

Annual Report

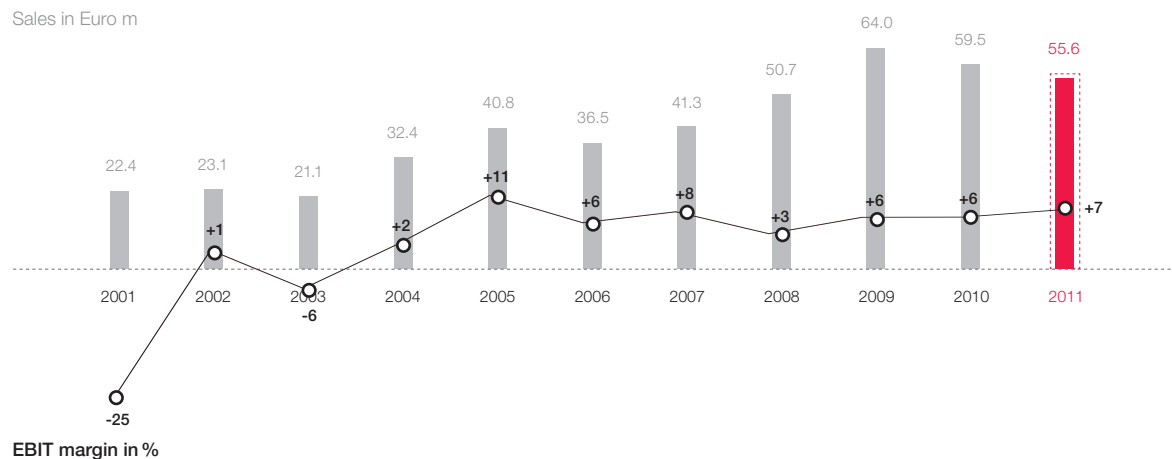
11

Key Figures

in Euro m	2011	2010	Change in %
Sales	55.6	59.5	-7
EBIT	3.8	3.6	+6
EBT	3.9	3.7	+5
Net income	2.7	1.8	+49
Earnings per share	0.42	0.28	+49
Balance sheet total	46.2	42.2	+10
Equity	27.7	25.0	+11
Liquid assets	17.6	14.3	+23
Liabilities	10.8	9.8	+10
Loans	0.0	0.0	-/-
Cash flow from operating activities	4.2	0.9	> +100
Investments	0.9	1.2	-27
Free cash flow	3.3	-0.3	> +100
Orders on hand	39.5	26.2	+51
Employees as at 31 Dec	276	288	-4

Long-term development – sales and EBIT margin

Sales in Euro m



Your specialist for IT security

HIGH SECURITY

High security for the highest demands

Our High Security business unit focuses on the *S/INA* product line – Secure Inter-Network Architecture. *S/INA* ensures secure processing, storage and transmission of classified information and other sensitive data. *S/INA* is the only IP-based encryption system for processing and transmitting confidential information that is certified by the German Federal Office for Information Security (BSI) up to the highest national security level TOP SECRET. Individual components of the product line are also certified for the levels NATO SECRET (in a national context) and SECRET UE.



GOVERNMENT

Secure electronic processes for public authorities

It is essential that every single application in public administration has the corresponding security features. The Government business unit at secunet focuses on IT security solutions that meet the particular IT security needs of the federal authorities in Germany as well as those of state and municipal administrative authorities. In particular, these include systems for the secure identification of communication partners in e-government, the establishment of legal certainty in electronic processes as well as the achievement of a suitable level of protection for particularly sensitive data.



BUSINESS SECURITY

IT security is expensive – but once you have it, it's priceless

Our employees specialise in high-quality IT security solutions for the private industry. Our industry know-how, the experience we have gained over more than a decade in IT security, our own products and our partnerships with renowned manufacturers guarantee that our customers receive the best solutions. Our developments are based on national and international standards but also satisfy our customers' individual requirements and security demands.



AUTOMOTIVE SECURITY

Automotive security – a business segment with a bright future

The proportion of electronic components in vehicles is increasing continuously, meaning that more and more vehicle functions are controlled by software. Against this background, it is becoming increasingly important for vehicle manufacturers and suppliers to protect these control unit components against unauthorised modification. Safety mechanisms that are integrated in operating procedures also play a significant role. IT security minimises the risk of such components malfunctioning and therefore also the risk to the safety of the driver and the vehicle.

At the same time, the use of software in vehicles enables manufacturers to establish new business models for vehicle functions. To be able to leverage this competitive advantage, the corresponding protective measures must be integrated in the IT and process landscape of the companies involved and within the vehicle itself. Depending on the required level of protection, the mechanisms range from software-based approaches through to the development of measures supported by hardware.



secunet – IT security beyond expectations

secunet Security Networks AG is among the leading specialists for IT security in Germany and Europe. Our customers include companies, authorities and international organisations, whose entire business operations are based on information technology (IT) and data networks. There is a high level of risk. Data thieves, industrial spies, copycats, terrorist groups and even secret services are all out to gain unauthorised access to data and networks. This is why IT security has to be the number-one priority.

We provide innovative solutions to cope with the most demanding of challenges. We focus on complex projects, large infrastructures and high security. Our products are predominantly tailored to our customers' needs. With our comprehensive know-how, we set benchmarks for IT security in the market.

We see ourselves as a security partner for our customers, and in return for their trust we offer reliability and a sense of responsibility. We cultivate strategic, long-term partnerships as one of the cornerstones of our business success. In doing so, we offer a service partnership that goes beyond our customers' expectations.

Our strong market position is built on many years of experience and expertise. At the same time, our claim is always to stay one step ahead of the competition in terms of technology and quality. Thanks to the creativity and motivation of our employees, we are able to meet this challenge in the market on a lasting basis for the benefit of our customers.

The profitability of our business – that is, long-term, profitable growth – is the key to our durability. It reinforces the trust of our customers in secunet as a company, ensures long-term, challenging positions for our employees, and creates sustainable added value for our shareholders.

Content

// 6	Foreword of the Chairman of the Management Board
// 8	Report of the Supervisory Board
// 12	The secunet share
// 14	Corporate Governance Report
// 20	Management Report
// 34	Consolidated Financial Statements
// 66	Report of the independent auditors on the Consolidated Financial Statements
// 67	Responsibility Statement
// 68	Financial Statements of secunet AG
// 80	Report of the independent auditors on the Annual Financial Statements
// 81	Responsibility Statement
// 82	Service



f. l. t. r. : Thomas Pleines, Dr Rainer Baumgart, Thomas Koelzer

Foreword of the Chairman of the Management Board

DEAR SHAREHOLDERS, CUSTOMERS, STAFF AND FRIENDS OF SECUNET,

We completed the 2011 financial year with predominantly satisfactory business figures. Demand in the consulting sector was high and our capacity was fully utilised from the middle of the year. However, due to ongoing restructuring at the German Armed Forces – our main customer – and as a result of the postponement of projects for national and international customers, the procurement transactions for hardware and licences in the past year were significantly lower than we expected. We were therefore unable to match the previous year's sales result.

Business with major projects is volatile, which makes fluctuations in sales unavoidable. We are pleased that this did not affect the result:

We continuously work towards optimising our cost structures. Consequently, the costs of the secunet Group in the 2011 financial year showed an overall sharper decrease than the decrease in sales. This resulted in an increase in earnings before interest and taxes (EBIT) from Euro 3.6m in the previous year to Euro 3.8m (+6%). Due to positive tax effects, the profit for the period even increased by around 49% from Euro 1.8m to Euro 2.7m.

2011 was a successful year for sales and marketing. At the end of 2010, the order book of the secunet Group was worth Euro 26.2m. Its value on the same reporting date of the 2011 financial year was Euro 39.5m. This highly pleasing development is down to successful sales and marketing activities. For example, we were able to acquire very promising orders in the Mobile Security business unit (Business Security) and in international business (High Security). At the same time, we were awarded several larger projects for which we had submitted tenders simultaneously. In this respect, there are also extremely positive aspects to the volatile nature of project business.

secunet has now been successfully active in the area of IT security and high security for 15 years. Diverse projects in national and international contexts for authorities, international organisations and companies, the recognised specialist skills of our employees and our SINA product range with its comprehensive accreditations are just a few aspects that document our outstanding expertise. This results in our good market position: when there is a need for the implementation of modern infrastructures with a demand for IT security or for the design, implementation and commissioning of security architectures, secunet is the sought-after partner for successful project handling.

Our market is developing in unison with the IT market. IT security is driven, in particular, by future topics relating to intelligent networks (SmartGrids, SmartMetering and the Internet of Things) or cloud computing. The latter and similar technologies have the potential to bring about significant changes in the IT landscape: these technologies will only be successful if they are equipped with IT security systems that guarantee high availability and confidentiality.

The fact that Web attacks are becoming more complex by the day also has a positive effect on our business: cyber war, warfare, crime and terrorism are on the rise, generating a demand for increasingly high-quality defence strategies.

secunet offers tailor-made solutions to such problems and is involved in the design of trendsetting infrastructures with the development of further, high-quality technologies for future requirements.

Financial year 2012 is set to be year of growth for secunet. The high number of orders at the end of the previous year is a good basis for an increase in revenue. In addition to this, we continue to boast good sales and marketing opportunities: we will position our excellent, modern products such as the SINA Workstation and the SINA Core encryption component more strongly on national and international markets. An increasing number of products based on "secure web", Public Key Infrastructures (PKI) and biometric solutions will be implemented in more and more projects. We will strengthen our position in the area of (secure) mobile solutions.

To achieve this, we will continue to build on our product and project expertise. In the products arena, separation and the use of cryptography are the basis for the solutions of the future – and secunet is a proven specialist in this area. We will use prudent personnel development in the corresponding areas to further optimise our project expertise.

Based on a strong foundation in national government and high security business, we want to achieve further growth in international and industry business. Our strategy is supported by four pillars:

- **Customer loyalty:** IT security is a concentrated market on both the supply and demand side. That is why strategic partnerships with our customers are an important cornerstone for our business success.
- **Internationalisation:** although the German market secures our basic business volume, it is limited in the medium term. This makes a stronger international alignment essential for further growth.
- **Technology leadership:** with our SINA product family, we are the leaders in highly secure, mobile encryption systems. We will continue to do our utmost to retain this position and expand internationally.
- **Profitability:** our objective is long-term growth. Nevertheless, the profitability of our business will always remain a requirement.

At the start of 2012 and at the time of compiling this Annual Report, the economic situation, the market conditions in the IT sector, the high number of orders we have already received and foreseeable procurements to be made by our customers over the coming months give us grounds for an optimistic outlook for business performance in 2012. If these general conditions continue to apply, we expect to see significant growth. The Management Board of secunet Security Networks AG forecasts revenue of around Euro 60m and earnings before interest and taxes of over Euro 5m for the coming year.



Dr Rainer Baumgart

Report of the Supervisory Board

DEAR SHAREHOLDERS,

During the 2011 financial year, the Supervisory Board of secunet Security Networks AG performed in full and with great care the duties assigned to it by law and by the Company's Articles of Association. It regularly advised the Management Board on the management of the Company and supervised its conduct of business on an ongoing basis. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the Company. It requested regular, prompt and comprehensive information from the Management Board, both in writing and verbally, on the business performance of secunet Security Networks AG and the consolidated Group of companies, relevant issues regarding the Company's strategic direction and the status of implementation of the strategy.

In the context of its supervisory and advisory function, the Supervisory Board dealt in detail with all measures that required that the Supervisory Board be informed or give its consent. In this way it provided the Management Board with advice and support in relation to implementation of the Company strategy and the related measures. Wherever this was required by the provisions of the law and of the Articles of Association, the Supervisory Board voted, after thorough examination and consultation, on the reports and proposed decisions of the Management Board.

The Chairman of the Supervisory Board was kept up to date by the Management Board on the current business situation and on any key business events. He also discussed the strategic direction of the Group, business performance and risk management in separate meetings held with the Management Board on a regular basis.

Supervision and examination methods

The Supervisory Board has mainly based its examination on

- the regular reports of the Management Board as provided for by law and the Management Board's rules of procedure,
- the separate reports submitted by the Management Board on occasion and
- the supplementary explanations provided by the Management Board and the auditors.

Each of the reports was submitted to all members of the Supervisory Board. Where the Management Board submitted business measures to the Supervisory Board for approval, the Supervisory Board's copy was in each case accompanied by a presentation of the main points to be considered in taking a decision. In no case during the 2011 financial year did the Supervisory Board see any occasion for individual members of the Supervisory Board or particular experts to inspect or examine the books or records of the Company.

Meetings of the Supervisory Board

Four ordinary meetings of the Supervisory Board were held in the past financial year; these took place on 23 March, 11 May, 12 September and 23 November 2011. The Management Board also kept the Supervisory Board informed about projects and plans of particular importance to the Company in the periods between the meetings, by means of detailed written reports.

In all of the meetings, the Supervisory Board addressed the current business performance of secunet Security Networks AG. It also dealt with all relevant issues concerning business planning, investment planning, earnings and liquidity, the risk situation and risk management, and key organisational and personnel changes.

The financial statements review meeting of 23 March 2011 dealt in detail with the Annual Financial Statements, Consolidated Financial Statements and condensed management report for the Company and the Group for the 2010 financial year as well as with the Auditors' Report (detailing the major elements of the audit), in the presence of the auditor. These were reviewed and approved by the Supervisory Board.

At the meeting on 23 March 2011, the Supervisory Board also appointed Management Board member Thomas Koelzer to a further term of office of five years from 1 January 2012 to 31 December 2016. At the meeting, the Supervisory Board also undertook a self-evaluation of its activities and looked at possible ways in which the efficiency of these could be improved (examination of efficiency). The Supervisory Board also approved the Supervisory Board Report for the financial year 2010 and the proposed resolutions by the Supervisory Board for the Annual General Meeting on 11 May 2011.

At the meeting of 11 May 2011, which was held following the Annual General Meeting, the Management Board reported to the Supervisory Board in particular on the current business situation. Furthermore, the Supervisory Board discussed in depth the proposals of the Management Board in relation to the further development of the existing compliance structures at secunet Security Networks AG. The focus of the discussions was the possibility of optimising organisation, the ongoing training of employees and further specific implementation measures.

Within the framework of its meeting on 12 September 2011, the Supervisory Board focused on the annual and budget planning for 2012 and the medium-term business planning for the period from 2012 to 2014.



Dr Karsten Ottenberg

At the meeting of 23 November 2011, the Supervisory Board approved the annual and budget planning for the 2012 financial year as well as the medium-term business planning for the period from 2012 to 2014. At this meeting, the Supervisory Board also dealt intensively with the Company's strategic projects as well as issues relating to internal auditing, compliance management and risk management. Furthermore, at its meeting of 23 November 2011, the Supervisory Board adopted the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG).

All members of the Supervisory Board were present at the meetings held on 23 March, 11 May and 12 September 2011. One member was absent from the meeting on 23 November 2011.

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 Dr Karsten Ottenberg, Chairman of the Supervisory Board, Dr Wilhelm Wick, Deputy Chairman of the Supervisory Board, and Dr Peter Zattler, Member of the Supervisory Board. At its meeting of 11 May 2011, the Chairman's Committee advised on Management Board personnel matters. All members attended the meeting of the Chairman's Committee.

Corporate Governance

The Supervisory Board attaches particular importance to the German Corporate Governance Code and its implementation. In the reporting year, secunet Security Networks AG complied with the recommendations of the German Corporate Governance Code with few exceptions. On 23 November 2011, the Management Board and Supervisory Board submitted their declaration of conformity for financial year 2011 regarding the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with Section 161 AktG. The declaration of conformity has been made permanently available to shareholders on the Company's website and is also contained in the Corporate Governance Report that forms part of this 2011 Annual Report.

Annual Financial Statements and Consolidated Financial Statements for 2011

The Annual Financial Statements prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and the Consolidated Financial Statements prepared under IFRS for financial year 2011, including the bookkeeping system, and the summarised management report for the group and the company were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch. The Supervisory Board awarded the audit mandate in accordance with the resolution passed by the Annual General Meeting on 11 May 2011. The auditors issued an unqualified opinion in each case.

The auditors also examined the report on relationships with affiliated companies prepared by the Management Board for financial year 2011 in accordance with Section 312 AktG and relating to the existing majority shareholding by Giesecke & Devrient GmbH, Munich, and issued the following unqualified opinion:

"Based on our audit and evaluation conducted in accordance with our professional duties, we hereby confirm that 1. the factual information contained in this report is correct, 2. the consideration provided by the Company in respect of the legal transactions mentioned in the report was not inappropriately high."

The financial statement documents, the report on relationships with affiliated companies and the auditors' report were distributed to all members of the Supervisory Board without delay following their preparation. At the financial statements review meeting of 14 March 2012, the financial statements and reports stated above were comprehensively discussed and examined by the Supervisory Board in the presence of the auditors, who gave a report on the main findings of their audit.

Based on the final results of its own examination, the Supervisory Board had no objections to the Financial Statements, the summarised management report for the Group and the Company, the report on relationships with affiliated companies, including the final statement of the Management Board contained herein, or the auditors' report. The Supervisory Board therefore endorsed the findings of the audit and approved the Financial Statements of secunet Security Networks AG and the consolidated Group as at 31 December 2011 compiled by the Management Board; the Annual Financial Statements of secunet Security Networks AG were thus adopted on 14 March 2012.

The Supervisory Board would like to thank all employees and the members of the Management Board for their successful work during the 2011 financial year.

Essen, 14 March 2012
The Supervisory Board



Dr Karsten Ottenberg

The secunet share

GERMAN EQUITY MARKET UNDER PRESSURE IN 2011

The past year was a turbulent one for the European equity markets. The markets were shaken by the escalation of the national debt crisis and the fear of recession. Even the DAX, which initially exhibited a more stable trend and above-average performance compared to other international stock market indexes, was not able to elude the crisis. After reaching an annual high of 7,600 points in May, the index fell significantly during the summer and concluded the year at 5,898 points. This represents a decrease of 14.7%; whereas the DAX had increased by around 16% in the previous year. In addition to the price slumps, major market price fluctuations could also be observed: the volatility index hit its second highest value in a decade. The second-line stocks in the MDAX also declined in 2011: the index fell by 12.2% over the course of the year. The TecDax was affected even more severely, registering a decrease of 19.5%, primarily due to the weakness of the solar energy stocks.

Analysts predict that the high degree of uncertainty on the financial markets will persist in 2012, as a solution to the national debt crisis is still a long way off. Given this impression, no more than a moderate increase in equity prices can be expected for the coming year.

SECUNET SHARE DRAGGED DOWN BY THE MARKETS

Following good performances in 2009 and 2010, the secunet share was unable to elude the overall negative sentiment that prevailed in the financial markets in 2011. The share price fell by 16.5% from Euro 12.15 at 31 December 2010 to Euro 10.40 at the end of 2011. The company's market value decreased accordingly from Euro 79m to Euro 67.6m.

The development of the secunet share is therefore equivalent to that of the tech stocks included in the Prime Technology All Share Index, which dropped by 17% over the same period.

SHAREHOLDER STRUCTURE REMAINS STABLE

Munich-based Giesecke & Devrient (G&D) GmbH has held a direct stake of 78.96% in secunet since 2009. A considerable share in secunet Security Networks AG is also held by Mr Günter Weispfenning (since mid-2010), who holds a 5.00% share in the voting rights of secunet Security Networks AG, along with Axxion S.A. (since October 2011), which holds a share of 3.18%.

secunet itself holds a further 0.47% of the shares (30,498 individual shares), while the remaining 12.39% of the shares is in free float.

TRADING VOLUME REMAINS LOW

In 2011, the average number of secunet shares traded on the Frankfurt stock exchange and on XETRA was 1,647 shares per day. This compares with 2,176 shares in the previous year. Therefore, the average daily trading volume is decreasing on a year-to-year basis. The low level of turnover can lead to the share becoming more volatile, i.e. trigger major price fluctuations as soon as the supply of or demand for secunet shares increases.

HIGH ATTENDANCE AT ANNUAL GENERAL MEETING

The Ordinary Annual General Meeting of secunet Security Networks AG was held on 11 May 2011 in Essen, where around 80% of the share capital was represented. Each of the agenda items received more than 99% approval.

COMPREHENSIVE INVESTOR INFORMATION

Investor relations play a key role at secunet Security Networks AG, which places great emphasis on providing the public with up-to-date, comprehensive and consistent information. Transparency is a watchword.

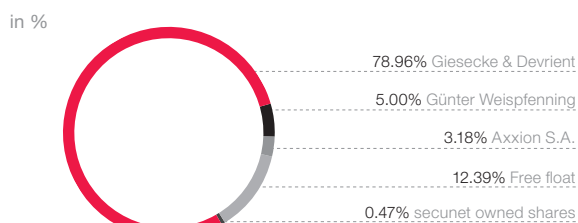
secunet is synonymous with regular and open reporting that is designed to provide our shareholders with comprehensive information on the business performance of secunet Security Networks AG. In November 2011, the Management Board presented the Company to a wide audience at Deutsche Börse's German Equity Forum and in face-to-face meetings with interested investors and analysts.

All information published by secunet is also posted on the Company's website (www.secunet.com) as quickly as possible. The website also contains financial reports and presentations in addition to the current financial calendar. Shareholders and other interested parties can also contact Investor Relations by phone on +49 (0) 201 54 54 - 12 27 or via e-mail at investor.relations@secunet.com for further information.

SECUNET STOCK INFORMATION

Reuters	YSNG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503
Class of share	Ordinary bearer shares with no par value
Share capital in Euro	6,500,000
Share capital in units	6,500,000

SHAREHOLDER STRUCTURE 2011



Share performance 1 Jan 2011 – 31 Dec 2011

Index, price 1 Jan 2011 = 100



Corporate Governance Report

DECLARATION OF CORPORATE GOVERNANCE

Effective and transparent Corporate Governance is very important at secunet Security Networks AG. The Company's Management Board and Supervisory Board firmly believe that good Corporate Governance is key to the success of the Company. As part of this, the Management Board and Supervisory Board regularly monitor the implementation of the German Corporate Governance Code at secunet Security Networks AG on the basis of statutory requirements and the German Corporate Governance Code issued by the Government Commission.

In financial year 2011, the Management Board and Supervisory Board of secunet Security Networks AG once again carefully deliberated on the recommendations and proposals of the German Corporate Governance Code (in the version in force since 26 May 2010). The declaration of conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. This declaration is permanently available on our website and constantly updated to reflect any amendments.

In accordance with Item 3.10 of the German Corporate Governance Code and Article 289a of the German Commercial Code (Handelsgesetzbuch, HGB), the Management Board and Supervisory Board make the following report:

MANAGEMENT AND SUPERVISORY STRUCTURE

As a German public limited company, secunet Security Networks AG is subject to German stock corporation law and therefore has a dual management and supervisory structure consisting of a three-member Management Board and a six-member Supervisory Board. The Management Board and Supervisory Board work together closely and on the basis of mutual trust in their management and supervision of the Company.

Supervisory Board

The Supervisory Board supervises and advises the Management Board with regard to the management of the Company. At regular intervals, the Supervisory Board discusses business performance and planning, as well as the strategy and its implementation. It discusses quarterly reports and approves the Annual Financial Statements of secunet Security Networks AG and the consolidated Group, taking into consideration the audit reports prepared by the independent auditors and its own examination. The Supervisory Board monitors the accounting process, the effectiveness of the internal control system, risk management and internal audit, as well as the auditing of the financial statements. Its tasks and responsibilities also include appointing members to the Management Board. Management Board decisions of fundamental importance, such as major acquisitions, disposals and financial measures, require the consent of the Supervisory Board. An extraordinary meeting of the Supervisory Board is convened as and when necessary should significant events arise. The Supervisory Board has drawn up rules of procedure for its work. Its Chairman coordinates the work carried out within the Supervisory Board, chairs its meetings and represents its interests externally.

In accordance with the Articles of Association, the Supervisory Board of secunet Security Networks AG comprises six members. These members were elected individually at the Annual General Meeting held on 27 May 2009, in compliance with

the recommendations of the German Corporate Governance Code. The Supervisory Board has a term of office of five years, with the current term of office due to end at the Annual General Meeting in 2014. The knowledge, skills and professional experience required to fulfil the remit are taken into account when drawing up the nominations for election to the Supervisory Board. In addition, at its meeting of 23 November 2011, the Supervisory Board concluded specific targets with regard to its composition. Taking into account the Company's specific situation, at the next election of its members, the Supervisory Board will strive to achieve diversity among candidates with the requisite professional and personal qualities. Among suitable candidates, the Supervisory Board will look for international experience and an appropriate proportion of female members. At least one seat on the Supervisory Board is intended for a female member. Furthermore, Supervisory Board members should not be older than 70 years of age and the Supervisory Board should have as many independent members as it deems sufficient. The next election of members to the Supervisory Board will be held at the 2014 Annual General Meeting.

The Supervisory Board has formed a Chairman's Committee. This is made up of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board and a further member of the Supervisory Board chosen by the Supervisory Board members. The role of the Chairman's Committee is to discuss Management Board personnel matters and prepare the corresponding resolutions of the Supervisory Board. In particular, the Chairman's Committee makes proposals for the appointment of Management Board members, including the principles governing the conditions of the employment contracts and the structure and level of Management Board members' remuneration.

No other committees have been formed by the Supervisory Board. As the Supervisory Board of secunet Security Networks AG consists of six members, it is ensured that the plenary Supervisory Board works efficiently.

Management Board

The Management Board, as the body responsible for managing the Company, conducts the Company's business under its own responsibility and in the Company's interests in the aim of increasing its value on a sustainable basis. In particular, it determines the principles of the Company's policy and is also responsible for developing the Company's strategy, for planning and setting the Company's budget, for allocating resources, and for controlling and managing the Company's business divisions and business units. The Management Board is responsible for preparing the Company's quarterly financial statements, the Annual Financial Statements of secunet Security Networks AG and the Consolidated Financial Statements.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, comprehensively and without delay of all issues important to the Company as a whole with regard to strategy and strategy implementation, planning, business performance, the financial and earnings situation, and entrepreneurial risks.

RESPONSIBLE RISK MANAGEMENT

Good Corporate Governance also means that the Company must take a responsible approach to risk. Systematic risk management as part of our value-oriented Group management ensures that risks are identified and evaluated at an early stage, and that risk positions are optimised. Details of risk management at secunet Security Networks AG can be found in the Management Report. It also contains the report required under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) on the key characteristics of the internal control and risk management system relating to accounting.

INFORMATION FOR SHAREHOLDERS

secunet Security Networks AG reports to its shareholders four times a year on business performance and on the financial and earnings situation, and makes all reports and information permanently available to shareholders on the Company's website at www.secunet.com.

The shareholders of secunet Security Networks AG may exercise their rights, including voting rights, at the Annual General Meeting. The Annual General Meeting takes place in the first eight months of the financial year. Ahead of the Annual General Meeting, shareholders receive comprehensive information about the past financial year and about the individual items on the agenda of the upcoming Meeting by way of the Annual Report and invitation to the Meeting. All relevant documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

Shareholders are regularly notified about important dates by means of a financial calendar published in the Annual Report, in the quarterly reports and on the Company's website.

Further detailed information about secunet Security Networks AG is available on our website at www.secunet.com.

CORPORATE GOVERNANCE GUIDELINES

The Articles of Association of secunet Security Networks AG form the basis of our Company. The Company's Articles of Association, the current declaration of conformity, the declarations of conformity for previous years and further Corporate Governance documents can be found online at www.secunet.com under The Company/Investor Relations/Compliance and Corporate Governance.

In 2008, the Management Board introduced a Code of Conduct for the Company and its employees summarising the business principles of secunet Security Networks AG. These principles are a crucial part of how secunet Security Networks AG sees itself, and of the expectations that it strives to meet. The Code of Conduct is a set of standards for dealing with all the economic, legal and moral challenges that we face in our day-to-day business activities and is intended as a benchmark and guide when working with customers, suppliers and other business partners, and for our conduct towards our competitors. It also governs our conduct in financial matters and trading in secunet shares, their derivatives and other financial instruments. The Company has set up a compliance unit to handle questions arising in connection with the Code of Conduct.

MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

secunet Security Networks AG complies with statutory regulations and the recommendations of the German Corporate Governance Code and discloses the remuneration of each individual member of the Management Board. In this Annual Report (more specifically, in the remuneration report, which forms part of the Management Report) we detail the remuneration of the members of the Management Board and of the Supervisory Board.

NOTIFICATION OF TRANSACTIONS UNDER ARTICLE 15A OF THE WPHG (DIRECTORS' DEALINGS)

Article 15a of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) requires members of the Supervisory and Management Boards and comparable executives of secunet Security Networks AG to disclose transactions in secunet shares or related financial instruments, where the sum total of such transactions reaches Euro 5,000 within a single calendar year. Natural persons and legal entities closely related to the above persons are subject to the same reporting obligation. Directors' Dealings disclosures are also published on our website under Investor Relations. No Directors' Dealings took place in 2011. No member of the Management Board or Supervisory Board owns more than 1% of the shares, or financial instruments related to the shares, of the Company. The members of the Management Board and Supervisory Board jointly own no more than 1% of the shares of the Company.

ACCOUNTING AND AUDITING OF THE FINANCIAL STATEMENTS

secunet Security Networks AG prepares its Consolidated Financial Statements and Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS). The Annual Financial Statements of secunet Security Networks AG are prepared in accordance with German commercial law (HGB). The Annual and Consolidated Financial Statements are compiled by the Management Board and audited by the auditors and the Supervisory Board. Interim reports and the half-year report are discussed by the Management Board and Supervisory Board prior to their publication.

secunet Security Networks AG's Consolidated and Annual Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch, the auditors appointed by the 2011 Annual General Meeting. The audits were performed in accordance with Article 317 of the HGB and with due consideration for the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW).

It was also contractually agreed with the auditors that they would inform the Supervisory Board without delay of any potential grounds for exclusion or bias and of any findings or occurrences of significance to the Supervisory Board's remit that came to light during the audit. The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report as at 30 June 2011 were subjected to an auditor's review by KPMG AG Wirtschaftsprüfungsgesellschaft.

DECLARATION OF CONFORMITY UNDER ARTICLE 161 OF THE AKTG

The Management Board and Supervisory Board of secunet Security Networks AG have issued the following declaration of conformity regarding the recommendations of the Government Commission on the German Corporate Governance Code according to Article 161 of the German Stock Corporation Law (Aktiengesetz, AktG). The declaration of conformity can also be found on secunet Security Networks AG's website under The Company/Investor Relations/Compliance and Corporate Governance.

secunet Security Networks AG complies with the recommendations of the Government Commission on the German Corporate Governance Code as amended in the version in force on 26 May 2010 and published by the German Federal Ministry of Justice in the official part of the Electronic Federal Gazette, with the following exceptions:

3.8 Para. 3: An excess should be agreed in D&O insurance for the Supervisory Board

Explanation: The secunet Supervisory Board conducts its business with the utmost sense of responsibility. An excess would not give rise to any additional improvement or incentive.

5.1.2 Para. 2 Clause 3: An age limit should be set for Management Board members

Explanation: It is not currently necessary to set an age limit for the Management Board members at secunet due to the ages of said 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 Supervisory Board members and the composition of the Supervisory Board, setting up a separate Audit Committee would not increase the efficiency of the work performed by the Supervisory Board in relation to accounting, risk management, compliance and the auditing of the financial statements.

5.3.3: The Supervisory Board should form a Nomination Committee

Explanation: The Supervisory Board of secunet Security Networks AG consists of only six members. All members are elected by the shareholders. An additional Nomination Committee has therefore not been set up.

5.4.1 Para. 2: The Supervisory Board should stipulate specific targets with regard to its composition, which, taking into account the Company's specific situation, take its international operations, potential conflicts of interest, an age limit to be determined for Supervisory Board members, and diversity into consideration. In particular, the specific targets should provide for an appropriate proportion of female members on the Supervisory Board.

Explanation: At its meeting of 23 November 2011, the Supervisory Board concluded specific targets with regard to its composition. Since this date, the recommendation in accordance with Item 5.4.1 Para. 2 is complied with.

5.4.6 Para. 2: The members of the Supervisory Board should receive performance-related remuneration in addition to fixed remuneration

Explanation: The remuneration of the members of the Supervisory Board may be laid down in the Articles of Association or approved by the Annual General Meeting. secunet Security Networks AG's Articles of Association do not provide for performance-related remuneration on the part of 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.

5.4.6 Para. 3: The remuneration of the Supervisory Board members should be presented individually in the Corporate Governance Report, broken down by its various components

Explanation: As the members of the Supervisory Board only receive fixed remuneration, which is also laid down in the Company's Articles of Association, an individual breakdown of the remuneration received by the Supervisory Board members is not required in the Corporate Governance Report.

secunet Security Networks AG
Essen, 23 November 2011

The Management Board

The Supervisory Board

MANAGEMENT REPORT

CONDENSED MANAGEMENT REPORT REPORT ON THE POSITION OF THE COMPANY AND THE GROUP FOR THE 2011 FINANCIAL YEAR

1	BUSINESS AND GENERAL CONDITIONS	21	5	ASSESSMENT OF THE 2011 BUSINESS PERFORMANCE AND THE POSITION OF THE COMPANY	28
1.1	Group structure and business activities	21			
1.1.1	Business activities and business units	21			
1.1.2	Group and organisational structure, locations	21			
1.1.3	Products and services	21	6	EMPLOYEES	29
1.1.4	Key sales markets	22			
1.1.5	Management and control – reference to the explanation of corporate governance as set out in Article 289a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB)	22	7	SUPPLEMENTARY REPORT – EVENTS AFTER CONCLUSION OF THE FINANCIAL YEAR	29
1.1.6	Remuneration report	22			
1.1.7	Information and explanatory report of the Management Board in accordance with HGB Article 289 Para. 4 and Article 315 Para. 4	23	8	RISK REPORT	29
1.1.8	Report of the Management Board in accordance with AktG Article 312 Para. 3	24	8.1	Risk management objectives and methods	29
1.2	Corporate management and strategy	24	8.2	Individual risks	29
1.2.1	Internal control system	24	8.2.1	Competitive environment	29
1.2.2	Strategy	24	8.2.2	Customer structure	29
1.3	Research and development	24	8.2.3	Development risks	30
1.4	Overview of business performance	24	8.2.4	Sales structure risk	30
1.4.1	Macroeconomic environment	24	8.2.5	Public-sector pricing legislation	30
1.4.2	Prospects for the sector	25	8.2.6	Major projects	30
			8.3	Description of the key characteristics of the internal control and risk management system in reference to the Group accounting process (HGB Article 289 Para. 5 and Article 315 Para. 2 no. 5)	30
2	EARNINGS SITUATION	25	8.3.1	Elements of the internal control and risk management system	30
2.1	Revenue performance	25	8.3.2	Use of IT systems	30
2.2	Earnings performance	26	8.3.3	Specific Group accounting-related risks	30
2.3	Earnings situation of secunet Security Networks AG	27	8.3.4	Key regulatory and controlling activities for ensuring the correctness and reliability of Group accounting	31
2.4	Order book	27	8.3.5	Restrictive details	31
3	INVESTMENTS	27	9	FORECAST REPORT	31
4	FINANCIAL SITUATION	28			
4.1	secunet Group	28			
4.2	secunet Security Networks AG	28			

1 BUSINESS AND GENERAL CONDITIONS

1.1 Group structure and business activities

1.1.1 Business activities and business units

secunet Security Networks AG (hereafter referred to as “secunet AG” or “secunet”) offers consulting services, products and solutions in the field of IT security. secunet has developed a specialism in complex solutions and IT high security, working on demanding projects in which technologies and processes are consolidated. Within these IT sectors, secunet develops and supplies applications for professional use, such as high-security cryptographic systems and electronic signature applications. The range of solutions is mainly geared towards large-scale infrastructures. Customers usually receive customised solutions tailored to their individual requirements, even if they are based on standard applications.

1.1.2 Group and organisational structure, locations

The secunet Group once included secunet Security Networks AG in Germany and the subsidiaries secunet SwissIT AG in Switzerland, secunet s.r.o. in the Czech Republic and Secunet Inc., USA (shell company). The subsidiaries secunet s.r.o. in the Czech Republic and secunet SwissIT in Switzerland have been in liquidation since 2011.

secunet Germany has seven locations – in Berlin, Dresden, Essen (headquarters), Frankfurt, Hamburg, Munich and Siegen. The consulting and development projects are handled at these sites in close collaboration with our customers. In Dresden, secunet also runs a Training Center, which is principally used for training users and administrators on the secure inter-network architecture *S/NA*.

secunet Germany has a target group-oriented organisational structure. The two business divisions Public Sector and Private Sector clearly address the existing target groups of the state, authorities and international organisations on the one hand and private companies on the other. Each division is headed by a member of the Management Board. The focus within the divisions is on specialist areas: within the Public Sector business division, the core competence of encryption technology, with the key product *S/NA*, has been relocated to the High Security business unit, while the Government business division covers all other (consulting) services and products for governmental consumers. The business division Private Sector comprises both the Automotive Security specialist field and business unit, and the Business Security business unit, which provides IT security solutions for private companies.

The majority shareholder of secunet Security Networks AG, with a direct stake of 78.96%, is Giesecke & Devrient GmbH, which is also secunet's parent company. Giesecke & Devrient (G&D) is a leading

international technology group based in Munich. The Company was founded in 1852 and is one of the world's leading innovators in the fields of banknote production and processing, security documentation and identification systems. G&D supplies commercial banks, companies, network operators and local transport companies with innovative hardware, comprehensive software applications and solutions, as well as complete solutions for mobile security applications.

1.1.3 Products and services

secunet operates a project-based business and acts as a solution provider. Its product portfolio comprises services, hardware and software. The services include specialist consulting on IT security, software development and the development and implementation of comprehensive security solutions. When it comes to hardware and software, secunet covers the entire value chain, from design and development through to integration, maintenance and support of products. The Company's core competence is the application of cryptographic procedures in system solutions.

secunet's four German business units primarily offer the following range of products and services:

High Security

- *S/NA* product line
- secunet wall
- Consulting and integration
- Training

Government

- E-Government consulting and solutions
- Biometrics and sovereign documents
- Healthcare
- Secure web solutions
- Security validation

Business Security

- De-Mail
- Security analyses
- Information security management in accordance with ISO 27001
- Network security
- Data loss prevention (DLP)
- Single sign-on
- Electronic signature and B2B integration

Automotive Security

- Function enabling
- Flash data security
- Online security
- Advanced engineering
- Advanced backend security

1.1.4 Key sales markets

The target markets for secunet's products and services are public sector customers and the private sector. The Company's key sales area is still in Germany at present, but sales outside Germany are set to grow. secunet sales activities have so far been focused on EU countries, the Middle East and Asia. Its integration into the global Giesecke & Devrient Group supports secunet's international sales activities.

1.1.5 Management and control – reference to the explanation of corporate governance as set out in Article 289a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB)

As a German public company limited by shares, secunet Security Networks AG has a dual management and control structure. The Group is managed by the Management Board, whose members are appointed by the Supervisory Board. The Supervisory Board advises the Management Board and monitors its conduct of business. A more detailed examination of the corporate governance of the secunet Group is provided in the secunet AG "Corporate Governance Report". This report also includes the explanation of corporate governance as set out in HGB Article 289a Para. 1. The Corporate Governance Report is permanently available via the secunet Security Networks AG website, at www.secunet.com.

1.1.6 Remuneration report

The remuneration report summarises the principles used to determine the remuneration of the Management Board of secunet Security Networks AG and sets out the amount and structure of the income received by its members. It also sets out the principles behind and amount of the remuneration received by the Supervisory Board and provides information on the shareholdings of Management Board and Supervisory Board members.

Remuneration of the Management Board

The Supervisory Board of secunet Security Networks AG is responsible for determining the remuneration of the Management Board. The Chairman's Committee of the Supervisory Board deals with personnel matters of the Management Board; its responsibilities include, in particular, drawing up proposals for the Supervisory Board regarding the structure and amount of remuneration paid to Management Board members. The members of this committee are Dr Karsten Ottenberg, Chairman of the Supervisory Board, Dr Wilhelm Wick, Deputy Chairman of the Supervisory Board, and Dr Peter Zattler, Member of the Supervisory Board.

In financial year 2011, the remuneration package was made up of four components: a fixed annual salary, a variable bonus, ancillary non-cash benefits and a contribution to the retirement pension. The Management Board remuneration package is broken down as follows:

- The fixed component is paid monthly in the form of salary.
- The variable component is based on the Company's results. It consists of one short-term component and one long-term component.
- Non-cash and other benefits essentially comprise the taxable values of company car usage and accident insurance premiums.

- The retirement pension contributions paid to members of the Management Board are set out in their individual contracts of employment.

Management Board contracts do not expressly provide for any severance payment in the event that the employment relationship is terminated prematurely.

In addition, Management Board contracts do not include any specific regulations to govern the event that a "change of control" occurs – that is when one or several shareholders acting jointly obtain the majority voting rights of secunet Security Networks AG and exert a dominating influence, causing secunet Security Networks AG to become a dependent company by means of the conclusion of an intercompany agreement within the meaning of Article 291 of the German Stock Corporation Law (Aktiengesetz, AktG), or in the event of the merger of secunet Security Networks AG with other companies.

Total remuneration of the members of the Management Board in financial year 2011 was 870.2 kEuro (previous year: 778.9 kEuro). The following expenses were recorded for the individual members of the Management Board for financial year 2011:

in Euro	Fixed remuneration	Provision for variable remuneration 2011	Ancillary benefits	Total
Dr Baumgart	205,004	86,829	22,955	314,788
Koelzer	150,000	116,089	11,940	278,029
Pleines	176,250	81,127	20,050	277,427
Total	531,254	284,045	54,944	870,243

The Management Board members do not receive any additional remuneration for the performance of their duties in the subsidiaries.

The pension entitlements of the Management Board were as follows as at 31 December 2011:

in Euro	In accordance with IFRS			In accordance with HGB		
	Present value	Current service cost	Past service cost	Defined benefit obligation	Provision	Premium
Dr Baumgart	394,141	15,850	94,975	391,600	302,327	130,900
Koelzer	128,190	10,707	0	127,374	96,872	21,302
Pleines	243,992	11,937	49,033	241,555	174,615	75,509

Owing to the right in accordance with Art. 67 Para. 1 and 2 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB) to choose to annually add 1/15 to

the difference resulting from the change in valuation under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), there is a shortfall between the scope of HGB obligation and provision set aside, amounting to a total of 187 kEuro.

As at 31 December 2011, as on the same day of the previous year, no Management Board members held any secunet shares.

The members of the Management Board do not receive any loans from the Company.

Furthermore, no member of the Management Board was promised or granted any benefits by a third party in the previous financial year in respect of his activity as a member of the Management Board.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is laid down in Section 17 of the Articles of Association of secunet Security Networks AG. It is based on the tasks and responsibilities of the members of the Supervisory Board.

In addition to an attendance fee for global reimbursement of expenses, the members of the Supervisory Board also receive a fixed payment amounting to 4 kEuro. The Chairman of the Supervisory Board receives a payment amounting to 8 kEuro, and the Deputy Chairman of the Supervisory Board receives 6 kEuro. For the 2011 financial year, the Supervisory Board salaries totalled 34.7 kEuro (previous year: 35.9 kEuro).

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

The members of the Supervisory Board did not receive any other remuneration or benefits in the year under review for services provided personally, in particular consulting and agency services.

1.1.7 Information and explanatory report of the Management Board in accordance with HGB Article 289 Para. 4 and Article 315 Para. 4

The Management Board of secunet Security Networks AG commented as follows on the information provided for the 2011 financial year in accordance with HGB Article 289 Para. 4 and Article 315 Para. 4:

1. The share capital of secunet Security Networks AG remains unchanged at Euro 6,500,000 and is divided into 6,500,000 bearer shares with no par value. Each share entitles the holder to one vote at the Annual General Meeting of secunet Security Networks AG.
2. A restriction on the transfer of secunet shares may apply pursuant to the Foreign Trade and Payments Act (Außenwirtschaftsgesetz, AWG), owing to the products supplied by secunet Security Networks AG. AWG Article 7 (2) clause 5 states that "Legal transactions relative to the acquisition of resident companies that [...] produce cryptosystems, that are authorised by the [German] Federal Office for Information Security for the transfer of classified state information", may be subject to restrictions. Notwithstanding the AWG restrictions, the shareholders of secunet Security Networks AG are not subject to any other restrictions arising from German legislation or the Articles of Association of the Company in terms of their decisions to purchase or divest Company shares. In particular, the acquisition and disposal of shares do not require the approval of the Company's executive

bodies or other shareholders in order to be valid. The voting rights of shareholders are not subject to any restrictions arising from either legislation or the Articles of Association of the Company.

The Management Board is not aware of any agreements between shareholders that give rise to restrictions on the transfer of the Company's shares.

3. To the knowledge of the Management Board, 15.57% of the Company shares are publicly held. Direct and indirect shares in capital exceeding 10% of the voting rights are, to the knowledge of the Management Board, held by Giesecke & Devrient GmbH, Munich, with a direct share of 78.96%.
4. secunet Security Networks AG has not issued any shares that grant special rights.
5. Like the rest of the Company's shareholders, employees who hold some of its capital also make their own decisions on the exercise of their voting and control rights and therefore exercise their control rights directly.

6. The Management Board of secunet Security Networks AG is appointed and dismissed in accordance with the applicable legal provisions, in particular AktG Articles 84 and 85. The Articles of Association do not contain any special provisions governing the appointment and dismissal of either individual members or the entire Management Board. The Supervisory Board has sole responsibility for its/their appointment and dismissal. It appoints members of the Management Board for a maximum of five years. A renewal of the appointment or extension of the term of office, in each case for a maximum of five years, is permissible.

In accordance with AktG Article 179, changes to the Articles of Association require a decision by the Annual General Meeting; changes that only affect the wording can also be conferred to the Supervisory Board. The amendment becomes effective upon entry in the Commercial Register. In accordance with Article 22 of the Articles of Association, the decisions of the Annual General Meeting require a simple majority of the votes cast, insofar as the Articles of Association or statutory legal provisions do not specify anything to the contrary. Section 10 Para. 6 of the Articles of Association entitles the Supervisory Board to decide on amendments to the Articles of Association that only affect the wording.

7. The Management Board is not entitled to issue new shares. The Articles of Association of secunet Security Networks AG do not provide for a provisory capital increase, nor do they include any entitlement for the Management Board to increase the share capital by issuing new shares in return for capital contribution (approved capital). Furthermore, as set out in AktG Article 71 Para. 1 no. 8, there is no entitlement to purchase treasury stock. As at 31 December 2011, the Company held 30,498 bearer shares, which it purchased on the basis of an authorisation issued during the Annual General Meeting held on 29 May 2001. As per the resolution of the Annual General Meeting of 27 May 2009, the Management Board is entitled to divest these shares on a stock exchange with the agreement of the Supervisory Board. As at 31 December 2011, the Management Board of secunet Security Networks AG had not taken advantage of this entitlement.

8. The Company has no significant agreements that are contingent upon a change of control due to a takeover bid.

9. The Company has concluded no remuneration agreements with the members of the Management Board or employees in the event of a takeover bid.

1.1.8 Report of the Management Board in accordance with AktG Article 312 Para. 3

Pursuant to AktG Article 312 Para. 3, the Management Board has issued a report on the relations with affiliated companies for the 2011 financial year. The report contains the following closing statement: "It is hereby declared that our Company receives an appropriate consideration for each of the legal transactions listed. This assessment has been made on the basis of the circumstances known of at the time of the reportable proceedings. There were no further reportable legal transactions, measures or omissions in addition to the activities reported."

1.2 Corporate management and strategy

1.2.1 Internal control system

The secunet Group is managed by the secunet Security Networks AG Management Board in reference to financial key figures, primarily relating to sales and earnings figures, and to utilisation and productivity. The Management Board obtains comprehensive information about the state of business and these key figures at its twice-monthly meetings. The Management Board liaises regularly with the business unit heads, who have operational responsibility, to discuss any sales/marketing and project management measures that may be required.

1.2.2 Strategy

The secunet Group presents itself first and foremost as a national provider of IT security, with a key focus on high security and IT security for applications for public customers. The objective of secunet's strategy is to broaden the Company's reach by utilising the expertise gained in the High Security and Government business units. It is anticipated that this will be achieved through diversification of products and target customers and through internationalisation.

Specifically, this means:

- secunet is a premier German supplier of high-quality security solutions and a security partner to the German federal government. Thanks to this highly qualified position, secunet is very well placed on the German core market as a supplier of high-quality IT security for authorities. The aim is to further improve this market position and thereby lay the foundations for permanently stable business in the High Security and Government business units.
- At the same time, new target groups are to be developed in the core German market. These activities are mainly targeted at companies in the private sector. In the Business Security business unit, secunet combines its own tried-and-tested solutions with solutions from competent partners who can draw on outstanding consulting

and project expertise. In addition, the potential new customers in the private sector will be offered specialised solution concepts that benefit from secunet's experience in the delivery of services to authorities. These include variants of the *S/NA* technology, Public Key Infrastructures (PKI) and the provision of Managed Security Services. Specialised solutions tailored to the needs of companies in the IT security sector are also to be offered, such as Data Loss Prevention (DLP), for example.

- secunet's specialised approach for the private sector also extends to its Automotive Security business unit, which supplies services for the secure use of software in vehicles. These services include innovative security solutions in conjunction with areas such as flash data security, car-to-car communication and security for online access in vehicles.
- secunet intends to optimise its product portfolio: the products will be developed in collaboration with customers in line with their requirements, while the range of services relating to secunet products will be expanded. At the same time, the Company will seek to expand its sales and marketing channels in order to improve access to a wider target group, first and foremost through intensive cooperation with sales and marketing partners. The product range will also be extended through cooperation with efficient product partners.
- The internationalisation strategy will be pursued both through the Company's own sales and marketing activities and through partnerships with local providers, who offer good access to customers in the relevant countries. The expansion into countries outside Germany is mainly based on the High Security business unit, with the *S/NA* product line, and the Government business unit, with the biometrics and sovereign documents solutions (secunet biomiddle, Golden Reader Tool (GRT) platinum edition and the eID PKI suite).

1.3 Research and development

secunet now only carries out its own research and development activities to a very limited extent. It is common for the High Security business unit to develop specialist solutions on behalf of the customer when supplying to governmental agencies. secunet does not develop products in house for which no clear demand has been identified.

1.4 Overview of business performance

1.4.1 Macroeconomic environment

"During the past year, economic activity in Germany has returned to the level it was at prior to the economic and financial crisis of spring 2008. The economic recovery therefore progressed more dynamically than the federal government had predicted a year ago. The upturn was

very dramatic – even in international terms: GDP grew by 3.0% in real terms in 2011, having already increased by 3.7% in the previous year. However, over the course of the last year the debt burden in a number of industrial countries – often coupled with doubts about their ability to compete – has led to a clear loss of confidence in the capital markets. For this reason, there was a significant downturn in the economic expectations of the German market in the second half of 2011. The growth lost its momentum.” (Annual Economic Report 2012, Federal Ministry of Economics and Technology [BMWi])

1.4.2 Prospects for the sector

The prospects for the IT sector are measured by the BITKOM industry association (Federal Association for Information Technology, Telecommunications and New Media).

Although the information technology market was still showing a negative trend in 2009 (-8.0%), the sector experienced strong growth in 2010 (+7.9%). The year 2011 was characterised by numerous momentous events (the tsunami in Japan, the debt crisis in Europe), which also had a negative influence on the IT sector. Despite these difficult conditions, the information technology market still achieved growth of 3.2%. The software market experienced particularly strong growth of 5.1%, followed by the IT services market with 3.6%. Even the hardware market, which is particularly sensitive to cyclical fluctuations, grew by 1.1%. The information technology market therefore developed in line with the macroeconomic trend.

Security remains a key issue for the ICT market. The fundamental threat of hacking, PC viruses and phishing remains high and is even increasing. Large social infrastructure projects such as the introduction of electronic IDs, the use of biometrics and electronic healthcare cards, as well as the general increase in e-government applications bring up a number of (IT) security issues and are at the forefront of public concerns. Companies are increasingly concerned with data loss prevention in the light of scandals relating to data, which are seized on repeatedly by the media.

Specific market statistics for the IT security sector are not continuously collected. This market can therefore only really be assessed indirectly: the IT security segment benefits from the performance of the sector as a whole. Security spending is directly dependent on the general level of spending on IT infrastructure.

The development of the IT security market is also driven by the level of awareness of security failings and the need for protection in the organisations in question. Statutory security regulations also boost the demand for IT security.

Based on studies into IT security in Germany, growth levels have been forecast in the market for security technology and electronic security systems significantly above and beyond the market growth expected for the IT sector as a whole. To give an example, a study published in 2010 investigating the IT security market predicts an average yearly growth rate of 10% for the years 2008 to 2012.

With its focus on IT high security and government agencies as customers, secunet occupies a niche position in the information and telecommunications systems market. *SINA* is the only solution in Germany to be approved for Internet-based communication between government agencies to a high level of confidentiality. Thanks to its many years of experience, its far-reaching expertise in IT security and its plethora of reference projects, secunet also enjoys an equally strong market position in the consulting sector for customers in its Government business unit. It is the opinion of the Management Board that secunet has developed a strong reputation and a market position with good potential for growth within the automotive IT security specialist sector.

2 EARNINGS SITUATION

In the 2011 Annual Financial Statements, the presentation and structuring of the profit and loss account for the secunet Group in accordance with IFRS were changed to the cost-of-sales method. This amendment was made with a view to ensuring greater transparency and facilitating comparison with other companies in the industry. This change also ensures that the figures are presented in a more controlling-oriented way, and the notation has also been harmonised with that of the parent company Giesecke & Devrient. In contrast to the cost-of-production method used previously, with the cost-of-sales method expenditures are not classified according to types of expense (materials, personnel, depreciation and amortisation); instead they are classified according to the area of activity (manufacturing, sales, administration). In order to ensure consistent comparative figures were issued, the 2010 profit and loss account was also adjusted to use the cost-of-sales method. However, in the separate accounts of secunet Security Networks AG issued pursuant to commercial law, the profit and loss account is still presented using the cost-of-production method.

2.1 Revenue performance

In the 2011 financial year, the revenue of the secunet Group decreased by Euro 3.9m or 7% from the previous year's value of Euro 59.5m to Euro 55.6m.

The decline in sales is primarily due to the fact that the product business, i.e. the business with hardware and licences, fell short of expectations. The main reason for this is the volatility in the project business: expected purchases were not made owing to major customers such as the German Armed Forces carrying out restructuring measures and some projects for international consumers being postponed.

The sales of the secunet Group were influenced very positively by the high level of utilisation in the service sector (consultancy and development business). When employee capacity is completely utilised, no further growth is possible in this sector, which means it was not possible to offset the effects of the performance in the product business with the revenue from the consultancy and development business.

The High Security business unit generated the largest proportion of the Group sales: Euro 29.8m or 54%. The dominant position of the secure inter-network architecture *S/NA* within the secunet business is clear to see here. The fact that project postponements have only been partially compensated is reflected in the revenue performance of the business unit: the sales declined by 11% (previous year: Euro 33.6m).

31% of the revenue or Euro 17.4m were achieved in the Government business unit. These sales were generated from a variety of consulting projects, for solutions including the electronic tax return system ELSTER and sovereign documents (electronic passport, electronic ID card). Large contributions to sales continue to be made via the provision of IT consulting services to a wide variety of authorities in Germany and the provision of equipment for a very large German infrastructure project spanning several years. Business with biometric solutions, including with the biometric middleware secunet biomiddle, also contributes significantly to sales. The Government business unit was able to increase its sales figure by an impressive 17% from the previous year's value of Euro 14.9m. Nine percentage points of this major increase are the result of organic business growth. The remainder (8 percentage points) results from changes to the method used to calculate sales across the business units. An explanatory diagram of this change can be found in the appendix to the Group Annual Financial Statements (Consolidated Financial Statements), in the section relating to segment reporting.

Overall, the secunet Group achieved some 85% of its revenue from public sector customers. The previous year's value was approx. 82%. The Public Sector business division has a far more significant position than the Private Sector division, which serves the needs of the private sector.

The revenue fell in both the Business Security and Automotive Security business units. The Business Security business unit recorded a decline in sales of 22% – from Euro 8.8m in the previous year to Euro 6.9m in 2011. This loss can partly be attributed to the change in the method used for the disclosure of revenue, as described above. After adjustment for this effect, sales for the Business Security business unit fell by 6%. Revenue fell in the Automotive Security business unit, from 1.8 to Euro 1.6m. Both Automotive Security and Business Security are heavily influenced by short-term fluctuations in the investment

behaviour of consumers. The strong market position and high profile of secunet in the high security and e-government sectors cannot easily be transferred to the industrial sector, which means sales increases in the public sector are not passed on directly to the private sector. secunet is far more well-known in the public sector, as a provider of consulting, solutions and products, than in the industrial sector. Furthermore, there is less awareness about the need for IT security in companies than in authorities: while the latter regard IT security as a basic requirement and cover their needs accordingly, the security of the IT infrastructure and protection of information in companies often only becomes an issue if damage has been done or the risk of damage occurring increases. Consequently, companies generally have a low tendency to invest in IT security.

Euro 1.5m have been released from projects with the Giesecke & Devrient (G&D) Group; this represents an increase of Euro 0.7m or 87% compared with the previous year (Euro 0.8m).

Sales of secunet products and services outside Germany increased slightly from Euro 4.8m in 2010 to Euro 5.0m in 2011. The proportion of the Group sales attributable to sales outside Germany grew proportionately, from 8% in the previous year to 9% in the 2011 financial year.

2.2 Earnings performance

The earnings before interest and taxes (EBIT) of the secunet Group increased by Euro 0.2m or 6% in the 2011 financial year, rising from Euro 3.6m to Euro 3.8m. This can be attributed to the fact that costs fell more sharply than sales, namely by Euro 4.1m, from Euro 55.9m in 2010 to Euro 51.8m in the now elapsed 2011 financial year.

The following individual developments occurred:

The cost of sales fell by Euro 1.6m, from Euro 44.8m in 2010 to Euro 43.2m in 2011. The decline in the cost of sales was 3.6% lower than the decline in sales. This is due to the fact that, although the material costs fell alongside the sales, the personnel costs largely remained constant.

The selling expenses fell more sharply than sales, decreasing by approx. 14% from Euro 6.5m in 2010 to Euro 5.6m. This was in part due to the fact that the selling expenses from the foreign subsidiaries that were no longer operative, no longer applied. As the workforce was extended at the end of the year, personnel expenses rose slightly.

Administrative costs fell the most sharply – by 33% or Euro 1.5m, from Euro 4.6m in 2010 to Euro 3.1m. There are several reasons for this: firstly, the situation in 2010 was still heavily influenced by expenditure for processing of procedures in the Czech subsidiary secunet s.r.o. and by major SAP projects. Both situations had major cost implications for external advisors that no longer applied in 2011. Secondly, in 2011 a cost reduction programme took effect that led to cost reductions in many areas.

The effects described above led to an increase in the Group EBIT from Euro 3.6m in the previous year to Euro 3.8m in the 2011 financial year.

The EBIT margins of the individual business units vary: High Security 6%, Government 13% and Business Security 15%. The relatively low margin in the High Security business unit is mainly due to the fact that expected sales figures for hardware and licences were not met: their relatively high profit contribution was lacking.

The interest income increased by 69% in the 2011 financial year, rising from 75 kEuro in the preceding year to 127 kEuro. At the same time, the interest paid remained almost constant, at 12 kEuro in 2011 compared with 14 kEuro in the previous year. The financial result rose by 88% during the elapsed 2011 financial year, to 115 kEuro from the previous year's figure of 61 kEuro. Earnings before taxes amounted to Euro 3.9m in 2011 following on from Euro 3.7m in the previous year – representing an increase of 5%.

Despite the improved earnings before taxes in the current year as compared with the previous year, the fiscal burden fell from Euro 1.8m in the previous year to Euro 1.2m. This is mainly due to the fact that in the previous year, high levels of non-tax-deductible expenses were generated in association with the settlement of the loss at the foreign subsidiary secunet s.r.o., Prague/Czech Republic.

As a result, the net profit for the year of the secunet Group rose by approx. 49%, from 1.8 to Euro 2.7m. The (diluted and undiluted) earnings per share increased accordingly from 0.28 to Euro 0.42.

2.3 Earnings situation of secunet Security Networks AG

secunet AG achieved revenue of Euro 53.8m in accordance with HGB, compared with Euro 58.9m in the previous year (-8.7%): This decline was in line with the general tendency within the Group. Inventory changes had a positive effect, standing at Euro 1.5m in 2011 compared with Euro -0.1m in the previous year. Other operating earnings fell from Euro 2.2m in 2010 to Euro 0.7m in the current reporting period.

According to the cost-of-production method, the development of the expenditure items (materials expenditure, personnel expenditure, depreciations/amortisations and other operating expenses) as a whole also corresponds to the development within the secunet Group. The following specific developments can be identified in reference to the expenditure items: materials expenditure fell by 19%, from Euro 22.4m in 2010 to Euro 18.1m in 2011. This can be attributed to the fact that the hardware-driven *S/NA* projects are down from the previous year. Personnel expenditure increased moderately – rising 3%, from Euro 21.8m in the previous year to Euro 22.5m in the current reporting period. Depreciations have remained almost constant at around Euro 1.2m. At Euro 11.0m, other operating expenses are unchanged in comparison with the previous year.

The effects described above collectively resulted in a 6% reduction in the total expenditure of secunet AG, from Euro 56.3m in 2010 to Euro 52.9m in 2011. The EBIT of secunet AG therefore fell from Euro 4.7m in 2010 to Euro 3.1m in 2011.

The still negative financial result improved, rising to Euro -0.4m compared with Euro -1.1m in the previous year. The reason for this is that in the 2011 financial year depreciations on loans to the foreign subsidiaries were again significantly lower than in 2010. This effect does not apply in the Group due to consolidation. This meant that in the 2011 financial year secunet Security Networks AG was able to achieve earnings before income tax of Euro 2.7m, compared with Euro 3.6m in the previous year. The net profit for the year fell from Euro 2.1m in 2010 to Euro 1.6m in the reporting year. Diluted and undiluted earnings per share in 2011 stood at Euro 0.25, compared with Euro 0.33 in the previous year.

2.4 Order book

The order book of the secunet Group was worth Euro 39.5m on 31 December 2011. Its value on the same reporting date of the previous year (Euro 26.2m) was therefore exceeded by over 50%. The strong growth in the volume of orders is partly due to an overall improvement in demand trends (tendering of different large projects in parallel) and partly due to improvements to secunet sales processes.

3 INVESTMENTS

Investment expenditure was primarily for tangible and intangible assets. Spending was mainly on the procurement of new, and replacement of existing, hardware, software and other business equipment. In the 2011 business year, Euro 0.9m were spent on investments. The expenditure for these investments fell by 25% compared with the previous year (Euro 1.2m). The investments were made from liquid funds.

4 FINANCIAL SITUATION

4.1 secunet Group

The total assets of the secunet Group rose from Euro 42.2m on 31 December 2010 to Euro 46.2m on 31 December 2011.

On the assets side of the balance sheet, liquid assets rose sharply by 23%, from Euro 14.3m on 31 December 2010 to Euro 17.6m on 31 December 2011.

The receivables portfolio decreased in value slightly, dropping 1% from Euro 19.0m on 31 December 2010 to Euro 18.8m on the same date in 2011.

All other key items on the assets side of the balance sheet remained largely unchanged.

On the liabilities side of the balance sheet, the proportion of equity remained almost constant. The equity ratio rose by 0.6 percentage points, from 59.3% to 59.9%.

Trade payables increased slightly, rising by 6% (Euro 0.4m) from Euro 6.4m on 31 December 2010 to Euro 6.8m on 31 December 2011.

The increase in other short-term liabilities, from Euro 1.4m on 31 December 2010 to Euro 2.9m on 31 December 2011, is largely attributable to the increased value-added tax liabilities and prepayments received.

At Euro 5.3m, other provisions remained almost unchanged compared with the same date of the previous year. Variable remuneration components and outstanding purchase invoices form a key part of this balance sheet item.

Thanks to the net profit achieved for 2011, the Group loss carryover fell by Euro 1.8m and stood at Euro 3.3m on 31 December.

secunet did not take out any loans in either 2010 or 2011; all spending was financed with cash. There was also no other outstanding debt, so the debt ratio remained at 0%. A guarantee credit is available to secunet Security Networks AG at its key relationship bank as a security for customers within the framework of larger projects and for guarantees, for example for lessors of office space. On 31 December 2011, this amounted to Euro 1.8m (previous year: Euro 1.8m). The guarantee credit has not been utilised as yet.

The cashflow from business activity rose from Euro 0.9m in the previous year to Euro 4.2m. This increase is largely due to 3 factors:

- During the previous year, liabilities were reduced to a large extent, whereas in 2011 liabilities were created (difference of Euro +5.7m)
- During the current year, receivables were reduced that had been created in 2010 (difference of Euro -1.4m)
- Significantly more funds were used for tax prepayments in the current year than in the previous year (difference of Euro -1.1m).

Funds amounting to Euro 1.0m were spent on investment activity and Euro 0.1m were accrued through financial activity. Neither of these items has changed significantly from 2010.

In total there was an increase in liquid assets of Euro 3.3m in 2011, putting the figure for liquid assets at Euro 17.6m at the end of 2011.

The financial management of the Company and the Group has a clear focus on the regulations and requirements applicable under corporate law. This approach aims to ensure that all the Group companies can operate as a going concern. The Group and its associated companies were thus in a position to fulfil their payment obligations at all times. The investment of liquid funds occurs on a strictly risk-minimising basis.

4.2 secunet Security Networks AG

The balance sheet structure of secunet Security Networks AG is not commented on separately, because in terms of the key items it is largely the same as that of the secunet Group as a whole.

5 ASSESSMENT OF THE 2011 BUSINESS PERFORMANCE AND THE POSITION OF THE COMPANY

In the 2010 Annual Report, the Company's Management Board predicted that the 2011 financial year would see revenue remain at the level of the previous year, and it also forecast an increase in earnings before interest and taxes to the pre-2009 level. The actual business figures fell short of this original prediction in terms of sales, as the product sales (hardware and software) were well behind expectations. It was at least possible to more than make up for the resulting gap thanks to the high capacity utilisation across the board and the plethora of cost savings, and also thanks to the deliveries of new products with improved margins in the fourth quarter: at Euro 3.8m, EBIT was practically back to the 2009 level (Euro 3.9m). Based on the prevailing general conditions, the Management Board assesses the business performance for the year 2011 to be satisfactory.

At the time of issuing this report, the Company is in a good position in the opinion of the Management Board: secunet is active in a growth market, the Company's product and services portfolio is competitive, the structures of the Company – particularly the Group personnel – are outstanding in terms of their qualification/fitness for their roles and their performance capabilities.

6 EMPLOYEES

The creativity, motivation and integrity of our employees are integral factors for the success of our Company. Your commitment, flexibility and expertise are part and parcel of the strengths our Company has been shown to possess.

At the end of the 2011 financial year, the secunet Group employed 276 persons; a reduction of approx. 4% or 12 persons since 2010. The personnel changes reflect normal fluctuations that were not completely compensated for by new appointments in view of the general economic conditions. Since the fourth quarter of 2011, in light of the sustainable improvements in economic development, secunet has started to once again look for qualified employees, primarily for the productive areas of development and consulting.

The employees of secunet are highly qualified and exceptionally well trained. Our experts have comprehensive practical experience in project and development work. In addition, secunet places considerable emphasis on the further training of its employees, so that their level of knowledge is in line with the latest developments in the relevant field.

The Company attaches great importance to cooperative management that takes the needs and qualifications of employees into account. secunet abides by the management principle of 'management by objectives' (MBO). MBO is a technique whereby personnel management is carried out on the basis of agreed objectives. It involves both top-down and bottom-up objectives. The top-down objectives are set by the management. Bottom-up objectives are derived from these and agreed between business unit heads and individual employees. Monitoring of implementation and assessment of the agreed objectives occurs on a yearly basis: the results are then used as a basis for calculating a portion of the variable remuneration of the employees.

7 SUPPLEMENTARY REPORT – EVENTS AFTER CONCLUSION OF THE FINANCIAL YEAR

No significant events occurred after the balance sheet date.

8 RISK REPORT

8.1 Risk management objectives and methods

Risk management at secunet Security Networks AG is conducted by a risk committee. This committee is composed of the Management Board, the business unit heads and the commercial director, and holds regular, quarterly meetings. Any developments that could jeopardise the fulfilment of objectives or even threaten the survival of the Company are subjected to intense scrutiny by the committee. The aim is to thereby ensure that information about risks and the associated financial implications is detected as early as possible. The existing opportunities and associated potential for results are also to be detected and taken advantage of as part of the planning and controlling process.

Company-specific risks are assessed during the risk committee meetings in reference to their damage extent and probability of occurrence. Proposals for countermeasures are then drawn up. The Management Board examines these measures and implements them promptly.

8.2 Individual risks

8.2.1 Competitive environment

Risks relating to the competitive environment arise where secunet's technological superiority in the market is endangered. The risk committee therefore keeps itself up to date regarding the status of technological development of secunet's products and asks the opinion of expert employees on whether and to what extent the Company's technological advantage is threatened by competitors' product developments.

The competitive environment also means there are risks that rival businesses will attempt to challenge secunet's market position in terms of business with government agencies. This would expose secunet to much greater competitive pressure in this target customer segment.

8.2.2 Customer structure

Customer structure risk is present to the extent that secunet still conducts the majority of its business with public sector authorities and organisations. The loss of sections of demand from this customer group can have very negative effects on sales and results. This risk has been discussed in depth by the risk committee. Investment in IT, and notably in IT security, is seen as particularly important for the smooth delivery of projects for the public sector, particularly in a world where IT plays an increasingly important role. The risk of a downturn in demand from public sector customers is therefore constantly monitored, although it is currently considered to be relatively low.

In order to be better placed in the medium-term to react to the potential risk of a decline in demand from public-sector customers, and in order to reduce and compensate for any resulting decline in sales and results, secunet is continuing to devote intensive efforts to the development of its activities for the private-sector target group.

8.2.3 Development risks

The risks associated with developing new products that subsequently prove unsuccessful in the market are not regarded as being of primary significance for secunet. Its IT security solutions are tailored precisely to customers' requirements; secunet products are rarely designed without a specific need in mind. Most of the products developed by secunet are in fact made to order and are financed accordingly by the customer. This is particularly true of the *SIVA* product range from the High Security business unit, but it also applies for example to secunet multisign, the solution for the mass creation of qualified electronic signatures, which arose from the projects based on the construction of different Trustcenters. Even when it comes to biometrics and sovereign documents, product innovations such as the biometric middleware, secunet biomiddle, or the Golden Reader Tool platinum edition were developed as a result of issues raised during consulting activities.

8.2.4 Sales structure risk

Sales are seen as a risk area for secunet, because the business results are still heavily influenced by recently tendered projects and projects to be individually awarded again. To this extent, efficient sales and marketing also represents an opportunity to boost the Company's performance. At the same time, sales and earnings may be jeopardised if the sales force is too small or does not meet customers' needs. These risks are assessed regularly.

8.2.5 Public-sector pricing legislation

A large part of the sales of secunet AG is subject to the ordinance on prices for public service contracts (*Verordnung ber die Preise bei öffentlichen Aufträgen*). A price check may result in a retroactive price adjustment, which would then lead to a repayment from profits that have already been collected. However, the price checks carried out to date have only resulted in minor repayments.

8.2.6 Major projects

secunet is active in the project business: many projects relate to infrastructures and solutions that have been designed on an individual basis. In addition, IT security infrastructures are often associated with a large investment volume. Major projects such as these often initially involve a costly and often protracted tendering and decision-making procedure to meet customer requirements. This places great limitations on the ability to plan for sales, leading to an associated volatility in secunet's business even when the Company is enjoying a long-term growth trend. Once they have been commissioned, major projects are characterised by multiple uncertainties due to the sheer fact of their size. For example, risks may ensue in relation to the maintenance of both schedules and project budgets. secunet takes account of these

risks by means of a comprehensive project management system, which is used to regularly generate management reports for project managers, business unit heads and the Management Board.

No risks that threaten the continued existence of the Company have currently been identified.

8.3 Description of the key characteristics of the internal control and risk management system in reference to the Group accounting process (HGB Article 289 Para. 5 and Article 315 Para. 2 no. 5)

8.3.1 Elements of the internal control and risk management system

The secunet Group's internal control system includes all principles, procedures and measures for ensuring the effectiveness, efficiency and correctness of the accounting system and for ensuring compliance with the applicable legal provisions.

The secunet Group's internal control system consists of an internal control system and an internal monitoring system. The Management Board of secunet Security Networks AG – in its function as the managing body of the Company – has appointed managers responsible for the secunet Group's internal control system, in particular in the areas of controlling, finance and human resources that are run by secunet Security Networks AG.

Process-integrated and process-independent monitoring measures are the cornerstone of the secunet Group's internal monitoring system. In addition to manual process controls – such as the dual-control principle for example – automatic IT process controls also form a key part of the process-integrated measures. Process-integrated monitoring continues to be assured by means of committees such as the risk committee and by specific functions within the Group such as the legal unit.

The Supervisory Board and the Group internal auditors of secunet Security Networks AG are involved in the secunet Group's internal monitoring system through process-independent auditing functions.

8.3.2 Use of IT systems

At secunet Security Networks AG, accounting processes are mainly recorded by the ERP system provided by the manufacturer SAP.

8.3.3 Specific Group accounting-related risks

Specific Group accounting-related risks may result, for example, from the conclusion of unusual or complex transactions that are not routinely performed.

8.3.4 Key regulatory and controlling activities for ensuring the correctness and reliability of Group accounting

The controlling activities for assuring the correctness and reliability of the accounting system include tasks such as the analysis of circumstances and developments using specific key ratio analyses. The allocation of administrative, management, billing and approval functions and their implementation by separate people reduces the possibility of fraud. The organisational measures are also designed to ensure that restructuring initiatives or changes to the business activities of individual business units are recorded promptly and correctly in the Group accounting. They also ensure, for example, that in the event of changes to the IT systems for the underlying accounting in the affiliated companies, the accounting processes are recorded in their entirety for the relevant periods. The internal control system also ensures the mapping of changes in the economic and legal environment of the secunet Group and ensures that the Group accounting is adjusted in line with new legal provisions or amendments to such provisions.

The secunet Group accounting principles, which include compliance with International Financial Reporting Standards (IFRS), ensure that the companies included in the Consolidated Financial Statements of secunet Security Networks AG follow consistent accounting and measurement policies.

At Group level, the specific controlling activities designed to ensure the correctness and reliability of Group accounting include the analysis and correction, if necessary, of individual financial statements submitted by the Group companies, with due consideration for the reports created by the auditors and the concluding meetings.

Thanks to the internal control system measures aimed at upholding the correctness and reliability of the Group accounting it is ensured that transactions are recorded completely, promptly and in compliance with the legal and statutory provisions. It is also ensured that inventories are carried out correctly and that assets and debts are reported, evaluated and declared appropriately in the Consolidated Financial Statements. Regulatory activities also ensure that reliable and transparent information is made available in the accounting documents.

8.3.5 Restrictive details

Internal control and risk management allows complete recording, preparation and evaluation of Company-related data and the proper representation of that data in the Consolidated Financial Statements through the organisation, control and monitoring structures within the secunet Group.

In particular, individual discretionary decisions, defective controls, criminal actions or other circumstances cannot be ruled out and may lead to limited effectiveness and reliability of the internal control and risk management system used to the extent that the Group-wide application of the system cannot absolutely guarantee the correct, complete and timely recording of facts in the Consolidated Financial Statements.

9 FORECAST REPORT

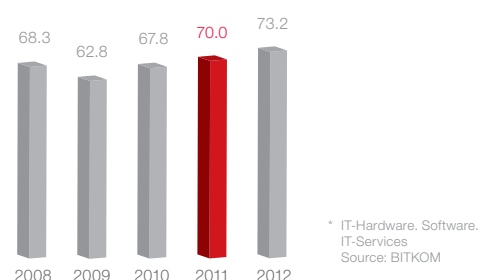
"According to its forecast for 2012, the German federal government expects the economy to go through a temporary weak phase at the start of the year, but not a recession. Over the rest of the year, the German economy is expected to return to a higher level of growth. The federal government predicts that the average growth rate of the gross domestic product adjusted for price will be 0.7 percent for the year. The German economy is therefore continuing to show stronger growth than the Eurozone as a whole. Even in the last two years, growth in Germany has primarily been driven by the domestic economy. The forces driving growth will shift further in the direction of domestic demand. Due to the significant slowdown in growth in the international economy and especially in the European economy, it is likely that exports will only increase slightly this year." (Annual Economic Report 2012, Federal Ministry of Economics and Technology [BMWi])

The prospects for the IT sector are positive for the coming year according to the BITKOM industry association, despite the fact that expectations are more subdued than for 2011: 69% of companies predict increased sales in comparison with 2011, while 20% forecast sales to remain stable and 11% expect a decline. Providers of IT services and software are particularly optimistic, with almost 80% of them expecting their sales to grow. In contrast, the expectations of hardware providers are more muted – only a narrow majority of whom predict a better revenue performance than in 2011. The reasoning given for this expected growth rate is the increasing demand from companies and the public sector on the one hand, coupled with the weak stimulus in demand from the private sector on the other.

BITKOM has placed cloud computing and IT security among its top three themes for 2012 market trends. secunet can derive a reliable assessment from this in terms of the further development of the market and of demand.

Information technology market volume*

in Euro billions



In general, there is a close link between sales in IT security and in IT more widely. The BITKOM industry association predicts growth of 5.2% in software and 3.8% in IT services on the German market in 2012 – secunet is active in both these areas. According to this assessment, the positive development of the IT market as a whole in 2011 is set to continue.

The IT security market is therefore also set to continue as a growth market. The main drivers of growth remain unchanged:

- the general need for basic protection for IT and communications installations
- the ever-growing threat from infrastructures and systems due to attacks on their security ('critical infrastructures')
- the high and growing dependence of companies, authorities and organisations on their IT systems: in the event of damage there may be very critical implications for continued business operation
- the increase in industrial espionage, which can also be a source of massive losses
- the equipment of new products and solutions (e.g. smart grid, cloud computing, mobile devices) with the necessary security systems
- the backlog of demand that continues to exist in many areas of IT, which has resulted from the fact that for many years security was not a focus of activities

Our goal is to achieve further long-term growth and adequate profitability. We intend to reach this goal by implementing the following measures:

- **Take advantage of customer loyalty and reinforce customer retention**

With its most important customers, secunet enjoys business relationships that span many years and that have been successful for both secunet and the customer. The customer loyalty that has developed from these relationships underpins secunet's long-term positive business performance. Strategic partnerships with customers are promoted and further developed to encourage customer retention.

- **Promote internationalisation**

secunet has already attained a strong position in the key market of Germany. The volume of the demand serviced in this market is now only growing moderately. secunet's international business is therefore now a crucial pillar for our growth strategy. It is therefore receiving consistent support from our focused sales teams and partners active in different countries worldwide for the *S/NA* product family. We are increasingly reaching customers outside Germany thanks to our expertise in the area of biometrics and sovereign documents. Thanks to the incorporation into the internationally placed G&D Group we are able to utilise synergies and efficiently expand our customer base on an international basis. The demand from abroad is heavily dependent on the development of the global economy. In addition, IT security is a protracted business and the decisions associated with it are made for the long term: it is therefore particularly difficult to make realistic predictions for the development of the international business.

- **Assert position as leader in technology**

secunet's main product remains the Secure Inter-Network Architecture *S/NA*. In this area, which in view of its importance is run as a separate business unit, High Security, we want to remain at the technological leading edge and build on our existing competitive advantage. In addition to the proven product lines, the extension of the product range also offers great market potential.

Rising demand on the part of new and existing customers, translating into further volume growth, is opening up the potential to unlock benefits of scale. This growth process is supported by the fact that, by virtue of its size, the High Security business unit is able to use increasingly industrial methods originating from large-scale series production.

- **Extending the product range**

We are already achieving success with our other products, such as the biometric multi-application platform secunet biomiddle for example, or the mass signature solution secunet multisign.

Further new products are to emerge in response to our customers' needs and new challenges in IT security. Technical and sales partnerships are already in place to ensure efficient design and marketing of these solutions. We are seeking more partnerships of this nature.

In the 2012 financial year, our Private Sector business division will continue to be heavily influenced by the macroeconomic situation, because its development will have a significant influence on the extent to which the decision makers in the private sector align their investment behaviour with the growth in the economy or in their industry. Future-oriented areas such as cloud computing, smart grid and data loss prevention are set to continue boosting demand and acting as drivers for positive business development. There are also high expectations for the growing area of securing mobile devices (smartphones etc.).

Revenue performance in the Public Sector business division is significantly influenced by the requirement for IT security among public agencies, a need which is likely to remain high over the coming years. Demand in the High Security business unit is primarily driven by necessity, therefore we predict further growth in this area. However, major customers and their major projects are crucial for an optimistic forecast. This was made clear by the decline in sales in the previous financial year due to postponed major projects. Business in the Government business unit continues to be heavily influenced by the state of public finances. We expect two contrasting effects to play a role in future development: on the one hand, the debate over budget consolidation could have a detrimental effect on growth in the Government division. On the other hand, there will continue to be an increase in initiatives to increase the security of e-government applications and in other major infrastructure projects and this will serve to stimulate and increase demand.

For the 2012 financial year, the general economic conditions and the outlook for the branches of the IT security market in which secunet is active give us grounds for optimism. There continues to be uncertainty due to the dominant position of the project business, notwithstanding the fact that secunet's sales are growing in this product area. The volatility of project business makes it hard to forecast sales and earnings. As in the previous year, in the product business we are heavily dependent on major customers and their procurements.

Our foreign subsidiaries secunet SwissIT AG in Switzerland and secunet s.r.o. in the Czech Republic have ceased their business activities and are currently in liquidation: the forecasts for the coming business year therefore apply to both secunet AG and the secunet Group.

Based on the good order situation at the start of the year and the expectation of continuing success in sales due to customer demand remaining high, the Management Board expects to see a noticeable increase in revenue in 2012 compared with 2011. The Management Board expects Group sales of approx. Euro 60m. Earnings before interest and taxes (EBIT) are also expected to increase significantly to approx. Euro 5m thanks to further efficiency measures (cost savings, increase in the average capacity utilisation). The 2012 EBIT margin is also expected to exceed that for 2011. The Management Board predicts a Group net profit for the year of approx. Euro 3.5m.

The Management Board expects a continued slight improvement in revenue and results for 2013.

This report contains forecast statements pertaining to the future development of secunet Security Networks AG and to economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.

Essen, 13 March 2012

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET OF SECUNET SECURITY NETWORKS AG
(ACCORDING TO IFRS) AS AT 31 DECEMBER 2011

Assets in Euro	Note	31 Dec 2011	31 Dec 2010
Current assets			
Cash and cash equivalents	(1)	17,636,344.27	14,344,166.94
Trade receivables	(2)	18,756,758.11	19,038,529.91
Intercompany receivables	(2)	840,216.64	145,262.57
Inventories	(4)	2,135,770.05	2,292,690.79
Other current assets	(2)	242,813.08	89,161.47
Income tax receivables		305,988.00	0.00
Total current assets		39,917,890.15	35,909,811.68
Non-current assets			
Property, plant and equipment	(3)	1,611,952.00	1,612,067.15
Intangible assets	(3)	167,412.00	288,983.80
Goodwill	(3)	2,950,000.00	2,950,000.00
Non-current financial instruments	(5)	1,279,719.00	1,144,215.00
Deferred taxes	(6)	308,218.16	277,540.53
Total non-current assets		6,317,301.16	6,272,806.48
Total assets		46,235,191.31	42,182,618.16

Liabilities

in Euro

	Note	31 Dec 2011	31 Dec 2010
Current liabilities			
Trade payables	(7)	6,818,482.33	6,408,971.43
Other provisions	(9)	5,255,138.72	5,338,837.60
Income tax liabilities	(7)	210,667.59	769,236.56
Other current liabilities	(7)	2,860,017.92	1,432,933.93
Deferred income	(7)	912,444.88	1,155,969.43
Total current liabilities		16,056,751.44	15,105,948.95
Non-current liabilities			
Deferred taxes	(6)	276,538.24	136,892.38
Pension provision	(8)	2,097,460.00	1,820,684.56
Other provisions	(9)	98,999.00	103,779.00
Total non-current liabilities		2,472,997.24	2,061,355.94
Equity			
Share capital	(10)	6,500,000.00	6,500,000.00
Capital reserves	(10)	21,922,005.80	21,922,005.80
Treasury shares	(10)	-103,739.83	-103,739.83
Group loss carryforward		-3,309,090.15	-5,127,020.82
Group profit		2,704,379.85	1,817,930.67
Accumulated other comprehensive income/loss	(10)	-8,113.04	6,137.45
Total equity		27,705,442.63	25,015,313.27
Total liabilities		46,235,191.31	42,182,618.16

CONSOLIDATED INCOME STATEMENT OF SECUNET SECURITY NETWORKS AG
(ACCORDING TO IFRS) FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 DECEMBER 2011

in Euro	Note	01 Jan – 31 Dec 2011	01 Jan – 31 Dec 2010
Revenue	(11)	55,589,483.91	59,455,657.67
Cost of sales		-43,188,324.13	-44,788,888.34
Gross profit on sales		12,401,159.78	14,666,769.33
Selling expenses		-5,563,683.98	-6,523,690.33
General administration costs		-3,067,331.98	-4,594,468.22
Other operating income		0.00	23,034.00
Other operating expenses		-2,554.25	0.00
Earnings from operating activities		3,767,589.57	3,571,644.78
Earnings before interest and income tax		3,767,589.57	3,571,644.78
Interest income	(13)	126,983.84	74,586.71
Interest expense	(13)	-12,465.68	-13,879.62
Foreign currency gains/losses		196.73	28,293.36
Earnings before tax		3,882,304.46	3,660,645.23
Income taxes	(14)	-1,177,924.61	-1,842,714.56
Group profit		2,704,379.85	1,817,930.67
Earnings per share (diluted/undiluted)		0.42	0.28
Average number of shares outstanding (diluted, undiluted, units)		6,469,502	6,469,502

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF
SECUNET SECURITY NETWORKS AG (IFRS)
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 DECEMBER 2011

in Euro	Note	01 Jan – 31 Dec 2011	01 Jan – 31 Dec 2010
Group profit		2,704,379.85	1,817,930.67
Currency conversion differences (change not recognised in profit and loss)	(10)	-14,250.49	-12,526.75
Group comprehensive income/loss		2,690,129.36	1,805,403.92

**CONSOLIDATED CASH FLOW STATEMENT OF SECUNET SECURITY NETWORKS AG
(ACCORDING TO IFRS) FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 DECEMBER 2011**

in Euro	01 Jan – 31 Dec 2011	01 Jan – 31 Dec 2010
Cash flow from operating activities		
Group earnings before tax (EBT)	3,882,304.46	3,660,645.23
Depreciation and amortisation of tangible and intangible fixed assets	1,010,103.07	975,833.16
Change in provisions	188,296.56	306,430.63
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	2,554.25	-23,034.00
Interest result	-114,518.16	-60,707.09
Change in receivables and other assets and prepaid expenses	-409,913.14	1,003,402.53
Change in liabilities and deferred income	1,593,070.34	-4,168,705.34
Tax paid	-1,939,343.78	-789,572.22
Cash from operating activities	4,212,553.60	904,292.90
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-895,079.32	-1,224,732.87
Proceeds from the sale of intangible assets and of property, plant and equipment	0.00	45,547.50
Purchase of financial assets	-135,504.00	-132,489.39
Cash from investment activities	-1,030,583.32	-1,311,674.76
Cash flow from financing activities		
Interest received	126,983.84	73,820.22
Interest paid	-12,465.68	-13,879.62
Cash generated from financing activities	114,518.16	59,940.60
Effects of exchange rate changes on cash and cash equivalents	-4,311.11	22,339.26
Increase/decrease in cash and cash equivalents	3,292,177.33	-325,102.00
Cash and cash equivalents at the beginning of the period	14,344,166.94	14,669,268.94
Cash and cash equivalents at the end of the period	17,636,344.27	14,344,166.94

For further explanations see Note (15).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF SECUNET SECURITY NETWORKS AG (ACCORDING TO IFRS) FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2011

in Euro	Share capital	Capital reserves	Treasury shares	Group loss carryforward	Accumulated other comp. income/loss	Total
Equity at 31 Dec 2009	6,500,000.00	21,922,005.80	-103,739.83	-5,127,020.82	18,664.20	23,209,909.35
Comprehensive income/loss 1 Jan – 31 Dec 2010				1,817,930.67	-12,526.75	1,805,403.92
Equity at 31 Dec 2010	6,500,000.00	21,922,005.80	-103,739.83	-3,309,090.15	6,137.45	25,015,313.27
Comprehensive income/loss 1 Jan – 31 Dec 2011				2,704,379.85	-14,250.49	2,690,129.36
Equity at 31 Dec 2011	6,500,000.00	21,922,005.80	-103,739.83	-604,710.30	-8,113.04	27,705,442.63

For further information on the development of the Group's equity, see Note (10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SECUNET SECURITY NETWORKS AG FOR THE 2011 FINANCIAL YEAR (ACCORDING TO IFRS)

General principles

Reporting company

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

The secunet Group (hereinafter referred to as "the Group") provides telecommunications and information technology security services, in particular consultancy and systems solutions for information security and related activities.

Declaration of compliance with IFRS

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The requirements of Articles 315, 315 a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB) have been met. The IFRS consist of the IFRS as newly issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC). All standards and interpretations issued by the IASB and applicable at the time of the preparation of the Consolidated Financial Statements have been implemented, provided that they have been endorsed by the EU. In this respect the Consolidated Financial Statements of secunet AG comply with IFRS.

The Consolidated Financial Statements and Company and Group Management Report were released by the Management Board on 13 March 2012 following their preparation.

Disclosure

The Consolidated Financial Statements – as well as the Annual Financial Statements of secunet AG – are filed with the operator of the electronic Federal Gazette and subsequently announced there. They are available for download on the website **www.secunet.com**. They may also be requested from secunet AG at the above address or inspected at the Company's business premises.

Parent company

The parent company is Giesecke & Devrient GmbH based in Munich, Germany. It holds a direct share of 78.96% in secunet AG.

The Consolidated Financial Statements of secunet AG are included in the Consolidated Financial Statements of Giesecke & Devrient Holding GmbH, Munich, which prepares the Consolidated Financial Statements for the largest group of companies. The Consolidated Financial Statements of Giesecke & Devrient Holding GmbH are filed with the operator of the electronic Federal Gazette.

First-time adoption of new and modified standards and interpretations

Compared with the Consolidated Financial Statements as at 31 December 2010, the following new and modified standards and interpretations were to be applied for the first time following the EU endorsement or entry into force of the standard/interpretation:

Standard/ interpretation	Key amendment	Financial years com- mencing on or after:
Modified standards		
Improvements to IFRS 2010	Eleven amendments to six standards (IAS 1, IAS 27 (in conjunction with IAS 21, IAS 28 and IAS 31), IAS 34, IFRS 1, IFRS 3 and IFRS 7) and one interpretation (IFRIC 13).	1 July 2010 or 1 January 2011
IAS 24 (rev. 2009)	Relief provisions in reference to disclosures relating to transactions with public bodies that are in a position to control, jointly control or significantly influence the reporting company, and to transactions with companies that are controlled, jointly controlled or significantly influenced by the same public body.	1 January 2011
IAS 32	Regulation of handling of certain subscription rights, options or warrants on the balance sheet.	1 February 2010
IFRS 1	Limited exemption of first-time adopters from comparative figures in accordance with IFRS 7.	1 July 2010

Standard / interpretation	Key amendment	Financial years commencing on or after:
New interpretations		
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Modified interpretations		
IFRIC 14	Advance payments in the context of minimum funding requirements.	1 January 2011

The application of the modified standards and of the new or modified interpretations did not have any material impact on the Consolidated Financial Statements.

New accounting rules

On 31 December 2011, certain standards, amendments to standards and interpretations had been published but were either not yet required to be applied in accordance with the provisions of the respective standard or interpretation, or had not yet been endorsed by the EU.

No use was made of the option allowing early adoption of standards and interpretations.

Excepting the new published standards and interpretations detailed below, the remaining new standards and interpretations are not expected to have any significant influence on the Consolidated Financial Statements.

In the currently valid provisions of the IAS 19, the option is provided to choose how to record the actuarial gains and losses from the following options:

- a) affecting net income, in the income statement
- b) in other comprehensive income/loss
- c) with a time delay, using the 'corridor' method.

This option was removed with the advent of the new version of IAS 19. In future, all actuarial gains and losses are to be recorded in the other comprehensive income/loss.

As secunet AG currently uses the corridor method, the change would lead to an increase of 104 kEuro in the pension provision – if applied to the conditions as at 31 December 2011. Following the successful change of method, the income statement will in future remain free from the effects of actuarial gains and losses.

With regard to IFRS 9, a final review of the impact of the standard on the Consolidated Financial Statements is still outstanding.

Accounting principles

The present Consolidated Financial Statements as at 31 December 2011 have been prepared using the same accounting and measurement methods and the same methods of computation as in the previous year. Items in the balance sheet as at 31 December 2011 are classified by maturity. The income statement will be classified in accordance with the cost-of-sales method for the first time in the 2011 financial year. The prior-year figures have been restated accordingly. The change in method leads to increased transparency and facilitates comparison with other companies in the industry. In order to improve the clarity of presentation, various items in the Group balance sheet and Group income statement have been summarised and are explained in the notes.

The Consolidated Financial Statements of secunet AG are presented in Euro. All amounts are stated in Euro, unless indicated otherwise.

Consolidated group

In addition to secunet AG, all significant subsidiaries over which secunet AG has the power to govern the financial and operating policies are included in the Consolidated Financial Statements. In the reporting year and in the previous year, there were no minority interests in equity or in profit or loss for the period.

As at 31 December 2011, the consolidated Group consisted of the parent company secunet AG and two subsidiaries, as in the previous year. In accordance with IFRS, the subsidiaries report the following figures:

- secunet SwissIT AG, Switzerland, Solothurn, 100% participation, equity of the Company kCHF 79, net income for 2011 kCHF 453
- SECUNET s.r.o., Czech Republic, Prague, 100% participation, equity of the Company kCZK 4,041, net income for 2011 kCZK 1,834

The two consolidated subsidiaries secunet s.r.o., Prague, Czech Republic, and secunet SwissIT AG, Solothurn, Switzerland, are in liquidation.

Secunet Inc., USA, Austin, Texas, 100% participation (shell company) is no longer operational and has not been consolidated since financial year 2002 on the grounds that it is not material.

The Group's accounting and measurement policies are applied consistently to the financial statements of secunet AG and of the foreign subsidiaries included in the Consolidated Financial Statements. The reporting date for secunet AG and for all consolidated companies is 31 December 2011.

Basis of consolidation

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. When consolidated for the first time, the price of the acquisition is offset against the remeasured equity. The assets and liabilities of the acquired subsidiary are recognised at their fair values. Any remaining difference is recognised as goodwill in accordance with IFRS 3 and subjected to an annual impairment test.

Both expenses and income and receivables and payables between the consolidated companies are eliminated. Intercompany profits are eliminated unless they are immaterial.

Write-downs of shares in consolidated companies that have been carried out in individual financial statements as well as intercompany receivables are reversed within the framework of consolidation.

Presentation currency

The Group's presentation currency is Euro.

Subsidiaries' annual financial statements prepared in foreign currency are translated in accordance with the functional currency concept. In the Consolidated Financial Statements, the balance sheet items of all foreign companies are converted from the local currency into Euro at the average exchange rates prevailing on the balance sheet date, as the foreign companies included in the Consolidated Financial Statements conduct their business independently in their local currencies. Differences versus the prior-year conversion are recognised directly in equity under the item "Accumulated other comprehensive income/loss". Expense and income items are translated at average yearly exchange rates.

For the currency conversion, the following exchange rates were used in respect of currencies of countries not belonging to the European Monetary Union:

1 Euro =	CHF	CZK
31 Dec 2011	1.2168	25.6800
Average 2011	1.2333	24.5819

Financial instruments

Financial assets and financial liabilities are recognised if a Group company is party to the agreement on the financial instrument.

Financial assets or liabilities are initially recognised at the cost of acquisition, which corresponds to their fair value plus transaction costs.

They are grouped into one of the following categories at the time of acquisition:

- Loans and receivables
- Financial liabilities measured at amortised cost
- Financial assets measured at fair value through profit or loss

Loans and receivables and financial liabilities measured at amortised cost

These are non-derivative financial assets or liabilities with fixed or determinable payments that are not listed on an active market. They are measured at amortised cost minus any required impairments using the effective interest method.

Loans and receivables encompass trade receivables, cash and cash equivalents and other current assets.

Financial liabilities measured at amortised cost encompass trade payables and other current liabilities.

Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if the financial asset is either held for trading purposes or is designated as being measured at fair value through profit or loss.

Financial assets are not currently held for trading purposes.

A financial asset is designated as being measured at fair value through profit or loss if this approach substantially reduces or removes any inconsistencies with regard to measurement and disclosure that would otherwise arise.

Financial assets that are measured at fair value through profit or loss include non-current financial instruments. These include the premium reserve shares from reinsurance contracts, which are measured at their surrender value.

Financial assets measured at fair value through profit or loss are measured at fair value. Any profit or loss resulting from the measurement is recognised in the income statement. The net profit or loss recorded includes any dividend or interest from the financial asset and is reported under "Other operating income/other operating expenses" in the Group Income Statement.

Loans and receivables and financial assets are derecognised when the Company gives up control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Details of the type of financial instruments including material contractual agreements on maturities and other terms and conditions that may affect the amount, timing and probability of occurrence of future cash flows are given elsewhere in these notes (Note 2).

If, in the case of financial assets measured at amortised cost, there are objective and substantial grounds for impairment, a test is carried out to determine whether the carrying amount exceeds the present value of the expected future cash flows. Indications of impairment include a material deterioration in credit rating, significant delays in payment or the insolvency of the borrower.

Cash and cash equivalents

The Group regards all highly liquid assets for which withdrawal or usage is not restricted as cash and cash equivalents. Alongside cash in hand and deposits held at call with banks, these also include short-term bank deposits with original maturities of three months or less.

Inventories

Inventories, which consist almost exclusively of merchandise, are measured at the lower of cost or net realisable value less costs not yet incurred. Cost is calculated in accordance with the weighted average cost method.

Property, plant and equipment

'Property, plant and equipment' consists exclusively of office and operating equipment and is measured at historical cost less accumulated depreciation. When items of property, plant and equipment are disposed of or retired, their historical costs, accumulated depreciation and impairment are eliminated from the balance sheet and the gain or loss resulting from their sale is recognised in the income statement. Historical costs also include individually attributable additional and subsequent costs of acquisition. Purchase price reductions are offset.

Subsequent costs are only included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is based on the useful economic life and is between three and ten years. Depreciation is on a straight-line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

Intangible assets with a finite useful life are measured at historical cost plus additional costs of acquisition less accumulated amortisation calculated using the straight-line method. Acquired software is amortised over three years.

Costs incurred in preserving the original economic benefits of existing software systems are recognised as an expense when the maintenance work is carried out.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company at the date of the acquisition.

Under IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill is not amortised. It is instead subjected to an annual impairment test and carried at cost less accumulated impairment losses.

Where a cash-generating unit is sold, the relevant share of goodwill attributable to that unit is taken into account when calculating the profit from the sale.

Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of the impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where there is an indication that the impairment no longer exists or has decreased, the impairment reversal is recognised as income in the income statement for the asset in question. There were no impairments or impairment reversals in the reporting year.

In impairment testing, goodwill acquired in a business combination is allocated to those cash-generating units that are expected to benefit from the synergies arising from the business combination. Impairment testing is carried out on an annual basis and additionally whenever there are indications of impairment in the respective cash-generating unit.

If the carrying amount of the cash-generating unit exceeds its recoverable amount, the carrying amount of the goodwill allocated to this cash-generating unit must be reduced by the amount of the difference. Impairment losses already recognised are not reversed in this process. If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the remaining impairment loss is recognised by reducing, on a pro-rata basis, the carrying amounts of the cash-generating unit's identifiable assets.

Income taxes

Income tax expense is calculated on the basis of the profit for the year and takes into account deferred taxes. In accordance with IAS 12, deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements. Deferred income tax assets also comprise tax reduction claims that arise from the expected use of existing loss carryforwards in subsequent years. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is calculated using the tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is recognised in the income statement as tax income or expense.

Leasing

Leases of property, plant and equipment where the Group has substantially borne all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease instalments are divided into an interest element and a repayment element.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Other provisions

Other provisions comprise all legal and constructive obligations towards third parties identifiable at the balance sheet date that are based on past events and where the amount or due date of the obligation is not certain. The provisions are recognised in the amount of the best estimate of the settlement amount. Possible claims for reimbursement are not offset against the provisions.

Pension provision

In accordance with IAS 19, pension provision is measured using the projected unit credit method for defined benefit plans. This means that future obligations are measured using actuarial methods to estimate the relevant variables.

Actuarial gains or losses are credited or charged to the income statement if they exceed 10% of the defined benefit obligation at the beginning of the period. In such a case, the actuarial gains or losses are recognised immediately in the income statement. Reported pension provisions are based on actuarial certificates issued by an independent actuary.

Pension commitments under defined contribution plans are recognised as expenses.

Prepaid expenses and deferred income

Payments made or received for agreed future obligations are recognised at the time of the cash flow and written back to the income statement over the term of the agreement.

Treasury shares

Treasury shares are shares in secunet AG held by the Company itself. The acquisition of treasury shares is shown in the Consolidated Financial Statements as a change in equity. No gain or loss is shown in the income statement for the sale, issue or recalling of treasury shares. The consideration in such transactions is recognised in the Consolidated Financial Statements as a change in equity.

Revenue recognition

Revenue is recognised when it is probable that the future economic benefits associated with the corresponding transaction will flow to the Company and when the amount of revenue can be reliably measured.

Revenue is shown net of value-added tax and any discounts when the sale of goods or services has taken place and the risks and rewards associated with ownership have been substantially transferred.

Revenues from the sale of goods are recorded in accordance with IAS 18.14 if the power of disposition and the significant risks and benefits are transferred to the customers.

According to IAS 18, revenue from services is recognised with reference to the estimated stage of completion of the transaction, provided that the criteria under IAS 18.20 are met. Work already done for clients as at the balance sheet date but not yet invoiced is recognised as revenue in the amount of the work already carried out in relation to the overall service to be performed. The stage of completion is subject to an estimate to the extent that the total costs incurred can only be estimated at the time of measurement. Loss-free valuation is used. The resulting balance sheet entry is recognised under current receivables.

Revenue recognition for separately identifiable components of a single transaction follows IAS 18.13. Transactions with separately identifiable components are contracts where the buyer receives a service in addition to a good. The existing recognition criteria are to be applied separately to each component of the transaction.

Revenue from contractual services that are to be performed in a period subsequent to the balance sheet date and have already been invoiced is deferred and then recognised in the income statement over the agreed term.

Assumptions and estimates

In the preparation of the Consolidated Financial Statements, assumptions and estimates were made that affected the reported amounts of assets, liabilities, income and expenses. These assumptions and estimates relate primarily to an estimate of the value of receivables (Note 2), the recognition and measurement of provisions (Notes 8 and 9) and the recognition of revenue in the case of services (see section on Revenue recognition). For the purposes of calculating the value in use of the cash-generating units, as part of the impairment test for the goodwill, estimates and assumptions are required for determining the future cash flows from the cash-generating unit and for the calculating the discounting rate (see Note 3, Goodwill).

In some cases, actual results may differ from these estimates and assumptions. Changes are taken into account in the income statement at the time when better knowledge becomes available.

Notes to the balance sheet

The balance sheet is classified into non-current and current assets and liabilities. Assets and liabilities due within one year are recognised as current.

In accordance with IAS 12, deferred tax balances are recognised as non-current assets and liabilities.

(1) Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash in hand and bank balances. The bank balances comprise a call deposit and short-term time deposits with Commerzbank AG, Essen, in the amount of 16,123 kEuro. The rate of interest on these is between 0.45% and 1.35% p.a.

The movement in cash and cash equivalents is shown in the cash flow statement.

(2) Receivables and other assets

The residual term of all receivables was less than one year.

Trade receivables include an accrued amount of Euro 3,640,375.05 (previous year: Euro 1,842,741.02) for consultancy services rendered to customers but not yet invoiced as at 31 December 2011. All intercompany receivables also result from trade receivables.

The maturities of all trade receivables are as follows:

Days overdue in Euro	31 Dec 2011	31 Dec 2010
not due	17,012,146.75	16,200,494.48
1–30	2,339,840.00	1,428,449.00
31–90	172,602.00	1,434,521.00
91–180	59,083.00	89,497.00
181–360	13,303.00	30,831.00
>360	0.00	0.00
Total	19,596,974.75	19,183,792.48

The valuation allowances for trade receivables and intercompany receivables were as follows:

in Euro	2011	2010
As at 1 Jan	10,672.00	22,350.00
Added	16,989.00	10,672.00
Used	0.00	-22,350.00
Released	-10,672.00	0.00
As at 31 Dec	16,989.00	10,672.00

A valuation allowance is posted to a separate valuation allowance account in cases where receivables are clearly overdue (>180 days) and owed from non-public-sector clients or in the event of special information in individual cases. The receivable is derecognised in the income statement in the event of established insolvency or in cases where the receivable is estimated to be irrecoverable for other reasons.

Unimpaired receivables not yet due and other assets are assessed as being of value by the Management Board.

Additions to and reversal of valuation allowances are recorded in the income statement under selling expenses.

Other current assets are travel expense advances to employees and other receivables due within 90 days at the latest. No impairments were made.

(3) Property, plant and equipment and intangible assets

Property, plant and equipment

The movement in property, plant and equipment, which consists exclusively of office and operating equipment, may be summarised as follows:

in Euro	2011	2010
Accumulated historical cost as at 1 Jan	6,814,538.57	6,482,297.87
Additions	846,369.34	965,173.10
Disposals	-327,426.08	-632,932.40
As at 31 Dec	7,333,481.83	6,814,538.57
Accumulated depreciation as at 1 Jan	5,202,471.42	5,015,007.39
Additions	840,175.27	797,882.93
Disposals	-321,116.86	-610,418.90
As at 31 Dec	5,721,529.83	5,202,471.42
Carrying amount as at 31 Dec	1,611,952.00	1,612,067.15

There were no restrictions on disposal or fixed assets pledged to lenders.

Intangible assets

The movement in intangible assets may be summarised as follows:

in Euro	2011 Goodwill	2011 Software	2010 Goodwill	2010 Software
Accumulated historical cost as at 1 Jan	2,950,000.00	1,309,796.08	2,950,000.00	1,112,882.74
Additions	0	48,709.98	0	259,559.77
Disposals	0	-181,754.83	0	-62,646.43
As at 31 Dec	2,950,000.00	1,176,751.23	2,950,000.00	1,309,796.08
Accumulated amortisation as at 1 Jan	0	1,020,812.28	0	905,508.48
Additions	0	170,280.97	0	177,950.23
Disposals	0	-181,754.02	0	-62,646.43
As at 31 Dec	0	1,009,339.23	0	1,020,812.28
Carrying amount as at 31 Dec	2,950,000.00	167,412.00	2,950,000.00	288,983.80

Regular depreciations are recorded under the area of activity associated with the asset. There were no unscheduled depreciations in the year under review.

There were no development costs requiring recognition as an asset in the last two years.

Goodwill

The breakdown of goodwill by segment is as follows:

Carrying amount of the goodwill in kEuro	31 Dec 2011	31 Dec 2010
Business Security	838	838
Government Solutions	773	773
High Security	1,339	1,339
Total	2,950	2,950

Goodwill was allocated to the cash-generating units in accordance with the Group's management structure. These cash-generating units represent the lowest reporting level in the Group at which goodwill can be monitored by the management for internal management purposes.

In testing goodwill for impairment in accordance with IAS 36, the recoverable amount of the individual cash-generating unit is determined by its value in use. A unit's value in use is calculated from the present value of its future cash flows. A discount rate (WACC) of 10.43% was used for this calculation. A risk-free interest rate of 4.25%, a risk premium of 4.75% and a beta factor of 1.3% are used to calculate the discount rate. The underlying projections employed for the test are based on a period of three years and take into account past experience and the management's expectations regarding the future development of the market. Projections further into the future are made by extrapolating cash flows in perpetuity without factoring in a growth rate for value in use.

As the present value of future cash flows exceeded the carrying amounts of the goodwill, no impairment of goodwill was necessary. As part of a sensitivity analysis, the discount premium was increased by 1% and flat-rate discounts of 10% were applied to the expected cash flows from the individual cash-generating units. Even under these conditions there was no need for impairment with regard to any of the goodwill allocated to the cash-generating units.

(4) Inventories

in Euro	31 Dec 2011	31 Dec 2010
Merchandise	2,097,478.72	2,218,098.68
Consumables	32,787.38	34,592.11
Prepayments made	5,503.95	40,000.00
Total	2,135,770.05	2,292,690.79

Merchandise is measured at the cost of acquisition calculated using a sliding average.

(5) Non-current financial instruments

The premium reserve shares from reinsurance contracts shown under non-current financial instruments amount to Euro 1,279,719.00 (previous year: Euro 1,144,215.00). These are for the reinsurance of the existing defined benefit obligations related to 21 secunet employees from pension commitments assumed from previous employers. The existing reinsurance contracts are not plan assets as defined under IAS 19.

(6) Deferred taxes

There are no domestic loss carryforwards as at the balance sheet date.

In addition, there were loss carryforwards at the foreign companies of 3,037 kEuro (previous year: 3,660 kEuro) for which no deferred taxes were recognised. Deferred tax claims not recognised totalled 606 kEuro (previous year: 729 kEuro).

A tax rate of 32.28% was used to calculate deferred taxes (previous year: 32.28%). This tax rate includes trade tax and corporate tax and also the solidarity surcharge.

The breakdown of deferred taxes recognised in the balance sheet is as follows:

Balance sheet approach in Euro	31 Dec 2011	31 Dec 2010
Deferred tax assets		
from provisions for pensions and similar liabilities	264,455.19	228,959.13
from other matters	43,762.97	48,581.40
	308,218.16	277,540.53
Deferred tax liabilities		
from receivables	-243,268.86	-134,226.05
from other matters	-33,269.38	-2,666.33
	-276,538.24	-136,892.38
Total	31,679.92	140,648.15

The movement in deferred taxes in the income statement may be summarised as follows:

Income statement for expenses/income in Euro	01 Jan – 31 Dec 2011	01 Jan – 31 Dec 2010
Deferred tax assets		
from provisions for pensions and similar liabilities	35,496.06	57,675.64
from loss carryforward	0.00	-397,519.42
from other matters	-4,818.43	36,243.01
	30,677.63	-303,600.77
Deferred tax liabilities		
from receivables	-109,042.81	-108,518.58
from other matters	-30,603.05	-2,666.33
	-139,645.86	-111,184.91
Total	-108,968.23	-414,785.68

(7) Liabilities

Intercompany payables were trade payables.

Other current liabilities break down as follows:

in Euro	31 Dec 2011	31 Dec 2010
Payable value-added tax	1,304,463.25	798,838.00
Payments received	403,622.54	54,623.78
Payable wage income tax and church tax	339,262.00	289,809.89
Liabilities towards employees	3,307.89	112,000.79
Payable social security contributions	1,635.02	20,960.77
Other liabilities	807,727.22	156,700.70
Total	2,860,017.92	1,432,933.93

The maturities of the liabilities are as shown below:

in Euro	Total		Residual term up to 1 year		Residual term from 1 to 5 years		Residual term over 5 years	
	2011	2010	2011	2010	2011	2010	2011	2010
Trade payables	6,818,482.33	6,408,971.43	6,818,482.33	6,408,971.43	0.00	0.00	0.00	0.00
Income tax liabilities	210,667.59	769,236.56	210,667.59	769,236.56	0.00	0.00	0.00	0.00
Other current liabilities	2,860,017.92	1,432,933.93	2,860,017.92	1,432,933.93	0.00	0.00	0.00	0.00
Deferred income	912,444.88	1,155,969.43	912,444.88	1,155,969.43	0.00	0.00	0.00	0.00

(8) Pension provision

in Euro	2011	2010
Opening balance as at 1 Jan	1,820,684.56	1,500,760.36
Currency differences	0.00	11,826.20
Release of pension provision	-72,998.56	0.00
Additions	349,774.00	308,098.00
Closing balance as at 31 Dec	2,097,460.00	1,820,684.56

Provisions for pensions and similar liabilities are formed on the basis of the Company's individual contract commitments towards its employees. 20 employees at secunet AG who were employed at other companies in the past are entitled to a pension (previous year: 28 employees). New employees of secunet AG are not eligible for pensions. The pension entitlement is based on income at the time of leaving the Company. Entitlement to an annual pension begins at the end of the first ten years of service after the age of 30 and increases for every further year of continued service with the Company.

For employees of secunet SwissIT AG, provision was made in the previous year for pension payments on the basis of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Plans (BVG). As a result of the decision to liquidise, all the employees were made redundant. Following this, the entitlement to receive pension benefits from the Company no longer applies. The pension provision was therefore cleared in the income statement in 2011.

The actuarial certificate for the eligible employees of secunet AG as at 31 December 2011 is based on trend assumptions of 3.0% for salary growth (previous year: 3.0%), pension growth of 2.0% p.a. (previous year: 2.0% p.a.), a rate of inflation of 2.0% p.a. (previous year: 2.0% p.a.) and an actuarial interest rate of 5.16% p.a. (previous year: 5.00% p.a.). The calculations were based on Professor Dr Klaus Heubeck's 2005 mortality tables.

The parameters were set based on the data from November 2011. The application of the actuarial interest rate for December 2011 would have resulted in a marginal increase in the pension cost and pension provision value.

The evaluation and definition of the parameters are at the discretion of the Management Board.

The defined benefit obligation as at 31 December 2011 was Euro 2,201,895.00. The difference compared with the balance sheet entry results in Euro 104,435.00 of unrecorded actuarial losses. Where unrealised actuarial gains/losses exceed 10% of the defined benefit obligation, the amount in excess is immediately credited or charged to the income statement. In the reporting year, no expenditure was recorded.

The recognised pension provision is calculated as follows:

in Euro	31 Dec 2011	31 Dec 2010
Present value of the pension entitlements covered by plan assets	0.00	497,352.80
Fair value of plan assets	0.00	-374,618.96
Balance of unrecognised actuarial gains and losses	0.00	-49,735.28
Provision for pension entitlements from plan assets	0.00	72,998.56
Present value of pension entitlements not financed by plan assets	2,201,895.00	1,938,998.00
Balance of unrecognised actuarial gains and losses	-104,435.00	-191,312.00
Provision for pension entitlements not covered by plan assets	2,097,460.00	1,747,686.00
Recognised pension provision	2,097,460.00	1,820,684.56

Changes to the defined benefit obligations in the reporting year were as follows:

in Euro	2011	2010
As at 1 Jan	2,436,350.80	1,732,044.70
Current service cost	108,817.00	80,941.00
Past service cost	144,008.00	0.00
Interest cost	96,949.00	77,206.00
Actuarial gains/losses	-86,877.00	465,585.00
Exchange rate changes	0.00	80,574.10
Deduction of defined benefit obligations	-497,352.80	0.00
As at 31 Dec	2,201,895.00	2,436,350.80

The movement in the fair value of the plan assets in the financial year may be summarised as follows:

in Euro	2011	2010
Opening balance as at 1 Jan	374,618.96	313,928.48
Currency conversion differences	0.00	60,690.48
Deductions from plan assets	-374,618.96	0.00
Closing balance as at 31 Dec	0.00	374,618.96

Costs arising from the defined benefit obligations were comprised of the following:

in Euro	2011	2010
Current service cost	108,817.00	80,941.00
Past service cost	144,008.00	0.00
Interest cost	96,949.00	77,206.00
Recognition of actuarial gains and losses	0.00	149,951.00
Release of pension provision	-72,998.56	0.00
Costs for the year	276,775.44	308,098.00

In line with actuarial certificates, expenses arising from the commitments are distributed over the service life of employees and consist of the interest cost, the service cost, the service costs for post settlement, and the actuarial gains recognised for the current year under staff costs.

The movement in the defined benefit obligation (DBO) over the last five years may be summarised as follows:

Year in Euro	Present value	Plan assets	Obligation not covered by plan assets
2007	1,052,709	0	1,052,709
2008	1,270,202	0	1,270,202
2009	1,732,045	313,928	1,418,116
2010	2,436,351	374,619	2,061,732
2011	2,201,895	0	2,201,895

The provision was not used in 2011.

Against the defined benefit obligation were premium reserve shares from reinsurance contracts in the amount of Euro 1,279,719.00 (previous year: Euro 1,144,215.00) which do not represent plan assets under IAS 19.

Empirical adjustments to pension plan debts were as follows over the past five years:

Year in Euro	Empirical adjustments
2007	79,746
2008	-30,635
2009	-5,163
2010	49,680
2011	6,780

Pension provisions of Euro 2,326,354 are expected as at 31 December 2012, based on annual expense of Euro 228,894.

In the reporting year, secunet AG paid contributions of 1,405 kEuro (previous year: 1,383 kEuro) into the statutory pension insurance plan, which is regarded as a defined contribution plan. In the case of defined contribution pension plans, the Company has no further obligations beyond the payment of contributions. These expenses are recognised under staff costs.

(9) Other provisions

Developments in other provisions are shown in the table below:

in Euro	1 Jan 2011	Used	Released	Additions	31 Dec 2011
Long-term provisions					
Provision for anniversary bonus	103,779.00	-4,780.00	0.00	0.00	98,999.00
Short-term provisions					
Annual employee bonuses	3,515,077.01	-3,443,520.01	-71,557.00	3,553,323.00	3,553,323.00
Outstanding leave	409,159.28	-409,159.28	0.00	386,240.00	386,240.00
Impending penalties	0.00	0.00	0.00	133,405.00	133,405.00
Trailing costs	323,635.18	-323,635.18	0.00	534,426.22	534,426.22
Risks of litigation	225,000.00	-104,790.00	0.00	0.00	120,210.00
Closure costs Switzerland	210,000.00	-210,000.00	0.00	0.00	0.00
Annual Report	101,858.28	-55,758.72	-46,099.56	60,000.00	60,000.00
Provision for partial retirement	90,939.54	0.00	0.00	60,962.95	151,902.49
Other	463,168.31	-337,972.54	0.00	190,436.24	315,632.01
Total	5,442,616.60	-4,889,615.73	-117,656.56	4,918,793.41	5,354,137.72

The provision for the litigation risks was formed for a case in which the Company is the defendant. The value in dispute is 450 kEuro. A provision of 225 kEuro was made to cover defence costs and the creation of expert reports to be submitted in court. Euro 104,790 from this provision were used in 2011. The expected risk upon realisation is a minimum of 50 kEuro, up to a maximum of 500 kEuro.

The provisions have been represented at the level of the expected realisation. The minimum risk is Euro 5,283,927.72 and the maximum risk is Euro 5,733,927.72.

The estimation of the probability of occurrence for the expected realisation of the provisions is at the discretion of the Management Board. Further discretion is required for the estimation of the plan costs as part of the calculation of the follow-up costs.

(10) Equity

The Group's equity is shown in the consolidated statement of changes in equity.

As in the previous year, on the balance sheet date secunet AG holds 30,498 treasury shares. This corresponds to 0.469% of the share capital.

The share capital has remained unchanged at Euro 6,500,000.00. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid. Calculated on a profit of Euro 2,704,379.85, diluted and undiluted earnings per share were Euro 0.42 (6,469,502 shares), compared with Euro 0.28 (6,469,502 shares) in the previous year.

The number of shares outstanding remained unchanged, at 6,469,502 shares. Each share grants the holder one voting right and, in the event of a distribution, an equivalent dividend entitlement.

secunet AG's capital reserves were unchanged from the previous year, with Euro 1,902,005.80 of the total resulting from payments by the shareholder before the transformation of secunet AG into a public company limited by shares. The price premium paid in the initial public offering accounts for Euro 20,020,000.00 of the total. They are available for the purposes of offsetting losses incurred and capital increases from the Company's own funds.

Accumulated other comprehensive loss consists exclusively of currency conversion differences from the currency conversion of financial statements of foreign subsidiaries.

No dividend was paid for 2010. The Management Board of secunet AG has not proposed that any dividend be paid for 2011.

Notes to the income statement

(11) Revenue

Domestic revenue totalled Euro 50,555,603.18 (previous year: Euro 54,670,343.23). While revenue generated abroad was Euro 5,033,880.73 (previous year: Euro 4,831,441.72). Revenue is divided up by customer location.

Approximately Euro 26.0m of this revenue is related to the Group's major customer as defined in IFRS 8.34. This revenue is generated in the Government and High Security segments. The next biggest customer accounts for approximately Euro 6.3m of revenue, generated in the Government segment. No other individual customer accounted for 10% or more of the Group's revenue in 2011.

(12) Presentation of selected expenses and income according to cost types

With the exception of the cost of materials, which must always be included under cost of sales, all the cost types can be recorded under the cost of sales, the selling expenses and the general administrative costs. The following overviews explain how key cost types are broken down.

(12.1) Cost of materials

in Euro	2011	2010
Cost of purchased merchandise	15,522,551.69	19,709,955.73
Cost of purchased services	2,394,408.90	2,315,776.93
Total	17,916,960.59	22,025,732.66

(12.2) Personnel expenses

in Euro	2011	2010
Salaries	15,690,049.25	16,160,793.66
End-of-year bonuses and benefits	3,275,921.00	3,154,080.27
Overtime payments	2,314.04	6,699.01
Other salary costs	421,863.36	562,993.83
Salaries, total	19,390,147.65	19,884,566.77
Employer's social security contributions	2,864,844.15	3,088,302.48
Professional associations	104,575.74	86,587.94
Social security costs	2,969,419.89	3,174,890.42
Allocation to pension provision	349,774.00	308,098.00
Financial assistance	9,851.87	13,679.94
Old age pension costs	359,625.87	321,777.94
Personnel expenses	22,719,193.41	23,381,235.13

The Group employed an average of 282 staff in 2011, compared with 289 in the previous year (excluding the Management Board).

(12.3) Depreciation and amortisation

Please refer to the overviews under Note 3 for the breakdown of the depreciations and amortisations.

(12.4) Other operating income

In the previous financial years, other operating income was made up of the following:

in Euro	2011	2010
Income from the utilisation of provisions	303,000.89	607,515.54
Proceeds from administrative services and leasing	142,036.88	162,619.16
Income from the release of provisions	117,656.56	537,345.00
Income from damages paid	0.00	664,896.15
Other	196,296.29	262,041.74
Total	758,990.62	2,234,417.59

Income resulting from payments of damages from the previous year primarily relates to a reimbursement of fidelity insurance in conjunction with the expenses related to events at secunet s.r.o.

The income resulting from the use of provisions relates to provisions that are formed from other operating expenses.

The income from the release of provisions relates to the release of the provision for employees' annual bonuses (see also breakdown of provisions under 9).

(12.5) Other operating expenses

Other operating expenses were as follows:

in Euro	2011	2010
Rental and lease expenses	2,132,240.12	2,255,587.76
Travel expenses	1,547,022.10	1,468,038.25
Other consulting, certificates and information	1,283,421.40	1,720,697.74
Advertising expenses	1,154,640.24	1,137,133.34
Vehicle costs	928,110.13	845,551.06
IT costs	675,369.18	614,440.35
Servicing/maintenance	447,231.17	365,641.33
Postage, telephone and bank charges	418,928.99	420,110.14
Incidental staff costs	394,019.39	402,481.79
Additions to provisions	341,172.78	808,586.17
Commission and licences	230,833.15	253,630.60
Other third-party services	229,941.90	125,159.08
Audit/pension certificates	170,586.30	104,588.81
Insurance	156,219.02	135,430.58
Contributions/fees	144,374.49	181,014.58
Outbound freight	136,723.06	91,985.72
Entertainment/representation	127,563.97	126,073.68
Legal advice	125,264.35	117,388.52
Technical consumables	85,610.28	63,117.78
Office supplies	50,103.16	78,608.67
Derecognition of receivables	30,897.71	117,253.93
Technical literature and prints	23,335.50	24,590.21
Other taxes	10,129.99	57,891.17
Temporary staff	0.00	1,455.30
Other	85,768.42	219,172.97
Total	10,929,506.80	11,735,629.53

(13) Interest income/expense

The interest income of Euro 126,983.84 (previous year: Euro 74,586.71) derives from call and time deposits with banks.

In addition to the rate of interest for pensions, the 2011 interest expense of Euro 12,465.68 (previous year: Euro 13,879.62) also includes the rate of interest of additional tax claims.

(14) Income taxes

In the reporting year, actual taxes of Euro 1,068,956.38 were incurred (previous year: Euro 1,427,928.89). This includes taxes for previous years in the amount of Euro 41,849.79 (previous year: tax expense Euro 2,047.91).

The income tax expense is derived from the theoretical tax expense. Applying a tax rate of 32.28% (previous year: 32.28%) to the profit before tax. The tax expense arising from the application of the tax rate for secunet AG is derived as follows:

in Euro	2011	2010
Group profit before tax	3,882,304.46	3,660,645.23
Expected tax expense	-1,253,207.88	-1,181,656.28
Use of loss carryforwards	92,953.28	-238,257.47
Trade tax adjustments	-36,614.41	-35,141.35
Tax rate differences, international	51,308.13	-79,884.23
Previous year's taxes	68,094.42	0.00
Permanent differences	-97,483.69	-83,928.00
Non-deductible expenses	-14,258.15	-213,583.05
Other items	11,283.69	-10,264.18
Effective tax expense	-1,177,924.61	-1,842,714.56

As at 31 December 2011, the tax rates used to calculate deferred tax assets and liabilities were unchanged compared with the previous year.

The effective tax rate in the reporting year, based on the Group profit before tax, was 30.3% (previous year: 50.3%).

(15) Cash flow statement

The cash flow statement shows the changes in cash over the course of the reporting year, broken down into cash flows from operating, investment and financing activities. Cash and cash equivalents consist of cash in hand, bank current accounts and time and call deposit accounts with banks.

The cash flow from operating activities was determined using the indirect method.

Segment reporting

secunet AG has a customer-driven corporate structure. The Group is divided into the Public Sector division, made up of the High Security and Government business units, and the Private Sector division, made up of the Business Security and Automotive Security business units.

The High Security, Government and Business Security business units are shown as separate segments for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13. The Automotive Security business unit does not meet any of the quantitative thresholds laid down in IFRS 8.13 and is therefore reported together with overheads under "Other segments".

Segment reporting 2011 in kEuro	Business Security	Government	High security	Other segments	Consolidation	secunet 2011
Segment revenue	6,924	17,429	29,774	1,606	-144	55,589
Cost of sales	-4,436	-13,215	-23,974	-1,954	391	-43,188
Selling expenses	-1,219	-1,070	-2,806	-471	2	-5,564
Administration costs	-267	-863	-1,146	-253	-540	-3,069
Segment result (EBIT)	1,002	2,281	1,848	-1,072	-291	3,768
Interest result						115
Foreign currency gains/losses						0
Group profit before tax						3,882
Goodwill	838	773	1,339	0	0	2,950

Segment reporting 2010 in kEuro	Business Security	Government	High security	Other segments	Consolidation	secunet 2010
Segment revenue	7,399	15,975	33,969	1,821	292	59,456
Cost of sales	-4,325	-12,926	-26,004	-2,040	507	-44,789
Selling expenses	-1,970	-1,275	-2,711	-567	0	-6,524
Administration costs	-770	-1,284	-1,520	-390	-606	-4,571
Segment result (EBIT)	333	490	3,733	-1,176	192	3,572
Interest result						61
Foreign currency gains/losses						28
Group profit before tax						3,661
Goodwill	838	773	1,339	0	0	2,950

In the 2011 financial year, changes were made to how the sales in the divisions are reported. Up until 2010, external sales in which multiple divisions were involved were divided up. From the current financial year onwards, sales will remain within the invoicing segment. The costs arising in other divisions will be offset as a credit entry within the cost of sales.

In order to enable comparison with the previous year's figures, the following overview contains a reconciliation of the segment revenue and the cost of sales for the current table with the previous year's table.

in TEuro	Business Security	Government	High security	Other segments	Consolidation	secunet 2010
Segment revenue	7,399	15,975	33,969	1,821	292	59,456
Segment-internal allocation	1,448	-1,103	-345	0	0	0
Segment revenue as stated the previous year	8,847	14,872	33,624	1,821	292	59,456
Cost of sales	-4,325	-12,926	-26,004	-2,040	507	-44,789
Segment-internal allocation	-1,448	1,103	345	0	0	0
Cost of sales as stated the previous year	-5,773	-11,823	-25,659	-2,040	507	-44,789

The High Security business unit addresses the highly complex security requirements of authorities, the armed forces and international organisations. At the core of its offering is the Secure Inter-Network Architecture, *S/INA*, developed in conjunction with the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik, BSI).

The Government business unit supports authorities in Germany and abroad in all areas relating to e-Government and IT security. These include biometric solutions and electronic ID (eID) documents, the electronic healthcare card (eHealth), security validation and secure web solutions. This business unit operates a BSI-certified evaluation laboratory for IT conformity.

The staff of the Business Security business unit focus on security issues affecting industrial companies. Its product line includes identity management systems, qualified mass signature solutions for electronic invoicing, public key infrastructures and network security. In all areas, analyses, consulting and complete solutions are tailored to each customer's specific requirements.

The Automotive Security business unit deals with the IT security issues facing automotive manufacturers. With more and more vehicle functions now being computerised, it is becoming increasingly important for both automotive manufacturers and suppliers to ensure that built-in hardware and software components are protected against unauthorised changes.

Consolidation primarily involves the elimination of intra-group assets, liabilities, expenses and income. The accounting principles for the segments are identical to those used for the Consolidated Financial Statements. Using apportionments, expenses (e.g. overhead costs) that are not directly allocable to the reportable segments are allocated to the reportable segments. The segments are managed on the basis of the segment result.

With the exception of non-essential components, the segments' assets are focused on the domestic market. There were no significant changes to the segment assets as at the balance sheet date.

Other disclosures

Capital management

Our capital management is geared primarily to the provisions and requirements of company law. The aim is to ensure that all Group companies possess sufficient equity to cover the continued conduction of their business. Where no special provisions dictate otherwise, the equity for tax purposes is the same as the balance sheet equity. In all other cases the balance sheet equity is adjusted in line with regulatory or contractual requirements. The Group is not subject to any minimum equity requirements.

The Group's equity as at 31 December 2011 was Euro 27,705,442.63 (previous year: Euro 25,015,313.27)

Financial instruments

Risks from financial instruments

The risks arising from financial instruments relate to liquidity, default and market risks.

Liquidity risks

To ensure that it has sufficient funds at its disposal, the Group prepares a liquidity plan as part of its three-year planning. This is then compared against each set of month-end figures and subsequently analysed.

The finance department informs the CFO of the current level of available funds on a daily basis. In conjunction with a permanent reminder function, this ensures a high level of cash holdings at all times.

Given the high level of available funds, the Group has to date never needed to make use of credit lines.

At the end of the year the Group had cash and cash equivalents amounting to Euro 17,636,344.27 at its disposal (previous year: Euro 14,344,166.94). Current financial liabilities stood at Euro 9,678,500.25 (previous year: Euro 7,841,905.36).

Default risks

Default risks, or risks that counterparties cannot meet their payment obligations on time, are addressed with approval and control processes.

The Group also assesses the solvency of its customers on a regular basis.

The maximum amount of the default risks arising for the Group corresponds to its total receivables. The Group is not exposed to any unusual default risks in respect of individual contracting partners or groups of contracting partners. Default risks are recognised through valuation allowances.

There are no concentrations of default risks in respect of individual customers. The overall default risk is estimated to be low.

An analysis of the trade receivables that were overdue can be found in the overview under (2).

Market risks

secunet AG generates the majority of its revenues in the eurozone. The risks resulting from exchange rate fluctuations are therefore not significant. Fixed interest rates are agreed for the Company's interest-bearing call deposits and time deposits. Due to the high level of cash and cash equivalents, no financing through loans is required. Risks resulting from changes in interest rates can therefore also be regarded as low.

Other notes on financial instruments

During the reporting year, there were no reclassifications of financial assets between the measurement categories under IAS 39. With the exception of premium reserves from reinsurance contracts, no financial assets or liabilities were measured at fair value.

The carrying amounts of current financial assets and liabilities represent an appropriate approximation of fair value for the purposes of IFRS.

The fair values of non-current financial instruments correspond to the carrying amounts. These are cash surrender values. The surrender values developed as follows:

in Euro	2011	2010
Carrying amount on 1 Jan	1,144,215.00	1,011,725.61
Incoming payments	105,005.96	104,843.76
Income recorded in the income statement	30,498.04	27,645.63
Carrying amount as at 31 Dec	1,279,719.00	1,144,215.00

During the 2011 financial year expenses amounting to 31 kEuro (previous year: 127 kEuro) arose from impairments for financial instruments measured at amortised cost.

Additional notes on financial instruments

Measurement method pursuant to IAS 39

	Measurement categories as defined in IAS 39.9	Loans and receivables		Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	No financial instruments as defined in IAS39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6					
Assets	Carrying amount 31 Dec 2011	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost		Financial instruments measured at fair value	
in Euro						
Current assets						
Cash and cash equivalents	17,636,344.27		17,636,344.27			0.00
Trade receivables	18,756,758.11	3,640,375.05	15,116,383.06			0.00
Intercompany receivables	840,216.64		840,216.64			0.00
Inventories	2,135,770.05					2,135,770.05
Other current assets	242,813.08		242,813.08			0.00
Income tax receivables	305,988.00					305,988.00
Non-current assets						
Property, plant and equipment	1,611,952.00					1,611,952.00
Intangible assets	167,412.00					167,412.00
Goodwill	2,950,000.00					2,950,000.00
Non-current financial instruments	1,279,719.00				1,279,719.00	0.00
Deferred taxes	308,218.16					308,218.16
Total assets	46,235,191.31	3,640,375.05	33,835,757.05	0.00	1,279,719.00	7,479,340.21

	Measurement categories as defined in IAS 39.9	Loans and receivables		Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	No financial instruments as defined in IAS39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6					
Liabilities	Carrying amount 31 Dec 2011	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost		Financial instruments measured at fair value	
in Euro						
Current liabilities						
Trade payables	6,818,482.33			6,818,482.33		0.00
Intercompany payables	0.00			0.00		0.00
Other provisions	5,255,138.72					5,255,138.72
Income tax liabilities	210,667.59					210,667.59
Other current liabilities	2,860,017.92			2,860,017.92		0.00
Deferred income	912,444.88					912,444.88
Non-current liabilities						
Deferred taxes	276,538.24					276,538.24
Pension provision	2,097,460.00					2,097,460.00
Other provisions	98,999.00					98,999.00
Total liabilities	18,529,748.68	0.00	0.00	9,678,500.25		8,851,248.43

	Measurement categories as defined in IAS 39.9	Loans and receivables	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	No financial instruments as defined in IAS39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6				
Assets in Euro	Carrying amount 31 Dec 2010	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	
Current assets					
Cash and cash equivalents	14,344,166.94		14,344,166.94		0.00
Trade receivables	19,038,529.91	1,842,741.02	17,195,788.89		0.00
Intercompany receivables	145,262.57		145,262.57		0.00
Inventories	2,292,690.79				2,292,690.79
Other current assets	89,161.47		89,161.47		0.00
Income tax receivables	0.00				0.00
Non-current assets					
Property, plant and equipment	1,612,067.15				1,612,067.15
Intangible assets	288,983.80				288,983.80
Goodwill	2,950,000.00				2,950,000.00
Other financial assets	1,144,215.00			1,144,215.00	0.00
Deferred taxes	277,540.53				277,540.53
Total assets	42,182,618.16	1,842,741.02	31,774,379.87	0.00	7,421,282.27

	Measurement categories as defined in IAS 39.9	Loans and receivables	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	No financial instruments as defined in IAS39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6				
Liabilities in Euro	Carrying amount 31 Dec 2010	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	
Current liabilities					
Trade payables	6,408,971.43		6,408,971.43		0.00
Intercompany payables	0.00		0.00		0.00
Other provisions	5,338,837.60				5,338,837.60
Income tax liabilities	769,236.56				769,236.56
Other current liabilities	1,432,933.93		1,432,933.93		0.00
Deferred income	1,155,969.43				1,155,969.43
Non-current liabilities					
Deferred taxes	136,892.38				136,892.38
Pension provision	1,820,684.56				1,820,684.56
Other provisions	0.00				0.00
Total liabilities	17,063,525.89	0.00	0.00	7,841,905.36	9,221,620.53

Net profit/loss from financial instruments for the two financial years was as follows:

in Euro	2011	2010
Loans and receivables	96,086.73	-133,790.93
Financial assets measured at fair value through profit or loss	30,498.04	27,645.63
Total	126,584.77	-106,145.30

Leases/other financial liabilities

The Company's other financial liabilities resulted predominantly from long-term tenancy agreements for office premises and from leases relating to motor vehicles.

The tenancy agreements for office premises have residual terms of 1 to 7 years. Options to extend the term of the tenancy have been agreed in some cases.

The vehicle leasing agreements have residual terms of 1 to 4 years with no extension or purchase options.

The terms of the leases contain absolutely no restrictions on those business activities that affect dividends, additional debts or further leases.

Lease payments of Euro 2,350,574.55 (previous year: Euro 2,395,972.66) were incurred in the reporting year.

Future minimum lease payments, based on operating leases that may not be terminated, are as follows:

Nominal/in Euro	31 Dec 2011	31 Dec 2010
Long-term rental commitments for various office premises	5,240,187.17	6,049,321.95
Lease commitments for office and operating equipment	1,230,142.17	1,326,817.29
Total	6,470,329.34	7,376,139.24

The maturities of the liabilities are as follows:

Nominal / in Euro	31 Dec 2011	31 Dec 2010
Up to 1 year	2,301,274.23	2,022,123.04
More than 1 year but less than 5 years	4,105,834.89	5,223,528.70
More than 5 years	63,220.22	130,487.50
Total	6,470,329.34	7,376,139.24

Liabilities from 2012 will be offset by minimum payments from non-cancellable subleases amounting to Euro 105,515.40 by 2012.

Corporate Governance

With regard to secunet AG, the Management Board and Supervisory Board issued the declaration required pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG). This is permanently available to shareholders on the Company's website (www.secunet.com).

Executive bodies

The members of the Management Board during the reporting year were:

Dr Rainer Baumgart, Chairman
Graduate engineer Thomas Koelzer
Graduate business economist (FH) Thomas Pleines

Fees for auditors of Consolidated Financial Statements

In 2011, fees paid to the auditors of the Consolidated Financial Statements, KPMG AG, Essen branch, and its affiliated company (KPMG Europe LLP) included 97 kEuro for auditing of the financial statements, 15 kEuro for other assurance services, 2 kEuro for tax consulting services and 18 kEuro for other services, including 37 kEuro for the auditing of the financial statements for the previous year

In 2010, fees paid to the auditors of the Consolidated Financial Statements, KPMG AG, Essen branch, and its affiliated company (KPMG Europe LLP) included 63 kEuro for auditing services and 287 kEuro for other services.

Related party disclosures

Transactions with related persons

The individual amounts paid to members of the Management Board and Supervisory Board are set out in the remuneration report within the Group management report.

The remuneration of key management personnel breaks down into the following categories pursuant to IAS 24.

in kEuro	2011	2010
Management Board		
Short-term employee benefits in the financial year	586.2	527.7
Short-term employee benefits for the financial year	284.1	251.1
Post-employment benefits	182.5	33.2
Total	1,052.8	812.0
Supervisory Board		
Short-term employee benefits	34.7	35.9

Transactions with related companies of Giesecke & Devrient Holding GmbH

secunet AG is a majority holding of Giesecke & Devrient GmbH, Munich, which has a 78.96% stake in the Company. It is included in the Consolidated Financial Statements of Giesecke & Devrient Holding GmbH.

The following transactions were carried out in the specified period with companies in the Giesecke & Devrient Holding GmbH Group:

1. Revenues resulting from services performed for related companies in the Giesecke & Devrient Group

in Euro	2011	2010
Parent company		
Giesecke & Devrient GmbH, Munich	1,416,855.57	704,531.30
Other affiliated companies		
Giesecke & Devrient Egypt Services, LLC., Egypt	65,000.00	71,130.18
Giesecke & Devrient Australasia Pty. Ltd., Australia	6,382.76	0
Total	1,488,238.33	775,661.48

2. Services purchased from related companies in the Giesecke & Devrient Group

in Euro	2011	2010
Parent company		
Giesecke & Devrient GmbH, Munich	149,908.71	24,723.70
Total	149,908.71	24,723.70

3. Receivables from related companies in the Giesecke & Devrient Group

in Euro	2011	2010
Parent company		
Giesecke & Devrient GmbH, Munich	830,216.64	145,262.57
Other affiliated companies		
Giesecke & Devrient Egypt Services, LLC., Egypt	20,000.00	0.00
Total	850,216.64	145,262.57

The receivables with the Group company Giesecke & Devrient Egypt Services, LLC., Egypt, were impaired in the amount of Euro 10,000.00.

All receivables from the Group companies are trade receivables and payables and are not secured.

4. Payables to related companies in the Giesecke & Devrient Group

There were no payables due to affiliated companies from the Giesecke & Devrient Group as at the balance sheet date of 31 December 2011, as had also been the case on the previous year's reporting date.

No transactions took place with companies that have a participating interest in Giesecke & Devrient Holding GmbH.

Events after the balance sheet date

There were no significant events after the balance sheet date.

The Management Board
Essen, 13 March 2012

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

Report of the independent auditors on the Consolidated Financial Statements

We have audited the Consolidated Financial Statements – comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the Consolidated Financial Statements – of secunet Security Networks Aktiengesellschaft, Essen, and the company and group management report for the financial year from 1 January to 31 December 2011. The Company's legal representatives are responsible for the preparation of the Consolidated Financial Statements and company and group management report in accordance with IFRS as applicable in the EU, and the provisions of German commercial law additionally applicable under Section 315a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB). Our responsibility is to express an opinion on the Consolidated Financial Statements and on the company and group management report, based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements, with due regard to the applicable accounting principles, and the company and group management report are free of material misstatements in their presentation of the assets, liabilities, financial position and results of operations. Knowledge of the business activities and the economic and legal environment of the Group and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and evidence supporting the disclosures in the Consolidated Annual Financial Statements and company and group management report are examined primarily on a test basis within the framework of the audit. The audit also includes evaluating the Annual Financial Statements of the companies included in the Consolidated Financial Statements, the determination of the companies to be included in consolidation, the appropriateness of the accounting and consolidation principles used and the reasonableness of accounting estimates made by the legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements and of the company and group management report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements comply with IFRS as applicable in the EU, and the provisions of German commercial law additionally applicable under Section 315a Para. 1 HGB and give a true and fair view of the assets, liabilities, financial position and results of operations of the Group in accordance with these provisions. The company and group management report is consistent with the Consolidated Financial Statements, as a whole provides a suitable view of the Group's position, and suitably presents the opportunities and risks of future development.

Essen, 14 March 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Krecher
Auditor

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the group management report includes a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

Financial Statements of secunet AG

BALANCE SHEET OF SECUNET SECURITY NETWORKS AG, ESSEN
AS AT 31 DECEMBER 2011 (ACCORDING TO HGB)

Assets

in Euro

	Note	31 Dec 2011	31 Dec 2010
A. Fixed assets			
I. Intangible fixed assets		1,593,572.00	1,911,763.00
II. Tangible fixed assets		1,611,952.00	1,607,895.00
III. Long-term financial assets		1,279,719.00	1,144,215.00
Total fixed assets	(1)	4,485,243.00	4,663,873.00
B. Current assets			
I. Inventories	(2)	5,144,231.66	3,798,931.81
II. Receivables and other assets	(3)	16,309,074.35	17,246,938.44
III. Cash in hand and balances with credit institutions	(4)	17,436,221.27	14,059,130.17
Total current assets		38,889,527.28	35,105,000.42
C. Prepaid and deferred items		155,660.75	42,962.56
Total assets		43,530,431.03	39,811,835.98

Liabilities

in Euro

	Note	31 Dec 2011	31 Dec 2010
A. Equity			
Subscribed capital		6,500,000.00	6,500,000.00
Nominal value of treasury shares		-30,498.00	-30,498.00
I. Issued capital		6,469,502.00	6,469,502.00
II. Capital reserves		21,656,305.42	21,656,305.42
III. Revenue reserves			
1. Reserve for treasury shares		0.00	0.00
2. Reserve due to treasury shares		30,498.00	30,498.00
IV. Net accumulated losses		-2,515,901.45	-4,102,450.10
Total equity	(5)	25,640,403.97	24,053,855.32
B. Provisions	(6)	7,696,204.79	7,651,799.90
C. Liabilities	(7)	9,281,377.39	6,950,211.34
D. Prepaid and deferred items		912,444.88	1,155,969.42
Total liabilities		43,530,431.03	39,811,835.98

INCOME STATEMENT OF SECUNET SECURITY NETWORKS AG, ESSEN
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 DECEMBER 2011 (ACCORDING TO HGB)

in Euro	Note	1 Jan – 31 Dec 2011	1 Jan – 31 Dec 2010
Revenue	(8)	53,764,611.21	58,933,006.28
Increase or decrease of work in progress		1,502,220.59	-122,576.18
Other operating income	(9)	714,356.57	2,167,976.55
Cost of materials	(10)	-18,088,155.48	-22,381,851.44
Personnel expenses	(11)	-22,463,169.03	-21,755,722.01
Depreciation and amortisation of intangible fixed assets and tangible fixed assets	(12)	-1,206,254.61	-1,164,093.10
Other operating expenses	(13)	-11,115,884.81	-10,962,196.27
Financial result	(14)	-392,841.77	-1,061,607.35
Result from ordinary activities		2,714,882.67	3,652,936.48
Extraordinary income		141.00	141.00
Extraordinary expenses		-49,904.00	-85,923.00
Extraordinary result	(15)	-49,763.00	-85,782.00
Taxes	(16)	-1,078,571.02	-1,444,348.99
Net income		1,586,548.65	2,122,805.49
Accumulated losses brought forward		-4,102,450.10	-6,225,255.59
Net accumulated losses		-2,515,901.45	-4,102,450.10

NOTES TO THE FINANCIAL STATEMENTS OF SECUNET SECURITY NETWORKS AG FOR FINANCIAL YEAR 2011 (ACCORDING TO HGB)

General principles

secunet Security Networks AG is designated a corporation as defined in Article 267 Para. 3 of the German Commercial Code (Handelsgesetzbuch, HGB).

The financial statements of secunet AG have been prepared in accordance with the recognition and measurement methods of the HGB and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

In order to enhance the clarity and transparency of the reporting, the balance sheet and the income statement combine certain individual positions, which are reported in depth and explained in the Notes. In addition to the standard breakdown under German commercial law, the item "Premium reserve shares from reinsurance contracts" was added to the position "Long-term financial assets" in the "Changes in the fixed assets" overview (Appendix to the Notes). The income statement is based on the total expenditure format.

Recognition and measurement methods

Recognition and measurement are performed according to the principles set out below:

Assets

Fixed assets

The intangible fixed assets acquired are measured at purchase cost and amortised on a straight-line basis over the useful life.

This item primarily relates to goodwill from the takeover of SECARTIS AG. On the basis of the existing customer structure (public institutions), a customary useful life of 15 years was estimated for the goodwill. Had this goodwill been posted to the accounts immediately in 2004, the result from ordinary activities in 2011 would have been 197 kEuro higher.

Tangible fixed assets are measured at purchase cost or cost of production and are depreciated on a straight-line or declining-balance basis over the expected useful life.

Where declining-balance depreciation is applied, this amounts to twice as much (20%) or three times as much (30%) as the straight-line method. A switch is made from declining-balance to straight-line depreciation in years in which the straight-line depreciation amount is higher than the declining-balance depreciation amount.

Shares in affiliated companies are recognised at purchase cost. Loans to affiliated companies and other loans are recognised at nominal value. Long-term financial assets are written down to the market value where permanent impairment has taken place.

Reinsurance contracts are measured at cash surrender value.

Current assets

Inventories are measured at purchase cost or production cost on the balance sheet date. The production cost of work in progress includes not only the directly allocable costs, but also the costs of the necessary materials and production and general administrative expense. Voluntary social security contributions, occupational pension expense and interest on borrowings are not carried as an asset. The principles of loss-free valuation are applied.

Merchandise is measured at the cost of acquisition calculated using a sliding average.

Receivables and other assets are measured at nominal value less appropriate discounts for identifiable individual risks. General credit risk is taken into account through general loan loss provisions, generally based on past experience.

Cash in hand and balances with credit institutions are measured at their nominal value.

Liabilities

Provisions for pensions and similar liabilities are determined in accordance with the expert opinion of an actuary, based on Dr Klaus Heubeck's 2005G mortality tables and applying an interest rate of 5.20%. The valuation is based on the "projected unit credit method" assuming that the benefits will grow by 3%.

In accordance with the valuation rules of Article 253 Paragraph 1 Clause 2 of the HGB as amended by the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), provisions for pensions must be reported at their settlement value with effect from 2010.

The amount required to be allocated to the pension provisions was calculated as at the transition date of 1 January 2010. The difference from the revaluation of the obligations totalled Euro 748,553. With reference to the option provided for under Article 67, Para. 1, Clause 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), secunet AG allocated the amount of Euro 49,904 (1 / 15 minimum extraordinary allocation p.a.). The resulting coverage shortfall is therefore Euro 648,745.

Tax provisions and other provisions are created according to prudent business judgement, taking account of all identifiable and uncertain obligations and the required settlement value expected.

The liabilities are recognised at their settlement value.

Assets and liabilities denominated in foreign currency are converted on the basis of the mean cash exchange rate on the reporting date.

Deferred taxes

in Euro

	Assets-side	Liabilities-side
Fixed assets	10,047.86	0.00
Receivables	0.00	0.00
Provisions for pensions	82,835.44	0.00
Other provisions	31,983.14	0.00
Total	124,866.44	0.00

A tax rate of 32.28% is applied. Use was made of the option under Article 274, Para. 1, Clause 1 of the HGB, and no item was posted in the balance sheet.

Income statement

Revenue is recognised when it is probable that the future economic benefits associated with the corresponding transaction will flow to the Company and when the amount of revenue can be reliably measured.

Revenue is shown net of value-added tax and any discounts when the sale of goods or services has taken place and the risks and rewards associated with ownership have been substantially transferred.

Notes to the balance sheet and income statement of secunet Security Networks AG

(1) Fixed assets

The breakdown of and changes in the fixed assets of secunet AG can be found in the fixed-asset movement schedule, included as an Appendix to the Notes.

(2) Inventories

in Euro	31 Dec 2011	31 Dec 2010
Work in progress	3,008,461.61	1,506,241.02
Merchandise	2,130,266.10	2,252,690.79
Prepayments on inventories	5,503.95	40,000.00
Total	5,144,231.66	3,798,931.81

(3) Receivables and other assets

in Euro	31 Dec 2011	31 Dec 2010
Trade receivables	15,079,574.67	17,071,922.80
Intercompany receivables	840,216.64	145,262.57
of which trade receivables	(840,216.64)	(139,068.36)
Other assets	389,283.04	29,753.07
Total	16,309,074.35	17,246,938.44

As at the balance sheet date, receivables from affiliated companies relate to Giesecke & Devrient GmbH amounting to Euro 830,216.64, and to Giesecke & Devrient Egypt Services LLC. amounting to Euro 20,000.00. These comprised trade receivables in the amount of Euro 850,216.64. 50% of the receivables with G&D Egypt were impaired in the amount of Euro 10,000.00.

The residual term of all receivables was less than one year.

(4) Cash in hand and balances with credit institutions

Cash and cash equivalents consisted of cash in hand and bank balances. The bank balances comprise a call deposit and short-term time deposits with Commerzbank, Essen, in the amount of 16.123 kEuro. The rate of interest on these is between 0.45% and 1.35% p.a.

(5) Equity

The share capital is Euro 6,500,000.00. It is divided into 6,500,000 bearer shares without par value.

In all, the Company held a total of 30,498 treasury shares (previous year: 30,498). as at the balance sheet date, equating to 0.469% or Euro 30,498 of its share capital (previous year: 0.469%). The nominal value of the treasury shares is offset against the share capital; the issue capital therefore totals Euro 6,469,502.00.

Due to the adjustments made in accordance with the BilMoG, the reserve for treasury shares in the calculated amount of the treasury shares of 30,498 is being placed in the reserves due to treasury shares and the remaining amount offset against other revenue reserves.

The net accumulated losses include accumulated losses brought forward of Euro 4,102,450.10.

The majority shareholder, Giesecke & Devrient GmbH, continues, as in the previous year, to hold a share of 78.96% in secunet AG.

Information on notifications regarding shareholdings:

Axxion S.A., Luxembourg-Munsbach, Luxembourg, informed us pursuant to Article 21, Para. 1 of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) on 6 October 2011 that its share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650 exceeded the threshold of 3% on 4 October 2011 and on this day totalled 3.18% (corresponding to 206,766 voting rights).

(6) Provisions

in Euro	31 Dec 2011	31 Dec 2010
Provisions for pensions and similar liabilities	1,534,822.00	1,132,299.00
Provisions for taxes	210,667.59	769,236.56
Other provisions	5,950,715.20	5,750,264.34
Total	7,696,204.79	7,651,799.90

Other provisions related mainly to HR obligations (Euro 4,208,208.95), outstanding invoices (Euro 415,617.35) and trailing costs (Euro 247,860.00).

In 2010, a provision of 225 kEuro was formed for litigation risks relating to a case in which the Company is the defendant. The value in dispute is 450 kEuro. The provision was formed to cover defence costs and the creation of expert reports to be submitted in court. During the course of 2011, 105 kEuro of this were claimed. This was mainly used to pay for legal advice.

(7) Liabilities

in Euro	31 Dec 2011	31 Dec 2010
Payments received on account of orders	403,622.54	168,113.78
Trade payables	6,402,864.98	5,621,451.02
Intercompany payables	0.00	5,683.74
Other liabilities	2,474,889.87	1,154,962.80
of which taxes	(1,643,725.25)	(1,078,373.12)
of which relating to social security	(1,635.02)	(4,369.87)
Total	9,281,377.39	6,950,211.34

All liabilities have a residual term of no more than one year.

(8) Revenue

The revenue was generated in the following regions:

in Euro	2011	2010
Domestic	48,732,140.57	54,456,419.41
International	5,032,470.64	4,476,586.87
Total	53,764,611.21	58,933,006.28

(9) Other operating income

Other operating income of Euro 714,356.57 primarily comprises a compensatory amount from the utilisation of provisions formed by other operating expenses, income from the release of provisions and other income. The income from the release of provisions mainly resulted from the reduced use of profit-sharing bonuses in 2010 and the costs for the 2010 annual report.

Approximately 25% of the other operating income relates to other periods and results predominantly from the release of provisions.

(10) Cost of materials

in Euro	2011	2010
Cost of purchased merchandise	15,595,247.79	19,698,071.39
Cost of purchased services	2,492,907.69	2,683,780.05
Total	18,088,155.48	22,381,851.44

(11) Personnel expenses

in Euro	2011	2010
Wages and salaries	19,213,945.44	18,715,662.37
Social security costs	3,005,934.70	2,939,350.79
Old age pension costs	233,437.02	87,028.91
Other employee benefit costs	9,851.87	13,679.94
Total	22,463,169.03	21,755,722.01

(12) Depreciation and amortisation of intangible fixed assets and tangible fixed assets

Depreciation and amortisation are broken down by individual item in the statement of fixed assets.

(13) Other operating expenses

Other operating expenses of Euro 11,115,884.81 consisted mainly of advertising, travel, rent, lease, training, vehicle, administrative, IT, legal, consulting and audit expenses. Depreciation on receivables in the amount of 31 kEuro were also carried out during the year under review.

The amount of expenses relating to other periods is insignificant.

(14) Financial result

in Euro	2011	2010
Income from other securities and long-term loans	0.00	24,120.24
of which from affiliated companies	(0.00)	(24,120.24)
Other interest and similar income	122,333.98	52,501.17
Depreciation on long-term financial assets and securities classified as current assets	-385,000.00	-1,050,000.00
Interest and similar expenses	-130,175.75	-88,228.76
of which interest on pension provisions	(-120,099.00)	(-87,228.00)
Total	-392,841.77	-1,061,607.35

Depreciation on long-term financial assets and on securities held as current assets relate to depreciation on loans issued to secunet SwissIT AG during the financial year.

(15) Extraordinary result

The application of Article 66 of the EGHGB and of Paragraph 1 of Article 67 of the EGHGB resulted in extraordinary expenses of Euro 49,904.00 and extraordinary income totalling Euro 141.00. Overall, this created a one-off negative effect on the annual result in the amount of Euro 49,763.00.

Broken down, the extraordinary expenses and extraordinary income result from the differences in the allocation and release of the following provisions:

in Euro	Expenses	Income
Pensions and similar liabilities	49,904.00	0.00
Deferred compensation	0.00	141.00
Total	49,904.00	141.00

(16) Taxes

in Euro	2011	2010
Income taxes	1,068,441.03	1,427,459.91
Other taxes	10,129.99	16,889.08
Total	1,078,571.02	1,444,348.99

Taxes on income relate to financial year 2011 and refunds in the amount of 43 kEuro to trade and corporate tax for 2003 to 2007.

Other notes

Employees

The average headcount over the year, including the three Management Board members, was 279 (previous year: 274, including three Management Board members).

Contingent liabilities

As a security for customers in connection with large orders and for guarantees (e.g. in relation to landlords of office premises), secunet AG has access to a guarantee credit at its principle bank. As at 31 December 2011, the amount of this credit was Euro 1.8m (previous year: Euro 1.8m). To date, no use has been made of the guarantee credit.

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled Euro 6,470,329.34. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements, of which Euro 2,301,274.23 have less than one year to run, Euro 4,105,834.89 have between one and five years to run and Euro 63,220.22 have more than five years of their term left. None of the total liabilities are towards affiliated companies. Purchase commitments towards suppliers stood at Euro 2,572,081.192 as at the balance sheet date (previous year: Euro 2,309,242.33). These are due within one year.

Liability arrangements

No declarations were issued that resulted in liability arrangements.

Relationships with affiliated companies

Through Giesecke & Devrient GmbH, Munich, the Company is an affiliated company of Giesecke & Devrient Holding GmbH, Munich, which prepares the Consolidated Financial Statements for the largest group of companies. Additionally, the Company is included in the Consolidated Financial Statements of Giesecke & Devrient GmbH, Munich, which prepares the Consolidated Financial Statements for the smallest group of companies. secunet AG also prepares its own IFRS Consolidated Financial Statements. The Consolidated Financial Statements are published in the electronic Federal Gazette.

Auditors' fees

In 2011, fees were expensed to the statutory auditor KPMG AG Wirtschaftsprüfungsgesellschaft of 97 kEuro for auditing services (of which 37 kEuro for the audit of the previous year's financial statements), 2 kEuro for tax consulting services, 15 kEuro for other assurance services and 18 kEuro for other services.

Other

Management Board remuneration totalled 870.2 kEuro in financial year 2011 kEuro (previous year: 778.9 kEuro). This breaks down into fixed components of 531.2 kEuro (previous year: 470 kEuro), variable components of 284.0 kEuro (previous year: 251 kEuro) and non-cash benefits of 55.0 kEuro (previous year: 57.8 kEuro). The amount provisioned during the previous year for variable remuneration was claimed in the amount of 249 kEuro, the remaining 2 kEuro were released.

As at 31 December 2011, the members of the Management Board no longer held any secunet AG shares.

In the year under review, the total remuneration paid to the Supervisory Board was 34.7 kEuro (previous year: 35.9 kEuro).

The members of the Supervisory Board held no shares in the Company as at the balance sheet date.

Disclosure of the individual amounts paid to members of the Management Board and Supervisory Board, along with further details of the remuneration system, can be found in the remuneration report that forms part of the Management Report of secunet AG.

The Management Board and Supervisory Board issued the declaration pursuant to Article 161 of the AktG in respect of secunet AG. This is permanently available to shareholders on the Company's website (www.secunet.com).

Executive bodies

Management Board

Dr Rainer Baumgart, Chairman

(secunet AG shares held: none)

Graduate engineer Thomas Koelzer

(secunet AG shares held: none)

Graduate business economist (FH) Thomas Pleines

(secunet AG shares held: none)

Supervisory Board

Dr Karsten Ottenberg, Munich

Chairman

- Chairman of the Management Board of Giesecke & Devrient GmbH, Munich

No other directorships

Dr Wilhelm Wick, Essen

Vice-Chairman

- Project Director of Hitachi Power Europe GmbH, Duisburg

Other directorships:

- TÜV NORD AG, Hanover

Graduate engineer Franz Markus Haniel, Munich

- Member of the Advisory Council of Giesecke & Devrient GmbH, Munich

Other directorships:

- Franz Haniel & Cie. GmbH, Duisburg
- METRO AG, Düsseldorf (from 18 November 2011)
- Delton AG, Bad Homburg
- Heraeus Holding GmbH, Hanau
- BMW AG, Munich
- TBG Limited, Malta

Hans-Wolfgang Kunz, Munich

- Member of the Management Board of Giesecke & Devrient GmbH, Munich

Other directorships:

- Giesecke & Devrient America, Inc., Dulles, USA
- Giesecke & Devrient India Pvt. Ltd., Gurgaon, India
- Giesecke & Devrient GB Ltd., Wembley, London, UK
- G y D Ibérica S.A., Barcelona, Spain
- Giesecke & Devrient International Finance S.A., Luxembourg
- Giesecke & Devrient Systems Canada, Inc., Markham, Canada
- Giesecke & Devrient Matsoukis Security Printing S.A., Athens, Greece
- Giesecke & Devrient Southern Africa, Pty. Ltd., Johannesburg, South Africa
- Giesecke & Devrient FZE, Dubai, United Arab Emirates

Dr Elmar Legge, Schermbeck

- Member of the Management Board of RWTÜV e.V., Essen
- Member of the Management Board of TÜV NORD AG, Hanover
- Member of the Management Board of GREIF-Stiftung, Mülheim an der Ruhr
- Member of the Management Board of the RWTÜV Foundation, Essen

Other directorships:

- TÜV Thüringen e.V., Erfurt
- TÜV NORD PENSION TRUST e.V., Hanover
- VAI Van Ameyde International B.V., Rijswijk, Netherlands
- AHV VVAG, Essen
- RWTÜV GmbH, Essen
- TÜV NORD Mobilität GmbH & Co. KG, Hanover*
- TÜV NORD BILDUNG GmbH & Co. KG, Essen*
- TÜV NORD Systems GmbH & Co. KG, Hamburg*
- DMT GmbH & Co. KG, Essen*

* Group-internal mandate in the TÜV NORD Group

Dr Peter Zattler, Grünwald

- Member of the Management Board of Giesecke & Devrient GmbH, Munich

Other directorships:

- Giesecke & Devrient International Finance S.A., Luxembourg
- Giesecke & Devrient GB Ltd., Wembley, London, UK
- n.v. Giesecke & Devrient s.a., Zaventem, Belgium (until 1 April 2011)
- Giesecke & Devrient Matsoukis Security Printing S.A., Athens, Greece
- Giesecke & Devrient 3S AB, Stockholm, Sweden

Shareholdings**secunet SwissIT AG, Solothurn, Switzerland**

100% participation, equity of the company as at 31 December 2011 kCHF 79,
2011 net income: kCZK +453

secunet s.r.o., Prague, Czech Republic

100% participation, equity of the company as at 31 December 2011 kCZK 4,041,
2011 net income: kCZK +1,834

Secunet Inc., Austin, Texas, USA

100% participation (shell company)

Essen, 13 March 2012

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

CHANGES IN THE FIXED ASSETS OF SECUNET SECURITY NETWORKS AG IN FINANCIAL YEAR 2011 ACCORDING TO HGB

in Euro	Historical costs			As at 31 Dec 2011	
	As at 1 Jan 2011	Additions	Disposals		
I. Intangible fixed assets					
1. Acquired concessions, industrial property rights and similar rights and values, and licences to such rights	349,826.80	0.00	-229,826.80	120,000.00	
2. Acquired software	1,034,546.56	48,482.63	-26,277.96	1,056,751.23	
3. Goodwill	2,950,000.00	0.00	0.00	2,950,000.00	
Intangible fixed assets, total	4,334,373.36	48,482.63	-256,104.76	4,126,751.23	
II. Tangible fixed assets					
Other equipment, office and operating equipment	6,803,913.80	846,192.23	-316,624.20	7,333,481.83	
Tangible fixed assets, total	6,803,913.80	846,192.23	-316,624.20	7,333,481.83	
III. Long-term financial assets					
1. Shares in affiliated companies	556,540.96	0.00	0.00	556,540.96	
2. Loans to affiliated companies	778,550.26	385,000.00	-550,000.00	613,550.26	
3. Other loans	0.00	0.00	0.00	0.00	
4. Premium reserve shares from reinsurance contracts	1,144,215.00	135,504.00	0.00	1,279,719.00	
Long-term financial assets, total	2,479,306.22	520,504.00	-550,000.00	2,449,810.22	
Total fixed assets	13,617,593.38	1,415,178.86	-1,122,728.96	13,910,043.28	

	Accumulated depreciation			Book values		
	As at 1 Jan 2011	Additions	Disposals	As at 31 Dec 2011	As at 31 Dec 2011	As at 31 Dec 2010
	349,826.80	0.00	-229,826.80	120,000.00	0.00	0.00
	745,563.56	170,053.63	-26,277.96	889,339.23	167,412.00	288,983.00
	1,327,220.00	196,620.00	0.00	1,523,840.00	1,426,160.00	1,622,780.00
	2,422,610.36	366,673.63	-256,104.76	2,533,179.23	1,593,572.00	1,911,763.00
	5,196,018.80	839,580.98	-314,069.95	5,721,529.83	1,611,952.00	1,607,895.00
	5,196,018.80	839,580.98	-314,069.95	5,721,529.83	1,611,952.00	1,607,895.00
	556,540.96	0.00	0.00	556,540.96	0.00	0.00
	778,550.26	385,000.00	-550,000.00	613,550.26	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	1,279,719.00	1,144,215.00
	1,335,091.22	385,000.00	-550,000.00	1,170,091.22	1,279,719.00	1,144,215.00
	8,953,720.38	1,591,254.61	-1,120,174.71	9,424,800.28	4,485,243.00	4,663,873.00

Report of the independent auditors on the Annual Financial Statements

We have audited the Annual Financial Statements – comprising the balance sheet, the income statement and the notes to the financial statements – including the bookkeeping system, of secunet Security Networks Aktiengesellschaft, Essen, and the company and group management report for the financial year from 1 January to 31 December 2011. The Company's Management Board is responsible for the bookkeeping system and for the preparation of the Annual Financial Statements and company and group management report in accordance with German commercial law. Our responsibility is to express an opinion on the Annual Financial Statements, including the bookkeeping system, and on the company and group management report, based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with Section 317 of the German Commercial Code (Handelsgesetzbuch, HGB) and the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance whether the Annual Financial Statements, with due regard to the principles of proper accounting generally accepted in Germany, and the company and group management report are free of material misstatements in their presentation of the assets, liabilities, financial position and results of operations. Knowledge of the business activities and the economic and legal environment of the Company and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and evidence supporting the disclosures in the bookkeeping, Annual Financial Statements and company and group management report are examined primarily on a test basis within the framework of the audit. The audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the Annual Financial Statements and of the company and group management report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the Annual Financial Statements comply with legal requirements and give a true and fair view of the assets, liabilities, financial position and results of operations of secunet Security Networks Aktiengesellschaft, Essen, in accordance with German principles of proper accounting. The company and group management report is consistent with the Annual Financial Statements, as a whole provides a suitable view of the Company's position, and suitably presents the opportunities and risks of future development.

Essen, 14 March 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Krecher
Auditor

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the management report includes a true and fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

Service

SECUNET OFFICES

Head office, Essen

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen, Germany
Phone: +49 (0)201 54 54-0
Fax: +49 (0) 201 5454-1000

Berlin

secunet Security Networks AG
Alt-Moabit 91 c
10559 Berlin, Germany

Dresden

secunet Security Networks AG
Ammonstraße 74
01067 Dresden, Germany

Frankfurt

secunet Security Networks AG
Mergenthalerallee 77
65760 Eschborn, Germany

Hamburg

secunet Security Networks AG
Osterbekstraße 90 b
22083 Hamburg, Germany

Munich

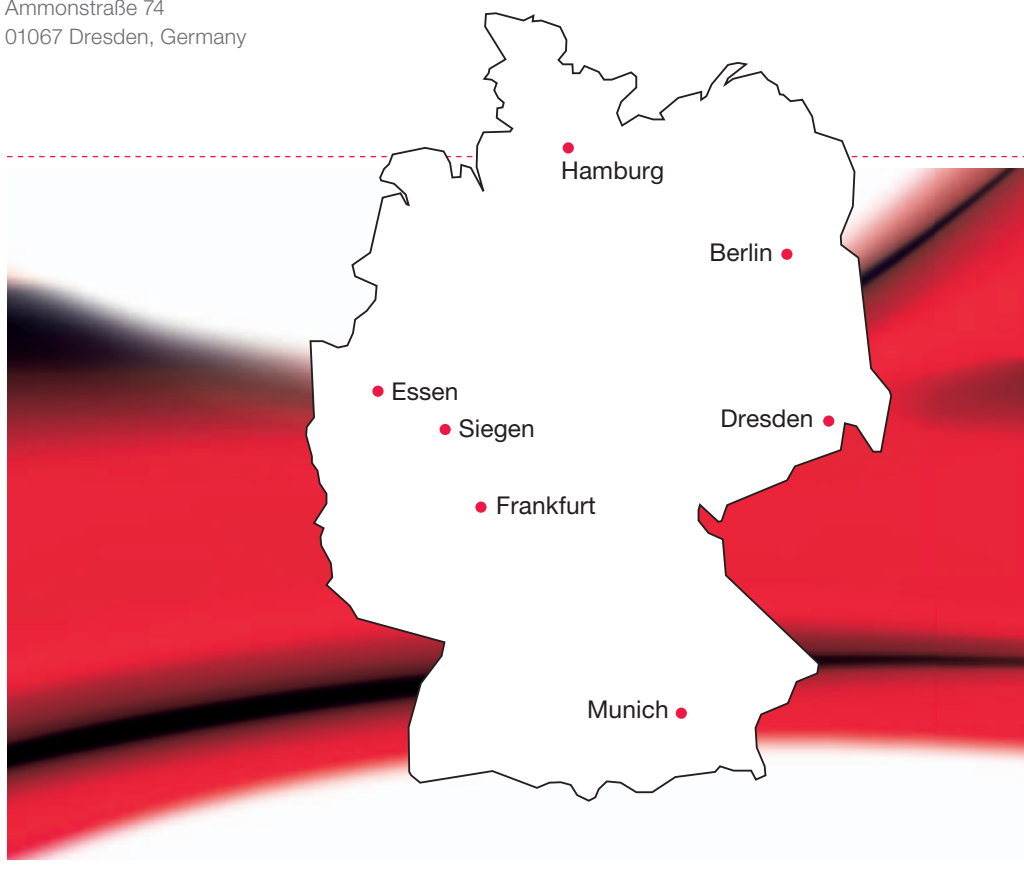
secunet Security Networks AG
Konrad-Zuse-Platz 2-3
81829 München, Germany

Siegen

secunet Security Networks AG
Weidenauer Straße 223-225
57076 Siegen, Germany

secunet Training Center

secunet Security Networks AG
Ammonstraße 74
01067 Dresden, Germany



FINANCIAL CALENDAR 2012

2012

26 January 2012	Preliminary Figures for Financial Year 2011
19 March 2012	Annual Report 2011
28 March 2012	Analysts' Conference
9 May 2012	3-Month Report 2012
13 June 2012	Annual General Meeting
8 August 2012	6-Month Report 2012
7 November 2012	9-Month Report 2012
12–14 November 2012	German Equity Forum 2012

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

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 (0)201 54 54-12 34

Fax: +49 (0) 201 54 54-12 35

E-mail: investor.relations@secunet.com

Internet: www.secunet.com

Concept and Design

Whitepark GmbH & Co., Hamburg
www.whitepark.de

Text

secunet Security Networks AG

Printed by

Woeste Druck + Verlag GmbH & Co. KG, Essen-Kettwig
www.woeste.de

Photograph information

secunet Security Networks AG



IT security beyond expectations

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen
Germany

Phone: +49 (0)201 5454-0
Fax: +49 (0)201 5454-1000

E-Mail: info@secunet.com
Internet: www.secunet.com