

- Strong growth in sales: up by 28 percent to Euro 10.4m
- EBIT increased to Euro 0.4m (previous year: Euro 0.1m)
- High level of orders: Euro 19.2m
- Optimistic outlook for the business year of 2008

### Key figures

	Q1 2008	Q1 2007	Change in %
Sales (kEuro)	10,384	8,117	+28
EBIT (kEuro)	372	82	+356
EBT (kEuro)	599	151	+297
Net income (kEuro)	410	96	+328
Earnings per share (Euro)	0.06	0.01	+328
Cash flow from operating activities (kEuro)	-3,223	-2,196	-
Investments (kEuro)	188	269	-30
Orders on hand (mEuro)	19.2	21.5	-11
Employees (as at 31 March)	247	227	+9

  

	31 Mar 2008	31 Dec 2007	Change in %
Cash and cash equivalents (kEuro)	7,552	10,909	-31
Equity (kEuro)	22,140	21,741	+2
Equity ratio (in %)	72	65	+7%-points
Loans (kEuro)	0.00	0.00	-

### The secunet Share

Reuters	Bloomberg	WKN	ISIN
YSNG.DE	YSN	727650	DE0007276503

	31 Mar 2008	30 Mar 2007
Stock exchange price (Euro)	4.34	6.98
Number of shares	6,500,000	6,500,000
Market capitalisation (Euro)	28,210,000	45,370,000
52W High/Low (Euro)	H: 5.15/L: 3.60	H: 13.01/L: 6.17

  

	Q1 2008	Q1 2007
Average daily XETRA trading volume	6,704	2,719

### Financial Calendar 2008

**8 May**  
3-month results

**29 May**  
Annual General Meeting

**14 August**  
6-month results

**6 November**  
9-month results

**10 – 12 November**  
German Equity Forum



Dr. Rainer Baumgart

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

We have made an excellent start to the new business year in its first quarter. secunet has achieved sales worth Euro 10.4m in the period from January to March 2008. That is both a record for sales in the first quarter and also an increase of 28 percent in comparison with the previous year. secunet can rely on an increasing volume of orders from its traditional markets and exports are continuing to grow. In this way we can increase sales in the long term with good utilisation of capacity.

Our aim is to achieve this growth in sales without any negative effect on earnings. We have been able to greatly increase the EBIT figure in the first quarter of 2008 in comparison with the figure for the previous year: We have increased the figure for earnings before interest and tax more than four-fold.

There is an international demand for IT high security 'Made in Germany' which we offer to our customers. We were able to meet with the high level of interest in our services and particularly our products at CeBIT, the largest IT trade fair in the world, and on various trips abroad. This demand and also that coming from our regular customers in Germany is reflected in the high volume of orders, which we are showing on our books at the end of the first quarter.

We will continue to follow a clear strategy:

- We will expand the existing potential of current markets. This concerns the areas of e-health, biometrics and official documents and the future area of automotive security.
- In the area of products we intend to generate increasing earnings and also to expand our range of software and hardware products. In doing this we will keep our efforts focussed on our specialist area of high quality security.
- We intend to position ourselves as a supplier of high quality IT security among private companies and to gain market share.
- We want to continue to expand our export business and will further expand our activities in sales abroad using our own resources and resellers.

Even though we view the prospects for 2008 with optimism, we cannot provide a concrete forecast for the current year at the time of writing this report. The reasons for this are the imponderabilities resulting from the project business.

For the medium term we have ambitious growth targets. We are optimistic that we can continue to expect a high volume of orders and high utilisation of capacity and thus continue with our sustained growth.

Yours sincerely

Dr. Rainer Baumgart  
Chairman of the Executive Board

## Interim management report for the first quarter of 2008

### Sales

In the first three months of the business year 2008 the secunet group achieved sales of Euro 10.4m. In comparison with the first quarter of the previous year, in which sales of Euro 8.1m were achieved, sales grew by Euro 2.3m or 28 percent. This increase in sales is due to the processing of the high volume of orders at the end of 2007. Capacity utilisation was correspondingly high in the first quarter.

Foreign business is contributing a growing amount to sales with a share of 25 percent of the group's turnover.

### Earnings

The main cost items have changed to varying degrees in comparison with the first quarter of the previous year. Although staff numbers have increased by 9 percent, staff costs have only risen modestly at 2.3 percent in comparison with the previous year. Other operating costs increased by 22 percent in the first quarter of 2008 by comparison with the previous year. Relative to sales the proportion of this cost item has hardly changed. The increase is due to increased costs for marketing and public relations activities, increased travel expenses resulting from intensive sales efforts and higher rental levels. Material costs have almost doubled in comparison with the previous year – the main factor in this regard is the supply of hardware in conjunction with SINA projects. The material costs ratio has therefore increased significantly from 23 percent for Q1-2007 to 34 percent in Q1-2008. Depreciation has declined by 12 percent in comparison with the previous year. The reason for this is lower expenditure on business and workplace equipment which is written down as low-value assets during the period in which they were purchased. The proportion of depreciation as measured against turnover has declined slightly in comparison with the previous year.

The EBIT figure has increased from Euro 0.1m for the first three months of the previous year to Euro 0.4m in the current year. This represents an almost four-fold increase. The EBIT margin figure increased from 1.0 percent to 3.9 percent. A positive financial result gives a figure of Euro 0.6m for earnings before tax in the first quarter of 2008. With tax deducted the figure for net income is Euro 0.4m compared with Euro 0.1m in the previous year. Earnings per share are thus Euro 0.06 in comparison with Euro 0.01 in the first three months of 2007.

### Segment reporting

secunet is divided into two company divisions. In this way it is possible to address customers' needs in a focussed manner. In addition internal processes can be managed significantly better. The Private Sector division addresses the needs of customers in the private business sector and the activities of the Public Sector division are directed towards public authorities and other state organisations. Each of the company divisions comprises two business units; in the Public Sector division these are the High Security and Government business units and in the Private Sector the Business Security and Automotive units. The business units of High Security, Government and Business Security are identified as separate segments in the segment report. The Automotive business unit is identified under "other segments" together with the administrative and management staff units.

All segments of the company achieved increases in sales with the exception of the Automotive unit. Because of the size of this business unit its development at the level of quarterly review can easily be subject to fluctuations. The business unit of High Security continues to represent the greatest proportion of sales with a share of over 50 percent: This unit is mainly concerned with the supply of products and services associated with the SINA product range.

There is a significant difference between what the segments contribute to earnings before interest and tax and their respective proportion of sales. The Business Security unit was responsible for the largest proportion of the EBIT figure. This reflects the fact that the High Security and Government units, both of which are suppliers of development services for customers in governmental and international organisations, have made investments in marketing and infrastructure. These expenses are not reflected to the same extent in the Business Security unit, which mainly offers consultancy services.

#### **Asset and financial situation**

The balance sheet of the secunet group of companies for the 31 March 2008 in comparison with the end of 2007 is showing a decline in the level of liquid assets of Euro 10.9m for the 31 December 2007 to Euro 7.6m. The reason for this is the payment of the variable components of salaries in the first quarter. The level of reserves has also declined correspondingly. Changes in current assets, where the level of accounts receivable has risen, also have an effect on the level of cash and cash equivalents.

The improved earnings situation is indeed reflected in the cash flow. However, these are far more than compensated for by the payment of bonuses and changes to the current asset levels, so that the results for the first three months show a negative cash flow of Euro -3.4m. In the previous year the cash flow was Euro -2.4m.

#### **Investments**

In the first quarter of 2008 the sum of approximately Euro 0.2m has been invested in the purchase and replacement of hardware, software licences and other business equipment. In comparison with the previous year the level of investment declined by around 35 percent.

#### **Employees**

As of the 31 March 2008 the secunet group employed 247 employees. This is 20 employees or 9 percent more than for the end of the first quarter in the previous year. The main areas concerned with the appointment of new employees were the productive business areas of development and consultancy plus sales.

#### **Outlook**

The demand for IT security and high security from public authorities, international organisations and companies remains at a high level. There is a growing awareness of the damaging effects of inadequate IT security. This trend is being reinforced by the current security situation. Therefore there is a continuing requirement for investment in IT security products and services. Pending large-scale projects relating to every aspect of the expansion of e-government services and the expansion of the communication structures of public authorities and international organisations will ensure that there is a growing and sustained demand. The market for high quality IT security is therefore clearly a growth market. secunet has a high level of expertise in this area of activity, has recourse to many years of experience and can supply high quality products, which best meet existing requirements. In this regard, secunet is thus well positioned in the market for high quality IT security.

The good current demand situation is reflected in secunet's high level of orders. As of the 31 March 2008 these amounted to approximately Euro 19.2m. Owing to the high level of utilisation of capacity at secunet there has been no increase in comparison with the previous year (Euro 21.5m). However, the level of orders has grown by 14 percent in comparison with the level for 31 December 2007 (Euro 16.8m).

The market and order situation give cause for the Executive Board of secunet Security Networks AG to be optimistic about the business year 2008. Due to the imponderabilities of the project business of secunet it is not possible to provide a concrete forecast at the time of writing this report.

#### **Supplementary information**

In the first quarter of 2008 no payments from third parties to the members of the Executive Board relating to their work as members of the Executive Board have been approved nor granted in the first three months. The members of the Supervisory Board have not received any remuneration or advantage for services performed by them, in particular consultancy and arrangement services, in addition to the remuneration stipulated by the articles of association of secunet Security Networks AG. Neither the members of the Executive Board nor Supervisory Board are in receipt of loans from the company.

#### **Future-related statements**

This quarterly report contains statements relating to the future development of secunet Security Networks AG and economic and political developments. These statements are estimates and assessments which we have made on the basis of the information available to us at this moment in time. If the assumptions on which they are based are incorrect or if further risk situations occur, the actual results may differ from those currently anticipated. We cannot therefore provide any guarantee for this information.

## Summary interim report for the first quarter of 2008

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

<b>Assets</b> in Euro	<b>31 Mar 2008</b>	31 Dec 2007
<b>Current assets</b>		
Cash and cash equivalents	7,552,363.45	10,908,588.36
Trade accounts receivable	14,526,249.67	13,309,933.47
Trade accounts receivable from affiliated companies	241,532.34	906,062.79
Inventories	1,362,356.89	1,550,324.06
Other current assets	152,315.53	115,067.74
Claims from income tax	29,571.00	0.00
<b>Total current assets</b>	<b>23,864,388.88</b>	<b>26,789,976.42</b>
<b>Non-current assets</b>		
Tangible assets	1,328,206.19	1,311,684.18
Intangible assets	240,093.90	264,220.19
Goodwill	2,950,000.00	2,950,000.00
Financial assets	706,065.82	686,258.02
Deferred taxes	1,523,760.53	1,722,468.03
<b>Total non-current assets</b>	<b>6,748,126.44</b>	<b>6,934,630.42</b>
<b>Total assets</b>	<b>30,612,515.32</b>	<b>33,724,606.84</b>

<b>Equity and liabilities</b> in Euro	<b>31 Mar 2008</b>	31 Dec 2007
<b>Current liabilities</b>		
Current portion of capital lease obligations	0.00	21,029.15
Trade accounts payable	2,856,614.03	4,898,409.90
Accounts payable for affiliated companies	524,411.96	0.00
Other provisions	2,216,840.91	3,632,995.00
Liabilities for tax on income	192,257.00	192,257.00
Other current liabilities	1,222,634.02	1,495,776.82
Deferred items	254,656.69	560,703.78
<b>Total current liabilities</b>	<b>7,267,414.61</b>	<b>10,801,171.65</b>
<b>Non-current liabilities</b>		
Deferred taxes	14,930.19	24,602.77
Pension provisions	1,189,947.81	1,157,978.56
<b>Total non-current liabilities</b>	<b>1,204,878.00</b>	<b>1,182,581.33</b>
<b>Equity</b>		
Subscribed equity	6,500,000.00	6,500,000.00
Capital reserved	21,922,005.80	21,922,005.80
Treasury stock	-103,739.83	-103,739.83
Accumulated deficit	-6,145,511.01	-6,555,663.17
Accumulated other overall result	-32,532.25	-21,748.94
<b>Total equity</b>	<b>22,140,222.71</b>	<b>21,740,853.86</b>
<b>Total equity and liabilities</b>	<b>30,612,515.32</b>	<b>33,724,606.84</b>

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

in Euro	01 Jan – 31 Mar 2008	01 Jan – 31 Mar 2007
<b>Sales</b>	10,384,209.65	8,116,727.20
Other operating income	533,816.36	320,982.83
Cost of purchased materials and services	-3,552,564.28	-1,853,510.05
Personnel expenses	-4,494,079.20	-4,395,015.56
Depreciation and amortisation	-195,691.87	-221,241.78
Other operating expenses	-2,303,927.23	-1,886,417.45
<b>Earnings before interest and tax</b>	<b>371,763.43</b>	<b>81,525.19</b>
Interest income/expense	84,958.01	65,407.55
Foreign currency exchange gains/losses	142,465.65	4,199.53
<b>Earnings before tax</b>	<b>599,187.09</b>	<b>151,132.27</b>
Tax on income	-189,034.93	-55,244.67
<b>Net income</b>	<b>410,152.16</b>	<b>95,887.60</b>
Earnings per share (undiluted)	0.06	0.01
Earnings per share (diluted)	0.06	0.01
Average number of shares outstanding (undiluted)	6,469,502	6,468,062
Average number of shares outstanding (diluted)	6,500,000	6,500,000



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

in Euro	Subscribed equity	Capital reserved	Treasury stock	Accumulated deficit	Accumulated other overall result	<b>Total</b>
<b>Equity as of 31.12.2006</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>
Foreign currency differences					2,375.92	2,375.92
Net income 01.01. – 31.03.2007				95,887.60		95,887.60
<b>Equity as of 31.03.2007</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-108,974.77</b>	<b>-9,154,727.89</b>	<b>-35,781.20</b>	<b>19,122,521.94</b>
Increase/decrease in treasury stock			5,234.94			5,234.94
Foreign currency differences					14,032.26	14,032.26
Net income 01.04. – 31.12.2007				2,599,064.72		2,599,064.72
<b>Equity as of 31.12.2007</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-103,739.83</b>	<b>-6,555,663.17</b>	<b>-21,748.94</b>	<b>21,740,853.86</b>
Foreign currency differences					-10,783.31	-10,783.31
Net income 01.01. – 31.03.2008				410,152.16		410,152.16
<b>Equity as of 31.03.2008</b>	<b>6,500,000.00</b>	<b>21,922,005.80</b>	<b>-103,739.83</b>	<b>-6,145,511.01</b>	<b>-32,532.25</b>	<b>22,140,222.71</b>

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

in Euro	01 Jan – 31 Mar 2008	01 Jan – 31 Mar 2007
<b>Cash flow from operating activities</b>		
Earnings before interest and tax (EBT)	599,187.09	151,132.27
Depreciation and amortisation	195,691.87	221,241.78
Change in reserves	-1,384,184.84	-1,081,726.39
Interest result	-84,958.01	-65,407.55
Decrease/increase in current receivables, inventory and other assets	-401,066.37	708,468.28
Decrease/increase in accounts payable and deferred items	-2,117,602.94	-2,129,337.55
Tax payments	-29,571.00	0.00
<b>Cash and cash equivalents generated from/ used in operating activities</b>	<b>-3,222,504.20</b>	<b>-2,195,629.16</b>
<b>Cash flow from investment activities</b>		
Investment in intangible and tangible assets	-188,087.61	-269,059.00
Investment in financial assets	-19,807.80	-18,890.78
<b>Cash and cash equivalents used for investments</b>	<b>-207,895.41</b>	<b>-287,949.78</b>
<b>Cash flow from financing activities</b>		
Interest receipts	95,194.13	66,934.23
Interest payments	-10,236.12	-1,526.68
<b>Cash income from financing activities</b>	<b>84,958.01</b>	<b>65,407.55</b>
Net effect of currency conversions of cash and cash equivalents	-10,783.31	2,375.92
<b>Increase/reduction in cash and cash equivalents</b>	<b>-3,356,224.91</b>	<b>-2,415,795.47</b>
Cash and cash equivalents at start of period	10,908,588.36	8,430,450.62
<b>Cash and cash equivalents at end of period</b>	<b>7,552,363.45</b>	<b>6,014,655.15</b>

## Explanatory report

The 3-Month-Report of secunet Security Networks AG dated the 31 March 2008 was compiled in accordance with the International Accounting Standard (IAS) 34 "Interim Report" regulations.

### Accounting principles

The consolidation method and the procedure for currency conversion for the period from 1 January to the 31 March 2008 are in accordance with those in the company's annual accounts for the business year 2007. The accounting and valuation methods were retained. The annual accounts of secunet Security Networks AG for the 31 December 2007 were produced in accordance with Section 315a of the German Commercial Code (HGB) and in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union.

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

A tax rate of 31.4 percent applies to the calculation of tax on income for national companies. Calculation of tax payable on income for foreign companies is based on the relevant rates of tax for those countries.

### Level of treasury stock/subscription rights

As of the 31 March 2008 the company holds 30,498 in treasury stock; this corresponds to 0.5 percent of the capital stock.

### Segment reporting

in kEuro	Business Security	Government	High Security	other segments	Reconciliation	secunet Q1-2008
Segment sales external	1,944	2,781	5,457	371	-169	10,384
Segment sales internal	6	0	17	42	-65	0
Segment result (EBIT)	335	350	254	-622	55	372
Goodwill	838	774	1,338	0	0	2,949
Segment assets	2,559	4,603	8,316	10,805	-144	26,140
Segment liabilities	1,876	3,596	2,718	3,234	-3,159	8,266
Investment	46	43	60	12	47	209
Depreciation	-25	-12	-34	-174	49	-196
Essential expenses						
Personnel expenses	-976	-1,298	-1,115	-1,105	0	-4,494
Purchased materials	-239	-268	-3,135	-107	196	-3,553

<b>Segment report Q1-2007</b> in kEuro	Business Security	Govern- ment	High Security	other Segments	Recon- ciliation	secunet Q1-2007
Segment sales external	1,560	2,658	3,401	604	-106	8,117
Segment sales internal	67	0	132	0	-199	0
Segment result (EBIT)	35	396	59	-450	41	82
Goodwill	838	773	1,338	0	0	2,950
Segment assets	2,449	3,860	4,982	9,102	-381	20,012
Segment liabilities	660	3,766	1,361	2,810	-2,625	5,974
Investment	34	49	53	39	95	269
Depreciation	-13	-7	-13	-237	49	-221
Essential expenses						
Personnel expenses	-811	-1,209	-1,089	-1,286	0	-4,395
Purchased materials	-255	-156	-1,473	-161	193	-1,854

#### Transactions with related parties

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

#### Events occurring after the balance sheet date

There were no significant events occurring after the date on which the annual accounts were published. Similarly, since the end of the business year of 2007 there has been no change in the significant opportunities and risks as described in the annual accounts of 2007.

## Issued by

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)

#### Concept and Design

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

This 3-Month-Report is also available in German. In the event of conflicts the German-language version shall prevail.