statement by the Executive Board included herewith or the auditor's report. The Supervisory Board therefore endorsed the findings of the audit and approved the financial reports as of 31 December 2007 compiled by the Executive Board regarding secunet Security Networks AG and the consolidated group of companies; the annual financial statement of secunet Security Networks AG is therefore concluded.

The Supervisory Board thanks all the employees of secunet Security Networks AG and the members of the Executive Board for their successful work.

Essen, 27 March 2008

Supervisory Board



Dr Karsten Ottenberg



# WE MAKE DATA LEGAL AND BINDING

BINDING  
31.12.2007



Modern and efficient organisations do without paper and system breakdowns while automating their processes. Here, verifiability and accountability play a very important role.

With secunet multisign, **secunet** makes the legally compliant electronic signature and checking of electronic documents in all amounts and every form possible.



# Business Security

## Protecting digital values

The capital of the German economy is know-how. This intellectual property has to be protected in a reliable manner, because industrial espionage has taken on new forms since global networking through the Internet has come into existence: a simple e-mail is enough to place valuable knowledge in the wrong hands.

## Custom-made solutions from specialists

Our staff specialises in high-end IT security solutions for private business. Our knowledge of the sector, experience gathered over 10 years in IT security and partnerships with renowned manufacturers all guarantee that our customers get the optimum solution. Since the requirements and needs for security systems vary widely, our solutions are also as individual as the customers themselves.

## Holistic approach

Protecting sensitive data needs more than just smart technology. To ensure security, it is essential to involve the entire company and all its employees. As partners, we not only help our customers in selecting the right technology, but also provide consultancy right from the very first minute, accompanying them through the integration and the operations, and eventual customisation.

## Extensive Portfolio

### Security Consulting

We help our customers through threat analyses and risk analyses, uncovering loopholes and thereby assist them in estimating the security of their IT infrastructure in an objective way. Subsequently, our consultants often work together with the client to develop a concept for mitigating the risks and enhancing the security level.

#### Our core competencies in this area are

- Portal security
- Analyses and audits
- Security management

### Managed Security Services

Without regular adaptations to combat the latest methods of attack, even the costliest of IT security systems is not worth the investment. To achieve their goals, these systems have to be brought up to the latest state of technology, all the time. Through our Managed Security Service, secunet experts will take on the responsibility for the maintenance, updating and operation of our customers' IT security systems. In this way, our clients will be able to keep up the required security levels, retain an overview of the costs and spare their own human resources.

### Network Security

The network is the heart of your company. The moment it comes under attack the entire organisation will be at risk. Viruses, worms and Trojans can penetrate without obstacle and attack valuable information. Through our secure inter-network architecture SINA Business, we are able to provide our industrial clients with a highly secure cryptographic solution that has been approved by the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik). SINA encrypts the communication via the open Internet between locations, home offices and mobile workstations in a reliable manner, so that sensitive information is not divulged to the competitors. Moreover, the customer data will be transferred with established security that is truly "made in Germany".

### Identity Management

In today's world, a company extends far beyond the walls of its buildings. Through the networking between staff, customers, partners and suppliers, an organisation develops into a dynamic network that can soon become very unwieldy. Identity and Access Management helps our customers to get an overview of all the access permissions within the company and manage them. We analyse the structures and work on a concept, which we also implement through software that works best for our clients.

### Our services include

- Single Sign-On
- User Management
- Company ID Card
- Public Key Infrastructure
- Cross Signature Solution secunet multisign

More information concerning business security with secunet is available under [www.secunet.com](http://www.secunet.com). We will be happy to support you in person, too: write to us at [business-security@secunet.com](mailto:business-security@secunet.com) or call us (+49-201-5454-0).

## Reference projects in the sector of Business Security



### **eBilling with qualified digital signatures**

simyo, the mobile telephone discounter from E-Plus, has been successfully using secunet multisign for creating its electronic billing for some years now. Every month, the company sends out about 500,000 invoices in an automated manner, through an electronic billing system. Through our mass signature solution, the company is able to save not only on the costs but also valuable time.



### **Network security for the leasing business**

Hannover Leasing GmbH & Co. KG has been one of the best-known initiators for funds in Germany for over 20 years, handling more than Euro 14.1b at the moment. secunet has conceived and implemented bi-level firewall architecture in High Availability (HA) design, keeping in mind the high security requirements of Hannover Leasing. The network and security requirements that were crystallised in cooperation with Hannover Leasing IT have been integrated into suitable and effective security solutions.



### **eWitness – the electronic notary**

The company eWitness s.a. provides a service to notaries all over the world, through which they are able to electronically protocol their transactions with their clients and attach qualified digital signatures and timestamps to them. In this way, the legally binding nature of the transactions is ensured, and manipulation of the data prevented. secunet has developed the system for eWitness s.a. and is responsible for the operation and maintenance of the system.

This is what a customer of eWitness s.a. had to say, "An 'electronic notary' incorporates the best of all sectors: the speed of digital communication, the reliability of a notary's scrutiny and the legal security of a loophole-free documentation."



### Managed Security Services for NATIONAL-BANK

secunet implemented the infrastructure for protecting Internet connections for NATIONAL-BANK AG, and has been operating this solution successfully since 2001. In this way, the company is assured of reliable and secure access to the Internet. The staff at NATIONAL-BANK has constant access to important information in the Internet and can also exchange the necessary data without any problems. Also, the corporate data remains protected from unauthorised external access.



### Group of pharmaceutical companies gets PKI

Together with the customer Novartis, secunet has implemented the company's own Public Key Infrastructure in a large project. Staff, customers and partners can now access the Novartis systems in a secure manner and execute mandatory transactions.



"secunet responded quickly and un-bureaucratically to our wishes and requirements, and with this, met with our expectations completely. It is this service-mindedness that we at Novartis value highly," says Urs Bärlocher, Head of Legal and General Affairs at Novartis.

# The secunet share

## Challenging capital market environment

From the point of view of the capital markets, the last year showed a clear dichotomy: a distinct positive development in the first half year was followed by a massive sobering down in the second year, as the share prices plummeted.

This development was reflected in the trends of the index of leading shares on the German stock exchange, DAX: after a massive increase in the first half year, the DAX attained its maximum in July 2007, with 8,151 index points. Even the global share markets scaled new heights in many regions during the summer, against the background of the general economic condition worldwide and the yield prospects.

After the summer, the sub-prime crisis in the USA and the consequent after-shock of the crisis led to considerable disavowals. The rising doubts about the future development of the US economy and the confidence crisis, especially in the financial sector, also led to repeated strong corrections in the second half of the year. At the same time, due to the appreciation of the Euro vis-à-vis almost all other currencies, many indices recorded only low or even negative share-price developments in Euro; only the DAX was able to offset this through certain special developments. The DAX closed the year 2007 at 8,069 points and with this, showed that it was still resilient enough to handle the crisis in 2007.

Since the beginning of 2008, the developments have been quite cautious to negative even on the DAX: crises of confidence, fear of recession and a general wait-and-watch attitude characterise the market. For that reason the expectations for the future are very restrained. It is assumed that the strong fluctuations in the share market will continue as a consequence of the sub-prime crisis.

## Technology stocks not uniform

The capital market for technology stocks showed a non-homogeneous development in 2007: on the one hand, the technology-oriented second-line stocks recorded a growth of 30.2% on the TecDAX. This can be attributed for the large part to the performance of the shares of companies engaged in solar technologies, which achieved considerable growth.

On the other hand, the trend in the Prime Technology All Share Index (Prime Tech), which reflects a large number of small and mid caps from the sector, was far less spectacular. At the close of 2007, the Prime Tech Index ended with a value loss of 8% in comparison to the beginning of the year. This trend continued at the beginning of 2008.

Even in 2008, the expectations for the share price developments for small and mid-cap shares are very cautious.

## Unsatisfactory development of the secunet share despite positive pronouncements from analysts

Despite the positive fundamental business data and good company profitability in 2007, the secunet Security Networks AG share was only able to register an unsatisfactory performance in 2007. Starting from a stock price of Euro 8.33 at the beginning of the year, the value of the shares receded to Euro 4.80 by 28 December 2007. The market capitalisation sank during the same period from Euro 54.1m to Euro 31.2m, by 42.4%. The lowest closing price was experienced by the secunet share on 22 November 2007, at Euro 4.37, while the highest closing price (Euro 9.30) was attained on 30 April 2007.

Whereas the stock price of the secunet share showed definite positive trends in the first half of 2007, despite the high volatility, it was unable to hold out against the clear negative market mood during the second half of the year. Even the positive assessments of the analysts who are handling the secunet shares and have given clear buy recommendations could not overcome the hesitation of the investors.

Positive expectations for the future are linked to a general recovery of the markets and a continued upward trend in the net operating profits of secunet Security Networks AG. The position of the capital markets at the beginning of 2008 did not permit a specific temporal forecast for this development.

## Shareholder structure unchanged

Giesecke & Devrient GmbH, Munich, continues to remain the majority stakeholder of secunet Security Networks AG, with 50% of the shares plus one share. Even the proportion of shares held by the principal stockholder RWTÜV AG continues to be at 26.4% of the authorised capital. With this, there is a resulting free float of 23.6%. As of 31 December 2007, secunet itself held 30,498 of its own shares, to serve the employee stock-option plans.

## Transaction volumes are sinking, volatility high

As a result of the relatively low free float and diffidence on the part of the investors, the average daily trading volume on the XETRA and in the Frankfurt floor trading has receded from about 8,500 shares in 2006 to 5,900 shares in 2007. At the same time, the volatility of the share remained high. Owing to the low liquidity, even in the last year, short-term changes in the supply and demand of the secunet share led to relatively big changes in the share price.

## Annual General Meeting with high level of attendance

At the ordinary Annual General Meeting of secunet Security Networks AG held on the 24 May 2007 at the World Heritage site at Zeche Zollverein in Essen, 83% of the authorised capital was represented. The consensus on each of the agenda items was more than 99%.

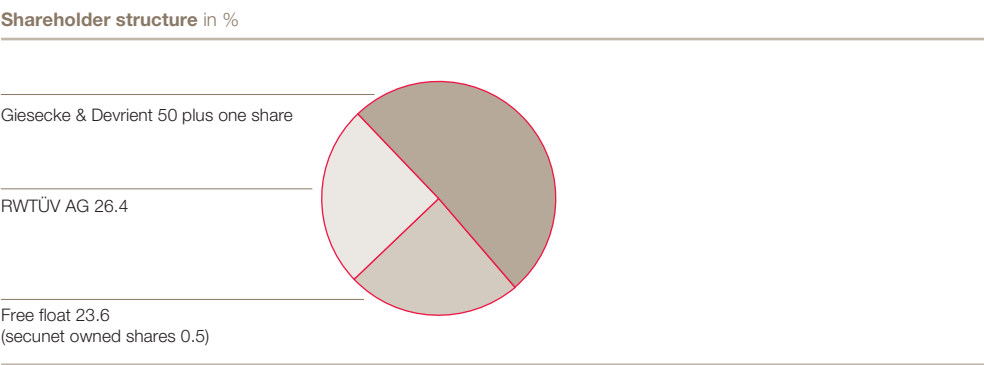
Extensive information for investors

secunet Security Networks AG sets great store by transparency and prompt, extensive and uniform information to the public. That is why Investor Relations play an important role at secunet.

Through regular and open reporting, we have been able to ensure that our shareholders are informed in detail about secunet and its business development. In 2007, the chairman of secunet Security Networks AG presented the company at two conferences, namely, the CeBIT Corporate Conference in March and the Equity Forum of the German Stock Exchange in November 2007. In addition to this, numerous individual discussions were held with interested investors and analysts, to whom the chairman explained the business model and the results of the business of secunet.

All the information that is published by secunet will also be available promptly on the Internet of the company ([www.secunet.com](http://www.secunet.com)). Interested persons may also find here the financial reports and presentations as well as the current financial calendar. For specific queries, shareholders and interested parties are also welcome to get in touch with the staff in the Investor Relations department (Tel. +49-2 01 54 54 - 30 0 or through e-mail addressed to [investor.relations@secunet.com](mailto:investor.relations@secunet.com)).

Some key data about the secunet shares	
Stock symbol Reuters	YSNG.DE
Stock symbol Bloomberg	YSN
German security identification number (WKN)	727650
ISIN	DE0007276503
Stock class	Registered common non-par stocks
Authorised capital (basic capital) in Euro	6,500,000
Authorised capital in numbers	6,500,000



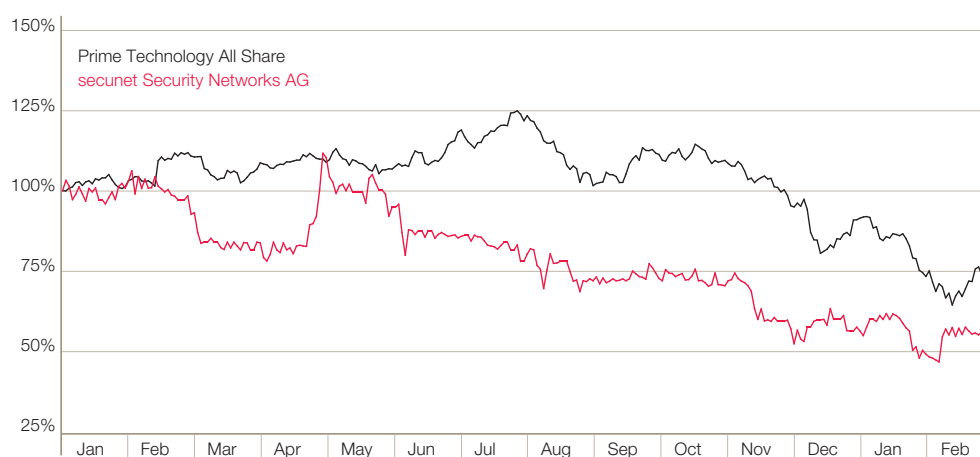


**Development 2007**

	<b>secunet</b>	<b>Prime Tech</b>
Stock price at the beginning of the year (02.01.2007)	Euro 8.33	345.14
Market capitalisation at the beginning of the year	Euro 54,145,000	
Stock price at the end of the year (28.12.2007)	Euro 4.80	317.51
Market capitalisation at the end of the year	Euro 31,200,000	
Performance	-42.4%	-8.0%
Average trading volume per day (XETRA and floor trading)	5,901 units	
Lowest closing price (22.11.2007)	Euro 4.37	
Highest closing price (30.04.2007)	Euro 9.30	

**Development 2006**

	<b>secunet</b>	<b>Prime Tech</b>
Stock price at the beginning of the year (02.01.2006)	Euro 12.35	264.26
Market capitalisation at the beginning of the year	Euro 80,275,000	
Stock price at the end of the year (29.12.2006)	Euro 8.60	348.00
Market capitalisation at the end of the year	Euro 55,900,000	
Performance	-30.4%	+41.3%
Average trading volume per day (XETRA and floor trading)	8,491 units	
Lowest closing price (17.10.2006)	Euro 6.17	
Highest closing price (27.02.2006)	Euro 14.10	

**Price changes** 2 January 2007 – 22 February 2008

# Corporate Governance

Effective and transparent company management occupies a position of great importance at secunet Security Networks AG and both the Executive Board and Supervisory Board of the company are convinced that good corporate governance is an important foundation for the success of the company. This means that the Executive Board and Supervisory Board constantly monitor the implementation of the German Corporate Governance Code at secunet Security Networks AG as specified by statutory provisions and the German Corporate Governance Code as issued by the Governmental Commission.

The Executive Board and Supervisory Board of secunet Security Networks AG gave intensive consideration to the recommendations and proposals of the German Corporate Governance Code during the fiscal year 2007 – in particular the new requirements introduced on the 14 June 2007. Following these deliberations the compliance statement set out below regarding the German Corporate Governance Code was approved. It is permanently accessible on our website and will be promptly updated if amended.

In accordance with point 3.10 of the German Corporate Governance Code the Executive Board and Supervisory Board are issuing the following report.

## Management and monitoring structure

As a German public company, secunet Security Networks AG is subject to German corporate law and therefore has a two-part management and monitoring structure consisting of a three-member Executive Board and a six-member Supervisory Board.

### Supervisory Board

The Supervisory Board monitors and advises the Executive Board on the conduct of business. At regular intervals the Supervisory Board discusses business developments and planning together with strategy and its implementation. The board discusses the quarterly reports and approves the annual financial statement of secunet Security Networks AG and the consolidated group, taking into consideration the auditor's reports and its own assessment. Its range of functions also includes the appointment of the members of the Executive Board. Important decisions taken by the Executive Board – such as large acquisitions, disinvestments and financial measures – require the agreement of the Supervisory Board.

The Chairman's Committee consists of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board and another member of the Supervisory Board. The role of the Chairman's Committee is to manage personnel matters with regard to the Executive Board. In particular the Chairman's Committee makes suggestions for the appointment of Executive Board members and sets out the principles governing their work and the structure and amount of their remuneration.

There are no other committees set up by the board as the Supervisory Board of secunet Security Networks AG comprises six members, which ensures that the plenary Supervisory Board works efficiently.

## Executive Board

As the managing body of the group, the Executive Board is committed to the company's interests and its work aims to achieve a sustained improvement in the value of the business. It determines the principles of the company's policy. It is also responsible for the strategic direction of the business, planning and fixing the business's budget, allocation of resources and monitoring and management of the company's departments and areas of business. The Executive Board is responsible for the compilation of the quarterly reports of the business, the annual financial statement of secunet Security Networks AG and the consolidated financial statement for the group.

The Executive Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, promptly and comprehensively regarding all issues of strategy and its implementation, planning, business developments, financial and profit situation and entrepreneurial risks which are relevant to the business as a whole.

## Responsible risk management

A part of good corporate governance is the company's responsible dealing with risks. Systematic risk management as part of our value-oriented group management ensures that risks are detected and analysed at an early stage and that areas of risk are optimised. Details regarding risk management at secunet Security Networks AG are explained in the situation report.

## Information for shareholders

secunet Security Networks AG informs its shareholders four times a year about business developments and the financial and profit situation. The company also makes all the reports constantly available to shareholders on its website: [www.secunet.com](http://www.secunet.com)

The shareholders of secunet Security Networks AG can exercise their rights at the Annual General Meeting and use their vote. The Annual General Meeting takes place during the first six months of the fiscal year. The company report and invitation to the Annual General Meeting inform the shareholders comprehensively before the Annual General Meeting about the past fiscal year and the individual agenda items for the upcoming meeting. All the documents and information for the Annual General Meeting together with the company report are also on our website.

Our shareholders are notified regularly about important dates by means of the financial calendar, which is published in the company report, the quarterly reports and the company's website.

Further comprehensive information regarding secunet Security Networks AG has been placed on our website: [www.secunet.com](http://www.secunet.com).

## Corporate Governance Guidelines

The articles of association of secunet Security Networks AG, all compliance statements and other documents concerning corporate governance can be accessed via the Internet at [www.secunet.com](http://www.secunet.com) in the Business/Investor Relations/Compliance & Corporate Governance area.

## Remuneration of the Executive Board and Supervisory Board

secunet Security Networks AG complies entirely with the recommendation of the German Corporate Governance Code in publishing the individual remuneration received by the Executive Board. In this company report we are providing comprehensive details about the remuneration received by members of the Executive Board and Supervisory Board.

## Notification regarding transactions in accordance with Section 15a of the Securities Trading Act (§ 15a WpHG) (Directors' Dealings)

According to Section 15a of the Securities Trading Act (§ 15a WpHG) members of the management bodies (Executive Board and Supervisory Board) and similar managers of secunet Security Networks AG are obliged to report any transactions concerning secunet shares or related financial instruments where the total value of such personal transactions exceeds Euro 5,000 by the end of the calendar year. This obligation of notification applies both to individuals and legal entities that have a close relationship with the persons named above. The relevant notifications were published on our website under Investor Relations in the Directors' Dealings area.

### Director's Dealings 2007

Date of notification	Notifying person/body	Type of transaction	Type of financial instrument	Number of items concerned	Market value
13 Nov 2007	Thomas Koelzer	Purchase	secunet shares	2,000	Euro 9,863.60

The members of the Executive Board and Supervisory Board jointly own no more than 1% of the company's shares.

## Compliance Statement in accordance with Section 161 of the Stock Corporation Act (§ 161 AktG)

The Executive Board and Supervisory Board of secunet Security Networks AG have submitted the following statement in accordance with Section 161 of the Stock Corporation Act (§ 161 AktG) regarding the recommendations of the German Governmental Commission on the Corporate Governance Code. The compliance statement can be found on the website of secunet Security Networks AG in the Business/Investor Relations/Compliance & Corporate Governance area.

secunet Security Networks AG is complying and has complied with the recommendations of the German Governmental Commission on the Corporate Governance Code as amended on the 14 June 2007 and published in electronic form in the German Federal Gazette of the 20 July 2007 with the following exceptions:



### 3.8 Paragraph 2

#### **If the company takes out Directors' and Officers' Liability Insurance, an appropriate excess should be agreed**

Explanation: The Executive Board of secunet Security Networks AG conducts its business with the highest degree of responsibility. The same applies to the Supervisory Board. An excess would not achieve any additional improvement or incentive.

### 5.1.2 Paragraph 2 Clause 3

#### **An age limit for members of the Executive Board should be specified**

Explanation: Specification of an age limit for members of the Executive Board of secunet Security Networks AG is not required due to the ages of these members (years of birth: 1954, 1964 and 1966).

### 5.3.2

#### **The Supervisory Board should set up an Audit Committee**

Explanation: The Supervisory Board consists of six members. Due to the number of members of the Supervisory Board and its composition the formation of a separate Audit Committee would not improve the efficiency of the work of the Supervisory Board with regard to accounting, risk management, compliance and auditing matters.

### 5.3.3

#### **The Supervisory Board should form a Nominating Committee**

Explanation: The Supervisory Board of secunet Security Networks AG consists only of six members. All the members are selected by the shareholders. An additional Nominating Committee has not therefore been constituted.

### 5.4.7 Paragraph 2

#### **The members of the Supervisory Board should receive performance-related remuneration in addition to a fixed remuneration**

Explanation: The remuneration of the members of the Supervisory Board can be specified in the articles of association or approved by the Annual General Meeting. The articles of association of secunet Security Networks AG do not provide for performance-related remuneration for the members of the Supervisory Board. In addition, the Annual General Meeting has not approved any performance-related remuneration for the members of the Supervisory Board.

### 5.4.7 Paragraph 3

#### **The remuneration of the members of the Supervisory Board should be recorded in the Corporate Governance report, individualised and broken down in its constituent parts**

Explanation: As the members of the Supervisory Board receive only a fixed remuneration, which is also specified in the company's articles of association, an individual breakdown of the remuneration received by the members of the Supervisory Board is not required.

secunet Security Networks AG  
Essen, 28 November 2007

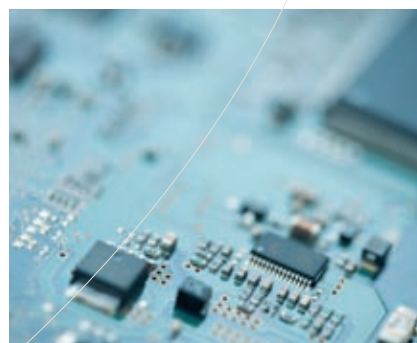
Executive Board

Supervisory Board





# WE MAKE IT HIGH SECURITY USER-FRIENDLY



Sensitive data in the public as well as private sector demands special protection.

With the help of the SINA range of products, **secunet** has created a solution which can be applied to various security requirements. SINA fulfils requirements providing the highest standards on the one hand. On the other hand the architecture is also equipped with the necessary flexibility for mobile usage. Safe communication is not only possible on-site in the company but in the whole world.

# Management Report

Report on the Position of the Company and the Group

## Contents

1	BUSINESS AND BASIC CONDITIONS	29
1.1	Group structure and business activities	29
1.1.1	Business activities and business units	29
1.1.2	Group and organisational structure	29
1.1.3	Products and services	29
1.1.4	Essential sales markets	30
1.1.5	Management	30
1.1.6	Remuneration report	30
1.1.7	Details and explanatory report of the Executive Board according to § 289 Par. 4 and § 315 Par. 4 HGB	32
1.1.8	Executive board report in accordance with sect. 312 (3) AktG	34
1.2	Corporate control and strategy	34
1.2.1	In-house control system	34
1.2.2	Strategy	34
1.3	Research and development	35
1.4	Overview of the development of business	36
1.4.1	Basic macroeconomic conditions	36
1.4.2	Development of the industry	37
2	DEVELOPMENT OF EARNINGS	38
2.1	Sales development	39
2.2	Development of operating results	40
2.3	Orders	42
2.4	Operating results in the 4th quarter of 2007	43
3	INVESTMENT	43
4	FINANCIAL AND ASSET SITUATION	44
5	EMPLOYEES	46
6	SUPPLEMENTARY REPORT – SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR	47
7	RISK REPORT	47
7.1	Risk management targets and methods	47
7.2	Individual risks	47
7.2.1	Competitive environment	47
7.2.2	Customer structure	48
7.2.3	Development risks	48
7.2.4	Risks from the sales structure	48
7.2.5	SINA	48
8	FORECAST REPORT	49



# 1 BUSINESS AND BASIC CONDITIONS

## 1.1 Group structure and business activities

### 1.1.1 Business activities and business units

secunet Security Networks AG (secunet AG) offers consulting services and products/solutions in the field of IT security. secunet has specialised in the fields of complex solutions and high IT security at that. These are the fields of IT security, in which applications are developed and offered for professional use, for example complex cryptographic systems and signature systems. The offer is, as a rule, oriented to large-scale infrastructures. The customers mostly receive customised solutions oriented to their individual wishes, even if these are setup based on customary applications.

Specialisation in complex solutions and high-security

### 1.1.2 Group and organisational structure

The secunet group includes secunet Security Networks AG in Germany as well as the subsidiaries secunet SwissIT AG in Switzerland and secunet s.r.o. in the Czech Republic. secunet in Germany has eight locations: in Berlin, Bonn, Dresden, Essen (head office), Frankfurt, Hamburg, Munich and Siegen. The consulting and development orders are processed there in the direct vicinity of the customers. secunet also maintains a training centre in Munich, in which above all users and administrators are trained for the Secure Inter-Network Architecture SINA.

secunet in Germany has a target-group-oriented organisational structure. The two divisions "Public Sector" and "Private Sector" clearly address the existing target groups state, authorities and international organisations on the one hand and private companies on the other hand. They are respectively managed by one member of the Executive Board. Within the divisions the focus is placed on specialist fields: the core competence cryptotechnology with the main product SINA can be found in the "High Security" business unit in the "Public Sector" division, the business unit "Government" covers all other services and products for government consumers. Combined in the "Private Sector" division are the specialist field "Automotive" in the business unit with the same name and the IT security solutions for private companies in the "Business Security" business unit.

### 1.1.3 Products and services

secunet operates a project business and appears as a solutions provider. The product portfolio comprises services, hardware and software. The services include the specialist consulting in IT security, software development as well as the development and realisation of comprehensive security solutions. In the fields of hardware and software secunet covers the value-added chain of design to development down to sales and distribution of the products. The core competence of secunet is the application of cryptographic processes in system solutions.

Projects and solutions

Target-group-oriented organisational structure and comprehensive product portfolio

The four business units of secunet in Germany essentially offer the following product portfolio:

- **High security**
  - SINA product line
  - Consulting and integration
- **Government**
  - eGovernment
  - Biometry and sovereign documents
  - Health system
  - Secure web solutions
  - Security validation
- **Business security**
  - Security consulting
  - Network security
  - Identity management
  - Managed security services
- **Automotive**
  - Function activation
  - Flash data security
  - Research & development

Customers are public contracting authorities and private economic systems

**1.1.4 Essential sales markets**

The target markets for the product portfolio of secunet are public customers and the private sector. The focus of the sales of secunet is so far still placed on Germany. The share of the sales relating to overseas has risen in the past few years and will continue to rise. The main sales markets and the concentration of the sales activities of secunet are placed here on the countries of the European Union. Owing to the integration into the Giesecke & Devrient Group and owing to specific demand from countries which secunet does not originally cover in terms of sales and distribution, the sales territory is extended by the Middle East and Asia.

**1.1.5 Management**

As a German joint stock company, secunet Security Networks AG has a dual management and control structure. The group is controlled by the Executive Board, whose members are appointed by the Supervisory Board. The Supervisory Board advises the Executive Board and monitors its management. A detailed analysis of the management of the secunet group can be found in the section "Corporate Governance" of the business report 2007 of secunet AG.

**1.1.6 Remuneration report**

The remuneration report summarises the principles which apply to stipulating the remuneration of the Executive Board of secunet Security Networks AG and explains the amount and structure of the Executive Board's income. Also described are principles and amount of the remuneration of the Supervisory Board and details are given about the shareholdings of the Executive Board and the Supervisory Board.

**Remuneration of the Executive Board**

The executive committee of the Supervisory Board is responsible for determining the Executive Board's remuneration, to which the chairman of the Supervisory Board, Dr Karsten Ottenberg, the deputy Supervisory Board chairman Dr Wilhelm Wick, and the Supervisory Board member Dr Peter Zattler belong.

The remuneration in the fiscal year 2007 was composed of three components: a fixed annual salary, a variable bonus and a contribution to retirement pensions. Specifically the Executive Board is remunerated as follows:

Three remuneration responsibilities

- The fixed remuneration is paid out monthly as a salary.
- The variable remuneration is oriented to the results of the company.
- Within the framework of the retirement pension members of the Executive Board receive contributions, the amount of which is regulated in single contracts.

In the event of the premature termination of the employment relationship the Executive Board contracts do not contain any express settlement promise.

In the event of a so-called "Change of Control" – i.e. if one or several jointly acting shareholders acquire the majority of voting rights in secunet Security Networks AG and exercise a controlling influence, secunet Security Networks AG becomes a dependent company by concluding a company contract within the meaning of § 291 AktG (Aktiengesetz – Stock Corporation Act) or with the amalgamation of secunet Security Networks AG with another company – no special regulations are envisaged in the Executive Board contracts.

No "Change of Control" regulations

Altogether the remuneration of the members of the Executive Board for the activity amounted to kEuro 646.3 in the fiscal year 2007. The following remuneration was fixed for the individual members of the Executive Board for the fiscal year 2007:

in kEuro	Fixed remuneration	Variable remuneration	Total
Dr Baumgart	161.8	74.5	236.3
Koelzer	135.0	64.5	199.5
Pleines	146.0	64.5	210.5
	<b>442.8</b>	<b>203.5</b>	<b>646.3</b>

The emoluments of the Executive Board amounted to kEuro 1,222.2 in the previous year. These are broken down into kEuro 452.6 fixed, kEuro 744.0 variable components and kEuro 25.6 from stock options.

The Executive Board members do not receive any additional remuneration for performing their tasks in the subsidiaries.

The pension claims of the Executive Boards amounted as of 31 December 2007 to:

in Euro	According to IFRS		According to the German Commercial Code	
	Cash value	Regular official time expenses	Provision (going concern value 6%)	Premium according to balance sheet (6%)
Dr Baumgart	173,018	8,460	119,107	16,272
Koelzer	33,684	0	16,497	2,700
Pleines	100,947	6,202	65,379	9,323

As of 31 December 2007, 13,000 shares in secunet were held by the members of the Executive Board (previous year: 11,000).

The members of the Executive Board do not receive any loans from the company.

Neither was any member of the Executive Board promised benefits from a third party with regard to his activity as a member of the Executive Board in the closed fiscal year nor were any granted in the closed fiscal year.

The personnel expenses 2007 include payments to a former Executive Board member to the amount of kEuro 50.

#### Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is regulated in § 17 of the statutes of secunet Security Networks AG. It is oriented to the tasks and the responsibility of the Supervisory Board members.

Besides an attendance fee for the flat-rate reimbursement of the expenses the members of the Supervisory Board receive a fixed remuneration of kEuro 4. The chairman of the Supervisory Board receives a remuneration of kEuro 8, the deputy chairman of the Supervisory Board kEuro 6. The emoluments of the Supervisory Board amounted to kEuro 35.0 (previous year: kEuro 32.0) for the fiscal year 2007.

The members of the Supervisory Board do not receive any loans from the company.

In addition, Supervisory Board members have not received any further remuneration or benefits for personally provided services in the period under review in particular consulting and mediation services.

#### 1.1.7 Details and explanatory report of the Executive Board according to § 289 Par. 4 and § 315 Par. 4 HGB (Handelsgesetzbuch – German Commercial Code)

The Executive Board of secunet Security Networks AG explains the details according to § 289 Par. 4 HGB (Handelsgesetzbuch – German Commercial Code) for the fiscal year 2007 as follows:

1. The capital stock of secunet Security Networks AG amounts unchanged to Euro 6,500,000 and is divided into 6,500,000 no par bearer shares. Each share grants one vote at the Annual General Meeting of secunet Security Networks AG.

Remuneration of the Supervisory Board decided by the articles of a company



2. With regard to the business model of secunet Security Networks AG a restriction for the assignment of the secunet shares can be derived from the foreign trade law. Thus for example § 7 (2), sub clause 5 of the foreign trade law (AWG) determines that "legal transactions concerning the acquisition of companies based in the territory, which [...] produce cryptosystems, which are authorised for an assignment of state sealing objects by the Federal Office for Information Security [...]", can be restricted.

Aside from the restrictions of the foreign trade law the shareholders of secunet Security Networks AG are not restricted in their decision to acquire or sell shares of the company, either through German laws, or through the statutes of the company. In particular the acquisition and sale of shares do not require the approval of the bodies of the company or other shareholders in order to be valid. The voting right of the shareholders is not subject to either restrictions by virtue of the law or according to the statutes of the company insofar as the necessary notifications have been made. The voting rights are not limited to a certain number of shares or a certain number of votes. All shareholders who have proven towards the company their entitlement to participate in the Annual General Meeting and to exercise their voting right through a corresponding proof, which refers to the time before the Annual General Meeting as determined by law and which is received by the company at the address stated for this in the invitation within the statutory deadline before the Annual General Meeting are entitled to exercise the voting right from all shares held by them and which have been proven accordingly. The statutory bans on voting shall apply exclusively.

The Executive Board is not aware of any agreements between shareholders from which restrictions can be derived with regard to the assignment of voting rights or shares in the company.

3. According to the knowledge of the Executive Board the shares of the company are located with approx. 23.6% in widespread shareholdings. According to the knowledge of the Executive Board, direct and indirect participations in the capital, which exceed 10% of the voting rights, are held by Giesecke & Devrient GmbH, Munich, with a participating interest of 50% plus one share and RWTÜV AG, Essen, with a participating interest of 26.4%.
4. secunet Security Networks AG has not issued any shares which grant special rights.
5. Like all other shareholders of the company, the employees who participate in the capital of the company also decide about exercising their voting and control rights themselves and therefore directly exercise their control rights.
6. The Executive Board of secunet Security Networks AG is exclusively appointed and recalled according to the statutory regulations, in particular §§ 84, 85 AktG [Stock Corporation Act]. The statutes do not envisage any special regulations for the appointment and recall of individual or all members of the Executive Board. The Supervisory Board has sole responsibility for their appointment and recall. It appoints Executive Board members for a maximum of five years. A repeated appointment or extension of the period of office, respectively for a maximum of five years, is admissible.

The statutes can be amended through a resolution of the Annual General Meeting. The amendment shall become effective when entered in the register of companies. The resolutions of the Annual General Meeting require the simple majority of the votes cast insofar as the statutes or mandatory regulations of the law do not determine otherwise.

7. The statutes of secunet Security Networks AG currently do not envisage either the possibility of a conditional increase in capital, or is there an authorization of the Executive Board to increase the capital stock by issuing new shares against a capital contribution, thus there is no approved capital, either. Neither is there any authorization for acquiring own shares acc. § 71 Par. 1 No. 8 AktG (Aktiengesetz – Stock Corporation Act). The Executive Board has however the possibility to offer own shares currently held by the company (30,498 units bearer shares as of 31 December 2007) to the entitled persons for satisfying stock options from the stock-option programme which was passed in 2001. In addition, the Executive Board of secunet Security Networks AG currently has no authorizations to issue or repurchase shares.
8. Essential agreements of the company which are subject to the condition of a change in control as a result of a takeover offer do not exist.
9. There are no compensation agreements of the company which have been reached with the members of the Executive Board or employees for the event of a takeover offer.

#### **1.1.8 Executive board report in accordance with sect. 312 (3) AktG (Aktiengesetz – Stock Corporation Act)**

The Executive Board has prepared a report about the relationship to affiliated companies for the fiscal year 2007 according to § 312 Par. 3 AktG (Aktiengesetz – Stock Corporation Act). The report contains the following final declaration: "It is declared that our company receives a reasonable consideration with each of the listed legal transactions. This assessment is based on the circumstances of which we were aware at the time of the events which were liable to reporting. No other legal transactions, measures or omissions, which were liable to reporting, were to be recorded beyond the reported activities."

## **1.2 Corporate control and strategy**

### **1.2.1 In-house control system**

The control of the secunet group by the Executive Board of secunet Security Networks AG is carried out according to financial key figures, essential revenue and results factors as well as according to capacity utilisation and key productivity figures. The Executive Board obtains information comprehensively within the framework of its meetings twice a month about the business position and these key figures. As a rule, the Executive Board coordinates on this basis with the heads of the business unit responsible for operations about necessary measures in the sales and distribution and the project management.

### **1.2.2 Strategy**

At the time when this report was prepared the secunet group was essentially represented as national provider of IT security with the focus on high security and public consumers. The aim of the strategy of secunet is to organise the company on a broad basis by using the skills acquired in the field of high security. This should be achieved both through diversification with regard to products and target customers as well as through internationalisation.

Taxation according to  
financial ratios

Specifically this means:

- The existing position on the German core market as supplier of high-quality IT security for official authorities should be further expanded. Thus a basis is achieved for permanently stable business.
- At the same time new target groups are to be developed in the core market Germany. These activities essentially aim at private industry, to which specific solution concepts are offered, for which secunet already brings experience and know-how. The focus of these measures will be placed on the variant SINA Business from the product line SINA as well as the offer of Managed Security Services.
- With its products secunet intends to optimise the portfolio: to this end the products should be further developed in cooperation with customers and extended in line with their wishes and the scope of the services all relating to the secunet products. At the same time, by expanding the sales channels in particular through intensive cooperation with sales partners, an endeavour is made to achieve an improved access to a broader target group.
- The internationalisation strategy is supported by its own sales and distribution as well as by partnerships with local providers who promise good access to customers in the respective countries. The expansion overseas is mainly supported by the high security business unit with the SINA product line as well as by the government business unit with the offer from the field of biometrics and sovereign documents (secunet biomiddle).

New target groups

More products

New markets

The strategy of the secunet group is integrated into an efficient organisation: the foundation was laid for sustainable growth with the restructuring of the group organisation since the beginning of 2007. The focus in the business units on the specific needs of the customers leads to more personal responsibility and entrepreneurial actions in the operative branches and thus supports this strategic orientation.

### 1.3 Research and development

secunet only operates its own research and development activities to a very small extent. In case of suppliers of government departments and in the high security field it is normal to develop special solutions by order of the customer. secunet does not develop its own products for which no concrete demand exists yet.

Hardly any R & D activity on its own

## 1.4 Overview of the development of business

### 1.4.1 Basic macroeconomic conditions

The macroeconomic environment developed mainly friendly in the reporting year. The high level of global economic growth of the previous year continued in 2007. According to current estimates the global gross domestic product is expected to have grown by 5.2% in 2007. Despite rising prices on the international energy and raw material markets the global growth remained strong.

According to provisional figures the gross domestic product (GDP) of the Euro zone 2007 on an inflation-adjusted basis was 2.5% above the level of the previous year. The engine of the economy was the investment activity with rising capacity utilisation. Positive employment effects supported private consumption.

In Germany the economy also grew in real terms by 2.5%. Owing to increased earning power and a good order position the companies increased their investments in equipment. The exports did not increase as sharply as in the previous year, because the Euro increased substantially compared with the US dollar. Despite an improved employment position consumption only developed poorly. Experts believed this to be, among other things, due to the increase in value added tax as of 1 January 2007.

The position of the State finances improved substantially once again in the past year. After the whole State deficit had already fallen to 1.6% of GDP in 2006, in 2007 according to provisional information a balanced State budget was achieved for the first time since German re-unification. In 2008 the whole State budget is expected to feature a deficit again.

Global economic growth substantially lost momentum in the fourth quarter of 2007. Decisive for this was that the growth in the industrial countries slowed down substantially. This economic weakness was partly a result of the real economic consequences of the continuing unrest on the financial markets, which was triggered through the sub-prime crisis in the USA in the summer of 2007. Further negative factors in the autumn months were the sharp increase in oil prices and the increase in prices for food. The German economy too only grew modestly in the final quarter of 2007.

Fluctuating economic prospects

The outlook for the further economic development in Germany is not significantly mooted despite the slow-down in growth towards the end of 2007. However, there are risk factors such as for example the scenario of a cyclical weakness in the USA. So far, however, the probable implications for the German economy remain within limits. The fundamental factors of influence such as private consumption, the investments in equipment of the industry and business conclusions with foreign customers however continue to support the assumption that the German economy has a stable potential for recovery.

### 1.4.2 Development of the industry

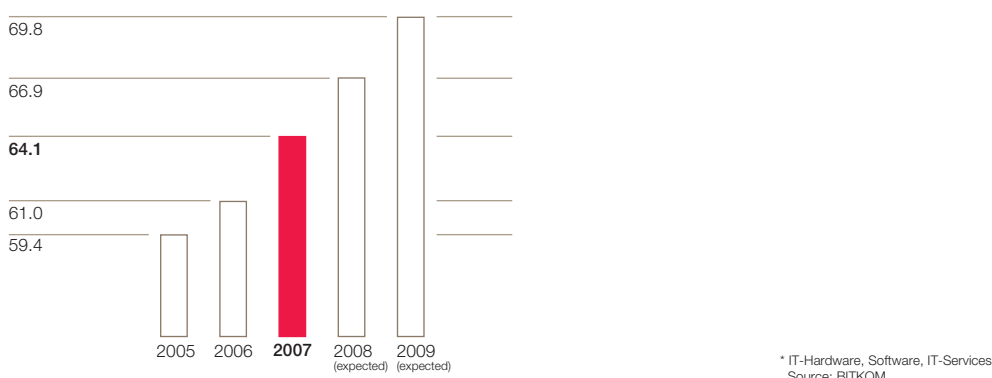
The development of the industry in the IT sector is assessed by the industry federation BITKOM (Bundesverband Informationswirtschaft Telekommunikation und neue Medien e.V.). The German market for information and communication (ITC) has developed with substantial momentum in the last few decades. The average annual growth rates amounted in the seventies and eighties to around 7% and in the nineties to 9%. Since then the growth has slowed down substantially. In the period from 1995 to 2004 the IT market grew on average in Germany by 4.6% p.a.

Growing market of IT

In 2007 the market for information technology grew in total by 5.0% in Germany, including that for IT services by 7.9% and that for software by 5.2%. The weak increase of 0.7% in the field of IT hardware had a muted effect on market growth.

The metatrends of the convergence of the markets (more and more functions are depicted through fewer and fewer media and technologies), the flexibilisation of organisations, the ubiquity of ITC technologies and the unlimited usability of digital information will continue to support a high demand for innovative ITC technologies and more or less are promoted by these. Based on these assumptions, BITKOM is expecting average growth rates in IT of 4.2% per annum until 2010. BITKOM identifies inter alia embedded systems, biometrics and digital rights management (DRM) as well as IT utility services as strategic growth fields in this context.

market volume IT sector\* in billion Euro



The prospects for the future for the ITC market are positive. 78% of the companies in the Germany high-tech industry are expecting increasing sales in 2008. With information technology the revenue in the fields of software and IT services is growing, whereas it is stagnating in hardware owing to the sharp fall in prices. An additional indicator of the optimistic mood in the industry is the employment situation: above all software houses and IT service providers are intensively seeking new employees.

Positive outlook for ITC



For 2008 BITKOM forecasts a growth in the German market for information technology of 4.6%. Whereas only weak growth of 0.7% is expected for hardware, the forecast for market growth with software is 5.3% and with IT services 6.6%. BITKOM estimates the market volume at around Euro 67b in 2008, thereof Euro 15b relating to software and Euro 33b to IT services.

Security remains an important issue for the ITC market. Besides protection against PC viruses and phishing it is the major social and political questions such as the introduction of biometrical ID papers and the electronic health card which occupy the general public.

Specific market statistics for the field of IT security are not collected continuously. An estimate for this market can therefore essentially be calculated indirectly: the field of IT security profits from the development of the whole industry. The development of the expenses for security is directly dependent on the general expenses for IT infrastructures.

The development of the market for IT security is also determined by the awareness of deficiencies in security and the need for security in the respective organisations. Moreover, statutory regulations, which enforce security, promote the demand for IT security. Forecasts assume a clear growth in the market for security technology and electronic security systems.

Good market position of  
secunet

With its orientation to high IT high security and the focus on government departments as customers, secunet occupies a niche position in the market for information and telecommunication systems. SINA is the only solution which is authorised for the Internet-based communication between government departments at higher secrecy levels. Therefore secunet also has a very strong competitive position in the field of SINA and in the authorities' environment on the German market.

The extensive experience and the sound know-how in the field of IT security also lead to a strong market position in the consulting business both with State customers as well as in private industry. secunet has gained a solid reputation in the special field of IT security for the automotive sector and achieved a market position with good potential for growth. Still capable of expansion is the market position of secunet with products for the target group of private industry.

## 2 DEVELOPMENT OF EARNINGS

Segment report increases  
transparency

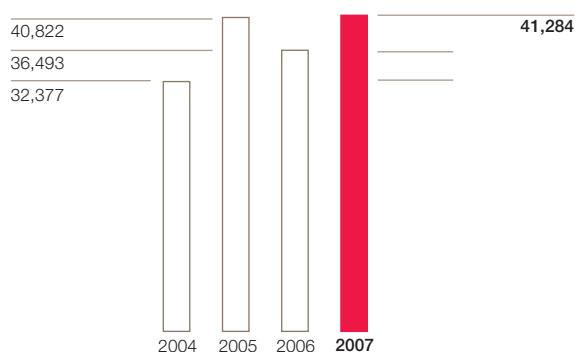
In order to increase transparency secunet has extended its reporting by a segment report according to divisions since the middle of 2007. The segments are also looked into with the comment on the results of the secunet group within the framework of this management report. The business units of secunet are now used for delimiting the segments. Thus, the level of specifications of the report is increased once again. The segments high security, government and business security are listed separately. The automotive business unit is disclosed jointly with the overhead under "all other segments" owing to its size. A comparison with the data of the previous years is not possible as the corresponding comparable data is not available in this distribution.

## 2.1 Sales development

The sales of the secunet group rose by 13% from Euro 36.5m to Euro 41.3m in the fiscal year 2007 compared with the previous year. Thus secunet continues to be on a path of growth: on average the sales of the secunet group rose by 8.4% in the period 2004 to 2007; analysed over a longer period of time the growth rate is even higher.

Increase in sales

Sales revenue by years in kEuro



The high security business unit generated 43.7% and thus the largest part of group revenue. Expressed herein is the continued major significance of the Secure Inter-Network Architecture SINA for the business of secunet.

High-security dominates

The importance of SINA can also be seen in the change in the distribution of group sales to consulting (secunet services) and special solutions (secunet products) from 2006 to 2007. Whereas the share of the secunet products (these also include SINA) rose from 47% to 52% of the sales, the share of consulting services fell from 49% to 46%. The sales rose in absolute terms in both units: with the special solutions from Euro 17.0m to 21.3m, with the services from Euro 17.9m to 19.0m. The contributions of the bundle solutions and the partner distribution fell sharply.

The government segment contributes 25.2% to group revenue. Particularly pleasing for secunet was the conclusion of a framework agreement for consulting services in the field of IT-security in the summer of 2007. The cooperation with the Federal Office for Information Security (BSI) will be regulated for the next few years with this framework agreement. secunet can thus consolidate its market position as an important provider of consulting services for public consumers.

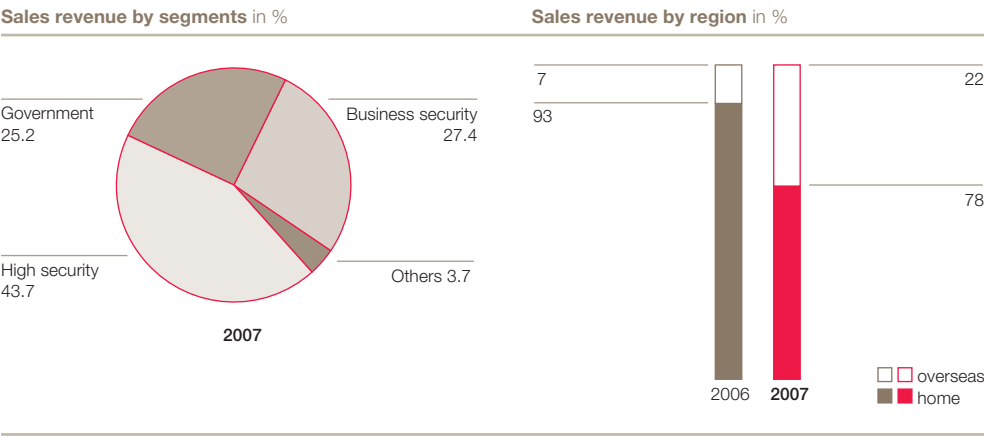
In total, 68.9% of the sales will thus be generated in areas which serve customers from the public sector. The business security segment that addresses customers of the private industry, contributed 27.4% of sales. The other segments contributed around 5% to the sales. The total sales stem from the automotive unit.

secunet makes profits through the G&D Group

Strong increase in foreign business

Around 6% of the sales were realised with the Giesecke & Devrient Group; in the previous year it was 4% still. In the volume and in the increase in these sales it is clearly expressed that secunet profits from the integration into the multinational technology group.

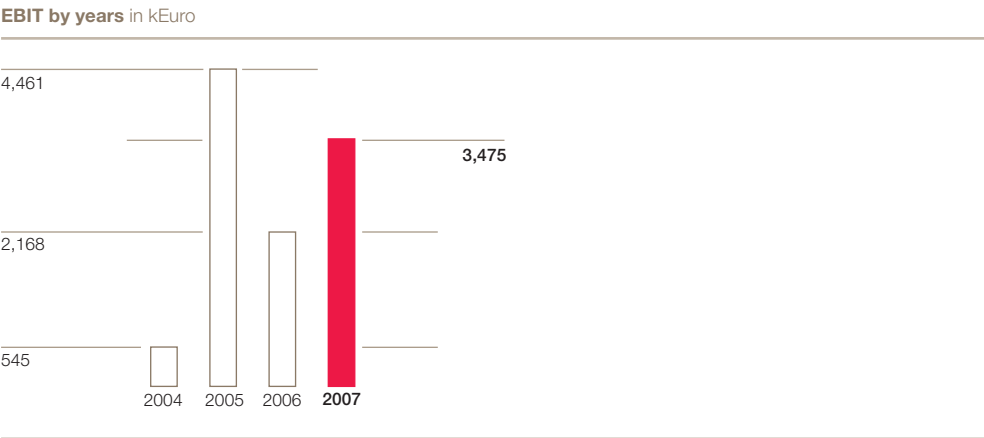
Remarkable is the increase in the international business of the secunet group. In absolute terms the thus generated sales rose from Euro 2.4m in the previous year to Euro 9.1m in 2007 (plus 280%). Parallel the share of the sales generated overseas tripled from 7% in 2006 to 22% in the fiscal year 2007. The success of the expansion of the overseas distribution is clearly reflected here.



## 2.2 Development of operating results

EBIT is increasing by 60%

Compared with the previous year secunet was able to increase the results before interest and tax (EBIT) by 60% from Euro 2.2m to Euro 3.5m. The decisive reason for this positive development in results was the only less than proportional increase in the cost positions compared with the increase in revenue.



Altogether the costs in the secunet group rose compared with the previous year by 8% from Euro 35.8m to Euro 38.6m in 2007. The total cost ratio amounts after 98% in 2006 to 93% in the reporting year.

The purchased materials increased by 7% compared with the previous year. The reason for this was essentially the increased revenue with secunet products – the main driver of the material costs was the hardware deliveries in connection with the SINA business.

The personnel expenses only increased slightly by 4%. The increase corresponds with the increase in the number of employees as of balance sheet date (228 in 2006 to 236 in 2007). The main share of the increase in personnel costs is accounted for by the salaries which rose by around 6%. The reason for this is the increase in the variable salary components owing to the improved results situation: end-of-year bonuses and benefits increased by 34% from Euro 1.6m to 2.1m.

The depreciations increased in the reporting year compared with 2006 by 5%. The increase in the number of employees also has an essential effect here. The expenses for their workplace equipment flow to a large part in the depreciations.

The other operating expenses disclose a sharper increase than the other cost positions and than the total costs: they rose by 15% compared with the comparable year. The growth in personnel also has an effect here: higher costs in personnel recruitment, increased rents (the real estate of secunet Security Networks AG was adjusted to the increased number of employees) and other rising costs associated with the employees are reflected in this cost position. Also included here are the costs for process adjustments and optimisation as a consequence of the new organisational structure in the company.

The results contribution of the individual secunet segments deviates from their sales contribution. The reason for this is, among others, the different share of the material costs, which is assumed by business units. This share is relatively high in the high security segment, where the SINA projects, which generate high material costs, are processed. At the same time the differences have an effect on the value added structures – for example the focus on consulting or product business, but also differences between highly specialised consulting with high security solutions compared with the consulting in more general security fields – of the individual segment regarding their respective profitability. Accordingly, business security contributed 34.4% (Euro 1.2m) and high security 37.5% (Euro 1.3m) to the EBIT. The majority of the EBIT (47.9% or Euro 1.7m) was generated in the government unit. The other segments generated in total a results contribution of Euro -0.9m. The administrative units which are not allocated to the segments had a negative effect on the results.

The interest income in the secunet group increased in 2007 compared with 2006 by 14%. The reason for this was the stocks of liquid funds which increased again. The calculable foreign currency exchange gains which were still positive in the previous year (kEuro +23) turned into losses (kEuro -9). Altogether, the financial results deteriorated thereby slightly by 4% from kEuro 197 in the previous year to kEuro 190 in 2007. This way the increase in the results before tax was with 55% from Euro 2.4m to Euro 3.7m less than the increase in EBIT.

Strong increase in the tax burden

The tax burden rose compared with the previous year: the tax burden multiplied almost five times from around Euro 0.2m to just under Euro 1.0m. The tax quota was 26.5%. The increase results, on the one hand, from the higher group results compared with the previous year and, on the other hand, from the one-time effect owing to the re-evaluation of the active deferred taxes in the course of the corporate tax reform 2008, which led to tax expenses of kEuro 283.

The net income for the year of the secunet group thus rose by 24% from Euro 2.2m in 2006 to Euro 2.7m in 2007. The (diluted) results per share rose from Euro 0.33 to 0.41.

According to the HGB (Handelsgesetzbuch – German Commercial Code), sales of Euro 38.4m were generated in secunet AG compared with Euro 34.5m in the previous year (plus 12%) results before taxes of Euro 3.4m, compared with Euro 2.2m in the previous year. The net income for the year rose from Euro 2.0m in 2006 to Euro 3.0m in the reporting year. The diluted surplus per share is for 2007 Euro 0.46 after Euro 0.30 in the previous year.

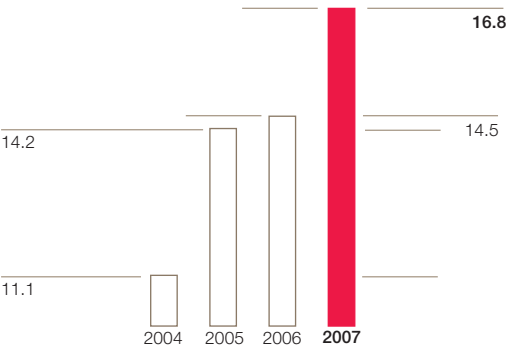
2.3 Orders

High level of orders

The orders as of 31 December 2007 amounted to Euro 16.8m and were thus 16% above the comparable value as of the end of the previous year (Euro 14.5m). The order volume achieved as of the end of 2007 was moreover the maximum end of the year stocks achieved so far at secunet.

The orders which were consistently high over the course of the whole of 2007 (Q1: Euro 21.5m, Q2: Euro 22.3m, Q3: Euro 21.1m) showed hardly any seasonable fluctuations for the first time in a year with strong revenue. The orders on stock merely fell as of the end of the fourth quarter, this corresponding with the seasonally high revenue as of the end of the year. The average orders amounted to Euro 20.4m and exceeded both the previous year (Euro 16.1m) as well as the record year 2005 (Euro 18.6m).

Orders as at 31 Dec in Euro m



## 2.4 Operating results in the 4th quarter of 2007

secunet closed the fourth quarter of 2007 with group sales of Euro 14.2m. Compared with the final quarter of the previous year this means an increase of 20%. At the same time, the total costs only rose in total by 9%. Therefore it was possible to increase the earnings before interest and tax sharply and more than average by 85% from Euro 1.4m in Q4-2006 to Euro 2.5m in the last quarter of 2007. After tax the secunet group generated profits of Euro 2.2m in the fourth quarter of 2007, a plus of 40% compared with the previous year. The diluted results per share in Q4-2007 amounted to Euro 0.33 after Euro 0.24 in the previous year.

Q4 has risen in comparison to the previous year

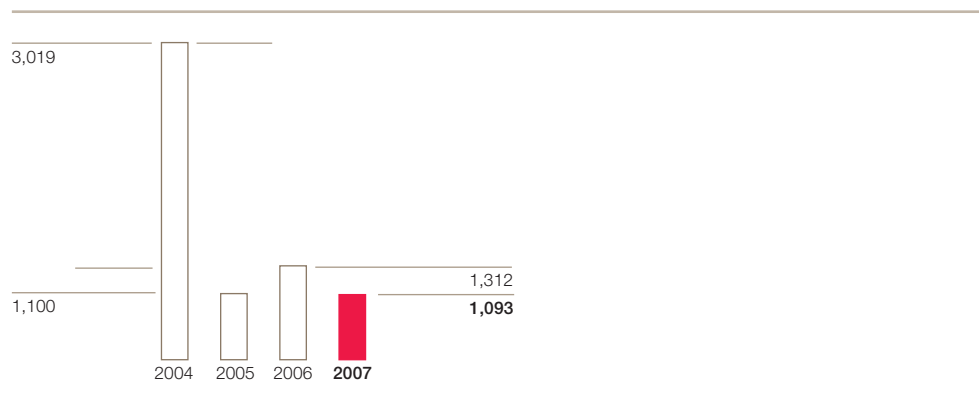
## 3 INVESTMENT

Around Euro 1.1m was used for investments in the fiscal year 2007. The spending for this fell by 17% compared with the previous year (Euro 1.3m).

Investments remain at a modest level

With around Euro 1.0m the investments in intangible assets and plant, property and equipment remained almost constant. These essentially concern spending for the new acquisition and the replacement of hardware, software and other company equipment. The investments in financial assets fell by Euro 0.2m: the reason was a lower payment to the reinsurance for pensions.

Investments in kEuro





## 4 FINANCIAL AND ASSET SITUATION

The balance sheet total of the secunet Group rose from Euro 28.3m as of 31 December 2006 to Euro 33.7m as of 31 December 2007. The changes in the balance sheet of the secunet group are expressed in the presentation of the balance sheet structure.

<b>Assets</b>	<b>31 Dec 2007</b>	31 Dec 2006
Cash and cash equivalents (liquid funds)	32%	30%
Trade accounts receivable	39%	39%
Trade accounts receivable from affiliated companies	3%	2%
Inventories	5%	2%
Tangible assets	4%	5%
Intangible assets	1%	0%
Goodwill	9%	10%
Other financial assets	2%	2%
Deferred taxes	5%	8%
Other assets	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

<b>Equity and liabilities</b>	<b>31 Dec 2007</b>	31 Dec 2006
Trade accounts payable	15%	11%
Other short-term liabilities	4%	5%
Other provisions	11%	10%
Pension provisions	3%	5%
Equity	64%	67%
Other equity and liabilities	3%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

On the assets side of the balance sheet the liquid funds increased both in absolute terms (plus 29% compared with the stocks of the previous year) as well as in relative terms. This is to a large extent due to the higher business results. Moreover, the balance from accounts receivable (trade and due from affiliated companies) and trade accounts payable fell so that fewer financial funds were tied herein. In addition, a lower cash outflow for tax payments was to be recorded.

The inventories also increased. These essentially included building parts and hardware for orders, which have not been settled yet.

Deferred taxes also fell in absolute and relative terms. The reason was a new assessment of the ability to realise deferred taxes on the assets side on losses carried forward and the consideration of the corporate tax reform 2008 for the tax rates.

All other items on the assets side of the balance sheet were to a large extent unchanged compared with the previous year.

On the liabilities side of the balance sheet the share of equity fell. The equity ratio fell by three percentage points from 67% to 64%. At the same time the other provisions increased in absolute and relative terms. This was in particular due to the higher transfer to the bonus provisions (variable salary components).

Decrease in ratio

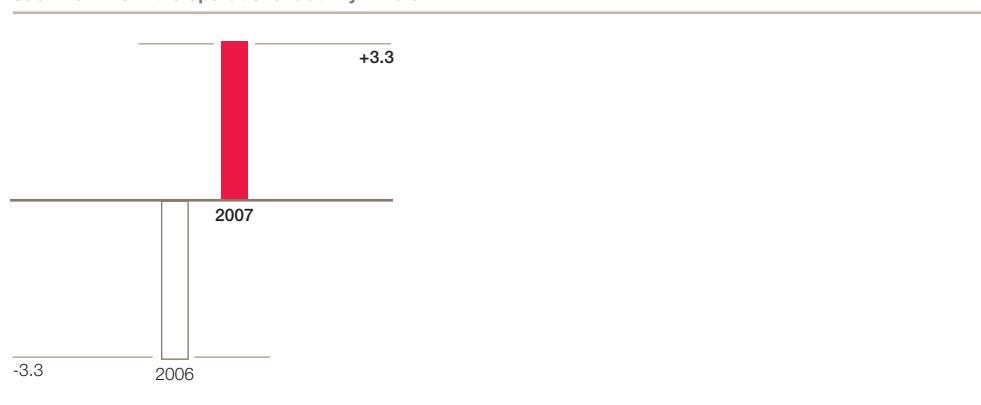
secunet did not take out any loans either in the fiscal year 2006 or in 2007, but paid all expenses from liquid funds. Neither were there any older loans; thus the debt ratio was still 0%.

The balance sheet structure of secunet Security Networks AG is not commented separately as this corresponds with that of the secunet group to a large extent in the essential positions.

The cash flow from the operational activity following Euro -3.3m in the previous year was Euro 3.3m in 2007. This positive change can be derived, among others, from results before taxes which improved by around Euro 1.3m, an increase instead of a reduction in provisions (effect around Euro 3.2m) and a lower balance from the increase in receivables and liabilities (effect Euro 1m). In addition, there was a positive liquidity effect owing to lower tax payments of around Euro 1.1m. Including the financing of the investment expenses there was in total a cash inflow of Euro 2.5m, which increased the liquid funds of the group by the same amount.

Cash flow positive

#### Cash flow from the operational activity in Euro m

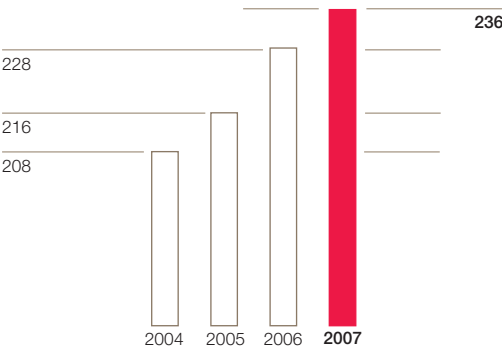


## 5 EMPLOYEES

The commitment, flexibility and competence of the employees of secunet are among the explicit strengths of our company.

As of the end of the fiscal year 2007 the secunet group employed 236 employees, this was eight persons or around 4% more than as of the end of 2006. The increase mainly took place in the productive field – personnel for the fields of consulting and development were mainly recruited. Thus, the structures in areas related to production were optimised.

**Employees** as of 31 December



### Highly qualified employees

The employees of secunet are highly qualified: around 62% have a university degree, 9 employees have PhDs. All employees have comprehensive practical experience in project and development work. Moreover, secunet places great importance on the fact that the employees take advantage of further and continued training measures in order to also have the actual level of know-how.

A cooperative management, which takes into account the needs and qualifications of the employees, is of great importance for secunet. The Management by Objectives (MbO) is established as a management technique for secunet. MbO is a management technique in which personnel management is carried out based on target agreements. The objective system consists of upper and lower objectives. The upper objectives are stipulated by the company management. Sub-objectives are derived based on this and coordinated with the individual employees by the heads of the units. The implementation of the agreed objectives is controlled annually: part of the variable remuneration of the employees is calculated based on this. A further part of the variable remuneration is dependent on the company's results.

secunet is also active as a training company in the commercial field.

## 6 SUPPLEMENTARY REPORT – SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

There were no essential events after the balance sheet date.

## 7 RISK REPORT

### 7.1 Risk management targets and methods

The risk management of secunet Security Networks AG is carried out by a risk committee. This is composed of representatives of all divisions and meets for regular meetings once in a calendar quarter. All developments which could pose a risk for the achievement of targets or even the continued existence of the company are intensively observed by the committee. The aim is to obtain information about risks and the associated financial implications as early as possible. At the same time the existing chances are also to be recognised and used within the framework of the planning and controlling process with the associated potential for results.

Risk management committee meets regularly

Company-specific risks are assessed within the framework of the meetings of the risk committee according to their level of damage (lower, average and high damage) and according to their probability of occurrence. Proposals are subsequently drawn up for countermeasures. The Executive Board examines these measures and implements them in real time.

### 7.2 Individual risks

#### 7.2.1 Competitive environment

Risks can on the one hand be seen in the competitive environment where the technological market leadership of secunet is at risk. Therefore, the risk committee regularly informed itself about the status of technical development of the products of secunet and asked for estimates from qualified employees whether and to what extent the technological edge of the company was at risk through developments of competitors.

Technological market leadership is continuously assessed

On the other hand risks also arise from the competitive environment where rival companies attack the market position of secunet in the business with government departments. Competitors could for example also endeavour to achieve a similar market position in the environment of authorities (for example as a security partner of the Federal Republic of Germany). Thus secunet would be exposed to far stronger pressure from competition in this target group.

### 7.2.2 Customer structure

The risk factor customer structure is seen in the fact that secunet still processes the main part of its business with authorities and organisations from the public sector. The loss of parts of the demand from this customer group, for example through a budget stop, can have negative effects on revenue and operating results. This risk was discussed in detail in the risk committee. IT investments and particularly the investments in IT security are considered to be particularly important for the smooth satisfaction of State tasks, especially in a world which is marked more and more by information technology. Therefore, the risk of the loss of State demand is in fact assessed regularly, currently however seen as comparably low.

In order to be able to react better in the medium term to the possible risk of such a fall in demand or to reduce and compensate for the damage suffered from this, secunet is continuing to expand its activity with the target group of the private sector.

### 7.2.3 Development risks

Risks from the development of new products, which are not successful on the market, are of less significance for secunet. IT high security is strongly oriented to the needs of the customers, products are not produced off the rack. Rather, the majority of developments of secunet are induced by orders and are accordingly financing by the customers placing the orders. Thus, in particular secunet multisign, the solution for the mass generation of qualified electronic signatures, was developed from the projects relating to the erection of various trust enters. The product innovations in the field of biometrics were also produced from questions of consulting activity.

### 7.2.4 Risks from the sales structure

Sales and distribution is seen as a risk for secunet, because the business results are still strongly influenced through sales with new customers. Insofar, an efficient sales and distribution is also a chance for a favourable development of the company. At the same time revenue and operating results can be impaired if sufficient sales and distribution capacities are not available or do not meet the needs of the customers. These risks are assessed regularly. To this end the risk committee respectively invites one representative from the locations of secunet to its meetings, who reports about the sales and distribution situation on site.

### 7.2.5 SINA

The Secure Inter-Network Architecture SINA continues to be the distinctive feature of secunet. Therefore, chances and risks for this field are discussed separately. Determined as possible risks were the failure of the technology and the resulting harm to the image, the loss of political support and the loss of key personnel in the field of technology.

Risks which endanger the continued existence of the company cannot be determined at present.

SINA harbours continuing opportunities



## 8 FORECAST REPORT

The market for IT security is still a growth market. The main drivers of the growth are still:

IT security is growing further

- The general need for basic protection for installations of information and communications technology.
- The still increasing threat to infrastructures and systems through attacks on their security.
- The high and increasing dependency of the companies, authorities and organisations on their IT systems: a damage event can have critical implications for the regular business operations.
- The increase in industrial espionage through which substantial damage can also be suffered.
- The equipment of new products and solutions with necessary security systems and
- The backlog demand in many areas of IT, which was caused due to the fact that the focus of the activities was not placed on security for many years.

Particularly the last two points have a positive influence on the business development of secunet. The main drivers of the business of secunet Security Networks AG include the determination of security gaps and the development of suitable processes, applications or products for avoiding existing and potential security risks. However, secunet is also active in the field of protection against industrial espionage and against attacks on general IT security. This is taken into account with the expansion of the business security unit, the orientation of which is dedicated to the needs of the private industry.

At the same time there is still a high level of reservations, particular with companies of the private industry, towards making high investments in IT security. The IT security budgets in the companies still do not in any way correspond with the prevailing situation regarding threats. Investments in high security are often only recognised as a useful expense when the damage has already been suffered – a phenomenon that is very well known from the environment of insurance. Therefore, work to convince the companies through high-quality consulting in line with the needs and the creation of awareness for the actual risks through the media and the responsible institutions, above all in Germany the Federal Office for Information Security (BSI) is an important support for the business development of secunet.

Awareness for investment requirements should increase

The following trends are seen in 2008 as growth in IT security, which can also have implications for the business development of secunet:

- The budgets for IT should continue to increase.
- The spending on IT security might also increase: the development of an information risk management can be observed with many companies. IT security is an important module in order to fill the relevant management systems with life. Complex solutions are mainly used in which secunet is specialised.
- Security for the mobile IT infrastructure in companies and authorities remains one of the most important aspects. With the SINA product line secunet can specifically satisfy this specific demand.

BITKOM is looking forward to positive developments in 2008

The revenue in the field of IT security is generally derived as a function of the sales in the whole IT environment. The industry federation BITKOM is expecting a growth of 5.3% with software and of 6.6% with IT services on the German market for 2008. secunet is active in both areas. The market growth in IT security is driven by the demand from companies, which will increasingly continue to digitalise their processes and this way realise efficiency gains.

The demand for information technology and telecommunications should also increase on an international level in 2008: the European Information Technology Observatory (EITO) is expecting a market growth of 4.7% for the EU.

A qualified forecast of the development in the industry over a longer period of time than the coming fiscal year is hardly realistic owing to the special fast moving nature of the IT field.

In 2007 the secunet group increased both revenue as well as EBIT. The basic conditions on the market for IT security also allow us to be positive for the fiscal year 2008. For 2008 we have set ourselves the goal of continuing to grow and thus achieve reasonable profitability.

We intend to achieve this goal through the following measures:

Package of measures supports growth strategy

**Further internationalisation.** In order to extend our potential and actual customer base we are placing our bets both on consolidating the contacts in markets, in which secunet has already gained a foothold as well as on developing new markets. Clear responsibilities have been created for this. The first good successes were achieved in this field in 2007: our international business has already grown sharply. Nevertheless, we adhere to our careful estimate of the future growth. IT security remains a long-term business; the decisions in this field are made for the long term. Short-term successes are encouraging, however it would be unrealistic to place one's bets on a safe continuation.

**Tight sales organisation.** Over the course of 2007 we have equipped each of the business units of secunet with capacities in sales and distribution and with demanding qualitative and quantitative goals. We were able to realise the first successes of this approach. Our focus remains unchanged on promoting entrepreneurial thinking and actions particularly in sales and distribution: this is facilitated by the organisational separation of the business units.

**Further expansion of the product field.** secunet's main product remains the Secure Inter-Network Architecture SINA. In this field, which is also managed in line with its meaning as an independent business unit "high security", we intend to continue to operate among the technological leaders and expand the existing competitive edge. Our other products, such as the biometric multi-application platform secunet biomiddle can already show first successes and many promising prospects. New products should be produced based on the needs of our customers and the new challenges in IT security.

**Specific acquisitions.** The Executive Board of secunet is continuing to intensively observe the consolidation trends in the market and examining interesting options.

**Chances and potential.** Chances are produced for secunet from major infrastructure projects in the public sector. This is for example in Germany the introduction of the electronic health card. secunet is involved in the preparations for this major project in many places. In particular the use of the secunet konnektor at the users of the health telematic opens up potential. Also to be seen as chances in Germany are projects for modernising the communication systems with the German army and police. Owing to the political and administration processes which are associated with the implementation of these projects it is very difficult to make a statement with regard to the time and order as well as revenue volume.

A large sales and result potential is seen in the fact that the majority of German public authorities could be equipped with SINA, that SINA could be placed successfully in the industrial segment, and that further international markets are opened up for SINA.

Foreign business promises to bring growth

There is also substantial potential in the international activities of secunet. On the one hand these are procurements of national authorities in various countries, which are interested in SINA. On the other hand there are perspectives in the field of biometrics and sovereign documents: secunet biomiddle could be successfully used on an international level.

Generally not yet exhausted are the chances which are offered in private industry. Particularly internationally linked companies which operate on a global level have a specific need for IT security, which secunet can specifically satisfy owing to the increasing threat of industrial espionage or owing to special processes.

The volatility of the project business also makes a forecast for revenue and operating results difficult for the current fiscal year, which was still young when this report was prepared. As in the past few years we intend therefore also only to submit a forecast for 2008 after a few months.

A prognosis is difficult

Based on the stable market environment and business which is continuing to stabilise we are confident that the positive development will also continue in 2009.

Essen, 7 March 2008

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

#### Future-related statements

This report contains statements which refer to the future development of secunet Security Networks AG and economic and political developments. These statements represent estimates which we made based on all information available to us at the present moment in time. Should the underlying assumptions not occur or further risks appear, the actual results may deviate from the currently expected results. We can therefore not submit any guarantee for this information.





# WE MAKE CARS SAFER.

More and more software functions and electronic systems are being integrated into modern automobiles. On the one hand interesting business models emerge through this for the manufacturer. On the other hand there is an increased danger of misuse and manipulation.

**secunet** has been supporting leading automobile manufacturers and suppliers for years to ensure the safety of their new technologies.





# Consolidated Financial Statements

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

<b>Assets</b> in Euro	Notes	<b>31 Dec 2007</b>	31 Dec 2006
<b>Current assets</b>			
Cash and cash equivalents	(1)	10,908,588.36	8,430,450.62
Trade accounts receivable	(2)	13,309,933.47	11,122,327.90
Trade accounts receivable from affiliated companies	(2)	906,062.79	448,646.50
Inventories		1,550,324.06	534,587.25
Other current assets	(2)	115,067.74	189,335.24
Claims from income tax		0.00	282,868.91
<b>Total current assets</b>		<b>26,789,976.42</b>	<b>21,008,216.42</b>
<b>Non-current assets</b>			
Tangible assets	(3)	1,311,684.18	1,393,064.91
Intangible assets	(3)	264,220.19	104,396.25
Goodwill	(3)	2,950,000.00	2,950,000.00
Non-current financial instruments	(4)	686,258.02	564,371.63
Deferred taxes	(5)	1,722,468.03	2,264,486.21
<b>Total non-current assets</b>		<b>6,934,630.42</b>	<b>7,276,319.00</b>
<b>Total assets</b>		<b>33,724,606.84</b>	<b>28,284,535.42</b>

<b>Equity and liabilities</b> in Euro	Notes	<b>31 Dec 2007</b>	31 Dec 2006
<b>Current liabilities</b>			
Current portion of capital lease obligations	(6)	21,029.15	64,194.59
Current loans and current portions of non-current loans		0.00	6.82
Trade accounts payable	(6)	4,898,409.90	3,176,472.83
Current portion of capital lease obligations	(6)	0.00	21,842.52
Other provisions	(7)	3,632,995.00	2,675,376.21
Income tax liabilities		192,257.00	0.00
Other current liabilities	(6)	1,495,776.82	1,488,383.50
Deferred items		560,703.78	371,025.61
<b>Total current liabilities</b>		<b>10,801,171.65</b>	<b>7,797,302.08</b>
<b>Non-current liabilities</b>			
Capital lease obligations, less current portion	(6)	0.00	24,477.67
Deferred taxes	(5)	24,602.77	69,127.25
Pension provisions	(7)	1,157,978.56	1,369,370.00
<b>Total non-current liabilities</b>		<b>1,182,581.33</b>	<b>1,462,974.92</b>
<b>Equity</b>			
Subscribed capital	(8)	6,500,000.00	6,500,000.00
Capital reserves	(8)	21,922,005.80	21,922,005.80
Treasury stock	(8)	-103,739.83	-108,974.77
Accumulated deficit		-6,555,663.17	-9,250,615.49
Cumulated other overall result	(8)	-21,748.94	-38,157.12
<b>Total equity</b>		<b>21,740,853.86</b>	<b>19,024,258.42</b>
<b>Total liabilities and equity</b>		<b>33,724,606.84</b>	<b>28,284,535.42</b>

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

in Euro	Notes	1 Jan – 31 Dec 2007	1 Jan – 31 Dec 2006
Sales	(9)	41,283,721.06	36,492,804.84
Other operating income	(10)	755,842.33	1,518,477.31
Purchased materials	(11)	-12,016,621.88	-11,187,171.39
Personnel expenses	(12)	-17,289,102.00	-16,558,040.23
Depreciation on tangible and intangible assets		-891,961.76	-853,396.33
Other operating expenses	(13)	-8,367,290.70	-7,244,757.41
<b>Earnings before interest and taxes (EBIT)</b>		<b>3,474,587.05</b>	<b>2,167,916.79</b>
Interest income/expense	(14)	199,426.93	174,389.83
Foreign currency exchange gains/losses		-8,995.04	23,054.94
<b>Earnings before tax</b>		<b>3,665,018.94</b>	<b>2,365,361.56</b>
Tax on income	(15)	-970,066.62	-189,517.67
<b>Net income</b>		<b>2,694,952.32</b>	<b>2,175,843.89</b>
Earnings per share (undiluted)		0.42	0.34
Earnings per share (diluted)		0.41	0.33
Average shares in circulation (undiluted, per share)		6,468,720	6,446,225
Average shares in circulation (diluted, per share)		6,500,000	6,500,000

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

in Euro	1 Jan – 31 Dec 2007	1 Jan – 31 Dec 2006
<b>Cash flow from operating activities</b>		
Annual earnings of the group before tax (EBT)	3,665,018.94	2,365,361.56
Depreciation	891,961.76	853,396.33
Change in provisions	746,227.35	-2,503,670.52
Book profits/book losses (balanced) from retirement of intangible and tangible assets	440.18	0.00
Net interest income	-199,426.93	-174,389.83
Change in accounts receivable, miscellaneous assets and accrual and deferral	-3,586,491.17	-3,907,976.41
Change in payables and deferred items	1,829,516.11	1,152,766.07
Tax payments	2,552.99	-1,096,300.75
<b>Funds inflow from operating activities</b>	<b>3,349,799.23</b>	<b>-3,310,813.55</b>
<b>Cash flow from investment activities</b>		
Investments in intangible and tangible assets	-981,901.23	-993,011.56
Sales from retirement of intangible and tangible assets	11,056.08	0.00
Investments in financial assets	-121,886.39	-318,680.00
Sales from retirement of financial assets	0.00	0.00
<b>Funds inflow/funds outflow from investments</b>	<b>-1,092,731.54</b>	<b>-1,311,691.56</b>
<b>Cash flow from financing activities</b>		
Interest payments	220,494.24	201,815.23
Interest payouts	-21,067.31	-27,425.40
Change in treasury stock	5,234.94	59,796.36
Net outflow of funds from financial liabilities	0.00	0.00
<b>Outflow of funds from the financing activities</b>	<b>204,661.87</b>	<b>234,186.19</b>
Changes in cash and cash equivalents based on exchange rate	16,408.18	-27,102.63
<b>Increase/decrease of cash and cash equivalents</b>	<b>2,478,137.74</b>	<b>-4,415,421.55</b>
Cash and cash equivalents at the beginning of the period	8,430,450.62	12,845,872.17
<b>Cash and cash equivalents at the end of the period</b>	<b>10,908,588.36</b>	<b>8,430,450.62</b>

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

in Euro	Subscribed capital	Capital reserve	Treasury stock	Accumulated deficit	Cumulated other overall result	<b>Total</b>
<b>Equity as on 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>
Change in treasury stock			59,796.36			59,796.36
Difference in exchange rates					-27,102.63	-27,102.63
Net income from 1 Jan – 31 Dec 2006				2,175,843.89		2,175,843.89
<b>Equity as on 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			5,234.94			5,234.94
Difference in exchange rates					16,408.18	16,408.18
Net income from 1 Jan – 31 Dec 2007				2,694,952.32		2,694,952.32
<b>Equity as on 31 Dec 2007</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-103,793.83</b>	<b>-6,555,663.17</b>	<b>-21,748.94</b>	<b>21,740,853.86</b>

## Notes on the Consolidated Financial Statement of secunet Security Networks AG for the fiscal year 2007 according to IFRS

### Basic Principles

The company secunet Security Networks AG (secunet) is registered with the district court Essen, Germany (HRB 13615). It is a listed company in the "Prime Standard" segment in the regulated market in Frankfurt. The address is: secunet Security Networks AG, Kronprinzenstrasse 30, 45128 Essen, Germany.

The secunet group (hereafter referred to as "the group") provides safety-related services in the fields of telecommunications and information technology, especially consulting and systems solutions for the security of information and related activities.

The consolidated financial statement is prepared according to the "International Financial Reporting Standards" (IFRS), as practised in the European Union. The requirements of §§ 315, 315a paragraph 1 of the HGB (German Commercial Code) have been complied with. The IFRS consist of the newly issued IFRS by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the International Financial Reporting Committee (IFRIC) and the Standing Interpretations Committee (SIC). All the applicable standards and interpretations at the time of the preparation of the consolidated financial statement, which were issued by the International Accounting Standards Board (IASB), have been implemented, provided they have been adopted by the EU (Endorsement). In this respect the consolidated financial statement of secunet AG complies with the IFRS.

The consolidated financial statement of secunet AG was prepared in Euro. All amounts have been accounted for in Euro (€), unless otherwise specified.

The consolidated financial statement and the report about the company and group situation were released by the Executive Board after they were prepared on 7 March 2008.

The present consolidated financial statement as on 31 December 2007 is based on the same accounting and evaluation methods and accounting principles as the previous year. The balance sheet as on 31 December 2007 has been structured according to maturity, the profit and loss account according to the total expenditure format. In order to improve the clarity of the presentation, various items of the group balance sheet and the group profit and loss account have been summarised and explained in the appendix.

The consolidated financial statements and the annual balance sheet of secunet AG will be submitted to the operator of the electronic German Federal Gazette and after submission will be published in the electronic German Federal Gazette. It will be available for download on the website [www.secunet.de](http://www.secunet.de). In addition, it can be ordered from secunet at the above-mentioned address or can be inspected at the business premises of the company.

The consolidated financial statement of secunet AG will be included in the consolidated financial statement of Giesecke & Devrient GmbH, Munich, which prepares the consolidated financial statement for the largest group of companies. The consolidated financial statement of Giesecke & Devrient GmbH will be submitted to the operator of the electronic German Federal Gazette.



### Changed or new IFRS and the resulting reporting, accounting and evaluation changes

Toward the consolidated financial statement of 31 December 2006, the following standards have changed or were used for the first time on the basis of their adoption into the EU laws (EU endorsement) or the coming into effect of the regulation:

- IFRS 7 "Financial Instruments: Disclosures"
- Amendments to IAS 1 "Capital Disclosures"
- IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflation Economies"
- IFRIC 8 "Scope of IFRS 2"
- IFRIC 9 "Reassessment to Embedded Derivates"
- IFRIC 10 "Interim Financial Reporting and Impairment"

As IFRS 7 and the amendments to IAS 1 consist of regulations which are solely concerned with reporting issues and particulars of the appendix, there was no resulting effect of the first time implementation on the accounting. The regulations of IFRIC 7, IFRIC 8, IFRIC 9 and IFRIC 10 are not relevant for secunet AG at present.

The following standards and interpretations were published by IASB and IFRIC by the balance sheet date. However, their implementation will be obligatory only in later reporting periods or they have not yet been adopted into the EU law:

- IAS 1 "Presentation of Financial Statement: A Revised Presentation"
- IAS 23 "Borrowing Costs"
- IAS 27 "Consolidated and Separate Financial Statements"
- IFRS 3 "Business Combinations"
- IFRS 8 "Operating Segments"
- IFRIC 11 "IFRS 2 Group and Treasury Share Transactions"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

Given the possibility of an early implementation of the standards and interpretations, which were already made into EU law on the balance sheet date, secunet AG has made use of the IFRS 8 "Operating Segments". IFRS 8 replaces IAS 14 "Segment Reporting" and gives up the primary and secondary reporting format used until now, which differentiates between business segments and geographical segments. Instead, it now carries it over into a single reporting format, which indicates segments on the basis of information, according to which the management leads the company (so-called management approach). Since then the company consists of two divisions: the public sector, which targets the clients in the public sector (government agencies) and the private sector, which is oriented towards the clients in the private sector. The division public sector includes the two business units, government and high security; the division private sector consists of the business units, business security and automotive. Consequentially, the company has begun to adapt the internal reporting system in this respect. Further details are to be found in the chapter "Segment Reporting".

Moreover, secunet AG expects no significant effects in the future of the implementation of the standards and interpretations which were published on the financial statement date but not yet adopted into the EU law on the assets and financial and profits situation.

## Consolidation scope and principles

### Scope of consolidation

In the consolidated financial statement, all the subsidiary companies in which secunet controls the financial and corporate policies have been included along with secunet AG. Shares in equity attributed to minority shareholders and overall annual result are not present for the reporting year and the previous year.

On 31 December 2007, the scope of consolidation consisted of two companies as in the previous year.

- secunet SwissIT AG, Switzerland, Solothurn, 100% participation, equity of the company in kCHF 47, overall annual result 2007 in kCHF -213
- secunet s.r.o., Czech Republic, Prague, 100% participation, equity of the company in kCZK -6,359, overall annual result 2007 in kCZK -1,243

secunet Inc., USA, Austin, Texas, 100% participation (shelf company) is not operational any more and has not been consolidated since the fiscal year 2002 on the grounds that it is not material.

The financial statements of secunet and the foreign subsidiaries included in the consolidation are prepared according to standard accounting and evaluation methods.

### Consolidation principles

The consolidation of funds takes place according to the acquisition method. Here the acquisition costs of the acquired shares are set off against the revaluated equity. The assets and liabilities of the acquired subsidiary are set at their respective current market values. Any remaining credit difference is activated according to IFRS 3 and undergoes an impairment test annually.

Expenses and income as well as accounts receivable and liabilities between the consolidated companies are eliminated. Intercompany income statements are prepared, if they are not insignificant.

Depreciation on shares in included companies, which have been carried out in individual financial statements, is taken back within the framework of the consolidation.

### Reporting currency

The reporting currency of the group is the Euro.

The annual financial statements of the subsidiaries, which have been prepared in foreign currencies, are converted according to the concept of functional currency. In the consolidated financial statement, the conversion of the balance sheet items of all foreign companies from their respective currencies into Euro takes place at the daily exchange rate on the balance sheet date, as the foreign companies included in the consolidated financial statement carry on their businesses independently in the currencies of their respective countries. Differences which arise in comparison to the conversion in the previous year are set off against the equity in the item "cumulative other overall result", without affecting the net income. Expense and sales items are converted at annual average exchange rates.

For the currency conversion, the following rates of exchange were affixed for the respective currencies of the countries, which are not a part of the European Monetary Union:

<b>1 Euro =</b>	<b>CHF</b>	<b>CZK</b>
31 Dec 2007	1.6582	26.6177
Average	1.6452	27.7550

### Financial instruments

The financial instruments stated in the balance sheet (financial assets and financial liabilities) in terms of IAS 32 and IAS 39 include certain financial assets, trade accounts receivable, cash and cash equivalents, trade payables and certain other assets and liabilities based on contractual agreements.

While preparing the first financial statement, the financial assets or liabilities are set at their acquisition costs, which correspond to the current market value of the trade-off, including the transaction costs. The subsequent evaluation varies for the different categories of financial assets or liabilities:

- Receivables are evaluated at continued acquisition costs. Cognisable individual risks, if applicable, are adequately accommodated for by a provision for depreciation.
- Liabilities are evaluated at continued acquisition costs.

Financial assets get written off when the company loses the authority to dispose the contractual rights which the financial assets consist of. Financial liabilities get written off when the contractual obligations are discharged, waived or have expired.

Details about the kind of financial instruments, which include significant contractual agreements about maturity periods and other conditions, which can influence the amount, the time and the probability of the entry of future cash flows, have been mentioned elsewhere in this appendix.

The long-term financial assets include the actuarial reserves from liability insurance policies, which are valued at the current market value.

### Cash and cash equivalents

The group considers all highly liquid assets whose withdrawal or usage is not restricted as cash and cash equivalents. This also includes, alongside cash and demand deposits, short-term bank deposits with a maturity period of up to three months.

### Inventories

Inventories, which include almost only goods for resale, are valued at the lower value of acquisition or manufacturing costs or at the net residual value.

### **Tangible assets**

The tangible assets include exclusively office furniture and equipment and are evaluated regularly at acquisition costs less depreciation. When tangible fixed assets are sold or disposed of, their acquisition or manufacturing costs and their cumulative depreciation and decrease in value are eliminated from the balance sheet and the profit or loss resulting from their sale is recorded in the income statement. The acquisition costs also include the individual allocatable incidental acquisition expenses and subsequent acquisition costs. Acquisition price reductions are written off.

Subsequent acquisition costs are only recorded as a part of the acquisition costs of the assets or, if relevant, as a separate asset, if it is probable that they will be of economic advantage to the group in the future and the costs of the assets can be reliably ascertained. All other repairs and maintenances are recorded as expenses in the income statement in the fiscal year in which they have occurred.

The depreciation period is between three and ten years.

The depreciated costs and service life are reviewed on every balance sheet date and adjusted if necessary.

### **Intangible assets**

Intangible assets with a definite service life are evaluated at purchase or manufacturing costs reduced by a linear depreciation. Software that has been paid for is depreciated over three years. The depreciation period and method is reviewed annually at the end of every fiscal year.

Costs which have arisen for the maintenance of the original economic advantage of available software systems are recorded as expenses, if the work has been carried out for maintenance purposes

### **Goodwill**

Goodwill represents the surplus of acquisition costs of the acquisition of a company over and above the accompanying current market value of the shares of the group in the net assets of the acquired company at the time of acquisition.

A goodwill generated from the acquisition of a company is assigned to the intangible assets with indefinite service life. The goodwill is not regularly depreciated according to IFRS 3 combined with IAS 36 and IAS 38. Instead of that it undergoes an annual impairment test and is valued at its original acquisition costs less cumulative decrease in value.

### **Decrease in value of assets**

Assets which are subject to a regular depreciation are checked for a need to decrease the value, if corresponding events or change of conditions show that the book value is not attainable, as the case might be. A decrease in value is recorded as the amount by which the book value exceeds the attainable amount. The attainable amount is the higher amount from the accompanying current market value of the asset less disposal costs and the economic usefulness value. For the impairment test the assets, if need be, are summarised to the lowest level for which the cash flows can be identified separately (unit generating means of payment).

When there is an indication that the decrease in value does not exist any more or has reduced, the write-up for the respective asset is recorded as an earning in the income statement. There have been no value decreases or write-ups in the reporting year.

Within the framework of the checking for a decrease in value, the goodwill generated by a merger of companies is assigned to those units generating means of payment which are estimated to profit from the synergies of this merger. This impairment test is carried out annually and additionally every time when there is a hint of a decrease in value of the respective unit generating means of payment.

If the book value of the unit generating means of payment exceeds its attainable amount, the goodwill assigned to this unit generating means of payment is to be depreciated by the difference amount obtained. While doing this, decrease in values which have been carried out once cannot be reversed again. If the decrease in value of the unit generating means of payment exceeds the goodwill assigned to it, the exceeded amount is to be recorded prorated to the book values of an asset assigned to a unit generating means of payment.

The attainable amount of a unit generating means of payment is ascertained with the help of its economic usefulness value, which is calculated from the discounted cash flows of the respective unit. During calculations, the discount rate before tax amounting to 9.75% was applied. The planning is based on the experiences of the past and the expectations of the management with respect to future market developments.

There has been no irregular depreciation to be carried out in the reporting year.

#### **Income tax**

As regards income tax, the tax burden is measured according to the extent of the annual period results and takes tax deferrals into consideration. Deferred taxes are set according to IAS 12 by using the liabilities method for all temporary differences between the tax statement and the IFRS financial statement. The deferred taxes on the assets side also include tax reduction claims, which arise from the expected use of existing loss carry-forwards in the following years. Deferred tax demands are set at an amount at which it is probable that a taxable profit will be available, against which the difference can be used.

For the calculation of the deferred taxes, those taxation rates are used which are expected by the time of realisation according to the legal regulations valid on the balance sheet date. Deferred taxes are recorded as tax earnings or tax expenses in the income statement.

#### **Leasing**

Leasing contracts regarding tangible assets, in which the group shoulders the significant risks and advantages from the ownership of the leasing object, are classified as financial leasing. Assets from financial leasing are activated at the beginning of the leasing period with the lower value between accompanying current market value of the leasing object and cash value of the minimum leasing payments. The leasing rates are divided into an interest percentage and an amortization percentage.

Leasing contracts in which a major share of the risks and chances related to the ownership of the leasing object remains with the lessor are classified as operating leasing.

In connection with an operating leasing, payments made are recorded linear above the lease period in the income statement.

**Other provisions**

The miscellaneous accrued provisions take into consideration all legal and factual liabilities, cognisable on the balance sheet date, to third parties, which are based on past events and whose amount or settlement date are unsure. The provisions are set at an amount based on the best possible estimate of the amount to be paid. Possible refund claims are not balanced.

**Pension provisions**

The evaluation of the pension provisions occurs according to IAS 19 by the "Projected Unit Credit Method" for performance-oriented plans. Here the future liabilities are evaluated by using actuarial processes while estimating the relevant influencing variables.

Actuarial profits or losses can only be allocated in such a way that they affect the net income when they lie outside of a bandwidth of ten percent of the extent of the liability at the beginning of the period ("defined benefit obligation"). In such a case the actuarial profits or losses are immediately recorded in the profit and loss account. The shown pension provisions are based on actuarial certificates issued by an independent actuary.

Contribution-oriented pension commitments are recorded as expenses.

**Deferred items**

Payments made or received for future liabilities, which have been agreed upon, are treated as a deferred item at the time of the cash flow and are liquidated, affecting the net income, over the maturity period of the agreements.

**Equity**

The capital reserved results from the extra payments in relation to corporate actions. It is available for set-offs with arising losses and for capital increases from the company's own resources.

Treasury stock are the own shares of the parent company, which are held by the company itself. The acquisition of own shares is shown in the consolidated financial statement as a change in equity. In the income statement no profit or loss is shown for the sale, the issue or the redemption of treasury stock. The trade-off within the framework of such transactions is recorded in the consolidated financial statement as change in equity.

In the cumulative miscellaneous overall result, the exchange rate differences from the conversion of financial statements of foreign subsidiaries are recorded.

**Recognition of sales**

Sales are recorded, when it is probable that the economic advantage connected with the corresponding business transaction is going towards the company and the extent of the sales can be reliably measured.

Sales are recorded after deducting the sales tax and any other price concessions, when the delivery or the service has taken place and the significant risks and chances connected with the goods have been transferred.



According to IAS 18, earnings from services rendered are recorded corresponding to the degree of completion, provided the criteria of IAS 18.20 are fulfilled. The hours incurred for work for customers that has already begun and not yet been accounted for are evaluated at the relevant market prices on the financial statement day. They are recorded as sales amounting to the ratio of the completed work to the total amount of work to be done. The evaluation free of losses is taken into consideration. The balance sheet item resulting from that is shown under the current receivables. Advance payments received are deducted up to the amount of the calculated balance sheet item.

The revenue recognition for "multi-component business" conforms with IAS 18.13. "Multi-component business" are contracts which include an additional service that is to be rendered to a client alongside a goods delivery. The existing inclusion and recognition criteria are to be used separately for each business case.

Contractual services which are to be rendered over a period after the balance sheet date and have already been accounted for are marked off on the liabilities side and are liquidated over the period agreed upon, thus affecting the net income.

#### **Assumptions and estimates**

While preparing the consolidated financial statement, assumptions have been made and estimates have been used which have affected the showing and amount of the assets, liabilities, earnings and the expenses accounted for. These assumptions and estimates mainly refer to the ascertainment and calculation of service life, receivables and the inclusion and evaluation of provisions and the liquidability of deferred taxes on the assets side. The actual values can deviate from the assumptions and estimates in individual cases. Changes are taken into consideration, affecting the net income, at the time of better knowledge of the facts.

## **Explanatory Notes on the Financial Statement**

The balance sheet is structured according to non-current and current assets and liabilities. The assets and liabilities which are due within a year are classified as non-current.

Corresponding to IAS 12, the deferred taxes are shown as non-current assets and liabilities.

### **(1) Cash and cash equivalents**

The cash and cash equivalents include cheques, the cash balance and the bank balances. The bank balances contain an overnight money deposit and current fixed deposits in the Commerzbank, Essen amounting to kEuro 9,000. The interest rate is between 3.8% and 4.25% per annum.

The development of cash and cash equivalents is represented in the cash flow statement.

### **(2) Receivables and other assets**

The residual term of all accounts receivable is less than a year.

The trade accounts receivable contain a deferred amount for the consultation services to clients, which were not accounted for on 31 December 2007, amounting to Euro 1,176,746.24 (previous year: Euro 905,146.24). All accounts receivable from affiliated companies also result from trade (deliveries and services).

The term of all trade accounts receivable is represented as follows:

<b>Days overdue</b> in Euro	<b>2007</b>	2006
No decrease in value and not overdue	10,151,765.99	9,051,715.17
1 – 30	2,058,844.50	898,607.00
31 – 90	1,136,042.76	657,499.32
91 – 180	811,287.01	-32,253.00
181 – 360	71,026.00	26,061.00
>360	0.00	545,511.41
<b>Total</b>	<b>14,228,966.26</b>	<b>11,147,140.90</b>

For the trade accounts receivable the following value adjustments were made:

in Euro	<b>2007</b>	2006
<b>Status on 1 Jan</b>	<b>24,813.00</b>	<b>68,510.14</b>
Allocations	9,752.00	21,595.00
Cancellations	-21,595.00	-65,292.14
<b>Status on 31 Dec</b>	<b>12,970.00</b>	<b>24,813.00</b>

The other current assets contain advance payments amounting to kEuro 85, which will show as expenses in the income statement in the following year. The remaining amount contains mainly accounts receivable from advance payments for travel expenses to employees, which are due within 90 days. No value adjustments were made.

### (3) Tangible assets and intangible assets

#### Tangible assets

The development of tangible assets, which exclusively include office furniture and equipment, is represented as follows:

in Euro	<b>2007</b>	2006
Cumulative acquisition values on 1 Jan	5,927,692.19	5,311,228.02
Additions	707,676.59	960,543.76
Disposals	-1,002,860.72	-344,079.59
<b>Status on 31 Dec</b>	<b>5,632,508.06</b>	<b>5,927,692.19</b>
Cumulative depreciation on 1 Jan	4,534,627.28	4,111,500.01
Additions	779,394.06	764,583.86
Disposals	-993,197.46	-341,456.59
<b>Status on 31 Dec</b>	<b>4,320,823.88</b>	<b>4,534,627.28</b>
<b>Residual book value on 31 Dec</b>	<b>1,311,684.18</b>	<b>1,393,064.91</b>

In the tangible assets seven company cars are included (previous year: 15 company cars), which are assigned to the fixed assets within the framework of financial leasing (also see (6))

Restraints on disposal or assets of the fixed assets mortgaged to lenders do not exist.

## Intangible assets

The development of the intangible assets is represented as follows:

in Euro	2007 Goodwill	2007 Software	2006 Goodwill	2006 Software
Cumulative acquisition values on 1 Jan	2,950,000.00	766,850.21	2,950,000.00	777,804.17
Additions	0.00	274,224.64	0.00	32,467.80
Disposals	0.00	-3,000.00	0.00	-43,421.76
<b>Status on 31 Dec</b>	<b>2,950,000.00</b>	<b>1,038,074.85</b>	<b>2,950,000.00</b>	<b>766,850.21</b>
Cumulative depreciation on 1 Jan	0.00	662,453.96	0.00	617,063.25
Additions	0.00	112,567.70	0.00	88,812.47
Disposals	0.00	-1,167.00	0.00	-43,421.76
<b>Status on 31 Dec</b>	<b>0.00</b>	<b>773,854.66</b>	<b>0.00</b>	<b>662,453.96</b>
<b>Residual book value on 31 Dec</b>	<b>2,950,000.00</b>	<b>264,220.19</b>	<b>2,950,000.00</b>	<b>104,396.25</b>

The regular depreciation is recorded under the item "Depreciation on tangible assets and intangible assets". Unplanned and irregular depreciation was not undertaken in the reporting year.

Research and development costs which would have to be capitalised were not incurred in the last two fiscal years.

## Goodwill

The segment-wise distribution of the goodwill is represented as follows:

Book value of the goodwill in kEuro	2007
Business security	838
Government	773
High security	1,339
	<b>2,950</b>

The goodwill was divided amongst the units generating means of payment according to the management structure of the group. These units generating means of payment represent the lowest reporting level in the group through which goodwill is monitored by the management for internal tax purposes.

While checking the goodwill to see whether a decrease in value exists according to IAS 36, the attainable amount of the unit generating means of payment is decided by the usage value within the framework of the impairment tests. This is calculated from the discounted cash flow of each unit. During the calculations a discount rate amounting to 13.93% before tax was used. The planning is based on the experiences of the past and the expectations of the management with respect to future market developments.

## (4) Non-current financial instruments

The premium reserve shares on the basis of reinsurances shown within the non-current financial instruments amount to Euro 674,313.02 (Previous year: Euro 553,498.63). They serve the reinsurance of existing pension liabilities of 21 secunet employees of pension benefit plans taken over from former employers. The existing reinsurances are not concerned with plan assets according to IAS 19.

## (5) Deferred taxes

In the reporting year there was a re-evaluation of the liquidability of deferred taxes on the assets, side on loss carry-forwards. The ascertainment of the deferred tax claim was based on the planning of the two following fiscal years keeping in mind the minimum taxation. It is expected that the deferred tax claims would each be realised about halfway through the current fiscal year and after a period of 12 months.

The amounts of the loss carry-forwards for corporate tax and trade tax, for which no deferred tax claims were set, add up to kEuro 4,748 and kEuro 2,860 respectively up to 31 December 2007 (previous year: kEuro 7,332 resp. kEuro 3,883), for which no deferred taxes are set. Apart from this, kEuro 970 loss carry-forwards exist in the foreign companies (previous year: kEuro 1,425), for which no deferred taxes are set. The deferred tax claims not set amount to kEuro 1,201 (previous year: kEuro 2,736).

For the calculation of inland deferred taxes a taxation rate of 31.43% (previous year: 40.02%) is taken as the basis. This taxation rate includes trade tax and corporate tax and also the solidarity surcharge.

The composition of the deferred taxes in the balance sheet item is represented as follows:

<b>Balance sheet</b> in Euro	<b>31 Dec 2007</b>	31 Dec 2006
Deferred tax assets		
from provisions for pensions and similar liabilities	151,812.56	174,340.51
from loss carry-forwards/annual result	1,544,151.19	2,093,799.04
from other matters	26,504.28	-3,653.34
	<b>1,722,468.03</b>	<b>2,264,486.21</b>
Deferred tax liabilities		
from accounts receivable	-14,930.19	-39,956.34
from other matters	-9,672.58	-29,170.91
	<b>-24,602.77</b>	<b>-69,127.25</b>
<b>Total</b>	<b>1,697,865.26</b>	<b>2,195,358.96</b>

The development of the deferred taxes in the income statement is represented as follows:

<b>Income statement</b> in Euro	<b>1 Jan – 31 Dec 2007</b>	1 Jan – 31 Dec 2006
Active deferred taxes		
from provisions for pensions and similar liabilities	-22,527.95	-29,845.59
from loss carry-forwards/annual result	-549,647.85	167,650.07
from other matters	30,157.62	-92,247.94
	<b>-542,018.18</b>	<b>45,556.54</b>
Deferred tax liabilities		
from accounts receivable	25,026.17	59,970.05
from other matters	19,498.33	0.00
	<b>44,524.50</b>	<b>59,970.05</b>
<b>Total</b>	<b>-497,493.68</b>	<b>105,526.59</b>

## (6) Liabilities

Up to 31 December 2004, 56 leasing contracts for company vehicles with a net purchase value of Euro 1,445,670.93 (previous year: Euro 1,445,670.93) were entered into. These leasing contracts are to be classified as financial leasing and have a term of four years. The lessor is Autop Deutschland GmbH & Co. KG, Meerbusch. The accounting of the vehicles takes place at secunet.

The depreciation is calculated according to the linear method with a term of four years. On the financial statement date, a residual book value of Euro 30,774.74 (previous year: Euro 124,380.85) was accounted for the vehicles. The disclosure of the liabilities from financial leasing takes place with the help of the cash value of the leasing rates. During calculations, an internal interest rate of 3% was used.

in Euro	31 Dec 2007 Book value	31 Dec 2007 Cash value	31 Dec 2006 Book value	31 Dec 2006 Cash value
Up to 1 year	23,668.49	21,029.15	70,147.16	64,194.59
More than 1 year but less than 5 years	0.00	0.00	27,549.83	24,477.67
<b>Total</b>	<b>23,668.49</b>	<b>21,029.15</b>	<b>97,696.99</b>	<b>88,672.26</b>

The interest expenditure incurred in the fiscal year runs to Euro 5,952.57 (previous year: Euro 23,055.78).

The accounts payable to affiliated companies consisted of trade accounts payable.

The other current liabilities are structured as follows:

in Euro	31 Dec 2007	31 Dec 2006
Payable wage income tax and church tax	239,059.63	221,365.67
Payable social security contributions	3,212.56	15,237.14
Payable sales tax	550,307.07	473,467.62
Liabilities towards employees	40,941.14	47,475.23
Outstanding bills	177,921.00	259,173.00
Costs for the financial statements	47,500.00	48,500.00
Commission payments	155,927.65	114,717.00
Remaining liabilities	280,907.77	308,447.84
<b>Total</b>	<b>1,495,776.82</b>	<b>1,488,383.50</b>

The time pattern of the liabilities can be seen from the following table:

in Euro	Amount		Residual term up to 1 year		Residual term from 1 to 5 years		Residual term over 5 years	
	2007	2006	2007	2006	2007	2006	2007	2006
Current loans and current portions of non-current loans	0.00	6.82	0.00	6.82	0.00	0.00	0.00	0.00
Trade accounts payable	4,898,409.90	3,176,472.83	4,898,409.90	3,176,472.83	0.00	0.00	0.00	0.00
Accounts payable to affiliated companies	0.00	21,842.52	0.00	21,842.52	0.00	0.00	0.00	0.00
Financial leasing liabilities	21,029.15	88,672.26	21,029.15	64,194.59	0.00	24,477.67	0.00	0.00
Other current liabilities	1,495,776.82	1,488,383.50	1,495,776.82	1,488,383.50	0.00	0.00	0.00	0.00

## (7) Other provisions and pension provisions

The provisions for pensions and similar liabilities have been built up due to the individual contractual commitments of the company to its employees. 22 employees, who were working with other companies in the past, are entitled to a pension. New employees of secunet are not eligible for pensions. The pension claim depends on the income at the time of retirement or leaving the company. The claim of annual pension begins at the end of the first ten years of service after the age of 30 and continues increasing for every further year of continued service in the company.

Assumption of trends in salary development of 2.5% (previous year: 2.5%), pension trends of 1.5% per annum (previous year: 1.5% per annum), an inflation rate of 1.5% per annum (previous year 1.5% per annum) and an actuarial interest rate of 5.7% per annum (previous year: 4.5% per annum) forms the basis of the financial certificates of 31 December 2007. For the calculations the orientation tables of Prof Dr Klaus Heubeck from the year 2005 were taken as the basis.

The extent of the liabilities on 31 December 2007 is Euro 1,052,708.56. To the extent of the difference between this and the balance sheet entry of Euro 1,157,978.56, there is an actuarial loss. As far as the unrealized actuarial profits/losses exceed 10% of the extent of liabilities, this exceeding amount is immediately recorded in the income statement and affects the net income. In the reporting year Euro 286,032.44 was recorded as earnings in the income statement.



The pension provisions have developed in the following way in the reporting year:

in Euro	2007	2006
<b>Status on 1 Jan</b>	<b>1,369,370.00</b>	<b>1,189,664.56</b>
Service period expenses	103,715.00	159,796.00
Interest expenses	65,581.00	70,183.00
Disposals	0.00	-50,273.56
Adjustment of the amount based on calculated actuarial losses/profits	-286,032.44	0.00
<b>Pension expenses</b>	<b>-116,736.44</b>	<b>179,705.44</b>
Disposition not affecting net income	-94,655.00	0.00
<b>Status on 31 Dec</b>	<b>1,157,978.56</b>	<b>1,369,370.00</b>

The expenses from the commitments are distributed over the time of service of the employees according to the actuarial statement and consist of the interest expenses, time of service expenses and the actuarial profits recorded for the current year, which are shown under the personnel expenses.

The pension liabilities have developed as follows in the last five years:

Year	Cash value in Euro
2003	517,714
2004	902,891
2005	1,310,402
2006	1,457,349
2007	1,052,709

There was no claiming of the accrued liabilities in 2007. The pension liabilities stand vis-à-vis the premium reserve shares amounting to Euro 674,313.02 based on reinsurances that do not represent a plan asset in the sense of IAS 19.

The adjustments of the arrears of the plan, based on experience, reached a figure of Euro -399,525.00 (previous year: Euro -65,925.00) in the fiscal year in the group.

On 31 December 2008, pension reserves amounting to Euro 1,285,856.00 are expected, taking into consideration an annual expense of Euro 127,877.00.

In the reporting year secunet has paid kEuro 1,049 (previous year: kEuro 1,001) in contributions towards compulsory annuity insurance, which is to be looked upon as a contribution-oriented pension scheme. In contribution-oriented pension schemes the company has no other liabilities over and above the payment of contributions. The expenses are shown under personnel expenses.

The other provisions all have a term of less than one year. The development is represented in the table below:

in Euro	1 Jan 2007	Claims	Dissolution	Allocation	31 Dec 2007
Financial statements remuneration	1,681,768.00	-1,681,727.00	-41.00	2,232,037.00	2,232,037.00
Outstanding leave	322,808.00	-322,808.00	0.00	388,558.00	388,558.00
Contributions to Employer's Liability Insurance Association	75,000.00	-75,000.00	0.00	71,000.00	71,000.00
Miscellaneous	595,800.21	-492,591.11	-103,209.10	941,400.00	941,400.00
<b>Total</b>	<b>2,675,376.21</b>	<b>-2,572,126.11</b>	<b>-103,250.10</b>	<b>3,632,995.00</b>	<b>3,632,995.00</b>

The values under the entry "Miscellaneous" include mainly liabilities for project-based services yet to be rendered. The time period of the rendering of services depends on the respective customer project and lasts 180 days on average.

## (8) Equity

The development of equity of the group is reflected in the consolidated statements of changes in equity.

secunet AG holds 30,498 of its own shares on the balance sheet date (previous year: 31,938). They correspond to a share of 0.469% of the capital stock (previous year: 0.491%).

The capital stock is unchanged at Euro 6,500,000.00. It is divided into 6,500,000 no-par shares in the holder's name. All shares are fully paid. The undiluted earnings per share at a net income for the year of Euro 2,694,952.32 are Euro 0.42 per share (6,468,720 shares) after Euro 0.34 (6,446,225 shares) in the previous year.

The diluted earnings per share are Euro 0.41 per share (6,500,000 shares) after Euro 0.33 (6,500,000 shares) in the previous year.

The capital reserves of secunet amounting to Euro 1,902,005.80, which are unchanged as compared to last year, follow from pay-ins by the proprietor before secunet was converted into a joint-stock company. Euro 20,020,000.00 is the premium from the initial public offering.

The cumulative other overall result only contains foreign currency differences from the conversion of foreign financial statements.

For the year 2006, no dividends were paid out. For the year 2007 the Executive Board of secunet AG has not suggested any dividends.

### Share options programme

Based on the authorization given by the stockholders' meeting on 29 May 2001, secunet was able to issue a total of 100,000 share options to employees and the Executive Board between 1 July 2001 and 31 December 2002 and a total of 6,500 convertible bonds to the members of the Supervisory Board in the time period from 2 January 2002 to 11 January 2002, which were used from its own shares. For this purpose secunet had bought back 83,688 own shares in the previous years at an average rate of Euro 3.41. At the end of the fiscal year 2007 the company still had 30,498 shares (previous year: 31,938).

The no-par shares have an actuarial nominal value of Euro 103,739.83. This is equal to a share of 0.5% (previous year: 0.5%) of the capital stock. The balance sheet item amounting to Euro 103,739.83 (previous year: Euro 108,974.77) is openly separated from the equity in a separate line.

In the fiscal year 2001, 35,200 share options were issued to employees at a subscription price of Euro 3.00. 50% of the options could be redeemed at the earliest in April 2004 and the rest of the 50% from November 2004 at the earliest.

In the fiscal year 2002, 31,610 share options were issued to employees at a subscription price of Euro 3.00. 50% of the options could be redeemed at the earliest from December 2004 onwards and the rest of the 50% from December 2005 onwards at the earliest.

In the fiscal year 2007, 1,440 share options were redeemed at an average exercising rate of Euro 6.36 (XETRA). On the balance sheet date no more options are outstanding. In the salary expenses 2007, as in the previous year, no more share expenses from the share options programme are to be found.

## Explanatory Notes on the Income Statement

### (9) Sales

The sales for the year 2007 are represented as follows:

in Euro	2007	2006
Consulting (secunet services)	18,982,343.84	17,899,536.75
Special solutions (secunet products)	21,348,207.89	17,032,808.12
Bundle solutions (solution structure with third-party products)	0.00	488,031.85
Partner distribution (third-party products)	953,169.33	1,072,428.12
<b>Total</b>	<b>41,283,721.06</b>	<b>36,492,804.84</b>

Within the country total sales figures amounting to Euro 32,141,443.80 (previous year: Euro 34,090,817.00) were achieved. The foreign share in the sales was Euro 9,142,277.26 (previous year: Euro 2,401,987.84).

### (10) Other operating income

The other operating income in the previous fiscal years was structured as follows:

in Euro	2007	2006
Income from administrative services and leasing	81,964.61	94,526.94
Income from the dissolution of provisions	103,250.10	172,332.79
Income from the claiming of provisions	379,071.51	1,023,173.72
Remaining	191,556.11	228,443.86
<b>Total</b>	<b>755,842.33</b>	<b>1,518,477.31</b>

**(11) Purchased materials**

in Euro	2007	2006
Expenses for purchased goods	9,158,247.49	9,124,074.89
Expenses for purchased services	2,858,374.39	2,063,096.50
<b>Total</b>	<b>12,016,621.88</b>	<b>11,187,171.39</b>

**(12) Personnel expenses**

in Euro	2007	2006
Salaries	12,527,192.18	12,296,432.07
End-of-year bonuses and benefits	2,141,305.00	1,604,224.06
Overtime payment	80.32	4,633.91
Other salary expenses	139,297.34	42,920.77
<b>Total salaries</b>	<b>14,807,874.84</b>	<b>13,948,210.81</b>
Employer share in social security insurance	2,510,515.60	2,349,205.26
Employers' liability insurance association	76,438.27	75,000.00
<b>Social security charges</b>	<b>2,586,953.87</b>	<b>2,424,205.26</b>
Pension expenses	-116,736.44	179,705.44
Aid	11,009.73	5,918.72
<b>Expenses for old-age benefits</b>	<b>-105,726.71</b>	<b>185,624.16</b>
<b>Personnel expenses</b>	<b>17,289,102.00</b>	<b>16,558,040.23</b>

In the fiscal year 2007, an average of 230 employees were engaged, in the previous year it was 218 employees (without the Executive Board).

### (13) Other operating expenses

The other operating expenses are represented as follows:

in Euro	2007	2006
Rental and lease expenses	1,811,942.20	1,529,226.21
Travel expenses	1,061,990.71	1,034,190.89
Advertising expenses	887,275.55	637,548.90
Additions to provisions	823,637.07	472,308.94
Vehicle costs	673,280.12	595,183.72
Other consulting, expert opinions, information	450,182.81	290,318.92
IT costs	407,838.50	227,869.66
Incidental personnel costs	361,546.24	219,950.24
Postage, telephone and bank charges	329,109.81	271,220.75
Commissions and licences	252,238.00	195,559.33
Auditing/pension expert opinion	191,835.18	207,546.73
Servicing/maintenance	161,383.81	138,120.85
Insurance	143,713.09	117,417.05
Contributions/fees	140,324.70	395,649.34
Other third-party services	125,665.15	102,879.11
Entertainment/representation	86,854.76	86,358.62
Office supplies	70,254.09	72,032.72
Legal advice	68,092.01	15,390.88
Technical literature and prints	23,522.43	24,188.55
De-recognition of accounts receivable	7,541.44	54,881.06
Other administrative services	0.00	83,000.00
Remaining	289,063.03	473,914.94
<b>Total</b>	<b>8,367,290.70</b>	<b>7,244,757.41</b>

### (14) Interest income/expense

The interest income amounting to Euro 220,494.24 (previous year: Euro 201,815.23) comes from the income from fixed deposits and overnight money deposits in the banks.

The interest expenses for the year 2007 amounting to Euro 21,067.31 (previous year: Euro 27,425.40) include mainly interest paid on company car leasing and current financing costs of the foreign companies.

## (15) Tax on income

In the reporting year actual taxes amounting to Euro 472,572.94 were due (previous year: Euro 295,044.24).

The income tax expenditure stems from the theoretical taxation expense. Here a taxation rate of 40.02% (previous year: 40.0%) is used on the earnings before tax. The tax expense, which was obtained through the use of the taxation rate of secunet AG, can be represented as follows:

in Euro	2007	2006
Group result before tax	3,665,018.94	2,365,361.56
Expected tax expense	-1,466,740.58	-946,144.62
Tax effect from the change in taxation rates	-283,063.00	0.00
Use of loss carry-forwards	687,435.78	731,583.82
Other matters	92,301.18	25,043.13
Effective tax expense	-970,066.62	-189,517.67

The deferred taxes were built up due to the taxation rates used on the basis of the corporate tax reform of 2008. From the re-evaluation of the deferred taxes on the assets and the liabilities side on 31 December 2007, a fiscal one-time effect amounting to Euro -283,063.00 resulted.

The effective tax rate referring to the group earnings before tax is 26.47% (previous year: 12.47%) in the reporting year.

## Cash Flow Statement

The cash flow statement represents the change of the means of payment in the course of the reporting year. Here one differentiates between the payment flow from the business, investment and financing activity. The cash balance, the current bank accounts and the fixed and overnight money deposits in the bank make up the liquid means.

The cash flow from the business activities was ascertained according to the indirect method.

## Segment Reporting

In the fiscal year 2007, secunet has come up with a new customer-oriented company structure. The group is now structured in the division public sector with the business units of high security and government and in the division private sector in the business security and automotive business units.

The business units high security, government and business security are shown as separate segments in the segment report, as they fulfil at least one size criterion of the IFRS 8.13. The automotive business unit does not fulfil any of the size criteria mentioned in IFRS 8.13 and is therefore shown along with the overhead area as "other segments".

### Division of segments

in kEuro	Business security	Government	High security	Other segments	Reconciliation	Group 2007	Group 2006
Segment sales external	11,293	10,412	18,028	2,132	-581	41,284	36,493
Segment sales internal	534	2	204	194	-934	0	0
Segment result (EBIT)	1,196	1,664	1,304	-863	174	3,475	2,168
Goodwill	838	773	1,339	0	0	2,950	2,950
Segment assets	5,842	3,385	7,291	13,290	-755	29,053	22,787
Segment liabilities	4,536	2,415	4,678	3,631	-3,494	11,767	9,191
Investment	244	211	309	70	270	1,104	1,312
Depreciation	-91	-31	-114	-853	197	-892	-853
Essential expenses							
Personnel expenses	-4,520	-4,596	-3,851	-4,322	0	-17,289	-16,558
Purchased materials	-2,565	-1,059	-9,402	-100	1,109	-12,017	-11,187

The necessary comparative data for a comparison with the previous year is not available, as a corresponding adjustment of the previous year to the new company structure was not undertaken due to the enormous amount of time, work and expense involved. The aggregated group data for the current fiscal year is compared with the previous year, as this had the old segment structure.

The high security business unit is concerned with highly complex safety requirements of government agencies, armed forces and international organisations. The main item of the offer is the Secure Inter-Network Architecture (SINA), developed with the Federal Office for Information Security.

The government business unit supports customers in government agencies within the country and outside regarding all topics related to e-Government and IT security. This includes biometric solutions and official documents, the electronic health card (e-health), security validation and secure web solutions. The business unit runs an inspection centre for IT conformity, which is certified by the Federal Office for Information Security.

For the employees in the business security unit, topics pertaining to security of industries and companies are of utmost importance. Identity management systems, qualified mass signature solutions for the purpose of electronic billing, public key infrastructure and network security are a part of the wide palette on offer. In all fields analysis, consultations and complete solutions are offered individually.

The automotive business unit is concerned with problems regarding IT security that automobile manufacturers are faced with. As more and more vehicular functions are being computerized, it is of utmost importance to automobile manufacturers and suppliers that built-in hardware and software components are protected from unauthorised changes.



The internal sales show the sales relations between the companies of the group. The internal transfer prices basically correspond to the prices amongst third parties.

The consolidation essentially comprises the elimination of internal assets, liabilities, expenses and earnings. The financial accounting principles for the segments are the same as for the consolidated financial statement.

In the current fiscal year, the goodwill was divided over the units generating means of payment for the first time according to the new company structure.

The segment assets and liabilities make the transition to the assets and liabilities according to the balance sheet as follows:

in kEuro	31 Dec 2007	31 Dec 2006
Segment assets	29,053	22,787
+ Claims from income tax	0	283
+ Deferred taxes on the assets side	1,722	2,265
<b>Assets according to the balance sheet</b>	<b>30,775</b>	<b>25,335</b>

in kEuro	31 Dec 2007	31 Dec 2006
Segment liabilities	11,767	9,191
+ Payables from income tax	192	0
+ Deferred taxes on the liabilities side	25	69
<b>Liabilities according to the balance sheet</b>	<b>11,984</b>	<b>9,260</b>

## Capital Management

Our capital management is oriented primarily towards the company law regulations and requirements. Here the equity that is to be directed consists of the equity on the balance sheet in those cases in which no special regulations are to be followed. Otherwise the equity on the balance sheet is adjusted either to the supervisory regulations or the contractual guidelines.

## Other disclosures

### Financial instruments

#### Risks from financial instruments

The risks resulting from financial instruments are the ones regarding liquidity risk and risk of default.

#### Liquidity risks

In order to ensure sufficient financial funds, the group prepares a detailed liquidity plan within the framework of the three-year plan. This is compared every month to the figures of the monthly financial statement and analysed.

The financial accounting department informs the financial Executive Board daily about the current status of the financial means. Together with a permanent dunning process the financial Executive Board ensures a high cash balance.

Due to the high stocks of financial means there has been no need for the group to have a line of credit.

#### Default risks

Default risks or risks that the contractual partner will not be able to fulfil their payment obligations in the given time is countered by permission and check processes.

Furthermore, the group undertakes regular estimates of the payment ability of its customers.

The maximum default risks for the group come from the total stock of accounts receivable. For the group there are no extraordinary default risks with respect to individual contractual partners or groups of partners. Default risks are accommodated by value adjustments.

A concentration of default risks for individual customers does not exist. Overall the default risks are estimated to be very low.

#### Other information on financial instruments

In the reporting year there was no change undertaken in the classification of financial assets to another valuation category of the IAS 39. With the exception of the premium shares from the reinsurances, no financial assets and liabilities were categorised to accompanying current market value.

For current financial assets and liabilities, the book value each time represents an adequate approximation of the accompanying current market value in terms of the IFRS.

The accompanying current market value of the non-current other financial assets corresponds to the book value. These are surrender values.

## Additional information on financial instruments

### Evaluation entries on the balance sheet according to IAS 39

in Euro	Book value 31 Dec 2007	Sufficed receivables and credits	Leasing	Liabilities at continued purchase prices	Valuation according to other standards
<b>Assets</b>					
<b>Short-term assets</b>					
Means of payment	10,098,588.36	10,098,588.36			0.00
Trade accounts receivables	13,309,933.47	13,309,933.47			0.00
Trade accounts receivable from affiliated companies	906,062.79	906,062.79			0.00
Inventories	1,550,324.06				1,550,324.06
Other assets	115,067.74	115,067.74			0.00
Claims from income tax	0.00				0.00
<b>Non-current assets</b>					
Tangible assets	1,311,684.18				1,311,684.18
Intangible assets	264,220.19				264,220.19
Goodwill	2,950,000.00				2,950,000.00
Other financial assets	686,258.02				686,258.02
Deferred taxes	1,722,468.03				1,722,468.03
<b>Total assets</b>	<b>32,914,606.84</b>	<b>24,429,652.36</b>	<b>0.00</b>	<b>0.00</b>	<b>8,484,954.48</b>

in Euro	Book value 31 Dec 2007	Sufficed receivables and credits	Leasing	Liabilities at continued purchase prices	Valuation according to other standards
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Financial leasing liabilities	21,029.15		21,029.15		0.00
Trade accounts payable	4,898,409.90			4,898,409.90	0.00
Accounts payable for affiliated companies	0.00				0.00
Other provisions	3,632,995.00				3,632,995.00
Income tax liabilities	192,257.00				192,257.00
Other current liabilities	1,495,776.82			1,495,776.82	0.00
Deferred items	560,703.78				560,703.78
<b>Non-current liabilities</b>					
Financial leasing liabilities	0.00				0.00
Deferred taxes	24,602.77				24,602.77
Pension provisions	1,157,978.56				1,157,978.56
<b>Total liabilities</b>	<b>11,983,752.98</b>	<b>0.00</b>	<b>21,029.15</b>	<b>6,394,186.72</b>	<b>5,568,537.11</b>

in Euro	<b>Book value 31 Dec 2006</b>	Sufficed receivables and credits	Leasing	Liabilities at continued purchase prices	Valuation according to other standards
<b>Assets</b>					
<b>Current assets</b>					
Means of payment	8,430,450.62	8,430,450.62			0.00
Trade accounts receivable	11,122,327.90	11,122,327.90			0.00
Accounts receivable from affiliated companies	448,646.50	448,646.50			0.00
Inventory	534,587.25				534,587.25
Miscellaneous assets	189,335.24	189,335.24			0.00
Receivables from income tax	282,868.91				282,868.91
<b>Non-current assets</b>					
Tangible fixed assets	1,393,064.91				1,393,064.91
Intangible assets	104,396.25				104,396.25
Goodwill	2,950,000.00				2,950,000.00
Other financial assets	564,371.63				564,371.63
Deferred taxes	2,264,486.21				2,264,486.21
<b>Total assets</b>	<b>28,284,535.42</b>	<b>20,190,760.26</b>	<b>0.00</b>	<b>0.00</b>	<b>8,093,775.16</b>

in Euro	<b>Book value 31 Dec 2006</b>	Sufficed receivables and credits	Leasing	Liabilities at continued purchase prices	Valuation according to other standards
<b>Liabilities</b>					
<b>Current liabilities</b>					
Financial leasing liabilities	64,194.59		64,194.59		0.00
Loans	6.82	6.82			0.00
Trade accounts payable	3,176,472.83			3,176,472.83	0.00
Accounts payable towards affiliated companies	21,842.52				21,842.52
Other provisions	2,675,376.21				2,675,376.21
Sales deferrals	328,348.49				328,348.49
Liabilities from income tax	0.00				0.00
Other current liabilities	1,488,383.50			1,488,383.50	0.00
Deferred items	42,677.12				42,677.12
<b>Non-current liabilities</b>					
Financial leasing liabilities	24,477.67		24,477.67		0.00
Deferred taxes	69,127.25				69,127.25
Pension provisions	1,369,370.00				1,369,370.00
<b>Total liabilities</b>	<b>9,260,277.00</b>	<b>6.82</b>	<b>88,672.26</b>	<b>4,664,856.33</b>	<b>4,506,741.59</b>

The net result (profit +/ loss -) amounts from financial instruments for both fiscal years are shown as follows:

in Euro	2007	2006
Sufficed accounts receivable and credits	231,885.14	244,933.16
Held up to final maturity	45,251.19	0.00
Leasing	5,952.15	7,320.00
Liabilities at continued acquisition costs	-21,067.31	-27,425.40
<b>Total</b>	<b>262,021.17</b>	<b>224,827.76</b>

### Other financial obligations

The other financial liabilities of the company arise mainly from long-term rent contracts for offices. In the reporting year 13 leasing contracts (previous year: 13) for company cars were entered into with a net acquisition value of Euro 425,852.31 (previous year: Euro 414,303.17) as a replacement for expired leasing contracts. These contracts are to be classified as operating-leasing contracts and have a term of four years. Lessor is the Mobility Concept GmbH, Unterhaching. The accounting of these vehicles will take place with the lessor. In the reporting year leasing payments amounting to Euro 418,890.19 were made for this (previous year: Euro 317,992.60).

Nominal/in Euro	2007	2006
Long-term rent liabilities for various offices	5,243,059.42	3,110,199.31
Rent liabilities for office furniture and equipment	1,076,534.18	1,045,324.74
<b>Total</b>	<b>6,319,593.60</b>	<b>4,155,524.05</b>

The maturity of the liabilities is represented as follows:

Nominal/in Euro	2007	2006
Up to 1 year	2,092,130.61	1,395,476.63
More than 1 year but less than 5 years	3,793,855.83	2,760,047.42
More than 5 years	433,607.16	0.00
<b>Total</b>	<b>6,319,593.60</b>	<b>4,155,524.05</b>

## Corporate Governance

The declaration stipulated according to § 161 AktG (Aktiengesetz – Stock Corporation Act) has been submitted for secunet AG and made accessible to the shareholders.

## Organs

In the reporting year the members of the Executive Board of the company were:

Dr Rainer Baumgart, Chairman of the Executive Board

Graduate engineer Thomas Koelzer

Graduate business economist (FH) Thomas Pleines

## Auditor's Fees

In the year 2007, kEuro 40 for the annual consolidated financial statement, kEuro 23 for tax consulting services, kEuro 6 for other audits and kEuro 1 for miscellaneous services were received as expenditure for the services of the group auditor BDO Deutsche Warentreuhand Ltd., Branch office Essen.

## Relationships with Associated Persons and Companies

### Relationships with associated persons

Individual payments of the Executive Board and the Supervisory Board are shown in the consolidated management report within the framework of the remuneration report.

The remuneration of the members of the Executive Board in leading positions is structured according to IAS 24 in the following categories:

in kEuro	2007	2006
<b>Executive Board</b>		
Current benefits due	517.9	1,196.6
Benefits after the end of the employment contract	-54.5	19.6
Share-based remuneration	0.00	25.6
<b>Total</b>	<b>463.4</b>	<b>1,247.2</b>
<b>Supervisory Board</b>		
Current benefits due	34.5	32.0

Due to the parameter changes described under point (7), in the fiscal year 2007 there was a dissolution of the pension provisions built up in the previous year.

In the personnel expenses 2007, payments to a former member of the Executive Board amounting to kEuro 50 are included.

### Relationships with associated companies

secunet is a 50% + 1 share subsidiary of Giesecke & Devrient GmbH, Munich. secunet and its consolidated financial statements are included in the consolidated financial statements of Giesecke & Devrient GmbH.

RWTÜV AG is another associated company, which holds a share of 26.4%.

The following transactions were carried out in the time period mentioned above with companies from the Giesecke & Devrient GmbH group of companies:

## 1. Sales based on services with affiliated companies from the Giesecke & Devrient Group

in Euro	2007	2006
Giesecke & Devrient GmbH, Munich	2,376,953.81	1,386,833.08
Venyon GmbH, Munich	130,950.00	17,169.30
Papierfabrik Louisenthal Pvt. Ltd., Gmund	50,316.46	51,331.62
G&D s.a., Belgium	8,971.65	0.00
Huangshi WanDa Security Card Co. AG, Huangshi, China	8,816.78	0.00
Jiang Xi G&D Chip Card, China	8,700.53	0.00
Giesecke & Devrient Egypt Services, LLC., Egypt	5,881.37	37,433.07
Giesecke & Devrient Asia Pte. AG, Singapore	0.00	-468.59
<b>Total</b>	<b>2,590,590.60</b>	<b>1,492,298.48</b>

All the business was conducted at market prices.

## 2. Purchased services from affiliated companies of the Giesecke & Devrient Group

in Euro	2007	2006
Giesecke & Devrient GmbH, Munich	4,772.45	356,175.06
Giesecke & Devrient GB AG, Wembley, GB	25,473.07	0.00
<b>Total</b>	<b>30,245.52</b>	<b>356,175.06</b>

All the business was conducted at market prices.

## 3. Trade accounts receivable from affiliated companies of the Giesecke & Devrient Group

in Euro	2007	2006
Giesecke & Devrient GmbH, Munich	900,181.42	425,895.48
Giesecke & Devrient Egypt Services, LLC., Egypt	5,881.37	0.00
Papierfabrik Louisenthal Pvt. Ltd., Gmund	0.00	5,850.63
Venyon GmbH, Munich	0.00	16,900.39
<b>Total</b>	<b>906,062.79</b>	<b>448,646.50</b>

## 4. Accounts payable towards affiliated companies of the Giesecke & Devrient Group

in Euro	2007	2006
Giesecke & Devrient GmbH, Munich	0.00	21,842.80
<b>Total</b>	<b>0.00</b>	<b>21,842.80</b>

No business was transacted with companies which have participatory interests in Giesecke & Devrient GmbH.

With the RWTÜV AG and subsidiaries, no sales were accounted for in the reporting year (previous year: kEuro 1) and expenses amounting to kEuro 579 (previous year: kEuro 533). All business was conducted at market prices.

On the balance sheet date there were neither receivables from (previous year: none) nor payables towards (previous year: none) the RWTÜV group.



## Events After the Balance Sheet Date

There were no essential events after the balance sheet date.

The Executive Board

Essen, 7 March 2008

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

## Declaration by the legal representatives

"We hereby declare that to the best of our knowledge the consolidated financial statement compiled in accordance with the applicable accounting principles presents an account of the asset, financial and profit situation of the consolidated group which is in accordance with its actual circumstances and that the course of business including operating profit and the situation of the consolidated group in the group situation report are presented in such a way that they provide an account which is in accordance with the actual circumstances and that the significant opportunities and risks associated with the probable development of the consolidated group are presented."

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

## secunet Security Networks Aktiengesellschaft, Essen

### Auditor's certificate

We have audited the consolidated financial statement – consisting of balance sheet, profit and loss account, performance of shareholders' equity, cash flow statement and annex – of secunet Security Networks Aktiengesellschaft, Essen, for the fiscal year from 1 January 2007 to 31 December 2007 with reference to the accounting and the company and group situation report. The compilation of the consolidated financial statement and the company and group situation report in accordance with the IFRS as applicable in the EU and the applicable commercial regulations as stipulated in Section 315a, paragraph 1 of the Commercial Code (§ 315a Abs. 1 HGB) and supplementary provisions of the articles of association are the responsibility of the legal representatives of the company. Our responsibility is to provide an assessment of the consolidated financial statement and the company and group situation report based on the audit we have carried out.

We have conducted our audit of the consolidated financial statement in accordance with Section 317 of the Commercial Code (§ 317 HGB) and observing the proper auditing principles applicable in Germany as laid down by the Institute of Auditors (IDW). According to the above, the audit must be planned and carried out in such a way that any inaccuracies or infringements can be ascertained with an adequate degree of certainty. The inaccuracies or infringements in question here are those which have a significant impact on the presentation of the asset, financial and profit situation as represented in the consolidated financial statement compiled in accordance with the principles of proper accounting procedures and the company and group situation report. The auditing procedures were determined taking into account the nature of the group's business, its economic and legal environment and anticipated possible errors. As part of the audit, the effectiveness of the internal accounting control systems and evidence for the information given in the consolidated financial statement and company and group situation report were assessed mainly on the basis of random sampling. The audit includes an assessment of the financial statements of the companies included in the consolidated financial statement, the definition of the companies included in the consolidated group, the applied accounting and consolidation principles and the significant estimates made by the company's legal representatives and an appraisal of the overall view provided by the consolidated financial statement and the company and group situation report. We are of the opinion that our audit is a sufficiently secure basis for our assessment.

Our audit does not contain any objections.

According to our assessment based on the audit of the information gathered, the consolidated financial statement is in accordance with the IFRS as applicable in the EU and the statutory requirements stipulated in Section 315a, paragraph 1 of the Commercial Code (§ 315a Abs. 1 HGB) and the supplementary provisions of the group's articles of association and provides, in accordance with principles of proper accounting procedures, an account of the asset, financial and profit situation of the company which is in accordance with its actual circumstances. The company and group situation report is consistent with the consolidated financial statement, provides an accurate account in total of the company's situation and accurately presents the opportunities and risks associated with future development.

Essen, 7 March 2008

BDO Deutsche Warentreuhand Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Rittmann  
Auditor

Fritz  
Auditor

# Financial Statements of secunet AG

## Balance Sheet of secunet Security Networks AG as of 31 December 2007 (HGB)

<b>Assets</b> in Euro	Notes	<b>31 Dec 2007</b>	31 Dec 2006
<b>A. Fixed assets</b>			
I. Intangible transfers assets		2,468,477.00	2,507,199.00
II. Tangible assets		1,256,570.00	1,229,378.00
III. Financial assets		2,782,605.70	2,070,582.31
<b>Total fixed assets</b>	(1)	<b>6,507,652.70</b>	<b>5,807,159.31</b>
<b>B. Current assets</b>			
I. Inventories	(2)	2,725,545.95	1,439,733.49
II. Accounts receivable and other transfers assets	(3)	10,256,111.42	8,618,221.00
III. Securities	(4)	103,739.83	108,974.77
IV. Liquid funds	(5)	10,760,112.21	7,741,405.92
<b>Total current assets</b>		<b>23,845,509.41</b>	<b>17,908,335.18</b>
<b>C. Deferred items</b>		<b>68,270.17</b>	<b>102,659.90</b>
<b>Total assets</b>		<b>30,421,432.28</b>	<b>23,818,154.39</b>

<b>Equity and liabilities</b> in Euro	Anhang	<b>31 Dec 2007</b>	31 Dec 2006
<b>A. Equity</b>			
I. Subscribed capital		6,500,000.00	6,500,000.00
II. Capital reserved		21,656,305.42	21,656,305.42
III. Reserves for treasury stock		103,739.83	108,974.77
IV. Accumulated deficit		-8,639,032.56	-11,603,208.58
<b>Total equity</b>	(6)	<b>19,621,012.69</b>	<b>16,662,071.61</b>
<b>B. Provisions</b>	(7)	<b>4,837,227.65</b>	<b>3,617,466.54</b>
<b>C. Liabilities</b>	(8)	<b>5,402,488.14</b>	<b>3,210,267.75</b>
<b>D. Deferred items</b>		<b>560,703.80</b>	<b>328,348.49</b>
<b>Total equity and liabilities</b>		<b>30,421,432.28</b>	<b>23,818,154.39</b>

# Income Statement of secunet Security Networks AG for the Period from 1 January to 31 December 2007 (HGB)

in Euro	Notes	2007	2006
Sales	(9)	38,420,698.78	34,465,066.88
Increase/reduction in the stocks of work in progress		271,600.00	265,837.00
Other operating income	(10)	667,658.83	1,413,410.86
Purchased materials	(11)	-11,334,349.38	-10,819,051.31
Personnel expenses	(12)	-16,178,901.52	-15,296,573.78
Depreciations on intangible transfers assets of the fixed assets and tangible assets	(13)	-974,304.57	-888,978.10
Other operating expenses	(14)	-7,735,301.28	-7,126,421.42
Financial results	(15)	304,568.05	225,549.12
<b>Results of the ordinary business activities</b>		<b>3,441,668.91</b>	<b>2,238,839.25</b>
Taxes	(16)	-482,727.83	-278,805.21
<b>Net income for the year</b>		<b>2,958,941.08</b>	<b>1,960,034.04</b>
Withdrawal from reserves for treasury stock		5,234.94	59,796.36
Loss carried forward		-11,603,208.58	-13,623,038.98
<b>Accumulated deficit</b>		<b>-8,639,032.56</b>	<b>-11,603,208.58</b>

## Development of the Fixed Assets of secunet Security Networks AG in the Fiscal Year 2007 (HGB)

in Euro	Acquisition costs				Status on 31 Dec 2007
	Status on 1 Jan 2007	Additions	Rebooking	Disposals	
<b>I. Intangible transfers assets</b>					
Industrial property rights and similar rights	246,911.80	120,000.00	0.00	0.00	366,911.80
Software	595,064.26	147,869.80	0.00	-3,000.00	739,934.06
Goodwill	2,950,000.00	0.00	0.00	0.00	2,950,000.00
<b>Total intangible transfers assets</b>	<b>3,791,976.06</b>	<b>267,869.80</b>	<b>0.00</b>	<b>-3,000.00</b>	<b>4,056,845.86</b>
<b>II. Tangible assets</b>					
Other assets, office furniture and equipment	4,772,713.81	701,767.77	0.00	-207,329.72	5,267,151.86
<b>Total tangible assets</b>	<b>4,772,713.81</b>	<b>701,767.77</b>	<b>0.00</b>	<b>-207,329.72</b>	<b>5,267,151.86</b>
<b>III. Financial assets</b>					
Shares in affiliated companies	556,539.96	0.00	0.00	0.00	556,539.96
Loans to affiliated companies	2,592,459.26	756,137.00	0.00	-166,000.00	3,182,596.26
Other loans					
Compensation claims DEBRIV	10,873.00	1,072.00	0.00	0.00	11,945.00
Premium reserve shares owing to reinsurances	553,498.63	120,814.39	0.00	0.00	674,313.02
<b>Total financial assets</b>	<b>3,713,370.85</b>	<b>878,023.39</b>	<b>0.00</b>	<b>-166,000.00</b>	<b>4,425,394.24</b>
<b>Total fixed assets</b>	<b>12,278,060.72</b>	<b>1,847,660.96</b>	<b>0.00</b>	<b>-376,329.72</b>	<b>13,749,391.96</b>

Cumulative depreciations				Book values	
Status on 1 Jan 2007	Additions	Disposals	Status on 31 Dec 2007	Status on 31 Dec 2007	Status on 31 Dec 2006
238,841.80	32,367.00	0.00	271,208.80	95,703.00	8,070.00
505,195.26	75,771.80	-1,167.00	579,800.06	160,134.00	89,869.00
540,740.00	196,620.00	0.00	737,360.00	2,212,640.00	2,409,260.00
<b>1,284,777.06</b>	<b>304,758.80</b>	<b>-1,167.00</b>	<b>1,588,368.86</b>	<b>2,468,477.00</b>	<b>2,507,199.00</b>
3,543,335.81	669,545.77	-202,299.72	4,010,581.86	1,256,570.00	1,229,378.00
<b>3,543,335.81</b>	<b>669,545.77</b>	<b>-202,299.72</b>	<b>4,010,581.86</b>	<b>1,256,570.00</b>	<b>1,229,378.00</b>
529,238.28	0.00	0.00	529,238.28	27,301.68	27,301.68
1,113,550.26	0.00	0.00	1,113,550.26	2,069,046.00	1,478,909.00
0.00	0.00	0.00	0.00	11,945.00	10,873.00
0.00	0.00	0.00	0.00	674,313.02	553,498.63
<b>1,642,788.54</b>	<b>0.00</b>	<b>0.00</b>	<b>1,642,788.54</b>	<b>2,782,605.70</b>	<b>2,070,582.31</b>
<b>6,470,901.41</b>	<b>974,304.57</b>	<b>-203,466.72</b>	<b>7,241,739.26</b>	<b>6,507,652.70</b>	<b>5,807,159.31</b>

## Notes on the Financial Statements of secunet Security Networks AG for the Fiscal Year 2007 (According to the HGB (Handelsgesetzbuch – German Commercial Code))

### General principles

The financial statements of secunet AG have been prepared according to the regulations of the HGB (Handelsgesetzbuch – German Commercial Code) and the supplementary regulations of the AktG (Aktiengesetz – Stock Corporation Act). In order to improve the clarity and transparency of the presentation, individual items have been summarised in the balance sheet and in the profit and loss account and disclosed and explained separately in the appendix. As a supplement to the breakdown schema under commercial law, the balance-sheet item “Financial assets” was amended with the item “Premium reserve shares owing to reinsurances”. The income statement is broken down according to the total expenditure format.

### Accounting and evaluation methods

Accounting and evaluation are undertaken according to the principles listed below:

#### **Assets**

##### **Fixed assets**

The intangible transfers assets acquired against payment are evaluated at acquisition costs and depreciated as scheduled over the respective service life according to the straight-line method.

Disclosed under these items is primarily the goodwill from the takeover of SECARTIS AG, which is depreciated in line with the regulations under tax law over a customary service life for the operation of 15 years.

The tangible assets are evaluated at acquisition or production costs and depreciated on a straight-line basis or degressively in line with the expected service life.

When applying the degressive depreciation this is carried out at the maximum rates permitted under fiscal law. The conversion is made from the degressive to the straight-line method in the year in which the straight-line depreciation amount exceeds the degressive depreciation amount. Low-value economic goods are depreciated in full in the year of addition and shown as disposal.

The shares in affiliated companies are carried at acquisition costs. The loans to affiliated companies and the other loans are entered on the balance sheet with the nominal value. Value adjustments have been undertaken at the lower of cost or market with the financial assets if there is a permanent decrease in value. The reinsurances are evaluated at the surrender value.



### Current assets

The inventories are evaluated at acquisition or fiscal manufacturing costs in line with R 33 EStR or lower values on the balance sheet date. The manufacturing costs of the work in progress contain reasonable parts of the necessary material and production overheads as well as expenses for general administration besides the directly attributable costs. Expenses for voluntary social benefits and company pension plan and external capital interest are not capitalised. The principles of loss-free evaluation are complied with.

The receivables and other transfers assets are evaluated at nominal values minus reasonable discounts for recognisable individual risks. The general credit risk is taken into account through general bad debt provisions which are principally based on empirical values of the past.

The treasury stock disclosed under the securities of the current assets is evaluated at acquisition costs or at the lower stock market price.

The liquid funds are evaluated at the nominal value.

### Equity and liabilities

The provisions for pensions and similar obligations have been calculated according to the expert's opinion of the actuary based on an interest rate of 6%. They correspond with the going concern value acc. § 6a EStG [Income Tax Act] of the obligations from regular pensions and from the entitlements existing on the balance sheet date.

The tax provisions and the other provisions have been formed according to reasonable commercial assessment by taking into account all recognisable and uncertain obligations.

The liabilities are entered on the liabilities side with the repayment amount.

Receivables and liabilities in foreign currency, insofar as the amounts have not been hedged with the rates, are evaluated at the acquisition rate or at the more unfavourable rate on the balance sheet date.

## Explanations Regarding the Balance Sheet and the Profit and Loss Account of secunet Security Networks AG

### (1) Fixed assets

Breakdown and development of the fixed assets of secunet AG can be seen from the assets analysis.

### (2) Inventories

in Euro	31 Dec 2007	31 Dec 2006
Work in progress	1,176,746.24	905,146.24
Goods for resale	1,505,494.25	509,676.04
Payments on account on inventories	43,305.46	24,911.21
<b>Total</b>	<b>2,725,545.95</b>	<b>1,439,733.49</b>

### (3) Accounts receivable and other transfers assets

in Euro	31 Dec 2007	31 Dec 2006
Trade accounts receivable	8,807,816.24	7,339,828.96
Trade accounts receivable from affiliated companies	1,422,269.89	955,196.47
thereof trade liabilities	(1,343,580.36)	(954,993.06)
Other transfers assets	26,025.29	323,195.57
<b>Total</b>	<b>10,256,111.42</b>	<b>8,618,221.00</b>

As of the balance sheet date – after offsetting against the liabilities – receivables exist against secunet SwissIT to the amount of Euro 225,472.88. The receivables include trade accounts receivable with Euro 387,601.50, other receivables with Euro 204.93 and liabilities from trade transactions with Euro 162,333.55. Accounts receivable to the amount of Euro 287,759.22 are disclosed against secunet s.r.o. – after offsetting against the liabilities. These include trade accounts receivable with Euro 50,121.90, other receivables with Euro 245,341.32 and Euro 7,704.00 liabilities from trade transactions.

The other trade accounts receivable due from affiliated companies exist towards Giesecke & Devrient GmbH and its subsidiaries.

The residual term with all accounts receivable is less than one year.

### (4) Securities

The securities concern own shares. These are disclosed at the acquisition costs. Altogether the company holds 30,498 own shares (previous year 31,938) on the balance sheet key date; they correspond with a share of 0.469% of the capital stock (previous year 0.491%). 1,440 shares were sold at a price of Euro 3.00 (acc. stock option programme). The sold shares correspond with a share of 0.022% of the capital stock.

### (5) Liquid funds

The liquid funds comprise cash on hand and balances at banks.

### (6) Equity

The capital stock is Euro 6,500,000.00. It is divided into 6,500,000 no-par shares in the holder's name.

A reserve is disclosed for treasury stock in the amount of the own shares disclosed in the current assets (Euro 103,739.83). The reserves for treasury stock have been adjusted in the amount of the value adjustment of the own shares and the change in the number of units according to the employee options exercised.

Included in the accumulated deficit is a loss carried forward of Euro 11,603,208.58.

Giesecke & Devrient GmbH has held the majority of the shares in secunet AG (50% plus one share) since 26 March 2004. The former majority shareholder of secunet AG, RWTÜV AG, has a share of approx. 26.4% as of balance sheet date.

## (7) Provisions

in Euro	31 Dec 2007	31 Dec 2006
Provisions for pensions and similar obligations	674,961.00	690,584.00
Tax provisions	192,257.00	3,209.10
Other provisions	3,970,009.65	2,923,673.44
<b>Total</b>	<b>4,837,227.65</b>	<b>3,617,466.54</b>

The other provisions essentially include obligations from the field of human resources (Euro 2,620,595.00), for outstanding invoices (Euro 386,848.65) as well as for subsequent costs (Euro 576,888.00).

## (8) Liabilities

in Euro	31 Dec 2007	31 Dec 2006
Liabilities due to banks	0.00	6.82
Payments on account on orders	22,598.19	34,903.14
Trade accounts payable	4,540,550.15	2,330,871.52
Liabilities due to affiliated companies	0.00	86,940.61
thereof trade liabilities	(0.00)	(86,940.61)
Other liabilities	839,339.80	757,545.66
thereof from taxes	(789,366.70)	(694,833.29)
thereof within the framework of social security	(3,212.56)	(15,237.14)
<b>Total</b>	<b>5,402,488.14</b>	<b>3,210,267.75</b>

All liabilities have a residual term of up to one year.

## (9) Sales

The sales were generated in the following regions:

in Euro	2007	2006
At home	32,112,686.26	32,278,130.26
Abroad	6,308,012.52	2,186,936.62
<b>Total</b>	<b>38,420,698.78</b>	<b>34,465,066.88</b>

The sales are broken down as follows:

in Euro	2007	2006
Consulting (secunet services)	17,665,837.30	16,536,158.45
Special solutions (secunet products)	19,867,343.34	17,184,576.48
Bundle solutions (solution structure with third-party products)	0.00	95,913.92
Partner distribution (third-party products)	887,518.14	648,418.03
<b>Total</b>	<b>38,420,698.78</b>	<b>34,465,066.88</b>

## (10) Other operating income

The other operating income to the amount of Euro 667,658.83 essentially includes income from the recourse to, and writing-back of, provisions which relate to several types of expenses as well as secondary sales.

**(11) Purchased materials**

in Euro	2007	2006
Expenses for purchased goods	9,135,344.24	9,109,472.44
Expenses for purchased services	2,199,005.14	1,709,578.87
<b>Total</b>	<b>11,334,349.38</b>	<b>10,819,051.31</b>

**(12) Personnel expenses**

in Euro	2007	2006
Wages and salaries	13,767,163.74	13,023,771.59
Social security charges	2,252,888.80	2,160,646.34
Expenses for old-age pensions	147,839.25	106,237.13
Expenses for support	11,009.73	5,918.72
<b>Total</b>	<b>16,178,901.52</b>	<b>15,296,573.78</b>

**(13) Depreciations on intangible transfers assets of the fixed assets and tangible assets**

The depreciations have been broken down according to single items in the development of the fixed assets.

**(14) Other operating expenses**

The other operating expenses to the amount of Euro 7,735,301.28 essentially comprise the expenses for advertising costs, travelling expenses, rents, leasehold, training and further training, motor vehicle, administration, IT and legal fees, consulting and auditing costs.

**(15) Financial results**

in Euro	2007	2006
Other interest and similar income	309,273.21	250,958.30
thereof from affiliated companies	(91,674.47)	(82,278.73)
Depreciations on financial assets and on securities of the current assets	-914.94	-7,131.36
Interest and similar expenses	-3,790.22	-18,277.82
<b>Total</b>	<b>304,568.05</b>	<b>225,549.12</b>

**(16) Taxes**

in Euro	2007	2006
Tax on income	456,619.06	252,500.00
Other taxes	26,108.77	26,305.21
<b>Total</b>	<b>482,727.83</b>	<b>278,805.21</b>

The tax on income exclusively relates to the fiscal year 2007.

## Other Information

### Employees

215 employees (previous year, 211 – including three Executive Board members) were employed on average in the year, including the three Executive Board members.

### Other financial obligations

The total amount of the other financial obligations amounted to Euro 6,151,184.43 on balance sheet date. This essentially concerns the nominal amount of the obligations from tenancy agreements for office space; thereof Euro 1,921,984.46 due within one year; Euro 3,795,592.81 between one and five years and Euro 433,607.16 in more than five years. Of the total obligations none relates to obligations towards affiliated companies.

### Liability relationships

secunet AG has submitted unlimited letters of comfort towards secunet SwissIT AG, Switzerland and secunet s.r.o., Czech Republic.

### Relationships to affiliated companies

Owing to the existence of a group relationship within the meaning of § 290 HGB (Handelsgesetzbuch – German Commercial Code), secunet AG shall be included in the IFRS consolidated accounts of Giesecke & Devrient GmbH, Munich for the fiscal year 2007. The consolidated financial statement of Giesecke & Devrient GmbH will be submitted to the operator of the electronic German Federal Gazette. In addition, secunet AG prepares its own IFRS consolidated accounts.

### Fee for the auditor

In the year 2007, kEuro 40 for the annual consolidated financial statement, kEuro 23 for tax consulting services, kEuro 6 for other audits and kEuro 1 for miscellaneous services were received as expenditure for the services of the group auditor BDO Deutsche Warentreuhand Ltd., Branch office Essen.

### Miscellaneous

The total emoluments of the Executive Board amounted to kEuro 646.3 in the fiscal year 2007. These are broken down into kEuro 442.8 fixed and kEuro 203.5 variable components.

A total of 13,000 shares in secunet AG were held by the members of the Executive Board as of 31.12.2007. 2,000 shares were acquired by Mr Koelzer in the current fiscal year. This acquisition was reported as "Director's Dealing".

The emoluments of the Supervisory Board amounted to kEuro 35 in the period under review.

The members of the Supervisory Board did not hold any shares in the company as of the key date.

The declaration stipulated according to § 161 AktG (Aktiengesetz – Stock Corporation Act) has been submitted for secunet AG and made accessible to the shareholders.

## Bodies of the Company

### Management board

#### Dr Rainer Baumgart

Chairman of the Executive Board  
(secunet AG shareholdings: 11,000 units)

#### Thomas Koelzer

(secunet AG shareholdings: 2,000 units)

#### Thomas Pleines

(secunet AG shareholdings: none)

### Supervisory board

#### Dr Karsten Ottenberg

Munich  
Chairman  
Chairman of the management of  
Giesecke & Devrient GmbH, Munich

No other memberships in Supervisory Boards/  
control bodies

#### Dr Wilhelm Wick

Essen  
Deputy chairman  
Chairman of the Executive Board of RWTÜV AG, Essen  
Deputy chairman of the Executive Board of  
RWTÜV e.V., Essen  
Deputy chairman of the RWTÜV foundation, Essen

Further memberships in Supervisory Boards/  
control bodies:  
Cetecom GmbH, Essen  
TÜV NORD AG, Hanover  
TÜV Thüringen e.V., Erfurt  
VAI Van Ameyde International B.V., Rijswijk/Netherlands

#### Franz Markus Haniel

Munich  
Member of the advisory board of Giesecke & Devrient  
GmbH, Munich

Further memberships in Supervisory Boards/  
control bodies:  
Franz Haniel & Cie. GmbH, Duisburg  
METRO AG, Düsseldorf (since 4 Nov. 2007)  
Delton AG, Bad Homburg  
Heraeus Holding GmbH, Hanau  
BMW AG, Munich

#### Dr Elmar Legge

Schermbbeck  
Member of the Executive Board of RWTÜV e.V., Essen  
Member of the Executive Board of TÜV NORD AG,  
Hanover  
Member of the Executive Board of the  
GREIF foundation, Mülheim a.d. Ruhr  
Member of the Executive Board of the  
RWTÜV foundation, Essen

Further memberships in Supervisory Boards/  
control bodies:  
AHV VWAG, Essen  
Cetecom GmbH, Essen  
TÜV NORD Mobilität GmbH & Co. KG, Hanover  
TÜV Thüringen e.V., Erfurt  
VAI Van Ameyde International B.V., Rijswijk/Netherlands  
DMT GmbH, Essen (since 30.11.2007)

#### Dr Peter Zattler

Grünwald  
Member of the management of Giesecke & Devrient  
GmbH, Munich

Further memberships in Supervisory Boards/  
control bodies:  
Giesecke & Devrient International Finance S.A.,  
Luxembourg  
G y D Iberica S.A., Barcelona/Spain  
n.v. Giesecke & Devrient s.a., Zaventem/Belgium  
Giesecke & Devrient Matsoukis, Security Printing S.A.,  
Athens/Greece

#### Hans-Wolfgang Kunz

Munich  
Member of the management of Giesecke & Devrient  
GmbH, Munich

Further memberships in Supervisory Boards/  
control bodies:  
Giesecke & Devrient America, Inc., Dulles/USA  
Giesecke y Devrient de México S.A. de C.V.,  
Tlalnepantla de Baz/México  
Giesecke & Devrient India GmbH, Gurgaon/India  
Giesecke & Devrient GB AG, Wembley,  
London/Great Britain  
Giesecke & Devrient Maroc, Casablanca/Morocco  
G y D Ibérica S.A., Barcelona/Spain  
Giesecke & Devrient International Finance S.A.,  
Luxembourg  
Giesecke & Devrient Systems Canada, Inc.,  
Markham/Canada

## Shareholdings

### **secunet SwissIT AG**

Switzerland, Solothurn,

100% participating interest, equity of the company kCHF 47,

Annual results 2007 kCHF -213

### **secunet s.r.o.**

Czech Republic, Prague,

100% participating interest, equity of the company kCZK -6,359,

Annual results 2007 kCZK -1,243

### **secunet Inc.**

USA, Austin, Texas,

100% participating interest (shell corporation)

Essen, 7 March 2008

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

## Declaration by the legal representatives

"We hereby declare that to the best of our knowledge the financial statement compiled in accordance with the applicable accounting principles presents an account of the asset, financial and profit situation of the company which is in accordance with its actual circumstances and that the course of business including operating profit and the situation of the company in the company situation report are presented in such a way that they provide an account which is in accordance with the actual circumstances and that the significant opportunities and risks associated with the probable development of the company are presented."

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

# secunet Security Networks Aktiengesellschaft, Essen

## Auditor's certificate

We have audited the financial statement – consisting of balance sheet, profit and loss account with annex – of secunet Security Networks Aktiengesellschaft, Essen, for the fiscal year from 1 January 2007 to 31 December 2007 with reference to the accounting and the company and group situation report. Accounting matters and the compilation of the financial statement and the company and group situation report in accordance with German commercial regulations and supplementary provisions of the articles of association are the responsibility of the legal representatives of the company. Our responsibility is to provide an assessment of the financial statement with reference to the accounting and the company and group situation report based on the audit we have carried out.

We have conducted our audit of the financial statement in accordance with Section 317 of the Commercial Code (§ 317 HGB) and observing the proper auditing principles applicable in Germany as laid down by the Institute of Auditors (IDW). According to the above, the audit must be planned and carried out in such a way that any inaccuracies or infringements can be ascertained with an adequate degree of certainty. The inaccuracies or infringements in question here are those which have a significant impact on the presentation of the asset, financial and profit situation as represented in the financial statement compiled in accordance with the principles of proper accounting procedures and the company and group situation report. The auditing procedures were determined taking into account the nature of the company's business, its economic and legal environment and anticipated possible errors. As part of the audit, the effectiveness of the internal accounting control systems and evidence for the information given in the accounts, financial statement and company and group situation report were assessed mainly on the basis of random sampling. The audit includes an assessment of the accounting principles applied and the significant estimates made by the company's legal representatives and an appraisal of the overall view provided by the financial statement and the company and group situation report. We are of the opinion that our audit is a sufficiently secure basis for our assessment.

Our audit does not contain any objections.

According to our assessment based on the audit of the information gathered, the annual financial statement is in accordance with the statutory requirements and the supplementary provisions of the company's articles of association and provides in accordance with principles of proper accounting procedures an account of the asset, financial and profit situation of the company which is in accordance with its actual circumstances. The company and group situation report is consistent with the financial statement, provides an accurate account in total of the company's situation and accurately presents the opportunities and risks associated with future development.

Essen, 7 March 2008

BDO Deutsche Warentreuhand Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Rittmann  
Auditor

Fritz  
Auditor



# secunet offices

## National offices

### Head Office, Essen

secunet Security Networks AG  
Kronprinzenstraße 30  
45128 Essen  
Phone: +49 - 201 - 54 54 - 0  
Fax: +49 - 201 - 54 54 - 123

### Berlin

secunet Security Networks AG  
Alt-Moabit 91 c  
10559 Berlin  
Phone: +49 - 30 - 39 97 82 - 0  
Fax: +49-30 - 39 9782- 20

### Bonn

secunet Security Networks AG  
Project office Bonn  
Godesberger Allee 127  
53175 Bonn  
Phone: +49 - 228 - 28 69 2080

### Dresden

secunet Security Networks AG  
Ammonstraße 74  
01067 Dresden  
Phone: +49 - 351- 4 39 59 - 0  
Fax: +49 - 351- 4 39 59 - 59

### Frankfurt

secunet Security Networks AG  
Mergenthalerallee 77  
65760 Eschborn  
Phone: +49 - 61 96 - 95 88 8 - 0  
Fax: +49 - 61 96 - 95 88 8 - 88

### Hamburg

secunet Security Networks AG  
Osterbekstraße 90 b  
22083 Hamburg  
Phone: +49 - 40 - 69 65 99 - 0  
Fax: +49 - 40 - 69 65 99 - 29

### Munich

secunet Security Networks AG  
Konrad-Zuse-Platz 2-3  
81829 Munich  
Phone: +49 - 89 - 4 54 59 69 - 0  
Fax: +49 - 89 - 4 54 59 69 - 100

### Siegen

secunet Security Networks AG  
Weidenauer Straße 223-225  
57076 Siegen  
Phone: +49 - 271 - 4 89 50 - 0  
Fax: +49 - 271 - 4 89 50 - 50

### Training centre, Munich

secunet Security Networks AG  
Konrad-Zuse-Platz 2-3  
81829 Munich  
Phone: +49 - 89 - 4 54 59 69 - 400  
Fax: +49 - 89 - 4 54 59 69 - 444

## International offices

### Switzerland

secunet SwissIT AG  
Hauptbahnhofstraße 12  
4501 Solothurn  
Phone: +41 - 32 - 6 25 80 - 40  
Fax: +41 - 32 - 6 25 80 - 41

### Czech Republic

secunet s.r.o.  
Jankovcova 2c  
170 00 Prague 7  
Phone: +42 - 2 - 33 02 97 - 11  
Fax: +42 - 2 - 33 02 97 - 39

### International Sales

Johan Hesse  
Hamburg, Germany  
Phone: +49 - 40 - 696599 - 12  
international-sales@secunet.com

# Financial Calendar

## 2008

<b>1 February</b>	Preliminary Figures Financial Year 2007
<b>28 March</b>	Annual Report 2007, Analysts' Conference
<b>8 May</b>	3-Month Report
<b>29 May</b>	Annual General Meeting
<b>14 August</b>	6-Month Report
<b>6 November</b>	9-Month Report
<b>10-12 November</b>	German Equity Forum

## 2009

<b>January/February</b>	Preliminary Figures Financial Year 2008
<b>March</b>	Annual Report 2008, Analysts' Conference
<b>May</b>	3-Month Report
<b>May/June</b>	Annual General Meeting
<b>August</b>	6-Month Report
<b>November</b>	9-Month Report

# Multi-Year Overview

in Euro m	<b>2007</b>	Q4-2007	Q3-2007	Q2-2007	Q1-2007	2006	2005	2004
<b>Profit and Loss</b>								
<b>Sales</b>	<b>41.3</b>	<b>14.2</b>	<b>10.1</b>	<b>8.9</b>	<b>8.1</b>	<b>36.5</b>	<b>40.8</b>	<b>32.4</b>
Cost of material	12.0	4.8	2.7	2.6	1.9	11.2	12.6	8.9
Personnel expenses	17.3	4.3	4.6	4.0	4.4	16.6	17.6	15.7
Depreciation	0.9	0.3	0.2	0.2	0.2	0.9	0.9	0.9
Other operating expenses	8.4	2.6	2.0	1.9	1.9	7.3	7.3	7.1
<b>EBIT</b>	<b>3.5</b>	<b>2.5</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>	<b>2.2</b>	<b>4.5</b>	<b>0.5</b>
EBITDA	4.4	2.7	0.8	0.5	0.3	3.0	5.4	1.5
<b>EBT</b>	<b>3.7</b>	<b>2.6</b>	<b>0.6</b>	<b>0.3</b>	<b>0.2</b>	<b>2.4</b>	<b>4.6</b>	<b>0.6</b>
<b>Net profit/loss for the period</b>	<b>2.7</b>	<b>2.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>2.2</b>	<b>4.3</b>	<b>0.4</b>
Earnings per share for the period (in Euro) <sup>1)</sup>	0.41	0.33	0.03	0.03	0.01	0.33	0.66	0.07
<b>Balance sheet <sup>2)</sup></b>								
<b>Balance sheet total</b>	<b>33.7</b>	<b>33.7</b>	<b>26.9</b>	<b>24.8</b>	<b>25.2</b>	<b>28.3</b>	<b>28.1</b>	<b>24.4</b>
<b>Equity</b>	<b>21.7</b>	<b>21.7</b>	<b>19.6</b>	<b>19.3</b>	<b>19.1</b>	<b>19.0</b>	<b>16.8</b>	<b>12.5</b>
Equity ratio	65%	65%	73%	78%	76%	67%	60%	51%
Liquid funds	10.9	10.9	4.4	4.7	6.0	8.4	12.8	8.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Number of staff <sup>2)</sup></b>	<b>236</b>	<b>236</b>	<b>234</b>	<b>230</b>	<b>227</b>	<b>228</b>	<b>216</b>	<b>208</b>
<b>Order volume <sup>2)</sup></b>	<b>16.8</b>	<b>16.8</b>	<b>21.1</b>	<b>22.3</b>	<b>21.5</b>	<b>14.5</b>	<b>14.2</b>	<b>11.1</b>

1) diluted

2) as of the end of the year/quarter

# Information/Imprint

## Annual Report on the Internet

The secunet Security Networks AG annual report can be viewed as a PDF file on the Internet at [www.secunet.com](http://www.secunet.com).

## Brand names

All the brand and trade names or product names mentioned in this annual report are the property of the corresponding holder. This applies in particular for DAX, MDAX, SDAX, TecDAX and XETRA as registered trademarks and property of Deutsche Börse AG.

## Imprint

### Issued by

secunet Security Networks AG  
Kronprinzenstraße 30  
45128 Essen  
Germany

### Contact

Investor Relations  
secunet Security Networks AG  
Kronprinzenstraße 30  
45128 Essen  
Germany

Phone: +49 - 201 5454 - 300  
Fax: +49 - 201 5454 - 301

E-mail: [investor.relations@secunet.com](mailto:investor.relations@secunet.com)  
Internet: [www.secunet.com](http://www.secunet.com)

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

### Concept and Design

IR-One AG & Co. KG, Hamburg  
[www.ir-1.com](http://www.ir-1.com)

### Text

secunet Security Networks AG

### Printed by

Hartung Druck + Medien GmbH, Hamburg

### Photograph information

secunet Security Networks AG

**secunet Security Networks AG**

Kronprinzenstraße 30  
45128 Essen, Germany

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

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