

Annual Report

12

Key Figures

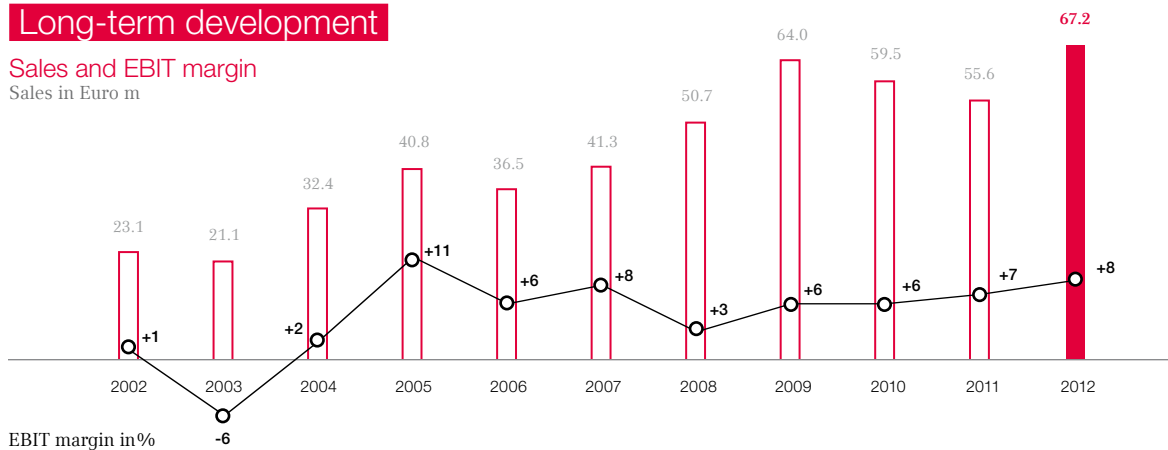
in Euro m	2012	2011	Change in%
Sales	67.2	55.6	+21
EBIT	5.7	3.9	+47
EBT	5.6	3.9	+45
Net income for the year	3.7	2.7	+36
Earnings per share	0.57	0.42	+36
Balance sheet total	55.6	46.3	+20
Equity	30.4	27.6	+10
Liquid assets	24.0	17.6	+36
Liabilities	12.1	9.9	+23
Loans	0.0	0.0	-
Cash flow from operating activities	8.6	4.2	+105
Investments	1.2	0.9	+29
Free cash flow	6.3	3.2	+97
Order backlog IFRS	37.6	34.9	+7
Order backlog HGB	42.2	39.5	+7
Employees as at 31 Dec	301	276	+9

////////////////////////////////////

Long-term development

Sales and EBIT margin

Sales in Euro m



secunet is one of the leading German providers of high-quality IT security. In close dialogue with its customers – companies, public authorities and international organisations – secunet develops high-performance products and advanced IT security solutions. secunet therefore does not merely secure its customers' IT systems, it also delivers intelligent process optimisation and achieves sustainable added value.

Content

Annual Report 2012

- | | |
|--|--|
| // 06 Foreword of the Chairman
of the Executive Board | // 71 Report of the Independent Auditors on
the Consolidated Financial Statements |
| // 08 Report of the Supervisory Board | // 72 Responsibility Statement |
| // 12 Public Sector | // 74 Annual Financial Statements of the AG |
| // 14 The secunet Share | // 88 Report of the Independent Auditors on
the Annual Financial Statements |
| // 16 Corporate Governance Report | // 89 Responsibility Statement |
| // 20 Business Sector | // 90 Service |
| // 22 Management Report | |
| // 38 Consolidated Financial Statements | |



Dr Rainer Baumgart,
Willem Bulthuis, Thomas Pleines
(from top to bottom)

Foreword by the Management Board

Dear shareholders, customers, staff and friends of secunet,

Our performance in the 2012 financial year was excellent: With revenue of Euro 67.2m and earnings before interest and taxes (EBIT) of Euro 5.7m, we achieved the highest annual result in the history of our company.

On the one hand, this good result is thanks to our customers, with whom we have maintained a close technological partnership for many years. Your trust is our most valuable asset.

On the other hand, our highly motivated, excellently qualified employees significantly contributed to this success – the importance of this particularly during high capacity utilisation cannot be stressed enough. The Management Board of the Company would therefore explicitly like to thank the Company's employees for their high level of commitment and excellent work.

Our strength consists in high technological competence paired with extensive solution experience. Therefore, secunet is in many areas closely involved in the development of future technologies: Our expertise is in demand for basic technology, to set up infrastructures, develop products and integrate extensive solutions. This applies to all of our markets: highly secure processing of classified data, IT security and IT security solutions for e-Government, new mobile applications and modern cars.

The markets in which we are active are growing consistently. As a specialised provider with sound technical competence, we have so far matched this development. That is why the secunet Group can now look back on more than 15 years of excellent performance. We also want to continue to drive this long-term growth. For this purpose, we want to secure existing market share and develop new pillars. Therefore, we are focusing on the following tried and tested strategic approaches:

- Maintaining the strong basis on the home market: Our core customers, public customers in Germany, can rely on an economically stable, innovative and reliable technology partner for highly secure IT, who will support them in the long term.
- Expansion in the private sector: Technological developments and innovative applications result in a growing demand for IT security solutions, such as in the strong growth market for so-called “mobile devices” and related applications. We can already boast presentable successes here, and future prospects are optimistic.

- **International growth:** The volume of the domestic market is limited. A stronger global focus allows us to avoid this restriction. The continuous increase in the secunet Group's foreign business shows that we are achieving good results in this direction: Security technology "Made in Germany" is in demand globally and secunet has a good reputation. The growing number of official international permits for our products supports these activities. In terms of all opportunities resulting from this, it must also be considered that competitive pressure for IT security is much higher on the global than on the domestic market.
- **Expansion of our product business:** International growth and economies of scale can be more easily realised via products. With our *SINA* product family for highly secure processing of classified data, we have created a stronger basis for expanding our product business. We are adding to this position with products in the area of electronic signature applications and Public Key Infrastructures, electronic tax returns (ELSTER security) and biometric IDs (control). By increasing the value of the product and portfolio management at secunet, we aim at developing further market opportunities using innovations tailored to demand. We will also make targeted investments for this purpose.

Since early 2013, we have even more closely adapted our internal organisation to this strategy. The clear focus on the target group of public customers on the one hand, and the private sector on the other, with the newly merged business units Public Sector and Private Sector and their customer-oriented organisation, is to increase organisational effectiveness and efficiency. We are hoping that this will lead to additional positive growth impulses: This is to facilitate the change to become an international organisation focusing on product business.

secunet is active in project business; this involves long-term negotiations of major equipment decisions. The continuous sustainable growth in the past was frequently interrupted by consolidation periods, which are also possible in the future.

At the time of compiling this report, we are expecting, based on the information available and after the peak year 2012, a moderate increase in revenue for the current financial year 2013 with stable profits.



Dr Rainer Baumgart



Dr Karsten Ottenberg

Report of the Supervisory Board

Dear Shareholders,

During the reporting 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 and all other occurrences and measures important for the Company. The Members of the Supervisory Board always had the opportunity to attend to the Management Board's suggestions and reports in detail and to make own proposals.

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 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. During financial year 2012, the Supervisory Board saw no 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 2012 financial year; these took place on 14 March, 13 June, 19 September and 21 November 2012. 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 compliance. It also dealt with the Management Board's estimates regarding market events, and the further development and long-term strategy focus of the company, and critically and constructively discussed these with the Management Board. In addition, it focused on the key organisational and personnel changes.

The Financial Statements review meeting of 14 March 2012 dealt in detail with the Annual Financial Statements, Consolidated Financial Statements and abbreviated Management Report for the company and the Group for the 2011 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.

During its meeting on 14 March 2012 the Supervisory Board also undertook a self-evaluation of its activities and looked at possible ways in which the efficiency of the latter could be improved (examination of efficiency). The Supervisory Board also approved the Supervisory Board Report for the financial year 2011 and the proposed resolutions by the Supervisory Board for the Annual General Meeting on 13 June 2012. In addition, the Supervisory Board received reports on compliance measures at secunet Security Networks AG and discussed with the Management Board concrete options that could contribute to a further improvement of the existing structures, such as particularly the revision and expansion of internal Codes of Conduct.

At the meeting of 13 June 2012, which was held following the Annual General Meeting, the Management Board reported to the Supervisory Board in particular on the current business situation. In addition, at this meeting, the Supervisory Board passed the resolution to appoint Willem Bulthuis to the Management Board of secunet Security Networks AG effective from 1 July 2012 for a period of three years. At the meeting of 19 September 2012, the Supervisory Board primarily dealt with the strategic development of secunet Security Networks AG. This particularly comprised the discussion and analysis of markets and operational areas relevant for the Company. In addition, the Supervisory Board dealt with the Management Board's suggestions for the further development of the Company's organisational structure.

At the meeting of 21 November 2012, the Supervisory Board approved the annual and budget planning for the 2013 financial year. At this meeting, the Supervisory Board also dealt with issues relating to internal auditing, compliance management and risk management. Furthermore, at its meeting of 21 November 2012, the Supervisory Board discussed the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), which it adopted on 18 December 2012.

All members of the Supervisory Board were present at the meetings held on 13 June and 21 November 2012. One member was absent from the meetings on 14 March and 19 September 2012. No Supervisory Board Member attended fewer than half of the meetings.

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 13 June 2012, 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 is continually examining the further development of Corporate Governance standards in the Company and particularly the implementation of the recommendations of the German Corporate Governance Code. The Supervisory Board deems the implementation of the German Corporate Governance Code to be of key importance. In the reporting year, secunet Security Networks AG complied with the recommendations of the German Corporate Governance Code with few exceptions. On 18 December 2012, the Management Board and Supervisory Board submitted their Declaration of Conformity for financial year 2012 regarding the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act. 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 2012 Annual Report.

Annual Financial Statements and Consolidated Financial Statements for 2012

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 2012, 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 13 June 2012. The auditors issued an unqualified opinion in each case. The auditors further determined that the Management Board uses a suitable information and monitoring system, whose design and handling is suited to identify any developments endangering the continued existence of the Company early on.

The auditors also examined the report on relationships with affiliated companies prepared by the Management Board for financial year 2012 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 proposed appropriate of balance sheet profits, 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 13 March 2013, the Financial Statements and reports, as well as the suggested profit appropriation, stated above were discussed and examined in detail 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 2012 compiled by the Management Board; the Annual Financial Statements of secunet Security Networks AG were thus adopted on 13 March 2013. The Supervisory Board checked the Management Board’s suggested profit appropriation, which sets out that the balance sheet profits be carried forward, and agrees with it.

The Supervisory Board would like to thank all employees and the members of the Management Board for their great commitment and excellent work during the 2012 financial year.

Essen, 13 March 2013



The Supervisory Board
Dr Karsten Ottenberg



Public

Sector



Solutions for e-government and high security

Processes and IT infrastructures for public customers are particularly challenging in terms of information security. The secunet Public Sector division offers advice to national and international public-sector and defence customers, using state-of-the-art products and services that can be tailored to

customers' needs, as well as individual security solutions. These meet the requirements of modern administration, allow sovereign tasks to be performed and correspond to the high-security requirements for the protection of classified information. //

The secunet Share

Stock market year 2012 with excellent balance sheet

Following a disappointing 2011, the German stock market put in an excellent performance in 2012. After the first half of the year had still been characterised by concerns regarding the Euro crisis, a clearly positive performance could be recorded from the summer – as a result of clear commitments in the currency region and binding rescue mechanisms being put in place. The leading share index DAX delivered a striking rally, climbing up 29% to 7,612 in twelve months. This was the biggest increase of the DAX in the last nine years. The mid-cap index MDAX recorded an even greater plus, by 33% to 11,914 points. The technology index TecDAX rose impressively, by 21% to 828 points.

Analysts are confident that the positive trend will continue in 2013. One reason given is that a large part of companies is still valued as comparatively low. In addition, confidence in the robustness of the European financial markets has increased again.

secunet share follow positive trend

With its performance in 2012, the secunet share mirrored the trend on the German stock market. The share price rose by 21% from Euro 10.40 at the start of the year to Euro 12.60 at year-end. This led to an increase in the value of the Company from Euro 67.6m to Euro 81.9m.

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 Ingrid und Christiane Weispfenning, who together holds a 5.82% share in the voting rights of secunet Security Networks AG, along with AXXION S.A., which holds a share of 3.18%.

secunet holds a further 0.47% of the shares (30,498 individual shares), while the remaining 11.57% are in free float.

Trading volume remains low

In 2012, the average number of secunet shares traded on the Frankfurt stock exchange and on XETRA was 2,122 shares per day. This compares with only 1,685 shares in the previous year.

However, it still remained low: 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 13 June 2012 in Essen, with 91% of the share capital represented. Each of the agenda items received more than 99% approval.

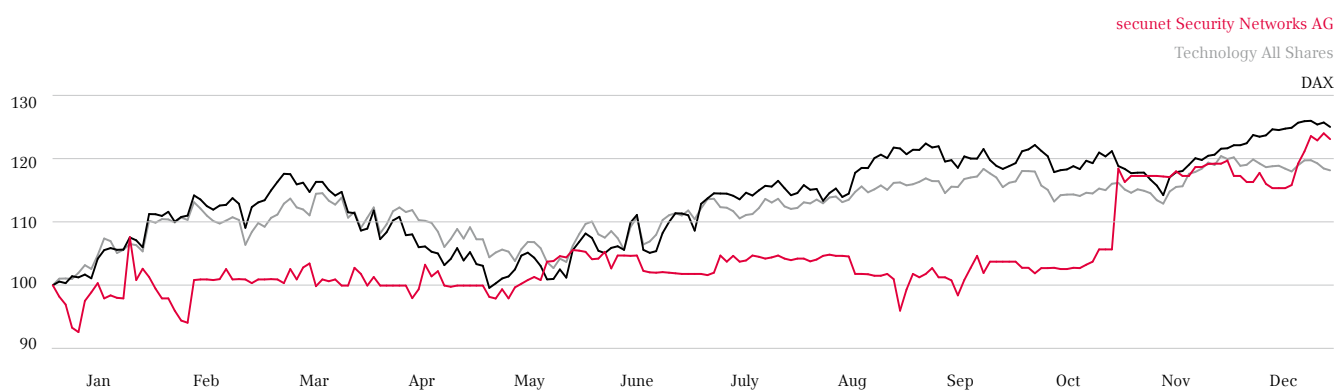
Comprehensive investor information

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 secunet Security Networks AG and its business performance. 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 questions.

Share price performance 1 Jan 2012 – 31 December 2012

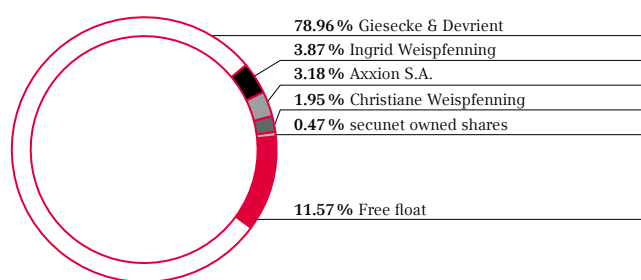
Index, price 2 Jan 2012 = 100



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 2012



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 2012, 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 15 May 2012. 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 289 a 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 Act 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 an end at the Ordinary 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 15 a of the WpHG (Directors' Dealings)

Article 15 a 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 2012.

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 code (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 2012 Annual General Meeting. The audits were performed in accordance with Article 317 of 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 2012 were subjected to an auditor's review by KPMG AG Wirtschaftsprüfungsgesellschaft.

Declaration of conformity under Article 161 of 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 Act (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 15 May 2012 and then the version in force on 26 May 2010 and published by the German 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, 1962 and 1964).

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.

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

Explanation: The Company's Articles of Association stipulate that members of the Supervisory Board receive fixed remuneration only and do not receive performance-related remuneration. However, with the advent of the new version of the German Corporate Governance Code dated 15 May 2012, the recommendation for performance-related remuneration for the members of the Supervisory Board no longer applies, meaning that the inconsistency has been eliminated since this point in time.

5.4.6 Para. 3 The remuneration of the Supervisory Board members should be presented individually in the Notes or the Management 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 generally required in the Notes or the Management Report. In future (starting with the Financial Statements for the 2012 financial year), the Company will not meet this recommendation and will present the remuneration of the Supervisory Board members individually in the Notes or the Management Report, broken down by its various components

secunet Security Networks AG
Essen, 18 December 2012

The Management Board

The Supervisory Board



IT security for companies and industry solutions

Attacks on company networks, industrial espionage, cyber crime and data protection requirements necessitate intelligent IT security solutions. The secunet Business Sector division supports its customers in the safe use of Information and Communication Technologies in internal IT, in core business

and “embedded” in products and services. The core competence of the Business Sector division is in the development and production of flexible security solutions, which can be integrated into existing IT landscapes without influencing ongoing business processes and can be adjusted to technical development. //

Business Sector

Management Report

CONDENSED MANAGEMENT REPORT REPORT ON THE POSITION OF THE COMPANY AND THE GROUP FOR THE 2012 FINANCIAL YEAR

// 23	Principles of the Group	// 30	Employees
23	Business model and Group structure	// 30	Supplementary report
24	Corporate management	30	Events after conclusion of the financial year
24	Research and development – Innovation report	// 30	Risk report
24	Industry-related framework conditions	30	Risk management objectives and methods
// 25	Results of operations	30	Individual risks
25	Revenue performance	31	Description of the key characteristics of the internal control and risk management system in reference to the Group accounting process (Article 289 Para. 5 and Article 315 Para. 2 No. 5 HGB)
26	Earnings trend	// 32	Forecast report
27	Results of operations of secunet Security Networks AG	32	Market environment
// 27	Order book	32	Objectives and strategy
// 27	Investments	// 34	Other notes
// 28	Earnings situation	34	Remuneration report
28	secunet Group	36	Information and explanatory report provided by the Management Board in line with Article 289 (4) and Article 315 (4) of the German Commercial Code (Handelsgesetzbuch, HGB)
28	secunet Security Networks AG	36	Management Board report in line with Section 312 Para. 3 of AktG
// 29	Cash flow	37	Forward-looking statements
// 29	Assessment of business performance and the position of the Company		

Principles of the Group

The Management Report is compiled in timely compliance with the German Accounting Standard No. 20 (DRS 20).

Business model and Group structure

Business model of the Group

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, Public Key Infrastructures (PKI) 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.

Group and organisational structure, locations

The secunet Group includes 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 *SINA*.

secunet Germany has a target group-oriented organisational structure. The activities of the two divisions Public Sector and Private Sector are geared to the target groups of public clients, 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 in individual business units (segments) is on specialist areas: within the Public Sector business division, the core competence of encryption technology, with the key product *SINA*, has been relocated to the High Security business unit, while the Government business unit covers all other (consulting) services and products for governmental consumers. The Private Sector division encompasses the Automotive Security business unit, and IT security solutions for private companies within the Business Security business unit.

In order to support its medium- to long-term growth strategy, secunet at the start of 2013 adjusted its internal organisation. Two business units – Public Sector and Private Sector – are geared to the needs of the target groups public clients and international organisations, on the one hand, and private companies, on the other, offering consultancy services, products and solutions. The business units Public Sector and Business Sector correspond to the former business divisions Public Sector and Business Sector, and are made up of High Security and Government, on the one hand, and Business Security and Automotive Security, on the other. Within these business units, the organisation has a process-oriented design and is targeted at an optimal use of the relevant markets and key accounts.

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.

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 offered the following range of products and services in the 2012 financial year:

High Security

- *SINA* product line
- Consulting and integration
- Training

Government

- E-Government consultancy and solutions
- Biometrics and sovereign documents
- Security awareness
- Security solutions for the health system
- Secure web solutions
- Security validation

Business Security

- Central signature services
- ISMS according to ISO 27001
- Security analyses
- Data loss prevention
- Network security
- Mobile security
- De-Mail
- Single sign-on
- Line encryption

Automotive Security

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

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, secunet sales activities abroad have so far been focused on EU countries, the Middle East and Asia. Its cooperation with the global Giesecke & Devrient Group supports secunet Security Networks AG's international sales activities.

Management and control – reference to the explanation of corporate governance as set out in Article 289 a Para. 1 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 detailed explanation of the management of the secunet Group can be found in the Corporate Governance Report of secunet AG. This section also contains the Declaration of Corporate Governance in accordance with Section 289 a, Para. 1 HGB. The Corporate Governance Report is permanently available via the secunet Security Networks AG website, at www.secunet.com.

Corporate management

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 (Group revenue and Group EBIT), and to utilisation and productivity (degree of utilisation of the operative employees: actual working hours to target working hours). 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.

Research and development – Innovation report

The research and development activities of secunet Security Networks AG aimed at improving and innovating processes, products and solutions. secunet thus stays abreast of the growing need of its customers for higher security in existing infrastructures as well as solutions dealing with threats in new technical environments.

secunet's research and development activities are strictly designed to minimise risks. secunet does not develop products unless there is concrete demand for them. Factually, special solutions are largely developed on behalf of customers: this is common practice for suppliers to government bodies and in the High Security area.

secunet strategically bases its innovation efforts on three pillars:

- Promoting an innovation culture by offering incentives for new developments and regularly and intensely internal exchange of technical innovations and setting up a knowledge management infrastructure. This is supported by the fact that in addition to a career in management, the personnel development plan also includes a career as a specialist;
- Cooperation and partnerships with customers, universities and associations in order to achieve synergies in research and development;
- Organisational bundling of competences in the shape of product and portfolio managers, which support the developments of innovation management up to the creation of market-ready products.

In addition, secunet employees are members of many national and international standardisation committees and therefore actively participate in checking, approving and implementing innovations in IT. On the one hand, this allows a valuable exchange of expertise to take place, which continually adds to the qualifications of employees. On the other hand, work on committees contributes to secunet extensively participating in technological developments early on.

Industry-related framework conditions

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

The information technology market (IT hardware, software, IT services) has grown steadily in the past three years. However, a flattening tendency can be observed: After very strong growth of 8.1% in 2010, there was a significant slow-down to 3.1% in 2011 and 2.3% in 2012. The growth rates in the IT sub-segments diverge strongly: The software market in 2012 experienced particularly strong growth of 4.4%, followed by the IT services market with 2.1%. Even the hardware market, which is particularly sensitive to cyclical fluctuations, grew by 1.1%.

Security remains a key issue for the IT market. The fundamental threat of cyber crime regarding such topics as 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. The topic of “Cyber security” is attracting increasing attention, which deals with threats of espionage and sabotage, generating an increasing demand for security. 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.

Forecasts derived from studies on IT security in Germany so far pointed to growth in the market for security technology and electronic security systems which is significantly above the anticipated growth for the IT sector as a whole. As a result, individual studies for the IT security market expect an average annual rate of growth of 10%.

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 and in the private sector. secunet has established a solid reputation among corporate managers in the specialist field of IT security for the automotive sector and has developed a market position that offers good growth potential.

Results of operations

In the 2011 Annual Financial Statements, the presentation and structuring of the profit and loss account for the secunet Group in accordance with IFRS is presented and structured according to 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.

Revenue performance

In the 2012 financial year, the revenue of the secunet Group increased by Euro 11.6m or 21%, from Euro 55.6m in the previous year to Euro 67.2m.

This strong increase in revenues is based on a very good order situation on the one hand, and hence a continually very high level of utilisation in the service sector (consultancy and development). On the other hand, product business with hardware and licenses will increase again significantly after a relatively weak previous year.

The Private Sector business division (future Business Sector) generated the main proportion of revenue growth for the secunet Group in the 2012 financial year. The accumulated plus of the two business units Business and Automotive Security amounted to approx. Euro 6.6m. The business unit Business Security in the past financial year achieved a revenue plus of Euro 5.3m or 76% compared to the previous year. The strong increase in revenue from Euro 6.9m in 2011 to Euro 12.2m in the 2012 financial year was due to the general acceleration in demand. A major part of this consisted of major projects, some of which were commissioned by Giesecke & Devrient. The business unit Automotive Security, also attributable to the business division Private Sector and summarised under “other segments”, generated an increase in revenues of 81% or Euro 1.3m from Euro 1.6m in 2011 to Euro 2.9m in the 2012 financial year.

As a result of the strong revenue growth in the business division Private Sector, its proportion in Group revenue was up from 15% the previous year to 22% in the 2012 financial year. The remaining 78% (previous year: 85%) of the secunet Group's revenues came from the business division Public Sector. secunet's focus will thus remain on public sector customers in Germany and abroad, as well as international organisations.

Within the Public Sector, revenues rose from Euro 47.2m in 2011 by Euro 5.0m or 11% to Euro 52.2m in the 2012 financial year. Of these, the High Security business unit recorded an increase of Euro 3.4m or 11% – from Euro 29.8m the previous year to Euro 33.2m in 2012. The High Security business unit offers its customers the *SINA* product family, i.e. solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage of data of different confidentiality levels, so-called classified information.

The Government business unit offers public customers a wide range of IT security products and services, from IT security advice and training to products and consultancy for electronic passports, biometric border controls, electronic tax declaration ELSTER and equipment of infrastructures with high security technology and Public Key Infrastructures. Within the Government business unit, revenues rose from Euro 17.4m in 2011 by Euro 1.6m or 9% to Euro 19.0m in the 2012 financial year.

Euro 3.6m have been released from projects with the Giesecke & Devrient Group; this represents an increase of Euro 2.1m or 140% compared with the previous year (Euro 1.5m).

Sales of secunet products and services outside Germany increased by 26% from Euro 5.0m in 2011 to Euro 6.3m in the year under review. At 9%, the contribution of revenues from abroad to Group revenues remained unchanged since the previous year.

Earnings performance

The earnings before interest and taxes (EBIT) of the secunet Group increased significantly compared to the previous year: from Euro 3.9m in the 2011 financial year by Euro 1.8m or 46% to Euro 5.7m in the 2012 financial year. This greatly improved result was due to a 21% increase in revenues, whereas total costs (cost-of-sales, selling expenses, general administration costs and other operating expenses) also increased by 19% from only Euro 51.7m the previous year to Euro 61.5m.

The following individual developments occurred:

The cost of sales rose by from Euro 43.1m in 2011 to Euro 52.5m in the financial year 2012. The main variables of cost increases included the increased costs of third-party services, bought in to balance out peaks in capacity utilisation. In addition, costs of materials went up significantly in line with product business. Higher personnel expenditure also had an effect: Employee numbers in the productive areas Consultancy and Development rose most strongly in the 2012 financial year.

Compared with the previous year, selling expenses increased by Euro 0.4m or 6% from Euro 5.5m to Euro 5.9m. Selling expenses therefore went up disproportionately to revenue. As a result of higher productivity in distribution, additions to personnel were few: Cost increases correspond to the higher personnel expenditure.

Administration costs also had a positive effect on the development of costs: at Euro 3.1m, they remained almost at par with the previous year (Euro 3.0m). This was thanks to the long-term effects of the cost reduction program implemented in 2011, as well as additional successes resulting from the optimisation of processes and streamlining of administration.

The effects described above led to an increase in the Group EBIT from Euro 3.9m in the previous year to Euro 5.7m in the 2012 financial year. The EBIT margin in 2012 was 8.5%, after 7.0% the previous year.

The EBIT margins vary in the different business units. The business units Business Security and Government achieved an EBIT margin of 19% (previous year: 14%) and 18% (previous year: 13%) respectively. Both business units mainly generated revenues in the service sector (consultancy and development). Since the good order situation throughout 2012 resulted in an almost continuous, very high level of capacity utilisation, both business units made a significant positive contribution to Group profit. In the High Security business unit, at 2% (previous year: 6%), the EBIT margin was below the average of the secunet Group. This was due to the high, unplanned, extraordinary additional costs of projects: Difficulties in the technical implementation of commissioned projects led to additional costs of Euro 2.2m.

Given the generally low interest rates, the interest income of the secunet Group fell from kEuro 127 to kEuro 96. Interest expenses rose from kEuro 109 to kEuro 147. The interest result deteriorated overall: After kEuro +18 in 2011, it was kEuro -51 in the 2012 financial year. Earnings before taxes rose from Euro 3.9m in the previous year to Euro 5.6m in the 2012 financial year. At the same time, tax on the result rose from Euro 1.2m in 2011 to Euro 2.0m in the current financial year. As a result, the secunet Group generated a Group profit of Euro 3.7m in the 2012 financial year after Euro 2.7m the previous year. Diluted and undiluted earnings per share in 2012 stood at Euro 0.57, compared with Euro 0.42 in the previous year.

Earnings situation of secunet Security Networks AG

In its Financial Statements in accordance with HGB, secunet AG achieved revenue of Euro 66.2m compared with Euro 53.8m in the previous year (+23%): This increase was in line with the general tendency within the Group. Inventory increases were at Euro 0.4m in 2012 compared with Euro 1.5m in the previous year. Other operating earnings rose from Euro 0.7m in 2011 to Euro 1.0m 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: Costs of materials were up by 39% from Euro 18.1m in 2011 to 25.1 million in 2012. This was to do with the increase in hardware-based *SINA* orders compared to the previous year. Personnel expenditure increased comparatively moderately – rising 9%, from Euro 22.5m in the previous year to Euro 24.6m in the current reporting period. The rise in personnel expenditures is directly linked to the higher employee numbers of secunet Security Networks AG. At the year-end 2012, the Company employed 25 more personnel than the previous year. At approx. Euro 1.3m (previous year: Euro 1.2m), depreciations have remained almost constant, as did other operating expenses at 11.6 (previous year: Euro 11.1m).

In total, the above-mentioned effects result in an increase of 18% in overall expenditure (costs of materials, personnel expenditure, depreciation and other operating expenses) of secunet AG, from Euro 52.9m in 2011 to Euro 62.6m in 2012. EBIT of secunet AG therefore was up from Euro 3.1m in 2011 to 5.0m in the reporting year.

The financial result rose from Euro -0.4m in the previous year to Euro -0.1m in 2012. As a result, the profit of secunet Security Networks AG in the 2012 financial year was Euro 4.9m after Euro 2.7m the previous year. Net income was up from Euro 1.6m in 2011 to 3.1m in the reporting year.

Order backlog

The order book of the secunet Group in accordance with IFRS was Euro 37.6m at the 2012 year-end, thereby exceeding the order book as at 31 December 2011 (Euro 34.9m) by approx. 7%. The structure of the order book with a relatively high service proportion (consultancy, development and support) suggests that the high capacity utilisation of secunet might continue for now. The distribution of the order book by business divisions and business units also points to a tendency towards a further increase in the Business Sector's proportion of revenue.

The order book of secunet AG is valued in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and at the 2012 year-end amounted to Euro 42.2m (previous year: Euro 39.5m). The difference between the Group's order book in accordance with IFRS results from the fact that, according to the IFRS provisions on realising revenue, any not yet charged but already provided consultancy services must be included in revenue.

Investments

The increase in capital expenditure of Euro 2.3m in the 2012 financial year (previous year: Euro 1.0m) concerns investments in intangible assets and property, plant and equipment, as well as investments in financial assets, at an approx. 50% split.

Investments in intangible assets and property, plant and equipment were mainly on the procurement of new, and replacement of existing, hardware, software and other business equipment. In the 2012 business year, Euro 1.2m were spent on such investments. This corresponds to an increase of 29% or Euro 0.3m compared to the previous year (Euro 0.9m).

Investments in financial assets in the 2012 financial year went up to Euro 1.2m (previous year: Euro 0.1m). This clear increase of a solid Euro 1.1m was due to the one-off addition to reinsurance capital for the pension commitments expressed by the Company. This is used to reserve funds for future pension payments of secunet.

The investments were made from liquid funds.

Financial position and net assets

secunet Group

The total assets of the secunet Group rose from Euro 46.3m on 31 December 2011 to Euro 55.6m on 31 December 2012.

On the assets side of the balance sheet, liquid assets rose sharply by 36%, from Euro 17.6m on 31 December of the previous year to Euro 24m on 31 December 2012.

The trade receivables portfolio increased in value slightly, dropping 4% from Euro 18.8m on the previous year's balance sheet date to Euro 19.5m on 31 December 2012. At the same time, orders by Giesecke & Devrient increased receivables from related companies by Euro 0.5m or 58% from Euro 0.8m to Euro 1.3m.

Non-current financial assets were up by Euro 1.2m or 90% to Euro 2.4m. The reason for this is the one-off addition mentioned in the comments above to reinsurance capital for secunet's future pension commitments.

The increase in deferred taxes by 167%, from Euro 0.3m to Euro 0.8m, is mainly due to the higher pension provision according to IAS 19 revised 2011.

On the liabilities side of the balance sheet, the equity proportion went down as a result of the higher balance sheet total: The equity ratio was down by 5 percentage points, from 59.7% to 54.7%.

Trade payables increased slightly, rising by 7% or Euro 0.5m from Euro 6.8m on 31 December 2011 to Euro 7.3m on 31 December 2012.

Other provisions went up by 28% or Euro 1.5m, from Euro 5.3m to Euro 6.8m. The reasons for this are, on the one hand, the addition to provisions for the variable remuneration components for secunet employees resulting from the good business results, and on the other hand, provisions for the trailing costs of projects.

The increase in other short-term liabilities, from Euro 2.9m on 31 December 2011 to Euro 4.3m on 31 December 2012, is largely attributable to increased value-added tax liabilities.

The Management Board of secunet resolved to adopt IAS 19 revised 2011 early. In accordance with the provisions of IAS 8, the prior year values in the balance of the secunet Group therefore needed to be amended. This relates to an increase in the pension provision by kEuro 191 and in deferred tax assets by kEuro 62 (both for 1 January 2011). Both effects were taken into account in the Group loss carryforward.

The pension provisions rose by 77% or Euro 1.7m, from Euro 2.2m at the end of 2011 to Euro 3.9m at the end of the reporting year.

secunet applied the corridor method according to IAS 19 revised 2009 until 31 December 2011. Actuarial gains and losses were recorded in the income statement when the corridor was exceeded. Applying the new IAS 19 revised 2011 means that the income statement remains free of the effects of actuarial gains and losses (e.g. due to interest rate fluctuations), because these must necessarily be posted in other comprehensive income/loss. As at 31 December 2012, actuarial losses of Euro 1.4m less deferred taxes of Euro 0.4m are included in other comprehensive income/loss.

Group profits realised in the 2012 financial year of Euro 3.7m, and the existing Group loss carryforward of Euro 0.7m, result in a total Group profit carryforward for the coming financial year of Euro 3.0m.

secunet did not take out any loans in either 2011 or 2012; 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, in the amount of Euro 2.5m. As at 31 December 2012, the amount of this credit was Euro 1.9m (previous year: Euro 1.8m).

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.

Differences compared to the Consolidated Financial Statements largely exist in the presentation of receivables, inventories and pension provisions.

The Annual Financial Statements in accordance with the German Commercial Code (HGB) post trade receivables of Euro 14.8m and inventories of Euro 5.7m; in the Consolidated Financial Statements, these are Euro 19.5m and Euro 2.3m respectively. The differences mainly result from the different accounting provisions of IAS 18.

In addition, the Annual Financial Statements in accordance with the German Commercial Code (HGB) include pension provisions of Euro 1.9m (these are Euro 3.9m in the Consolidated Financial Statements). The reason for this are mainly different interest rates on which the defined benefit obligations are based.

Net income realised in the 2012 financial year of Euro 3.1m, and the existing net accumulated loss of Euro 2.5m, result in a total profit carryforward for the coming financial year of Euro 0.6m. The Management Board and the Supervisory Board of secunet AG recommend to the Annual General Meeting that no dividend be paid for 2012 and that profits be carried forward.

Cashflow

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:

- Group earnings before tax went up significantly (effect Euro +1.8m).
- This resulted in funds being released in working capital.
- Fewer funds were used for tax payments in the current year than in the previous year (difference of Euro 0.6m).

Funds amounting to Euro 2.3m were spent on investment activity. This corresponds to a decline of Euro 1.3m. Whereas investments in intangible assets and fixed assets were slightly above the prior year level, investments in reinsurances for pension commitments increased sharply.

Euro 0.1m were accrued on financing activities.

This results in a total increase in liquid funds of Euro 6.4m for 2012. Liquid funds at the 2012 year-end were therefore Euro 24m.

The financial management of the Company and the Group has a clear focus on the regulations and requirements applicable under corporate law. The aim is to ensure that all Group companies can operate as going concerns. 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.

Assessment of the 2012 business performance and the position of the Company

At the time of publishing the Annual Report 2011, the Company's Management Board pronounced a generally optimistic estimate for the 2012 financial year: It expected revenue of around Euro 60m, earnings before interest and taxes (EBIT) of approximately Euro 5m and Group net income of around Euro 3.5m. The actual development of the Company and the business results exceeded these expectations: The consistently high capacity utilisation in the services area had a positive effect, supported by a particularly strong fourth quarter, in which good results were achieved in the product area. With Group revenue of Euro 67.2m, EBIT of Euro 5.7m and a Group net income of Euro 3.7m, the Management Board's expectations were not only exceeded, but the secunet Group actually closed the year as the best in the Company's history. The Management Board therefore deems the development in the 2012 financial year to have been very good.

At the time of issuing this report, the Company is in a good position in the opinion of the Management Board:

- The Company's economic and financial situation is good: Previous growth was achieved without declines in profitability, there are no loans and liquid funds are high.
- secunet has high-performing, motivated and highly qualified employees – providing an excellent know-how basis.
- The Company's existing product and services portfolio stood up well to competition.
- The Company is well-known as a provider of High Security for the highest demands, and therefore has a stable and reliable (existing) customer structure.
- The market for IT security is growing; the dynamic technological development in IT continually creates new applications and demands – this opens up great opportunities also and especially in the area of IT security. secunet will be able to meet this demand well in future with optimised and new services, products and solutions.

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.

As at the end of the 2012 financial year, the secunet Group had 301 employees. That's 25 individuals or 9% more than at the end of 2011. Since the fourth quarter of 2011, in light of the sustainable improvements in economic development, secunet has looked for and recruited 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. secunet is also active in training.

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.

Supplementary report

Events after conclusion of the financial year

No significant events occurred after the balance sheet date.

Risk report

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.

Individual risks

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. If necessary, risk reduction measures are triggered.

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

Customer structure and distribution

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.

In addition, it is seen as a risk area for the future growth of secunet that the business results are still heavily influenced by revenues in the national environment. As a result, the expansion of high-performance international distribution, tapping of new markets and the acquisition of additional customers abroad will remain a focus of efforts for the future development of the Company.

Product 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 generally not 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 *SINA* 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.

Major projects

secunet is primarily 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.

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 über 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.

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

Description of the key features of the internal control and risk management system in relation to the Group accounting procedure (Article 289 Para. 5 and Article 315 Para. 2 Clause 5 HGB)

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.

Use of IT systems

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

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.

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 also focus on recording restructuring or changes in the business activities of individual business units properly and in good time in the Group accounts. 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.

The internal control system measures focussing on the correctness and reliability of Group accounting ensure that business transactions are recorded in good time and in accordance with the law and the Articles of Association. 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.

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.

Forecast

Market environment

In terms of the future development of the German IT market, the industry association BITKOM is assuming further growth in the coming year. The market for information technology (IT hardware, software, IT services) is to increase at a rate of 3%. While an increase of +1.2% is anticipated for IT hardware, the association expects a significant growth for the sub-markets IT services of +3.0% and software of +5.1%.

The development of the IT markets in the international environment outside the EU is expected to be much more positive: Two-digit growth rates are anticipated especially in the up-and-coming emerging markets in Asia and South America.

On the national and international market, the development is strongly influenced by the trend towards mobile data usage and related solutions, software and hardware ("mobile devices"). Thematically, Cloud Computing, Mobile Apps, Business Intelligence and IT security make up the peak of this. In the public customer (Government) area, demand continues to be characterised by the trend towards extensive electronic accessibility (e-Government).

The market for IT security will follow these trends; in addition, in IT High Security, the increasing attention attracted by the so-called cyber-war and related threats will be a special focal point.

Objectives and strategy

secunet has set itself the target to continue the long-term growth-trend of revenue. At the same time, the Company's profitability is to remain on the same level. Special focus will be on further expanding industrial business (Business Sector) and foreign activities, in connection with broadening product business. The combination of product and product business – as in the past – results in the risk that the long-term growth trend might follow a pattern of peaks and troughs.

In order to achieve targets in the medium-term, secunet applies a tried and tested multi-tier strategy:

- 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;
- Further tapping of market potentials in the private sector: The business division Business Sector focuses on this target group. In addition to traditional support for IT security issues, as well as the integration of solutions, this division is to profit from specific offers for selected industries and technologies;
- Promoting 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 *SINA* product family. We are increasingly reaching customers outside Germany thanks to our expertise in the area of biometrics and sovereign documents. Thanks to the cooperation with 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 *SINA*. In this area, 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;
- Broadening 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 order to support the product strategy, secunet increased the value of the so-called product and portfolio managers function by restructuring its internal organisation at the start of the 2013 financial year. This is to optimise existing products and solutions for the market and expedite product and solution innovations.

The framework conditions for the 2013 financial year are generally reason for optimism:

- For the domestic market, we are expecting moderately increased demand. This affects both the Public Sector, i.e. business with public customers, and the Business Sector, which serves companies in the private sector;
- The foreign market holds significant growth potentials: secunet is generally in a good position to combat these. The employees in international (direct) distribution have many years of experience in the Company and in dealing with international customers. Our parent company Giesecke & Devrient additionally provides us with valuable support in acquiring international projects, including for large-scale tenders. The latter will also spur on the Business Sector;
- During the course of the year, secunet increased the number of productive employees and can therefore convert increasing demand and high capacity utilisation into good business results;
- secunet's products and solutions have an excellent reputation and enjoy a growing demand both in Germany and abroad. In addition, secunet is starting 2013 with a full order book. For the 2013 financial year, the Company's Management Board is anticipating an order book on the same high level as the previous year.

Nevertheless, risks might also be encountered in the coming year:

- secunet is still largely dependent on the procurement activities of the German federal authorities. Potential budget and demand effects of the German parliamentary (Bundestag) election in autumn cannot yet be foretold; they could result in project postponements;
- Project business also holds both opportunities and risks: The scope of investment decisions for major projects, especially if these are part of a political process, can significantly delay the start of expected procurements. In addition, ongoing major projects always face the potential risk of incalculable delays or budget overruns.

Out foreign subsidiaries secunet SwissIT AG in Switzerland und secunet s.r.o. in the Czech Republic have ceased operations and are in liquidation. Therefore, the forecasts for the coming business year apply to both secunet Security Networks AG and the secunet Group.

The organisational restructuring of secunet in Germany from 1 January 2013 did not result in any changes to the forecast.

Compared with the peak year 2012, the Company's Management Board is therefore anticipating a moderate increase in revenue for the coming financial year, with earnings before interest and taxes (EBIT) on the level of the previous year.

Other notes

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 2012, 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 Act (Aktiengesetz, AktG), or in the event of the merger of secunet Security Networks AG with other companies.

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

Total remuneration of the members of the Management Board in financial year 2012 was kEuro 916.6 (previous year: kEuro 870.2). The following expenses were recorded for the individual members of the Management Board for financial year 2012:

in Euro	Fixed remuneration	Provision for variable remuneration 2012	Ancillary benefits	Total
Dr Baumgart	230,004	102,789	19,107	351,900
Bulthuis *	97,500	48,287	9,845	155,632
Koelzer**	65,000	32,191	4,045	101,236
Pleines	195,000	96,574	16,246	307,820
Total	587,504	279,841	49,243	916,588

* from 1 July 2012

** until 30 April 2012

The pension entitlements of the Management Board were as follows as at 31 December 2012:

in Euro	In accordance with IFRS		In accordance with HGB		
	Present value	Current service cost	Scope of obligation	Provision	Bonus
Dr Baumgart	591,373	22,777	432,208	349,802	47,475
Bulthuis *	97,032	26,556	61,394	61,394	61,394
Koelzer**	203,449	0	148,389	120,233	23,361
Pleines	426,746	19,924	261,551	199,760	25,145

* from 1 July 2012

** until 30 April 2012

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 kEuro 172.

As at 31 December 2012, 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 kEuro 4. The Chairman of the Supervisory Board receives a payment amounting to kEuro 8, and the Deputy Chairman of the Supervisory Board receives kEuro 6. For the 2012 financial year, the Supervisory Board salaries totalled kEuro 34.3 (previous year: kEuro 34.7).

The following expenses were recorded for the individual members of the Supervisory Board for financial year 2012:

in Euro	Fixed remuneration	Meeting attendance fees	Total
Dr Ottenberg *	8,000.00	818.08	8,818.08
Dr Wick**	6,000.00	818.08	6,818.08
Haniel	4,000.00	613.56	4,613.56
Kunz	4,000.00	409.04	4,409.04
Dr Legge	4,000.00	818.08	4,818.08
Dr Zattler	4,000.00	818.08	4,818.08
Total	30,000.00	4,294.92	34,294.92

* Chairman

** Deputy Chairman

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.

Information and explanatory report provided by the Management Board in line with Article 289 Para. 4 and Article 315 Para. 4 of the German Commercial Code (Handelsgesetzbuch, HGB)

The Management Board of secunet Security Networks AG provides the following information for financial year 2012 in line with Article 289 Para. 4 and Article 315 Para. 4 of HGB:

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. For example, Section 7 (2) Clause 5 of the AWG stipulates that “legal transactions on the purchase of resident companies which [...] produce cryptographic systems admitted for the transmission of governmental classified information by the Federal Office for Information Security [...]” may be restricted. 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, 11.57% 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 79.96%.

MC Familiengesellschaft mbH, Tutzing, has an indirect holding in secunet Security Networks AG via its 79.43% holding in Giesecke & Devrient GmbH (including secunet treasury shares). In turn, Verena von Mitschke-Collande has an indirect holding in secunet Security Networks AG via her majority holding in MC Familiengesellschaft mbH of 79.43%.

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 Articles 84 and 85 AktG. 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. Members may be reappointed or have their term of office extended, in each case for a maximum of five years.

In accordance with Article 179 AktG, 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. Article 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 Article 71 Para. 1 no. 8 AktG, 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 2012, 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.

Management Board report in line with Section 312 Para. 3 of AktG

Pursuant to Article 312 Para. 3 AktG, the Management Board has issued a report on the relations with affiliated companies for the 2012 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.”

Forward-looking statements

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, 12 March 2013

Dr Rainer Baumgart

Willem Bulthuis

Thomas Pleines

Consolidated Financial Statements

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

Consolidated balance sheet

(according to IFRS) as at 31 December 2012

Assets in Euro	Note	31 Dec 2012	31 Dec 2011 adjusted	1 Jan 2011 adjusted
Current assets				
Cash and cash equivalents	(1)	24,024,789.75	17,636,344.27	14,344,166.94
Trade receivables	(2)	19,476,300.11	18,756,758.11	19,038,529.91
Intercompany financial assets	(2)	1,326,982.95	840,216.64	145,262.57
Inventories	(4)	2,333,899.73	2,135,770.05	2,292,690.79
Other current assets	(2)	401,237.54	242,813.08	89,161.47
Income tax receivables		0.00	305,988.00	0.00
Total current assets		47,563,210.08	39,917,890.15	35,909,811.68
Non-current assets				
Property, plant and equipment	(3)	1,743,094.00	1,611,952.00	1,612,067.15
Intangible assets	(3)	101,154.00	167,412.00	288,983.80
Goodwill	(3)	2,950,000.00	2,950,000.00	2,950,000.00
Other financial assets	(5)	2,436,754.41	1,279,719.00	1,144,215.00
Deferred taxes	(6)	774,323.92	341,929.78	339,296.04
Total non-current assets		8,005,326.33	6,351,012.78	6,334,561.99
Total assets		55,568,536.41	46,268,902.93	42,244,373.67

Liabilities in Euro	Note	31 Dec 2012	31 Dec 2011 adjusted	1 Jan 2011 adjusted
Current liabilities				
Trade accounts payable	(7)	7,329,061.86	6,818,482.33	6,408,971.43
Intercompany payables	(7)	137,296.30	0.00	0.00
Other provisions	(9)	6,840,866.10	5,255,138.72	5,338,837.60
Income tax liabilities	(7)	371,098.56	210,667.59	769,236.56
Other current liabilities	(7)	4,287,715.55	2,860,017.92	1,432,933.93
Deferred income	(7)	1,796,008.52	912,444.88	1,155,969.43
Total current liabilities		20,762,046.89	16,056,751.44	15,105,948.95
Non-current liabilities				
Deferred taxes	(6)	440,891.55	276,538.24	136,892.38
Provisions for pensions	(8)	3,862,617.00	2,201,895.00	2,011,996.56
Other provisions	(9)	97,353.00	98,999.00	103,779.00
Total non-current liabilities		4,400,861.55	2,577,432.24	2,252,667.94
Equity				
Share capital	(10)	6,500,000.00	6,500,000.00	6,500,000.00
Capital reserves	(10)	21,922,005.80	21,922,005.80	21,922,005.80
Treasury shares	(10)	-103,739.83	-103,739.83	-103,739.83
Group loss carryforward		-734,266.79	-3,438,646.64	-5,256,577.31
Group profit		3,687,327.69	2,704,379.85	1,817,930.67
Accumulated other comprehensive income/loss	(10)	-865,698.90	50,720.07	6,137.45
Total equity		30,405,627.97	27,634,719.25	24,885,756.78
Total liabilities		55,568,536.41	46,268,902.93	42,244,373.67

Consolidated income statement

(IFRS) for the period from 1 January 2012 to 31 December 2012

in Euro	Note	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011 adjusted
Revenue	(11)	67,243,654.56	55,589,483.91
Cost of sales		-52,522,609.03	-43,134,155.13
Gross profit on sales		14,721,045.53	12,455,328.78
Selling expenses		-5,915,614.06	-5,541,565.98
General administration costs		-3,104,276.68	-3,046,669.98
Other operating expenses		-12,331.00	-2,554.25
Earnings from operating activities		5,688,823.79	3,864,538.57
Earnings before interest and income tax		5,688,823.79	3,864,538.57
Interest income	(13)	95,931.53	126,983.84
Interest expenses	(13)	-147,234.34	-109,414.68
Foreign currency gains/losses		0.00	196.73
Earnings before tax		5,637,520.98	3,882,304.46
Income taxes	(14)	-1,950,193.29	-1,177,924.61
Group profit		3,687,327.69	2,704,379.85
Earnings per share (diluted/undiluted)		0.57	0.42
Average number of shares outstanding (diluted, undiluted, units)		6,469,502	6,469,502

Consolidated statement of comprehensive income

(IFRS) for the period from 1 January 2012 to 31 December 2012

in Euro	Note	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011 adjusted
Group profit		3,687,327.69	2,704,379.85
Currency conversion differences (change not recognised in profit and loss)	(10)	4,904.86	-14,250.49
Actuarial gains and losses from benefit plans		-1,360,490.00	86,877.00
Income tax on accumulated other comprehensive income/loss		439,166.17	-28,043.89
Comprehensive income/loss		2,770,908.72	2,748,962.47

Consolidated cash flow statement

(IFRS) for the period from 1 January 2012 to 31 December 2012

in Euro	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011 adjusted
Cash flow from operating activities		
Group earnings before tax (EBT)	5,637,520.98	3,882,304.46
Depreciation and amortisation of tangible and intangible fixed assets	1,076,860.40	1,010,103.07
Change in provisions	1,768,185.38	91,347.56
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	12,331.00	2,554.25
Interest result	51,302.81	-17,569.16
Change in receivables and other assets and prepaid expenses	-1,562,862.45	-409,913.14
Change in liabilities and deferred income	2,959,456.37	1,593,070.34
Tax paid	-1,312,492.86	-1,939,343.78
Cash from operating activities	8,630,301.63	4,212,553.60
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-1,154,075.40	-895,079.32
Purchase of financial assets	-1,157,035.41	-135,504.00
Cash from investment activities	-2,311,110.81	-1,030,583.32
Cash flows from financing activities		
Interest received	95,931.53	126,983.84
Interest paid	-31,106.34	-12,465.68
Cash generated from financing activities	64,825.19	114,518.16
Effects of exchange rate changes on cash and cash equivalents	4,429.47	-4,311.11
Changes in cash and cash equivalents	6,388,445.48	3,292,177.33
Cash and cash equivalents at the beginning of the period	17,636,344.27	14,344,166.94
Cash and cash equivalents at the end of the period	24,024,789.75	17,636,344.27

For further explanations, see note (15).

Consolidated statement of changes in equity

(IFRS) for the period from 1 January 2011 to 31 December 2012

in Euro	Share capital	Capital reserves	Treasury shares	Net accumulated losses	Accumulated other comprehensive income/loss			Total
					Actuarial gains and losses	Deferred taxes	Miscellaneous	
Equity as at 31 Dec 2010	6,500,000.00	21,922,005.80	-103,739.83	-3,309,090.15	0.00	0.00	6,137.45	25,015,313.27
Changes in accounting methods				-129,556.49	0.00	0.00	0.00	-129,556.49
Equity as at 1 Jan 2011	6,500,000.00	21,922,005.80	-103,739.83	-3,438,646.64	0.00	0.00	6,137.45	24,885,756.78
Changes in accounting methods				0.00	86,877.00	-28,043.89	0.00	58,833.11
Group profit 1 Jan–31 Dec 2011				2,704,379.85	0.00	0.00	0.00	2,704,379.85
Other comprehensive income/loss 1 Jan–31 Dec 2011				0.00	0.00	0.00	-14,250.49	-14,250.49
Equity as at 31 Dec 2011	6,500,000.00	21,922,005.80	-103,739.83	-734,266.79	86,877.00	-28,043.89	-8,113.04	27,634,719.25
Group profit 1 Jan–31 Dec 2012				3,687,327.69	0.00	0.00	0.00	3,687,327.69
Other comprehensive income/loss 1 Jan–31 Dec 2012				0.00	-1,360,490.00	439,166.17	4,904.86	-916,418.97
Equity as at 31 Dec 2012	6,500,000.00	21,922,005.80	-103,739.83	2,953,060.90	-1,273,613.00	411,122.28	-3,208.18	30,405,627.97

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

Notes to the consolidated Financial Statements

FOR THE 2012 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 12 March 2013 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 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 MC Familiengesellschaft mbH, Tutzing, which prepares the Consolidated Financial Statements for the largest Group of Companies. The Consolidated Financial Statements of MC Familiengesellschaft mbH are filed with the operator of the Federal Gazette.

First-time adoption of new and modified standards and interpretations

Compared with the Consolidated Financial Statements as at 31 December 2011, 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	Entry into force for financial years com- mencing on or after:
Modified standards		
Amendments to IFRS 7	Extended disclosures for reclassification of financial assets	1 July 2011
Amendments to IAS 12	Recovery of underlying assets	1 January 2012
Amendments to IFRS 1	Hyperinflation and removal of fixed dates for first-time adopters of IFRS	1 July 2011

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

In June 2011, the IASB issued the amendment to IAS 19 Employee Benefits, which was ratified by the EU in June 2012. The Company is making use of the early adoption of IAS 19 revised 2011 and applies the new regulation from 1 January 2012.

In applying IAS 19 revised 2011, the Company is primarily changing the recognition of actuarial gains and losses. Up to the 2011 financial year, actuarial gains or losses were charged to the income statement if they exceeded 10% of the defined benefit obligation at the beginning of the period. On adopting the amendments to IAS 19 revised 2011, the Company now includes all actuarial gains and losses in the accumulated other consolidated income/loss from the time of their creation without affecting the income statement. In the 2012 financial year, actuarial gains and losses of Euro 1,360,490 were included in the accumulated other consolidated income/loss. In addition, deferred tax assets of Euro 439,166.17 were created without affecting the income statement.

The amendments to IAS 19 Employee benefits must be applied retroactively. Accordingly, the adjusted prior year values, and the balances carried forward as at 1 January 2012 and 1 January 2011, were amended as follows:

	1 Jan 2011 reported	Change	1 Jan 2011 amended	31 Dec 2011 reported	Change	31 Dec 2011 amended
Deferred tax assets	277,540.53	61,755.51	339,296.04	308,218.16	33,711.62	341,929.78
Provisions for pensions	1,820,684.56	191,312.00	2,011,996.56	2,097,460.00	104,435.00	2,201,895.00
Group loss carryforward	-5,127,020.82	-129,556.49	-5,256,577.31	-3,309,090.15	-129,556.49	-3,438,646.64
Accumulated other comprehensive income/loss	6,137.45	0.00	6,137.45	-8,113.04	58,833.11	50,720.07

Without the early adoption of IAS 19 revised 2011, an additional kEuro 604 would have been posted in cost of sales, an additional kEuro 238 in selling expenses and an additional kEuro 230 in general administration costs in 2012. If deferred tax assets had been created, income taxes would have been approx. kEuro 346 lower. Group profits would have been kEuro 726 lower. kEuro 920 less would have been recorded in other comprehensive income/loss.

The pension provision would have been kEuro 288 lower, and deferred tax assets would have been kEuro 93 lower.

Since no actuarial gains and losses occurred outside the corridor in the previous year, the application of IAS 19 revised 2011 to the previous year does not result in any changes in profits.

In the context of adopting IAS 19 revised 2011, the recognition of interest expense from the pension provision was also amended. Previously, this was recorded in the operative result under expenses for employee benefits. From the 2012 financial year, this expense will be shown under financial result. This achieves a better presentation. The figures for the previous year were adjusted.

	1 Jan– 31 Dec 2011 reported	Change	1 Jan– 31 Dec 2011 amended
Revenue	55,589,483.91	0.00	55,589,483.91
Cost of sales	-43,188,324.13	54,169.00	-43,134,155.13
Gross profit on sales	12,401,159.78	54,169.00	12,455,328.78
Selling expenses	-5,563,683.98	22,118.00	-5,541,565.98
General administration costs	-3,067,331.98	20,662.00	-3,046,669.98
Other operating expenses	-2,554.25	0.00	-2,554.25
Earnings from operating activities	3,767,589.57	96,949.00	3,864,538.57
Earnings before interest and income tax	3,767,589.57	96,949.00	3,864,538.57
Interest income	126,983.84	0.00	126,983.84
Interest expenses	-12,465.68	-96,949.00	-109,414.68
Foreign currency gains	196.73	0.00	196.73
Earnings before tax	3,882,304.46	0.00	3,882,304.46

Without the change in accounting method, an additional Euro 66,449 would have been posted in cost of sales, an additional Euro 25,296 in selling expenses and an additional Euro 24,481 in general administration costs in the 2012 financial year. Earnings before interest and income taxes would have been Euro 116,226 lower. In turn, interest expense would have been Euro 116,226 lower. There would not have been an affect on Group profits.

New accounting rules

On 31 December 2012, 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.

An early adoption of this standard and interpretations is not planned. No material effects on the secunet Consolidated Financial Statements are expected as a result of adopting this standard.

Accounting principles

The present Consolidated Financial Statements as at 31 December 2012, with the exception of the amendments due to the first adoption of new IAS above, 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 2012 are classified by maturity. The income statement is based on the cost-of-sales method. 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 2012, 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 78, net income for 2012 kCHF -1
- SECUNET s.r.o., Czech Republic, Prague, 100% participation, equity of the Company kCZK 3,956, net income for 2012 kCZK -85

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

Secunet Inc., Austin, Texas (USA), 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 2012.

Basis of consolidation

Capital consolidation is carried out in accordance with the purchase method. 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 functional currencies of the foreign subsidiaries are its 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 2012	1.2075	25.1148
Average 2012	1.2041	25.1283

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 long-term financial assets. 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 Consolidated 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 tax

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 and the amounts used for tax purposes. 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, except to the extent that they are directly linked to equity or items included in other comprehensive income/loss.

Leases

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. After first recognition, assets are shown in accordance with the accounting methods to be applied to this asset. The lease instalments are divided into a financing 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 can be reliably estimated, and where an outflow of economic benefits is likely to perform this obligation. 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.

Provisions for pensions

In accordance with IAS 19, provisions for pensions are 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 and to determine their present value.

All actuarial gains and losses are recorded in the other comprehensive income/loss. Reported provisions for pensions are based on actuarial certificates issued by an independent actuary.

Pension commitments under defined contribution plans are recognised in the relevant functional areas as expenses for employee services in the period in which the employee provides the related services.

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.

Equity

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

secunet AG's capital reserves were at Euro 1,902,005.80 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. This is available for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

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.

Proceeds from the sale of goods are recorded according to IAS 18.14, if control and the main risks and opportunities are transferred to the buyer.

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.

Discretionary decisions

Discretionary decisions largely results when determining cash-generating units for the purpose of goodwill impairment testing (see explanation 3) and when categorising financial assets and liabilities (see explanations 2 and 5).

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 cash in hand and bank balances. The bank balances comprise a call deposit and short-term time deposits with Commerzbank AG and its subsidiaries in the amount of kEuro 17,823, as well as a call deposit with Bayerische Landesbank Anstalt des öffentlichen Rechts of kEuro 3,000. The rate of interest on these is between 0.10% and 0.37% 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 for consultancy services to customers not yet charged on 31 December 2012 of Euro 4,636,797.92 (previous year: Euro 3,640,375.05). All intercompany financial assets also result from trade receivables.

The maturities of all trade receivables are as follows:

Days overdue in Euro	31 Dec 2012	31 Dec 2011
Not due	18,112,555.06	17,012,146.75
1–30	2,556,327.00	2,339,840.00
31–90	100,518.00	172,602.00
91–180	0.00	59,083.00
181–360	19,905.00	13,303.00
>360	13,978.00	0.00
Total	20,803,283.06	19,596,974.75

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

in Euro	2012	2011
As at 1 Jan	16,989.00	10,672.00
Added	15,353.00	16,989.00
Released	-10,000.00	-10,672.00
As at 31 Dec	22,342.00	16,989.00

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 other trade receivables, 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	2012	2011
Accumulated historical cost as at 1 Jan	7,333,481.83	6,814,538.57
Additions	1,067,651.81	846,369.34
Disposals	-344,438.52	-327,426.08
As at 31 Dec	8,056,695.12	7,333,481.83
Accumulated depreciation as at 1 Jan	5,721,529.83	5,202,471.42
Additions	924,178.81	840,175.27
Disposals	-332,107.52	-321,116.86
As at 31 Dec	6,313,601.12	5,721,529.83
Carrying amount as at 31 Dec	1,743,094.00	1,611,952.00

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	2012 Goodwill	2012 Intangible assets	2011 Goodwill	2011 Intangible assets
Accumulated historical cost as at 1 Jan	2,950,000.00	1,176,751.23	2,950,000.00	1,309,796.08
Additions	0	86,423.59	0	48,709.98
Disposals	0	-27,113.10	0	-181,754.83
As at 31 Dec	2,950,000.00	1,236,061.72	2,950,000.00	1,176,751.23
Accumulated depreciation as at 1 Jan	0	1,009,339.23	0	1,020,812.28
Additions	0	152,681.59	0	170,280.97
Disposals	0	-27,113.10	0	-181,754.02
As at 31 Dec	0	1,134,907.72	0	1,009,339.23
Carrying amount as at 31 Dec	2,950,000.00	101,154.00	2,950,000.00	167,412.00

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

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

Goodwill

The breakdown of the goodwill carrying amount by segment is as follows:

Carrying amount of the goodwill in kEuro	31 Dec 2012	31 Dec 2011
Business Security	838	838
Government	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. Cash-generating units correspond to segments.

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. Cash flows are determined based on the EBIT determined as part of annual planning. This is forwarded to Noplat (net-operating-profit less adjusted taxes) and adjusted for depreciation and investments. A discount rate (WACC) of 10.8% was used for this calculation (previous year: 10.43%). A risk-free interest rate of 4.00% (previous year: 4.25%), a risk premium of 5.00% (previous year: 4.75%) and a beta factor of 1.36 (previous year: 1.30) are used to calculate the discount rate. Since the Company largely operates in the European Economic Area, only one consistent discount rate is used for all cash-generating units. 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, while also considering growth in the detailed planning period. 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 2012	31 Dec 2011
Merchandise	2,233,778.88	2,097,478.72
Consumables	28,881.36	32,787.38
Prepayments made	71,239.49	5,503.95
Total	2,333,899.73	2,135,770.05

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

(5) Non-current financial assets

The premium reserve shares from reinsurance contracts shown under non-current financial assets amount to Euro 2,436,754.41 (previous year: Euro 1,279,719.00). 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 kEuro 2,975 (previous year: kEuro 3,037) for which no deferred taxes were recognised. Deferred tax claims not recognised totalled kEuro 591 (previous year: kEuro 606). The losses carried forward relate to five (secunet s.r.o) and seven (secunet Swiss IT AG) years.

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 2012	31 Dec 2011 adjusted
Deferred tax assets		
from provisions for pensions and similar liabilities	741,727.58	298,166.81
from other matters	32,596.34	43,762.97
	774,323.92	341,929.78
Deferred tax liabilities		
from receivables	-411,540.31	-243,268.86
from other matters	-29,351.24	-33,269.38
	-440,891.55	-276,538.24
Total	333,432.37	65,391.54

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

Income statement expense/income in Euro	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
Deferred tax assets		
from provisions for pensions and similar liabilities	4,394.60	35,496.06
from other matters	-11,166.63	-4,818.43
	-6,772.03	30,677.63
Deferred tax liabilities		
from receivables	-168,271.45	-109,042.81
from other matters	3,918.14	-30,603.05
	-164,353.31	-139,645.86
Total	-171,125.34	-108,968.23

In the 2012 financial year, deferred tax income of Euro 439,166.17 was recorded in accumulated other comprehensive profit/loss.

(7) Liabilities

Intercompany payables were trade payables.

Other current liabilities break down as follows:

in Euro	31 Dec 2012	31 Dec 2011
Payable value-added tax	2,024,226.78	1,304,463.25
Payments received	374,029.60	403,622.54
Payable wage income tax and church tax	326,135.62	339,262.00
Liabilities towards employees	4,206.69	3,307.89
Payable social security contributions	1,185.42	1,635.02
Other liabilities	1,557,931.44	807,727.22
Total	4,287,715.55	2,860,017.92

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	
	2012	2011	2012	2011	2012	2011	2012	2011
Trade accounts payable	7,329,061.86	6,818,482.33	7,329,061.86	6,818,482.33	0.00	0.00	0.00	0.00
Intercompany payables	137,296.30	0.00	137,296.30	0.00	0.00	0.00	0.00	0.00
Income tax liabilities	371,098.56	210,667.59	371,098.56	210,667.59	0.00	0.00	0.00	0.00
Other current liabilities	4,287,715.55	2,860,017.92	4,050,820.07	2,860,017.92	236,895.48	0.00	0.00	0.00
Deferred income	1,796,008.52	912,444.88	1,285,452.61	912,444.88	510,555.91	0.00	0.00	0.00

(8) Pension provision

in Euro	2012	2011 amended
Opening balance as at 1 Jan	2,201,895.00	2,011,996.56
Currency differences	0.00	0.00
Release of pension provision	0.00	-72,998.56
Additions	300,232.00	349,774.00
Addition not affected profit/loss	1,360,490.00	-86,877.00
Closing balance as at 31 Dec	3,862,617.00	2,201,895.00

Provisions for pensions and similar liabilities are formed on the basis of the Company's individual contract commitments towards its employees. 21 present and former employees at secunet AG who were employed at other companies in the past are entitled to a pension (previous year: 20 employees). New employees of secunet AG are not eligible for pensions.

As a result of company mergers and taking over of employees from other companies, the Company has different pension plans. These can largely be split into two types of plans.

The first type of plan grants the beneficiary a defined percentage (between 0.6% and 1.5%) of benefits each year as an old-age pension. In the second type of plan, the beneficiary is granted a fixed component for old-age pension. Both types of plan allow for early retirement taking account of reductions in benefits. Both plans include a widow's and orphans' pension.

The actuarial certificate for the eligible employees of secunet AG as at 31 December 2012 is based on trend assumptions of 2.5% 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 3.16% p.a. (previous year: 5.16% p.a.). The calculations were based on Prof. Klaus Heubeck's 2005 mortality tables.

The parameters were set based on the data from December 2012.

Sensitivity analysis

in kEuro	Change	Increase	Decrease
Computational interest rate	+1.0%/-1.0%	-793	1,077
Salary increase instalment	+0.5%/-0.5%	176	-163
Pension increase rate	+0.5%/-0.5%	273	-246
Life expectancy	+1 year/-1 year	84	-82

The sensitivity calculations are based on the average terms of commitments as at 31 December 2012. Separate calculations were performed for all actuarial parameters considered to be material, so as to show the effects on the present value of defined benefit obligations as at 31 December 2012 separately. Since the sensitivity analyses are based on the average duration of expected commitments, and expected payment deadlines are therefore not considered, they can only provide rough information or statements on trends.

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

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

in Euro	2012	2011 adjusted
As at 1 Jan	2,201,895.00	2,436,350.80
Current service cost	184,006.00	108,817.00
Past service cost	0.00	144,008.00
Interest expense	116,226.00	96,949.00
Actuarial gains/losses from		
- experience-based adjustments	60,600.00	-6,780.00
- changes to financial assumptions	1,299,890.00	-80,097.00
Deduction of defined benefit obligations	0.00	-497,352.80
As at 31 Dec	3,862,617.00	2,201,895.00

Of the defined benefit obligations, 89.8% (previous year: 94.6%) relate to active claimants. 10.2% (compared with 5.4% in the previous year) relate to claimants who have left. Pension commitments do not expire.

The weighted average duration of a defined benefit obligation up to 21 December 2012 is 24 years (previous year: 23 years).

Costs arising from the defined benefit obligations and included in profit and loss were comprised of the following:

in Euro	2012	2011
Current service cost	184,006.00	108,817.00
Past service cost	0.00	144,008.00
Interest expense	116,226.00	96,949.00
Release of pension provision	0.00	-72,998.00
Costs for the year	300,232.00	276,776.00

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 and the service costs for post settlement. Interest expenses are included in the financial result, all other expense items are shown under Personnel expenditure.

The provision was not used in the reporting year.

Against the defined benefit obligation were premium reserve shares from reinsurance contracts in the amount of Euro 2,436,754.41 (previous year: Euro 1,279,719.00) which do not represent plan assets under IAS 19.

Pension provisions of Euro 4,121,427 are expected as at 31 December 2013, based on annual expense of Euro 314,815.

In the reporting year, secunet AG paid contributions of kEuro 1,489 (previous year: kEuro 1,405) 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.

(9) Other provisions

Developments in other provisions are shown in the table below:

in Euro	1 Jan 2012	Used	Released	Additions	31 Dec 2012
Long-term provisions					
Provision for anniversary bonus	98,999.00	-6,962.00	0.00	5,316.00	97,353.00
Short-term provisions					
Annual employee bonuses	3,553,323.00	-3,512,608.00	-40,715.00	4,709,985.00	4,709,985.00
Outstanding leave	386,240.00	-386,240.00	0.00	453,528.00	453,528.00
Impending penalties	133,405.00	0.00	0.00	136,595.00	270,000.00
Trailing costs	534,426.22	-286,566.22	-247,860.00	765,786.83	765,786.83
Risks of litigation	120,210.00	-64,387.60	0.00	100,000.00	155,822.40
Annual Report	60,000.00	-48,171.44	-11,828.56	56,100.00	56,100.00
Provision for partial retirement	151,902.49	-71,113.14	0.00	0.00	80,789.35
Others	315,632.01	-167,447.39	-39,038.28	239,708.18	348,854.52
Total	5,354,137.72	-4,543,495.79	-339,441.84	6,467,019.01	6,938,219.10

The provision for the litigation risks was formed for a case in which the Company is the defendant. The value in dispute is

kEuro 450. A provision of kEuro 156 was made to cover defence costs and the creation of expert reports to be submitted in court. kEuro 64 from this provision were used in 2012. The expected risk upon realisation is a minimum of kEuro 50, up to a maximum of kEuro 500.

Overall risks have been represented at the level of the expected realisation. The minimum risk from all other provisions is Euro 6,832,396.70 and the maximum risk is Euro 7,282,396.70.

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 3,687,327.69, diluted and undiluted earnings per share were Euro 0.57 (6,469,502 shares), compared with Euro 0.42 (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. This is available for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

Accumulated other comprehensive loss consists of currency conversion differences from the currency conversion of Financial Statements of foreign subsidiaries, actuarial gains and losses as part of pension provision calculation as well as deferred taxes.

No dividend was paid for 2011. The Management Board and the Supervisory Board of secunet AG recommend to the Annual General Meeting that no dividend be paid for 2012 and that profits be carried forward.

Notes to the income statement

(11) Revenue

Domestic revenue totalled Euro 60,937,702.88 (previous year: Euro 50,555,603.18). While revenue generated abroad was Euro 6,305,951.68 (previous year: Euro 5,033,880.73). Revenue is divided up by customer location.

Approximately Euro 33m 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. No other individual customer accounted for 10% or more of the Group's revenue in 2012.

(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	2012	2011
Cost of purchased merchandise	18,617,647.08	15,522,551.69
Cost of purchased services	6,593,748.61	2,394,408.90
Total	25,211,395.69	17,916,960.59

(12.2) Personnel expenditure

in Euro	2012	2011 adjusted
Salaries	16,623,247.84	15,690,049.25
End-of-year bonuses and benefits	4,596,798.00	3,275,921.00
Overtime payments	534.16	2,314.04
Other salary costs	178,726.20	421,863.36
Salaries, total	21,399,306.20	19,390,147.65
Employer's social security contributions	2,924,166.49	2,864,844.15
Professional associations	97,500.00	104,575.74
Social security costs	3,021,666.49	2,969,419.89
Allocation to pension provision	184,006.00	252,825.00
Financial assistance	0.00	9,851.87
Old age pension costs	184,006.00	262,676.87
Personnel expenditure	24,604,978.69	22,622,244.41

The Group employed an average of 286 staff in 2012, compared with 282 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	2012	2011
Income from the utilisation of provisions	188,014.00	303,000.89
Proceeds from administrative services and leasing	144,160.05	142,036.88
Income from the release of provisions	339,441.84	117,656.56
Reimbursement of expenses	282,654.47	0.00
Other	333,008.92	196,296.29
Total	1,287,279.28	758,990.62

Income from the utilisation of provisions formed relate to provisions from which other operating expenses are created.

For income from the release of provisions, see also breakdown of provisions under Note 9.

(12.5) Other operating expenses

Other operating expenses were as follows:

in Euro	2012	2011
Rental and lease expenses	2,193,950.77	2,132,240.12
Travel expenses	1,980,127.27	1,547,022.10
Vehicle costs	908,010.32	928,110.13
Advertising expenses	864,318.42	1,154,640.24
Other consulting, certificates and information	788,757.92	1,283,421.40
IT costs	663,595.26	675,369.18
Incidental staff costs	573,296.96	394,019.39
Servicing/maintenance	450,390.54	447,231.17
Commission and licences	440,497.49	230,833.15
Postage, telephone and bank charges	424,552.11	418,928.99
Technical consumables	414,078.47	85,610.28
Other third-party services	412,355.75	229,941.90
Additions to provisions	371,595.00	341,172.78
Contributions/fees	195,247.37	144,374.49
Other	1,268,101.62	916,591.48
Total	11,948,875.27	10,929,506.80

(13) Interest income/expense

The interest income of Euro 95,931.53 (previous year: Euro 126,983.84) derives from call and time deposits with banks.

In addition to the rate of interest for pensions (116,128 Euro, previous year: 96,949 Euro), the 2012 interest expense of 147,234.34 Euro (previous year: 109,414.68 Euro) also includes the rate of interest of additional tax claims.

(14) Income taxes

In the reporting year, current taxes of Euro 1,779,067.95 were incurred (previous year: Euro 1,068,956.38). This includes taxes for previous years in the amount of Euro 73,156.59 (previous year: tax income Euro 41,849.79).

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 the Group is derived as follows:

in Euro	2012	2011
Group profit before tax	5,637,520.98	3,882,304.46
Expected tax expense	-1,819,791.77	-1,253,207.88
Use of loss carryforwards	0.00	92,953.28
Trade tax adjustments	-18,346.27	-36,614.41
Tax rate differences, international	-511.65	51,308.13
Previous year's taxes	-73,156.59	70,717.17
Permanent differences	-19,368.00	-100,106.44
Non-deductible expenses	-15,256.03	-14,258.15
Other items	-3,762.98	11,283.69
Effective tax expense	-1,950,193.29	-1,177,924.61

As at 31 December 2012, 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 34.6% (previous year: 30.3%), respectively.

(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 consists 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 report 2012 in kEuro	Business Security	Government	High Security	Other segments	Consolidation	secunet 2012
Segment revenue	12,179	19,010	33,151	2,903	0	67,243
Cost of sales	-7,683	-13,681	-28,221	-2,938	0	-52,523
Selling expenses	-1,438	-1,034	-3,019	-424	0	-5,915
Administrative costs	-751	-938	-1,206	-221	0	-3,116
Segment result (EBIT)	2,307	3,357	705	-680	0	5,689
Interest result						-51
Foreign currency gains/losses						0
Group profit before tax						5,638
Goodwill	838	773	1,339	0	0	2,950

Segment report 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
Administrative costs	-267	-863	-1,146	-253	-540	-3,067
Segment result (EBIT)	1,003	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

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, *SINA*, 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 – amongst others – biometric solutions and electronic ID (eID) documents, the electronic health care, security awareness 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 expenses and income. As a result of the liquidation of a subsidiary, no intra-group transactions occurred in the 2012 financial year. 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 reporting date.

Other disclosures

Capital management

The capital management of secunet Group is geared primarily to the provisions and requirements of company law. The aim is to ensure that all Group companies can operate as going concerns. 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 2012 was Euro 30,405,627.97 (previous year: Euro 27,634,719.25).

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 24,024,789.75 at its disposal (previous year: Euro 17,636,344.27). Current financial liabilities stood at Euro 11,517,178.23 (previous year: Euro 9,678,500.25).

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 explanation 2.

Market risks

The Group 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	2012	2011
Carrying amount on 1 Jan	1,279,719.00	1,144,215.00
Incoming payments	1,096,387.92	105,005.96
Income recorded in the income statement	60,647.49	30,498.04
Carrying amount as at 31 Dec	2,436,754.41	1,279,719.00

During the 2012 financial year, expenses amounting to kEuro 18 (previous year: kEuro 31) 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	Not financial instruments as defined in IAS 39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	
Assets in Euro	Carrying amount 31 Dec 2012				
Current assets					
Cash and cash equivalents	24,024,789.75		24,024,789.75		0.00
Trade receivables	19,476,300.11	4,636,797.92	14,839,502.19		0.00
Intercompany financial assets	1,326,982.95		1,326,982.95		0.00
Inventories	2,333,899.73				2,333,899.73
Other current assets	401,237.54		401,237.54		0.00
Income tax receivables	0.00				0.00
Non-current assets					
Property, plant and equipment	1,743,094.00				1,743,094.00
Intangible assets	101,154.00				101,154.00
Goodwill	2,950,000.00				2,950,000.00
Other financial assets	2,436,754.41			2,436,754.41	0.00
Deferred taxes	774,323.92				774,323.92
Total assets	55,568,536.41	4,636,797.92	40,592,512.43	0.00	7,902,471.65

	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	Not financial instruments as defined in IAS 39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6	Consultancy assignments with assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	
Liabilities in Euro	Carrying amount 31 Dec 2012				
Current liabilities					
Trade accounts payable	7,329,061.86		7,329,061.86		0.00
Intercompany payables	137,296.30		137,296.30		0.00
Other provisions	6,840,866.10				6,840,866.10
Income tax liabilities	371,098.56				371,098.56
Other current liabilities	4,287,715.55		4,287,715.55		0.00
Deferred income	1,796,008.52				1,796,008.52
Non-current liabilities					
Deferred taxes	440,891.55				440,891.55
Provisions for pensions	3,862,617.00				3,862,617.00
Other provisions	97,353.00				97,353.00
Total liabilities	25,162,908.44	0.00	0.00	11,754,073.71	13,408,834.73

	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	Not financial instruments as defined in IAS 39 and IFRS 7
Assets in Euro	Financial instrument classes as defined in IFRS 7.6 adjusted 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	
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 financial assets	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
Other financial assets	1,279,719.00			1,279,719.00	0.00
Deferred taxes	341,929.78				341,929.78
Total assets	46,268,902.93	3,640,375.05	33,835,757.05	0.00	7,513,051.83

	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	Not financial instruments as defined in IAS 39 and IFRS 7
Liabilities in Euro	Financial instrument classes as defined in IFRS 7.6 adjusted 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	
Current liabilities					
Trade accounts payable	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
Provisions for pensions	2,201,895.00				2,201,895.00
Other provisions	98,999.00				98,999.00
Total liabilities	18,634,183.68	0.00	0.00	9,678,500.25	8,955,683.43

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

in Euro	2012	2011
Loans and receivables	78,329.31	96,086.73
Financial assets measured at fair value through profit or loss	60,647.49	30,498.04
Total	138,976.80	126,584.77

Leases/other financial liabilities

The Company's other financial liabilities resulted mainly 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 between one and six years. Options to extend the term of the tenancy have been agreed in some cases.

The car leases have residual terms of between one and four 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 2,410,432.50 (previous year: Euro 2,350,574.55).

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

Nominal/in Euro	31 Dec 2012	31 Dec 2011
Long-term rental commitments for various office premises	5,447,498.13	5,240,187.17
Lease commitments for office and operating equipment	1,541,161.04	1,230,142.17
Total	6,988,659.17	6,470,329.34

The maturities of the liabilities are as follows:

Nominal/in Euro	31 Dec 2012	31 Dec 2011
Up to 1 year	2,355,369.04	2,301,274.23
More than 1 year but less than 5 years	4,537,560.77	4,105,834.89
More than 5 years	95,729.36	63,220.22
Total	6,988,659.17	6,470,329.34

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 (up to 30 April 2012)
Willem Bulthuis (from 1 July 2012)
Graduate business economist (FH) Thomas Pleines

Fees for auditors of Consolidated Financial Statements

In 2012, fees paid to the auditors of the Consolidated Financial Statements KPMG AG Wirtschaftsprüfungsgesellschaft included kEuro 83 for auditing of the Financial Statements (of which kEuro 15 for auditing last year's Financial Statements), kEuro 12 for other assurance services, kEuro 22 for tax consulting services and kEuro 33 for other services.

In 2011, fees paid to the auditors of the Consolidated Financial Statements KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch, and its affiliated company (KPMG Europe LLP) included kEuro 97 for auditing of the Financial Statements (of which kEuro 37 for auditing last year's Financial Statements), kEuro 15 for other assurance services, kEuro 2 for tax consulting services and kEuro 18 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	2012	2011
Management Board		
Short-term employee benefits in the financial year	602.30	586.20
Short-term employee benefits for the financial year	279.80	284.10
Post-employment benefits	69.30	182.50
Total	951.40	1,052.80
Supervisory Board		
Short-term employee benefits	34.3	34.7

Transactions with related companies of MC Familengesellschaft mbH

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

The following transactions were carried out in the specified period with companies in the MC Familiengesellschaft mbH:

1. Revenues resulting from services performed for related companies in the MC Familiengesellschaft mbH Group

in Euro	2012	2011
Parent company		
Giesecke & Devrient GmbH, Munich	3,552,264.65	1,416,855.57
Other affiliated companies		
G&D Secure Flash Solutions GmbH, Munich	8,420.75	0.00
Giesecke & Devrient Egypt Services, LLC., Egypt	0.00	65,000.00
Giesecke & Devrient Australasia Pty. Ltd., Australia	0.00	6,382.76
Total	3,560,685.40	1,488,238.33

For projects with related companies in the MC Familiengesellschaft mbH Group, provisions for trailing costs of kEuro 37 were created.

2. Services purchased from related companies in the MC Familiengesellschafts Group

in Euro	2012	2011
Parent company		
Giesecke & Devrient GmbH, Munich	209,379.82	149,908.71
Total	209,379.82	149,908.71

3. Receivables from related companies in the MC Familiengesellschafts Group

in Euro	2012	2011
Parent company		
Giesecke & Devrient GmbH, Munich	1,326,982.95	830,216.64
Other affiliated companies		
Giesecke & Devrient Egypt Services, LLC., Egypt	0.00	20,000.00
Total	1,326,982.95	850,216.64

Trade receivables from Group companies were recorded in the amount of Euro 1,267,710.95 and other receivables from Group companies amounted to Euro 59,272.

4. Payables to related companies in the MC Familiengesellschafts Group

As at 31 December 2012, trade payables of Euro 137,296.30 were recorded for Giesecke & Devrient GmbH, Munich. The previous year, there were no payables to related companies.

No transactions took place with companies that have a participating interest in MC Familiengesellschaft mbH.

Events since the balance sheet date

There were no significant events after the balance sheet date.

The Management Board
Essen, 12 March 2013

Dr Rainer Baumgart

Willem Bulthuis

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 2012. 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 code additionally applicable under Article 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 Article 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 our audit provides a reasonable 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 code additionally applicable under Article 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, 13 March 2013

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

Willem Bulthuis

Thomas Pleines

Annual Financial Statements

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

Balance sheet

as at 31 December 2012 (according to HGB)

Assets in Euro	Note	31 Dec 2012	31 Dec 2011
A. Fixed assets			
I. Intangible fixed assets		1,332,281.00	1,593,572.00
II. Tangible fixed assets		1,743,094.00	1,611,952.00
III. Long-term financial assets		2,436,754.41	1,279,719.00
Total fixed assets	1)	5,512,129.41	4,485,243.00
B. Current assets			
I. Inventories	2)	5,747,459.82	5,144,231.66
II. Receivables and other assets	3)	16,250,083.87	16,309,074.35
III. Cash in hand and balances with credit institutions	4)	23,805,910.82	17,436,221.27
Total current assets		45,803,454.51	38,889,527.28
C. Prepaid and deferred items		122,401.91	155,660.75
Total assets		51,437,985.83	43,530,431.03

Liabilities in Euro	Note	31 Dec 2012	31 Dec 2011
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 Reserve due to treasury shares		30,498.00	30,498.00
IV. Net accumulated profit/losses		572,099.01	-2,515,901.45
Total equity	5)	28,728,404.43	25,640,403.97
B. Provisions	6)	9,758,529.00	7,696,204.79
C. Liabilities	7)	11,155,043.88	9,281,377.39
D. Prepaid and deferred items	8)	1,796,008.52	912,444.88
Total liabilities		51,437,985.83	43,530,431.03

Income statement

for the period from 1 January 2012 to 31 December 2012 (according to HGB)

in Euro	Note	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
Revenue	9)	66,247,231.69	53,764,611.21
Increase or decrease of work in progress		405,098.48	1,502,220.59
Other operating income	10)	997,399.08	714,356.57
Cost of materials	11)	-25,119,868.10	-18,088,155.48
Personnel expenses	12)	-24,579,422.81	-22,463,169.03
Depreciation and amortisation of intangible fixed assets and tangible fixed assets	13)	-1,271,893.40	-1,206,254.61
Other operating expenses	14)	-11,630,172.70	-11,115,884.81
Financial result	15)	-107,547.47	-392,841.77
Result from ordinary business activities		4,940,824.77	2,714,882.67
Extraordinary income		141.00	141.00
Extraordinary expenses		-49,904.00	-49,904.00
Extraordinary result	16)	-49,763.00	-49,763.00
Taxes	17)	-1,803,061.31	-1,078,571.02
Net income for the year		3,088,000.46	1,586,548.65
Accumulated losses brought forward		-2,515,901.45	-4,102,450.10
Net accumulated profit/losses		572,099.01	-2,515,901.45

Notes

OF SECUNET SECURITY NETWORKS AG FOR FINANCIAL YEAR 2012 (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 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 2012 would have been kEuro 197 higher.

Tangible fixed assets are measured at the lower of purchase cost or cost of production or fair value 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. Since 2008, new acquisitions have been depreciated exclusively on a straight-line basis.

Shares in affiliated companies are recognised at purchase cost. Loans to affiliated companies and other loans are recognised at nominal value. Financial investments 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 lower of cost of acquisition calculated using a sliding average and fair value.

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 5.08%. The valuation is based on the projected unit credit method assuming that the benefits will grow by 2.5% and a fluctuation of 1.5% on average.

In accordance with the valuation rules of Article 253 Para. 1 Clause 2 of 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 598,841.

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 with a remaining term of up to one year are converted on the basis of the mean cash exchange rate on the reporting date.

Deferred taxes

in Euro	Assets	Liabilities
Fixed assets	8,433.86	0.00
Provisions for pensions	109,960.85	0.00
Other provisions	22,606.89	0.00
Total	141,001.60	0.00

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

Income statement

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 Aktiengesellschaft

(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 2012	31 Dec 2011
Work in progress	3,413,560.09	3,008,461.61
Merchandise	2,262,660.24	2,130,266.10
Prepayments on inventories	71,239.49	5,503.95
Total	5,747,459.82	5,144,231.66

(3) Receivables and other assets

in Euro	31 Dec 2012	31 Dec 2011
Trade receivables	14,785,932.68	15,079,574.67
Intercompany receivables	1,189,686.65	840,216.64
of which trade receivables	(1,130,414.65)	(840,216.64)
Other assets	274,464.54	389,283.04
Total	16,250,083.87	16,309,074.35

As at the balance sheet date, receivables from affiliated companies relate solely to the shareholder Giesecke & Devrient GmbH.

These comprised trade receivables in the amount of Euro 1,267,710.95 (previous year: Euro 830,216.64) and other receivables in the amount of Euro 59,272.00 (previous year: Euro 0.00). Trade payables in the amount of Euro 137,296.30 (previous year: Euro 0.00) were included. The previous year, receivables against Giesecke & Devrient Egypt Services, Egypt, of Euro 20,000.00 were impaired in the amount of Euro 10,000.00. The receivable was paid off in full in 2012.

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 short-term fixed time deposit with Bayerische Landesbank of kEuro 3,000, the same with Commerzbank, Essen branch, for kEuro 123, as well as a call deposit with Commerzbank, London branch, totalling kEuro 17,700. The rate of interest on these is between 0.10% and 0.37% 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 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%), respectively. The nominal value of the treasury shares was openly offset with share capital.

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.

Balance sheet profits are kEuro 572,099.01. Losses carried forward from the previous year of Euro 2,515,901.45 were balanced out.

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:

With its letter dated 6 November 2012, we were informed by proxy and on behalf of MC Familiengesellschaft mbH, Germany, in accordance with Article 27a Section 1 of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) with reference to the voting right notice in accordance with Articles 21 and 22 of the WpHG of MC Familiengesellschaft mbH dated 9 October 2012, of the following:

The threshold specified in Article 27a Section 1 of the WpHG was exceeded by MC Familiengesellschaft mbH due to assignment. This is the incidental legal consequence of the inclusion of the majority shareholding previously held personally by Ms Verena von Mitschke-Collande in Giesecke & Devrient Gesellschaft mit beschränkter Haftung, Munich, in MC Familiengesellschaft mbH within the framework of an increase of non-cash capital. Giesecke & Devrient Gesellschaft mit beschränkter Haftung is the majority shareholder of your company; Ms Verena von Mitschke-Collande holds the majority of voting rights in MC Familiengesellschaft mbH.

The purpose of the enterprise MC Familiengesellschaft mbH is that of a pure asset-holding company, in particular the administration of the shareholding in Giesecke & Devrient Gesellschaft mit beschränkter Haftung brought by Ms Verena von Mitschke-Collande; the intent of the shareholding held by Giesecke & Devrient Gesellschaft mit beschränkter Haftung in your company remains the implementation of strategic goals. It is not the intention of MC Familiengesellschaft mbH to obtain further voting rights in your company by purchase or other means within the next twelve months. MC Familiengesellschaft mbH has no intention of influencing the appointments to the administrative, managerial or supervisory organs within your company. Likewise, MC Familiengesellschaft mbH does not seek to significantly change the capital structure of your company, in particular with regard to the ratio of equity financing and outside financing, and the dividend payout policy.

No financial contributions were made in the procurement of the shares in Giesecke & Devrient Gesellschaft mit beschränkter Haftung; in return for introducing the shares in Giesecke & Devrient Gesellschaft mit beschränkter Haftung to MC Familiengesellschaft mbH (with the consequence of assignment of the shares it holds in your company), new shares in MC Familiengesellschaft mbH were issued within the framework of the increase of non-cash capital.

MC Familiengesellschaft mbH, headquartered in Tutzing, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 9 October 2012 that the MC Familiengesellschaft mbH share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of the voting rights on 8 October 2012 and on this date totalled 79.43% (corresponding to 5,163,102 voting rights).

Of these, according to Article 22 Section 1 p. 1 no. 1 WpHG, 78.96% are attributable to MC Familiengesellschaft mbH (corresponding to 5,132,604 voting rights) via Giesecke & Devrient Gesellschaft mit beschränkter Haftung, Munich, and 0.47% (corresponding to 30,498 voting rights) via secunet Security Networks AG, Essen.

Ms Christiane Weispfenning, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 23 May 2012 that her share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, exceeded the threshold of 3% of the voting rights on 02 November 2011 and on this date totalled 4.67% (corresponding to 303,702 voting rights). Of these, according to Article 22 Section 1 p. 1 no. 1 WpHG, 1.46% are attributable to her (corresponding to 94,691 voting rights). Ms Christiane Weispfenning holds 4.18% (271,818 Voting Rights) as a member of the community of heirs of Günter Weispfenning, consisting of Ingrid Weispfenning and Christiane Weispfenning.

Ms Ingrid Weispfenning, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 23 May 2012 that her share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, fell below the threshold of 3% of the voting rights on 5 March 2012 and on this date totalled 1.95% (corresponding to 126,626 voting rights). Of these, according to Article 22 Section 1 p. 1 no. 1 WpHG, 0.40% are attributable to her (corresponding to 26,234 voting rights).

Ms Ingrid Weispfenning, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 23 May 2012 that her share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, exceeded the thresholds of 3% and 5% of the voting rights on 2 November 2011 and on this date totalled 5.75% (corresponding to 373,994 voting rights). Of these, according to Article 22 Section 1 p. 1 no. 1 WpHG, 1.05% are attributable to her (corresponding to 68,457 voting rights). Ms Ingrid Weispfenning holds 4.18% (271,818 voting rights) as a member of the community of heirs of Günter Weispfenning, consisting of Ingrid Weispfenning and Christiane Weispfenning.

Ms Ingrid Weispfenning, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 23 May 2012 that her share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, fell below the threshold of 5% of the voting rights on 5 March 2012 and on this date totalled 3.87% (corresponding to 251,508 voting rights). Of these, according to Article 22 Section 1 p. 1 no. 1 WpHG, 1.05% are attributable to her (corresponding to 68,457 voting rights).

(6) Provisions

in Euro	31 Dec 2012	31 Dec 2011
Provisions for pensions and similar liabilities	1,905,471.00	1,534,822.00
Provisions for taxes	371,098.56	210,667.59
Other provisions	7,481,959.44	5,950,715.20
Total	9,758,529.00	7,696,204.79

Other provisions related mainly to HR obligations (Euro 5,368,032.81), outstanding invoices (Euro 461,733.53) and trailing costs (Euro 93,570.00).

In 2010, a provision of kEuro 225 was formed for litigation risks relating to a case in which the Company is the defendant. The value in dispute is kEuro 450. The provision was formed to cover defence costs and the creation of expert reports to be submitted in court. Another kEuro 64 of the closing balance as at 31 December 2011 of kEuro 120 were used up during 2012. This was mainly used to pay for legal advice. In May 2012, another kEuro 100 were added to the provision.

(7) Liabilities

in Euro	31 Dec 2012	31 Dec 2011
Payments received on account of orders	374,029.60	403,622.54
Trade accounts payable	6,867,328.33	6,402,864.98
Other liabilities	3,913,685.95	2,474,889.87
of which taxes	(2,350,362.40)	(1,643,725.25)
of which relating to social security	(1,185.42)	(1,635.02)
Total	11,155,043.88	9,281,377.39

In other liabilities, Euro 236,895.48 have a remaining term of between one and five years. All other liabilities have a term of less than one year.

8) Prepaid and deferred liabilities

Given the increase in the support business, payments are increasingly accrued in conjunction with a performance after the balance sheet date.

(9) Revenue

The revenue was generated in the following regions:

in Euro	2012	2011
Domestic	59,941,280.01	48,732,140.57
Abroad	6,305,951.68	5,032,470.64
Total	66,247,231.69	53,764,611.21

(10) Other operating income

Other operating income of Euro 997,399.08 primarily comprises a compensatory amount from the utilisation of provisions formed by other operating expenses, income from the release of provisions and other income. Income from currency conversion stood at Euro 27,607.93 (previous year: 139.71 Euro).

Approximately 15% of the other operating income relates to other periods and results predominantly from the release of provisions.

(11) Cost of materials

in Euro	2012	2011
Cost of purchased merchandise	18,525,371.50	15,595,247.79
Cost of purchased services	6,594,496.60	2,492,907.69
Total	25,119,868.10	18,088,155.48

(12) Personnel expenditure

in Euro	2012	2011
Wages and salaries	21,403,866.20	19,213,945.44
Social security costs	3,020,766.12	3,005,934.70
Old age pension costs	144,085.37	233,437.02
Other employee benefit costs	10,705.12	9,851.87
Total	24,579,422.81	22,463,169.03

(13) 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 (see Appendix to the Notes).

(14) Other operating expenses

Other operating expenses of Euro 11,630,172.70 consisted mainly of advertising, travel, rent, lease, training, vehicle, administrative, IT, legal, consulting and audit expenses. Expenses resulting from currency conversion stood at Euro 85.33 (previous year: Euro 3,472.42).

The amount of expenses relating to other periods is insignificant.

(15) Financial result

in Euro	2012	2011
Other interest and similar income	95,775.35	122,333.98
Depreciation on long-term financial assets and securities classified as current assets	0.00	-385,000.00
Interest and similar expenses	-203,322.82	-130,175.75
of which interest on pension provisions	(-177,603.00)	(-120,099.00)
Total	-107,547.47	-392,841.77

(16) Extraordinary result

The application of Article 66 of EGHGB and of Para. 1 of Article 67 of EGHGB resulted in extraordinary expenses of Euro 49,904.00 and extraordinary income totalling Euro 141.00. Overall, this created an extraordinary 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 addition to and release from 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

(17) Taxes

in Euro	2012	2011
Income taxes	1,778,844.59	1,068,441.03
Other taxes	24,216.72	10,129.99
Total	1,803,061.31	1,078,571.02

Taxes on income relate to financial year 2012 and expenses in the amount of kEuro 73 relate to trade and corporate tax for 2008 to 2011.

Other notes

Employees

The average headcount over the year, including the three Management Board members, was 289 (previous year: 279).

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled Euro 6,988,659.71. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements, of which Euro 2,355,369.04 have less than one year to run, Euro 4,537,560.77 have between one and five years to run and Euro 95,729.36 have more than five years of their term left. None of the total liabilities are towards affiliated companies.

Liability arrangements

No declarations were issued that resulted in liability arrangements.

Relationships with affiliated companies

Through Giesecke & Devrient GmbH, Munich, the Company is an related company of MC Familiengesellschaft mbH, Tutzing, 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 produces its own IFRS Consolidated Financial Statements. The Consolidated Financial Statements are published in the electronic Federal Gazette.

Auditors' fees

In 2012, fees paid to the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, included kEuro 83 for auditing of the Financial Statements (of which kEuro 15 for auditing last year's Financial Statements), kEuro 22 for tax consulting services, kEuro 12 for other assurance services, and kEuro 33 for other services.

Other

Management Board remuneration totalled kEuro 917 in the 2012 financial year (previous year: kEuro 870). This breaks down into fixed components of kEuro 588 (previous year: kEuro 531), variable components of kEuro 280 (previous year: kEuro 284) and non-cash benefits of kEuro 49 (previous year: kEuro 55). The amount provisioned during the previous year for variable remuneration was used up in the amount of kEuro 247, and kEuro 37 were released.

A pension provision of kEuro 148 was created for Management Board Members leaving with the financial year. This incurred expenses of kEuro 21 in the financial year. 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 kEuro 28.

As at 31 December 2012, the members of the Management Board no longer held any secunet AG shares.

Supervisory Board remuneration in the financial year totalled kEuro 34.3 (previous year: kEuro 34.7).

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 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)

Qualified engineer Thomas Koelzer

(secunet AG shares held: none), up to 30 April 2012

Willem Bulthuis,

(secunet AG shares held: none), since 1 July 2012

Qualified 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

Qualified 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
- 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

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
- 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 2012 kCHF 78

Annual profit/loss 2012 kCHF -1

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

100% participation, equity of the company as at 31 December 2012 kCZK 3,956

Annual profit/loss 2012 kCZK -85

Secunet Inc., Austin, Texas, USA

100% participation (shell company)

Essen, 12 March 2013

Dr Rainer Baumgart

Willem Bulthuis

Thomas Pleines

Changes in fixed assets

(according to HGB, appendix to the notes), in the 2012 financial year

in Euro	Historical costs			as at 31 Dec 2012	
	as at 1 Jan 2012	Additions	Disposals		
I. Intangible fixed assets					
1. Acquired concessions, industrial property rights and similar rights and values, and licences to such rights	120,000.00	0.00	0.00	120,000.00	
2. Acquired software	1,056,751.23	86,423.59	-27,113.10	1,116,061.72	
3. Goodwill	2,950,000.00	0.00	0.00	2,950,000.00	
Intangible fixed assets, total	4,126,751.23	86,423.59	-27,113.10	4,186,061.72	
II. Tangible fixed assets					
Other tangible assets, operating and office equipment	7,333,481.83	1,067,651.81	-344,438.52	8,056,695.12	
Tangible fixed assets, total	7,333,481.83	1,067,651.81	-344,438.52	8,056,695.12	
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	613,550.26	0.00	0.00	613,550.26	
3. Premium reserve shares from reinsurance contracts	1,279,719.00	1,157,035.41	0.00	2,436,754.41	
Long-term financial assets, total	2,449,810.22	1,157,035.41	0.00	3,606,845.63	
Total fixed assets	13,910,043.28	2,311,110.81	-371,551.62	15,849,602.47	

	Accumulated depreciation			Carrying amounts		
	as at 1 Jan 2012	Additions	Disposals	as at 31 Dec 2012	as at 31 Dec 2012	as at 31 Dec 2011
	120,000.00	0.00	0.00	120,000.00	0.00	0.00
	889,339.23	151,094.59	-27,113.10	1,013,320.72	102,741.00	167,412.00
	1,523,840.00	196,620.00	0.00	1,720,460.00	1,229,540.00	1,426,160.00
	2,533,179.23	347,714.59	-27,113.10	2,853,780.72	1,332,281.00	1,593,572.00
	5,721,529.83	924,178.81	-332,107.52	6,313,601.12	1,743,094.00	1,611,952.00
	5,721,529.83	924,178.81	-332,107.52	6,313,601.12	1,743,094.00	1,611,952.00
	556,540.96	0.00	0.00	556,540.96	0.00	0.00
	613,550.26	0.00	0.00	613,550.26	0.00	0.00
	0.00	0.00	0.00	0.00	2,436,754.41	1,279,719.00
	1,170,091.22	0.00	0.00	1,170,091.22	2,436,754.41	1,279,719.00
	9,424,800.28	1,271,893.40	-359,220.62	10,337,473.06	5,512,129.41	4,485,243.00

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 2012. 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 Article 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, 13 March 2013

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

Willem Bulthuis

Thomas Pleines

Service

SECUNET OFFICES

Head office, Essen

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen, Germany
Tel.: +49 201 5454-0
Fax: +49 201 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
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

2013	
24 January	Preliminary Figures Financial Year 2012
19 March	Annual Report 2012
20 March	Analyst Conference
8 May	3-Month Report 2013
15 May	Annual General Meeting
7 August	Half-Year Report 2013
6 November	9-Month Report 2013

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.

Information/Imprint

Issued by

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen, Germany

Contact

Investor Relations
secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen, Germany

Tel.: +49 201 5454-1227

Fax: +49 201 5454-1228

E-mail: investor.relations@secunet.com

Internet: www.secunet.com

Concept and Design

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

Text

secunet Security Networks AG

Printed by

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

Picture credits

Page 12–13 and 20–21: Gettyimages
secunet Security Networks AG

secunet Security
Networks AG
Kronprinzenstraße 30
45128 Essen, Germany

Tel.: +49 201 5454-0
Fax: +49 201 5454-1000

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