secunet

Annual Report

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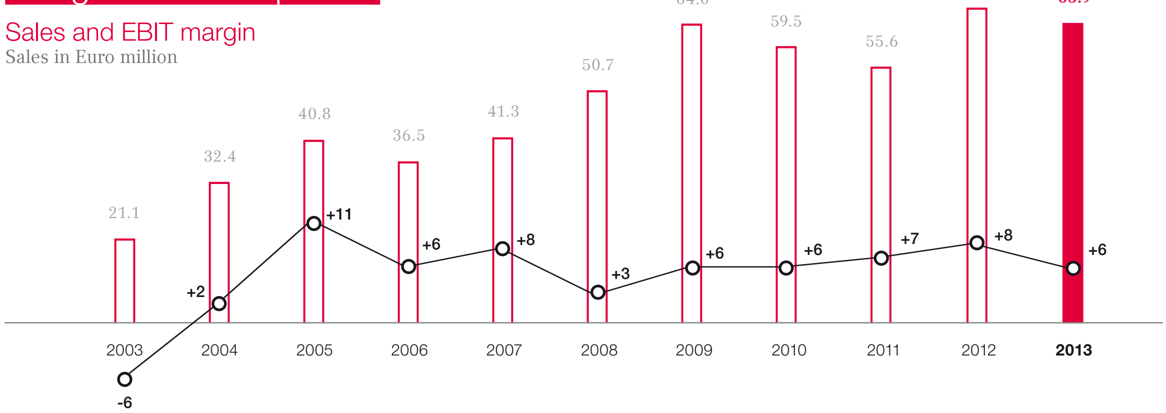
Key Figures

in Euro million	2013	2012	Change in %
Sales	63.9	67.2	-5
EBIT	3.7	5.7	-36
EBT	3.6	5.6	-36
Net income for the year	2.4	3.7	-35
Earnings per share (in Euro)	0.37	0.57	-35
Balance sheet total	57.3	55.6	+3
Equity	33.1	30.4	+9
Liquid assets	29.3	24.0	+22
Liabilities	12.0	12.1	-1
Loans	0.0	0.0	–
Cashflow from operating activities	6.6	8.6	-23
Investments	1.3	1.2	+8
Free cashflow	5.2	6.3	-17
Order backlog IFRS	40.3	37.6	+7
Employees as at 31 Dec	344	301	+14

Long-term development

Sales and EBIT margin

Sales in Euro million



EBIT margin in %

Public Sector

Solutions for eGovernment 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.

Business Sector

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.

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 2013

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

Foreword by the Management Board

Dear shareholders, customers, staff and friends of secunet,

In the financial year 2013, secunet achieved revenue of Euro 63.9 million and earnings before interest and taxes (EBIT) of Euro 3.7 million. This means that we did not achieve our targets of a moderate increase in revenue while maintaining the same levels of profitability.

The difference is due to the (major) project business of secunet. Given the budget volumes involved, customer decision-making processes take a correspondingly long time. As a result, the postponement of a major project assignment by a customer in the autumn of 2013 reduced our year-end business. Moreover, the past year was characterised by high expenditure in the acquisition and implementation of major projects: As a result, revenue and earnings were lower than the previous year.

Last year, we did a lot for the future of secunet. This relates both to the development of new products and solutions, and to sales: We are entering the new year with a high volume of orders. Overall, we therefore take an optimistic view of the future of our Company.

This confidence is strengthened by our market environment. The demand for high-quality IT security will increase further in coming years. This was evidenced by the following factors:

- The NSA affair also made the dimension of monitoring in the digital world palpable for the public. This realisation intensifies awareness of, and demand for, more data protection and data security. Whereas consumers primarily respond in the short term, providers like secunet will enjoy an increase in demand only in the medium to long term. In operative business, we can even now identify planning and budget considerations pointing to this long-term effect.

- Linked to this is a growing awareness of the need to seal off critical infrastructures against online threats. Corresponding high-quality, trustworthy solutions and architectures are needed.

- The further advancement in the distribution of eGovernment offers and applications will also lead to an ongoing high demand for information security concepts and solutions.

- Concretely, the coalition agreement on 27 November 2013 stipulates that the German federal authorities are obligated to use ten percent of their IT budgets for the security of their systems. Further measures are to support national expertise and know-how.

- In the private economy, in addition to the need to protect against economic espionage, a growing number of specific applications requiring IT security, such as Industry 4.0, robotics, networked vehicles, smart grid and smart factory, result in demand with long-term growth.

- We as German providers also enjoy the further benefits of the debate surrounding the NSA wiretapping scandal not only in terms of an increased awareness of the need to keep information secure, but particularly because of a clear focus of demand on products “Made in Germany”.

secunet is in a good position in this environment:

- We are known as a premium provider of high-quality IT security solutions.
- We are a European market leader for approved cryptosystems.
- We have been a security partner of the Federal Government for more than 10 years.
- We support data security and data protection for our customers with a broad range of products, which we expand perpetually. For instance, the high-security mobile device *SINA* Tablet will be added to the *SINA* product family from 2014. Our existing mobile solution *SINA* work station has already been very successful both in Germany and abroad.
- At the same time, we tap new potential: The major assignment for automated border control systems (eGates) at German airports is a clear success for our sustainable activities in the area of electronic government documents and biometrics.
- In the industry, our consultancy offers are in high demand, from the penetration test to our IT security concept.

We want to grow further in the future:

- Our strong market position in Germany can be expanded. The discussion surrounding wiretapping affairs also contributes to this. We will meet the increased interest of public sector as well as industry users with an extensive offer of reputable, trustworthy and effective solutions. We are expecting to significantly extend our customer base in the medium term.
- The internationalisation of our business remains an important driver of long-term growth. We have been active and successful in other European countries and in the Middle East for some time. We want to develop further target regions in the future.

Profitability is another necessary ancillary condition of our growth: As a result, we will also focus our attention on high employee productivity and cost discipline in all areas in the future.

Our good market position and our future growth are thanks to our strong, committed and motivated employees. The Management Board would like to thank all employees of secunet Security Networks AG for their great work.

At the time of compiling this report, we are expecting a significant increase in revenue and EBIT for the current 2014 financial year compared to 2013.

Yours,

Dr Rainer Baumgart

Dr Peter Zattler

Supervisory Board Report

Dear Shareholders,

During the 2013 financial year, the Supervisory Board of secunet Security Networks AG performed the duties assigned to it by law and by the Company's Articles of Association conscientiously and in full. It regularly advised the Management Board on the management of the Company and supervised the Management Board's conduct of business on an ongoing basis. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the Company. The Supervisory Board 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 their 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 the implementation of the Company strategy and 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 2013, 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.

Personnel changes on the Supervisory Board

Dr Karsten Ottenberg has resigned from his role as Chairman of the Supervisory Board and his seat on the Supervisory Board at secunet Security Networks AG with effect from 19 June 2013. Dr Ottenberg's resignation as Chairman of the Supervisory Board and from his seat on the Supervisory Board occurred against the background of his departure from the Management Board of Giesecke & Devrient GmbH, Munich, the majority shareholder of secunet Security Networks AG.

In its extraordinary meeting on 31 July 2013, the Supervisory Board elected Dr Peter Zattler as its new Chairman. Dr Zattler is a member of the Management Board of Giesecke & Devrient GmbH and since 2004 has been a member of the Supervisory Board of secunet Security Networks AG.

Dr Wilhelm Wick will retain his position as Vice Chairman of the secunet Security Networks AG Supervisory Board.

Since one seat on the Supervisory Board became vacant after Dr Ottenberg's resignation, Dr Reinhard Warmke, Head of Legal at Giesecke & Devrient GmbH, was court-appointed as member of the Supervisory Board with effect from 8 November 2013. The legal appointment of Dr Warmke is limited until the Ordinary General Meeting 2014, when the next Supervisory Board elections are due to take place.

Meetings of the Supervisory Board

Four ordinary meetings of the Supervisory Board were held in the 2013 financial year; on 13 March, 15 May, 12 September and 27 November. In addition, a extraordinary Supervisory Board Meeting by phone conference took place on 31 July 2013. 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. Furthermore, it dealt in detail 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 topics with the Management Board. In addition, it focused on the key organisational and personnel changes. In all its meetings, the Supervisory Board also requested information about the Company's risk situation and risk management.

The financial statements review meeting of 13 March 2013 dealt in detail with the Annual Financial Statements, Consolidated Financial Statements and condensed Management Report for the Company and the Group for the 2012 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.

In its meeting on 13 March 2013, the Supervisory Board also approved the Supervisory Board Report for the financial year 2012 and the proposed resolutions by the Supervisory Board for the Annual General Meeting on 15 May 2013. In addition, the Supervisory Board received reports on compliance measures at secunet Security Networks AG. In this context, it also discussed with the Management Board control and evaluation options for existing compliance measures and approved the commission of KPMG AG Wirtschaftsprüfungsgesellschaft with an audit of compliance measures according to IDW test standard 980.

At the meeting of 15 May 2013, which was held following the Annual General Meeting, the Management Board reported to the Supervisory Board in particular on the current business situation.

In its extraordinary meeting on 31 July 2013, the Supervisory Board elected Dr Zattler as its new Chairman.

At the meeting of 12 September 2013, 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.

At the meeting of 27 November 2013, the Supervisory Board approved the annual and budget planning for the 2014 financial year. The Supervisory Board also dealt with issues relating to internal auditing, compliance management and risk management. Furthermore, the Supervisory Board discussed and adopted the declaration of conformity pursuant to Article 161 of the German Stock Corporation Law (Aktiengesetz, AktG). Also during its meeting on 27 November 2013 the Supervisory Board undertook a self-evaluation of its activities with the aim of further improving the efficiency of the latter (examination of efficiency).

All members of the Supervisory Board were present at the meetings held on 15 May, 12 September and 27 November 2013. One member was absent from the meetings on 13 March and 31 July 2013. With the exception of Dr Warmke, who only joined the Supervisory Board in November 2013, no member of the Supervisory Board 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 (Committee for Personnel Matters). On 19 June 2013, the members of this committee were 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. After Dr Ottenberg's resignation from the Supervisory Board, the Supervisory Board at its meeting on 12 September 2013 elected Hans Wolfgang Kunz to the Chairman's Committee.

At its meeting of 15 May 2013, 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 continually examines 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 27 November 2013, the Management Board and Supervisory Board submitted their Declaration of Conformity for financial year 2013 regarding the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with Article 161 of the German Stock Corporation Law. 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 2013 Annual Report.

Annual Financial Statements and Consolidated Financial Statements for 2013

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 2013, 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 15 May 2013. 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 Supervisory Board awarded the audit mandate in accordance with the resolution passed by the Annual General Meeting on 15 May 2013. The auditors issued an unqualified opinion in each case.

The auditors also examined the report on relationships with affiliated companies prepared by the Management Board for financial year 2013 in accordance with Article 312 of the German Stock Corporation Law 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 appropriation 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 19 March 2014, 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 2013 compiled by the Management Board; the Annual Financial Statements of secunet Security Networks AG were thus adopted on 19 March 2014. The Supervisory Board checked the Management Board's suggested profit appropriation, which proposes that Euro 970,425.30 be distributed to the shareholders through a dividend of Euro 0.15 per dividend-bearing no-par share and that Euro 2,083,749.19 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 2013 financial year.

Essen, 19 March 2014

The Supervisory Board

Zattler

Dr Peter Zattler

The secunet Share

Excellent year on the stock market in 2013

The outstanding performance seen in 2012 continued its course on the German stock market in 2013. Following 29% in 2012, the leading share index DAX granted investors a further healthy return of 26%. They fared even better in 2013 with second-line stocks: The German MDAX and TecDAX mid-cap indices rose by 39% and 41% respectively. This trend is explained by the easing of the debt crisis and a return of trust in the future of the European monetary union among investors, which has been a contributory factor in making Europe's stock markets favourites for investors. A further driver of the demand for shares is the fact that the bond market offers few lucrative alternatives, due to the relatively low returns on German and American government bonds, for example. A confident mood among investors is further strengthening the trend for shares. These factors give the experts cause for continued optimism for the 2014 trading year, even though the stock markets of the industrial countries may experience greater fluctuations and growth may be lower than in the extremely good year of 2013.

secunet share exhibits strong appreciation

In 2013, the secunet share clearly outmatched the already solid performance of 2012 (plus 21%). The market price of the secunet share thus exhibited a strong gain of 59% from Euro 12.60 at the end of 2012 to Euro 20.08 at the end of the reporting year. This led to an increase in the value of the Company from Euro 81.9 million to Euro 130.5 million.

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 and Christiane Weispfenning, who together hold a 3.95% share in the voting rights of secunet Security Networks AG, along with Axxion S.A. (3.18%) and BNY Mellon Service KAG with 3.06%.

secunet itself holds a further 0.47% of the shares (30,498 individual shares), while the remaining 10.38% are in free float.

Trading volume remains low

In 2013, the average number of secunet shares traded on the Frankfurt stock exchange and on XETRA was 1,278 shares per day. This compares with 2,122 shares in the previous year. The average trading volume therefore remains unchanged at a low and declining level: 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 General Meeting of secunet Security Networks AG was held on 15 May 2013 in Essen, with 83% of the share capital represented. Each of the agenda items received more than 99% approval.

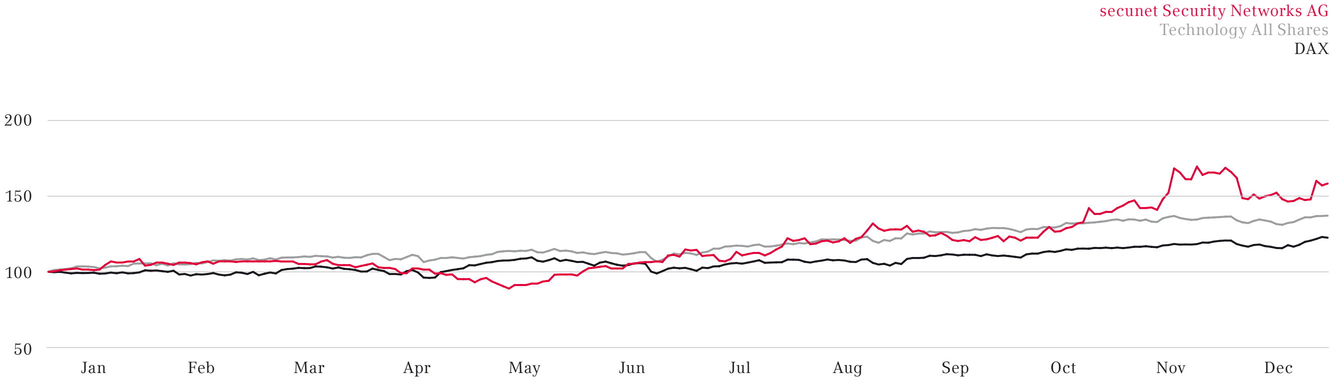
Comprehensive investor information

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 5454-1227 or via e-mail at investor.relations@secunet.com with questions.

Share price performance 2 January 2013 – 30 December 2013

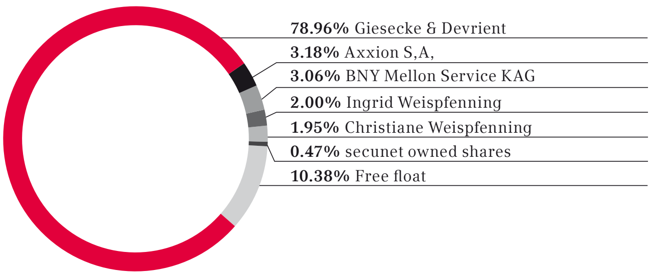
Index, price 2 January 2012 = 100



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 2013



Corporate Governance Report

DECLARATION OF CORPORATE GOVERNANCE

An effective and transparent organisation, as well as responsible and reliable 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 continued success of the Company on the market. 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 2013, 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 13 May 2013. The Declaration of Conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. This declaration is permanently available on our website and constantly updated to reflect any amendments.

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

Management and supervisory structure

secunet Security Networks AG is subject to German stock corporation law. As a German public limited company, it has a dual management and supervisory structure consisting of a Management Board and a Supervisory Board. The Management Board has three members. The Supervisory Board is made up of six members. 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. After Dr Karsten Ottenberg resigned from his role as Supervisory Board Chairman and from his seat on the Supervisory Board on 19 June 2013, Dr Reinhard Warmke was appointed by court order with effect from 8 November 2013. On 31 July 2013, Dr Peter Zattler was elected as the new Chairman of the Supervisory Board.

The current terms for Supervisory Board members appointed by the Annual General Meeting on 27 May 2009, who remained on the Board, as well as the appointment by court order of Dr Warmke as Supervisory Board member end with the Ordinary General Meeting 2014, when the next Supervisory Board elections are due to take place. 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, in its meetings on 23 November 2011 and on 27 November 2013, the Supervisory Board defined concrete targets for its composition according to Item 5.4.1 of the German Corporate Governance Code. 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, independence and an appropriate proportion of female members. At least one seat on the Supervisory Board is intended for a female member. At least one Supervisory Board member should have many years of special experience abroad, acquired as a result of working abroad or due to a foreign country of origin. In addition, the Supervisory Board should have at least two independent members in the sense of Item 5.4.2 of the German Corporate Governance Code. Furthermore, Supervisory Board members should not be older than 70 years of age. The Supervisory Board will take the above-mentioned objectives into account in its suggestions for appointments, which it will publish to the Annual General Meeting 2014 for Supervisory Board elections.

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 roles of the Chairman's Committee are to discuss Management Board personnel matters and to 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. Its aim is to increase 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. Specific measures described in the Management Board's rules of procedure require the approval of the Supervisory Board. 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 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. Shareholders can exercise their voting right at the Annual General Meeting themselves or choose an agent or company proxy bound by their instructions to exercise the voting right. The Annual General Meeting takes place in the first eight months of the financial year. The Chairman of the Supervisory Board normally chairs the Annual General Meeting. Ahead of the Annual General Meeting, shareholders receive comprehensive information about the past financial year and about the individual items on the agenda of the upcoming Meeting by way of the Annual Report and invitation to the Meeting. All relevant documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

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

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

Corporate Governance Guidelines

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

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

Management Board and Supervisory Board remuneration

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

Notification of transactions under Article 15a of the WpHG (Directors‘ Dealings)

Article 15a of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) requires members of Company bodies (Supervisory/Management Boards) and certain executives, as well as closely related parties, 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. Directors' Dealings disclosures are also published on our website under Investor Relations. No Directors' Dealings were reported in financial year 2013.

No member of the Management Board or Supervisory Board owns more than 1% of the shares, or financial instruments related to the shares, of the Company. The members of the Management Board and Supervisory Board jointly own no more than 1% of the shares of the Company.

Accounting and auditing of the financial statements

secunet Security Networks AG prepares its Consolidated Financial Statements and Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS). The Annual Financial Statements of secunet Security Networks AG are prepared in accordance with German commercial law (German Commercial Code – Handelsgesetzbuch, 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 6-Month 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 2013 Annual General Meeting. The audits were performed in accordance with Article 317 of the HGB and with due consideration for the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW).

It was also contractually agreed with the auditors that they would inform the Supervisory Board without delay of any potential grounds for exclusion or bias and of any findings or occurrences of significance to the Supervisory Board's remit that came to light during the audit.

The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report as at 30 June 2013 were subjected to an auditor's review by KPMG AG Wirtschaftsprüfungsgesellschaft.

Declaration of conformity under Article 161 of the German Stock Corporation Law

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

secunet Security Networks AG complies with the recommendations of the Government Commission on the German Corporate Governance Code, as amended in the version in force on 15 May 2012 and then the version in force on 13 May 2013 and published by the German Ministry of Justice in the official part of the 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. 1 Clause 2 When setting the remuneration of Supervisory Board members, chairmanship and committee memberships are to be taken into account

Explanation: Given its size of only six members, the Company's Supervisory Board currently has only one committee, the Chairman's Committee. We currently do not consider a special chairmanship or committee membership remuneration to be appropriate, since meetings of the Chairman's Committee regularly take place closely linked to Supervisory Board meetings in terms of time and location.

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: Starting with the publications of the financial statements for the 2012 financial year on 19 March 2013, the Company meets this recommendation and presents the remuneration of the Supervisory Board members individually in the Management Report, broken down by its various components.

secunet Security Networks AG
Essen, 27 November 2013

The Management Board The Supervisory Board

Management Report

CONDENSED MANAGEMENT REPORT REPORT ON THE POSITION OF THE COMPANY AND THE GROUP FOR THE 2013 FINANCIAL YEAR

1. Principles of the Group

1.1. Business model and Group structure

1.1.1. Business model of the Group

secunet Security Networks Aktiengesellschaft (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. These are IT security areas, where applications are developed and offered for professional use, e.g. high-security cryptographic systems, public key infrastructures (PKI) and secure electronic identities (eID). The range of solutions is mainly geared towards large-scale infrastructures. Customers usually receive customised solutions tailored to their individual requirements, even if they are based on standard applications.

1.1.2. Group and organisational structure, locations

The secunet Group 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: 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 operators and administrators on the secure inter-network architecture *SINA*.

secunet Germany has a target group-oriented organisational structure. Two business units – Public Sector and Business Sector – are geared towards the needs of the target groups of public clients and international organisations, on the one hand, and private companies, on the other hand, offering consultancy services, products and solutions. The business units Public Sector and Business Sector correspond to the former business divisions Public Sector and Private Sector, and are made up of High Security and Government, on the one hand, and Business Security and Automotive Security, on the other hand. The business units Public and Business Sector have been managed in their current formats since 2013.

The offering in the Public Sector business unit comprises high security encryption technology with the main product *SINA* as well as extensive (consulting) services and products for governmental consumers. They also include services and solutions for automated border control systems (eGates, electronic government documents, etc.). The Business Sector business unit provides IT security consulting and solutions for companies in the private sector. The Business Sector further comprises the special competences Automotive Security and IT Security for critical infrastructures (e.g. energy and water suppliers). Within these business units, the organisation has a process-oriented design and is targeted at an optimal service of the relevant markets and customers.

Giesecke & Devrient GmbH is the majority shareholder with a direct holding of 78.96%, and parent company of secunet Security Networks AG. Giesecke & Devrient (G&D) is a leading international technology group based in Munich. The company, which was founded in 1852, develops, produces and sells products and solutions that deal with payment, secure communication and the management of identities. G&D has a leading competitive and technology position in these markets. The Group’s customers above all include central banks and commercial banks, wireless service providers, companies as well as governments and authorities.

1.1.3. Products and services

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

1.1.4. Key sales markets

The target markets for secunet’s products and services are public sector customers and the private sector. The Company’s key sales area is still in Germany. secunet’s sales activities abroad focus 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.

1.2. Corporate management

The secunet Group is managed by the secunet Security Networks AG Management Board in reference to financial key figures: these primarily relate to sales and earnings figures (Group revenue and Group EBIT). 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, product management and project management measures that may be required.

1.3. Research and development – Innovation report

The research and development activities of secunet Security Networks AG aim at improving and innovating processes, products and solutions. secunet thus stays abreast of the growing needs of its customers for higher security in existing infrastructures as well as for 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. 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 as well as 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 technical 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, who 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 bechances to the qualifications of employees. On the other hand, work on committees contributes to secunet extensively participating in technological developments early on.

2. Economic report

2.1. 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).

In the last three years, different developments have taken place on the IT market. Whereas the market for software consistently showed a relatively high growth rate at an average of around 5%, the growth rate for IT services fluctuated around 3%. A clearly regressive tendency can be seen on the market for hardware, which last contracted by -1.1%.

Security continues to be an important topic for the IT market. After the so-called “NSA affair” became known during the course of 2013, the topic of “cyber security”, i.e. protection against espionage and sabotage, created a very strong publicity effect. As a result, the German government set itself dedicated targets for IT security in the context of maintaining and expanding their IT infrastructures. A sensitisation is thus also achieved for companies. At the same time, IT security at companies still remains as the result of a benefit and economic efficiency calculation. The fundamental threat of cyber crime regarding such topics as hacking, PC viruses and phishing remains high or is even increasing.

Large social infrastructure projects such as the introduction of electronic IDs, the use of biometrics and electronic healthcare cards, the general increase in eGovernment applications as well as the ever more IT-dependent critical infrastructures (e.g. smartgrid) bring up a number of (IT) security issues and are at the forefront of public concerns.

Specific market statistics for the IT security sector are not continuously collected. This market can therefore only 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. For the past year 2013, the industry association BITKOM expected market growth for standard IT security (virus scanners, firewalls, access management, …) of 5%.

2.2. Assessment of business performance 2013

At the time of publishing the Annual Report 2012, the Company’s Management Board pronounced a cautiously optimistic estimate for the 2013 financial year: a moderate revenue increase with earnings before interest and tax (EBIT) remaining at the same level as the previous year was expected. This forecast was corrected at the start of 2013. The forecast correction was a result of customer postponements of major projects in the Public -Sector business unit, which were originally scheduled for the fourth quarter of 2013. Since then, sales of Euro 63 million with an EBIT of Euro 4 million were expected. The actual development of the Company and the business results met these expectations: the secunet Group achieved revenues of Euro 63.0 million and an EBIT of Euro 3.7 million. Generally, the Board of Directors judges the development of the 2013 financial year as not satisfactory.

2.3. Situation

2.3.1. Results of operations of the Group

The profit and loss account for the secunet Group in accordance with IFRS is presented and structured according to the cost-of-sales method.

2.3.1.1. Revenue performance

In the 2013 financial year, the revenue of the secunet Group fell by Euro 3.4 million or 5%, from Euro 67.2 million in the previous year to Euro 63.9 million.

Orders deferred by major customers are one reason for the regressive revenue development and the forecast not being met. Furthermore, additional time invested in major projects are having an effect: Planned revenues could not be realised due to delays, e.g. in development.

The Public Sector contributed the majority of revenues of the secunet Group in the 2013 financial year at 78% (previous year: 79%). Customers from the public sector in Germany and abroad, as well as from international organisations, therefore remain the focus target group of secunet. The Public Sector business unit on the one hand 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. On the other hand, it 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, automated (biometric) border controls, electronic tax advice ELSTER and equipment of large infrastructures with high security technology and public key infrastructures. Compared to the previous year, revenues in the Public Sector fell by 6%, from Euro 53.3 million to Euro 50.1 million. This development is largely due to a reduction in the production and solutions business of the *SINA* product family.

At Euro 13.8 million, revenues in the Business Sector business unit remained almost unchanged in the 2013 financial year compared to the previous year (Euro 14.0 million). Group revenue as a proportion of total Group revenue rose slightly, from 21% in 2012 to 22% last year. With the Business Sector, secunet extended its offer of (consultancy) services and solutions for the specific requirements of companies in the private sector. The consultancy services range from security analyses (so-called penetration tests) via security advice, such as for security guidelines and their implementation, up to support for certification projects. The customer-specific solutions in the Business Sector are primarily focused on providers and suppliers of critical infrastructures such as telecommunications companies and providers, as well as demanding industries such as automotove and machine construction.

Revenues from projects with the Giesecke & Devrient Group fell by 19% compared to the previous year from Euro 3.6 million to Euro 2.9 million.

Sales of secunet products and services outside Germany increased by 32% from Euro 6.3 million in 2012 to Euro 8.3 million in the year under review. Given this strong increase, the contribution of foreign revenues in relation to Group revenues also went up from 9% the previous year to 13%.

2.3.1.2. Earnings performance

Earnings before interest and taxes (EBIT) of the secunet Group decreased significantly: from Euro 5.7 million in 2012 by Euro 2.0 million or 36% to Euro 3.7 million in the 2013 financial year.

The following individual developments occurred:

The cost of sales diminished by 8% from Euro 52.5 million in 2012 to Euro 48.5 million in the financial year. The reduction is largely due to lower material costs due to the reduction in product business. Material expense includes the purchase of hardware components for products as well as third-party services received.

Compared with the previous year, selling expenses increased by Euro 2.2 million or 38% from Euro 5.9 million to Euro 8.1 million. The clear increase in selling expenses is largely due to additional staff. On the one hand, the sales organisation was expanded. And on the other hand, the portfolio and product management area was optimised by adding additional employees.

Administration costs were up by Euro 0.5 million or 17% from Euro 3.1 million to Euro 3.6 million. The increase in administration costs is largely due to higher personnel expenditure.

The effects described above led to a change in the Group EBIT from Euro 5.7 million in the previous year to Euro 3.7 million in the 2013 financial year. The EBIT margin in 2013 was 5.7%, after 8.5% the previous year.

Earnings before interest and taxes and the EBIT margin fell in both business units of the secunet Group. In the Public Sector, the EBIT of Euro 5.0 million the previous year went down to Euro 3.2 million in the 2013 financial year, and the EBIT margin fell from 9.4% to 6.4%. In the Business Sector, the EBIT reduction amounted to Euro 0.3 million, from Euro 0.7 million in 2012 to Euro 0.4 million in the past business year; the EBIT margin fell from 4.7% to 3.0%.

Given the generally low interest rates, the interest income of the secunet Group fell from Euro 96 thousand to Euro 36 thousand. Interest expenses rose from Euro 147 thousand to Euro 133: Interest expenses for pensions made up a large proportion: these went up from Euro 116 thousand in the previous year to Euro 122 thousand in 2013. The interest result deteriorated overall: after Euro -51 thousand in 2012, it was Euro -98 thousand in the 2013 financial year. Earnings before tax totalled Euro 3.6 million, compared with Euro 5.6 million in the previous year. At the same time, tax on the result fell from Euro 2.0 million in 2012 to Euro 1.2 million in the current financial year. As a result, the secunet Group generated a Group profit of Euro 2.4 million in the 2013 financial year after Euro 3.7 million the previous year. Diluted and undiluted earnings per share in 2013 stood at Euro 0.37, compared with Euro 0.57 in the previous year.

2.3.2. Earnings situation of secunet Security Networks AG

However, in the separate accounts of secunet Security Networks AG issued pursuant to commercial law, the profit and loss account is presented using the cost-of-production method.

In 2013, secunet AG generated revenues of Euro 64.6 million compared to Euro 66.2 million the previous year (-2%). Inventory decreases were at Euro 0.3 million in 2013 compared to the Euro 0.4 million increase in the previous year. As a result of the reduced release of provisions compared to the same period last year, other operating income fell from Euro 1.0 million in 2012 to Euro 0.5 million 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 down by 15% from Euro 25.1 million in 2012 to 21.3 million in 2013. This was to do with the decrease in hardware-based *SINA* orders (product business) compared to the previous year. Moreover, third-party services are included in cost of materials, which fell compared to the previous year. Two contrary effects are impacting on personnel expenditure: On the one hand, personnel expenditure increased due to higher personnel numbers at secunet Security Networks AG. At the year-end 2013, the Company employed 43 more personnel than the previous year. On the other hand, payment to provisions for the variable remuneration components was reduced resulting from the business results. As a result, total personnel expenditure increased comparatively moderately – rising 4%, from Euro 24.6 million in the previous year to Euro 25.5 million in the current reporting period. Depreciations have remained almost constant at around Euro 1.3 million (previous year: Euro 1.3 million). Other operating expenses increased year-on-year by 8%, from Euro 11.6 million to Euro 12.5 million. This was essentially accounted for by the increase in consultancy costs.

In total, the above-mentioned effects result in a decrease of 3% in the overall expenditure (costs of materials, personnel expenditure, depreciation and other operating expenses) of secunet AG, from Euro 62.6 million in 2012 to Euro 60.7 million in 2013. The EBIT of secunet AG therefore was down from Euro 5.0 million in 2012 to 4.2 million in the reporting year.

The financial result was Euro -0.2 million in 2013 compared to Euro -0.1 million in 2012. As a result, the earnings before income taxes of secunet Security Networks AG in the 2013 financial year were Euro 3.9 million after Euro 4.9 million the previous year. The net profit for the year fell from Euro 3.1 million in 2012 to Euro 2.5 million in the reporting year.

2.3.3. Financial and net asset positions of the Group

The total assets of the secunet Group rose from Euro 55.6 million on 31 December 2012 to Euro 57.3 million on 31 December 2013.

On the assets side of the balance sheet, cash and cash equivalents rose sharply by 22%, from Euro 24.0 million on 31 December of the previous year to Euro 29.3 million on 31 December 2013.

The trade receivables portfolio decreased significantly in value, dropping 21% or Euro 4.1 million, from Euro 19.5 million on the previous year's balance sheet date to Euro 15.4 million on 31 December 2013. This was connected to the fact that a large proportion of invoices issued at the end of 2013 was paid very quickly. At the same time, projects commissioned by Giesecke & Devrient were largely completed so that receivables from related companies fell by 72% from Euro 1.3 million to Euro 0.4 million.

The sustainable profit generation of the secunet Group increases equity. On the liabilities side of the balance sheet, the proportion of equity thus rose slightly: the equity ratio rose by 3 percentage points, from 54.7% to 57.8%.

Trade payables remained nearly unchanged compared to the figure as at 31 December 2012, at Euro 7.3 million on 31 December 2013.

Other provisions rose by 25% or Euro 1.7 million, from Euro 6.8 million on 31 December 2012 to Euro 5.1 million at the end of the reporting year. This was largely due to the reduced payment to provisions for the variable remuneration components for secunet employees resulting from the business results.

Pension provisions fell from Euro 3.9 million at the end of 2012 to Euro 3.7 million at the end of the reporting year.

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 2013, actuarial gains of Euro 0.5 million less deferred taxes of Euro 0.2 million were included in other comprehensive income/loss.

Group annual profits realised in the 2013 financial year of Euro 2.4 million, and the existing Group loss carryforward of Euro 3.0 million, result in a total Group profit carryforward for the coming financial year of Euro 5.4 million. secunet did not take out any loans in either 2012 or 2013; all spending was financed with cash.

There was also no other outstanding debt, so the debt ratio remained at 0%. A guarantee credit in the amount of Euro 6.0 million 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. As at 31 December 2013, the amount of this credit was Euro 3.6 million (previous year: Euro 1.9 million).

2.3.4. Financial and net asset positions of 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. A different measurement method is also used for goodwill, which is not subject to amortisation according to IFRS (HGB: amortisation over 15 years).

The Annual Financial Statements in accordance with the German Commercial Code (HGB) post trade receivables of Euro 12.2 million and inventories of Euro 6.8 million; in the Consolidated Financial Statements, these are Euro 15.4 million and Euro 3.6 million 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 2.2 million (these are Euro 3.7 million in the Consolidated Financial Statements). The reason for this is mainly different interest rates on which the defined benefit obligations are based.

Net income realised in the 2013 financial year of Euro 2.5 million, and the existing net accumulated profit from the previous year of Euro 0.6 million, result in a total profit carryforward for the coming financial year of Euro 3.1 million. The Management Board and the Supervisory Board of secunet AG recommend to the Annual General Meeting that a total of Euro 970,425.30 should be distributed to the shareholders through the payment of a dividend of Euro 0.15 per share without par value providing entitlement to dividends and to carry forward the sum of Euro 2,083,749.19.

2.3.5. Cashflow of the Group

The cashflow from operations fell from Euro 8.6 million in the previous year to Euro 6.6 million. This reduction was mainly due to the reduction in Group annual earnings before taxes of Euro 2.0 million. Additional liquidity effects from changes in working capital and tax payments largely balance each other out.

Funds amounting to Euro 1.4 million were spent on investment activities. This corresponds to a decline of Euro 0.9 million compared to the previous year. Investments in intangible assets and property, plant and equipment were just above prior year levels. At the same time, investments in financial assets fell significantly: Last year, a large amount was invested in reinsurance contracts for pension payments.

Cashflows from financing activities of Euro 25 thousand (previous year: Euro 65 thousand) were added in the 2013 financial year.

This results in a total increase in cash and cash equivalents of Euro 5.2 million for 2013. Cash and cash equivalents at the 2013 year-end were therefore Euro 29.3 million.

2.3.6. Investments of the Group

The increase in capital expenditure of Euro 1.4 million in the 2013 financial year (previous year: Euro 2.3 million) consists largely in investments in intangible assets and property, plant and equipment. Spending was mainly on the procurement of new, and replacement of existing, hardware, software and other business equipment. In the 2013 financial year, expenditure for this type of investment amounted to Euro 1.3 million and went up by 9% or Euro 0.1 million compared to the previous year (Euro 1.2 million).

Investments in financial assets decreased in the 2013 financial year compared to the previous year, from Euro 1.2 million to Euro 0.1 million. The significant drop compared to last year can be explained with reference to a high one-off payment to reinsurance capital for the pension commitments expressed by the Company. This is used to reserve funds for future pension payments of the secunet Group.

The investments were made from liquid funds.

2.3.7. Order book of the Group

The order book of the secunet Group in accordance with IFRS was Euro 40.3 million at the 2013 year-end, thereby exceeding the order book as at 31 December 2012 (Euro 37.6 million) by approx. 7%. The distribution of orders in the order book between the business units Public and Business Sector correspond to the previous revenue split between the business units: as a result, the revenue contributions of the two business units are unlikely to change significantly in the short term. A relatively high proportion of services (consultancy, development and support) in the order book will continue to ensure the good utilisation of employee capacities.

2.4. Employees

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

As at the end of the 2013 financial year, the secunet Group had 344 employees, which is 43 individuals or 14% more than at the end of 2012. The increase in employees primarily took place in the productive areas development and consultancy as well as in sales.

The employees of secunet are highly qualified and outstandingly 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. In addition, secunet is also a training company.

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 the 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.

3. Supplementary report: Events after conclusion of the financial year

No significant events occurred after the balance sheet date.

4. Forecast, opportunities and risk report

4.1. Risk report

4.1.1. Risk management objectives and methods

Risk management at secunet Security Networks AG is conducted by a risk committee. This committee is composed of the Management Board, the business unit heads, the head of Corporate Strategy 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. The effects of risks and opportunities are not netted. A net presentation is shown when evaluating the effects of risks, i.e. the effects of any damage minimisation measures already taken are considered. Depending on the probability-weighted damage value of the risks (risk value), the further treatment of these risks is then determined. This ranges from documentation only for uncritical values via further observation (monitoring) to the need to take measures immediately (warning threshold). Insofar as the identified risks are quantifiable, the corresponding risk values (relating to the reporting date) are adopted in the reporting system.

Proposals for countermeasures are then drawn up, if required. The Management Board examines these measures and implements them promptly. During the course of the 2013 financial year, different risks were identified, which necessitate measures. The operate damage management implemented in these cases was able to contribute to moving the relevant risk value to significantly below the warning threshold in all cases.

4.1.2. Individual risks

The analysis of risks for the secunet Group shows that these are primarily focused on the areas Sales (acquisition of orders) and Production (project processing).

4.1.2.1. Competitive environment

The secunet Group generates the majority of its revenue with the *SINA* product family. With these products, secunet holds competitive advantages on several different levels. On the one hand, this is due to its technological leadership and, on the other, it is thanks to the wide range of approvals that have been gained for the individual products. Risks that endanger this competitive advantage are assessed regularly.

The risk committee therefore keeps itself up to date regularly about any risks that could endanger secunet’s technological superiority in the market. For this purpose, the committee examines 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 privileged market position in terms of business with German government agencies. This would expose secunet to much greater competitive pressure in this target customer segment. These risks, too, are assessed and evaluated regularly by the risk committee and the Management Board.

Overall, the stated risks arising from the competitive environment at the time of creating this report are deemed to be manageable and so not critical.

As a result of the increased attention given to the topic of IT security due to the so-called NSA eavesdropping scandal, an increasing demand for IT security products and solutions is anticipated. As a result, the market for IT security is also becoming more attractive for suppliers who have not previously been active on it. These potential new suppliers are increasing the competitive intensity and could endanger the market position of secunet – particularly in the Business Sector. The current assessment is that the risk of increased competitive intensity and the opportunity of market growth due to increasing awareness are in balance.

4.1.2.2. 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. At the same time, a temporary shift of expected orders is a possibility, such as during so-called “provisional budget management”, which takes place just after governments are formed and last until budget plans are confirmed. During such times, the federal authorities are only able to use limited expenditure. During a year, this can cause a significant shift in the year's revenues; services can even be cancelled in full because these cannot be repeated if capacities are fully utilised. Another risky area regarding the foreseeability of revenues relates to the often long-term decision-making processes for major projects.

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.

4.1.2.3. Product development risks

Various ongoing projects are being carried out to ensure the technological enhancement of the *SINA* product family, and a number of them have a significant volume. To this extent, it is justifiable to consider the risks for secunet arising from such development projects.

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 largely relates to the *SINA* product family in the High Security business division. 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. Therefore, development risks do not exist with regard to potentially waning demand.

At the same time, development projects are at risk of an underestimation of the time required until the new solutions are ready for acceptance. This can cause time and personnel expenses, which limit the profitability of these activities. In order to keep these risks as low as possible, secunet uses extensive project planning and control mechanisms in different locations, compared with a dedicated reporting line. This part of the risk analysis and the risk management is identical to the activities that always affect major projects. For the area of development projects, the risk at the time of creating this report is classified as low.

4.1.2.4. 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. To this extent, there is initially a sales risk for secunet arising from its focus on major projects. This risk is continuously monitored in the context of risk management and the ongoing Management Board meetings and, if necessary, it is countered with suitable measures.

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 create management reports for project managers, business unit heads and the Management Board. The risks arising from major projects are monitored continuously – in the same way as development risks – with comprehensive project-planning and control mechanisms, in conjunction with a risk-oriented reporting system. In the event of deviations from the set targets, measures to reduce the risk are resolved and implemented immediately.

In light of this extensive project management and controlling, the risk arising from major projects as at the reporting date is deemed to be low.

4.2. Opportunities

Different drivers have a positive effect on the growth of secunet:

4.2.1. Growth through increasing sensitisation

The increasing sensitisation regarding IT issues in the last few years was strengthened by the media with the emergence of the so-called NSA eavesdropping affair, which was published in the course of 2013. This can result in a positive trend for the demand for high-quality, trustworthy solutions "Made in Germany". This relates both to the authorities, which are adding IT system and infrastructure security to their previous efforts, and to companies, which counter the now concrete risk of economic espionage with corresponding security measures. An additional group is made up of providers of critical infrastructures, for which IT security is becoming ever more important. With the relevant sales activities aimed at the authorities and companies, secunet intends to participate in this positive development of demand.

The increasing interest in IT security, which is also driven by media attention, and the subsequent growth in demand are also resulting in increasing competition. This must be taken into account when evaluating opportunities.

4.2.2. Growth through new markets

IT security solutions "Made in Germany" enjoy a good reputation across the world due to their quality and trustworthiness. The international demand for correspondingly high-quality solutions as offered by secunet is on the rise. Under the impact of the frequently mentioned NSA eavesdropping affair, the demand is likely to cause even greater differences by manufacturer countries of origin, from which secunet is also benefiting. The expansion of foreign activities via secunet's own sales and local multipliers is to contribute to raising these potentials. Positive support is also the aim of the international companies in the G&D Group.

4.2.3. Growth through acquisitions

In addition to organic growth on domestic and foreign markets, secunet has for years pursued the objective of triggering additional growth through M&A activities. Growth in the product area through acquisition of the relevant solution providers is promising. The market for companies with high-quality, reliable IT security solutions for processing classified information, on which secunet is active, is split into many small to medium-sized providers: the process of identifying promising targets is thus correspondingly laborious.

4.3. Overview of risks and opportunities

An overview of opportunities and risks, which could impact on the further development of the secunet Group, shows a promising evaluation overall.

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

Individual risks affecting the business of secunet at the time of creating the report can be kept at bay and controlled. In operative management of the Group, measures were taken continuously to prevent an increase of the risk item. At the same time, the use of the opportunities described above are driven forward with a number of activities.

4.4. Forecast

The framework conditions for the 2014 financial year give reason for optimism:

- For the domestic market, we are still 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.
- secunet is starting 2014 with a full order book. For the 2014 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 impact on budget and demand resulting from the provisional budget management after the new government was formed in 2013 cannot yet be estimated; this could result in project deferrals;
- 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.
- The media attention focusing on IT security as a topic is driving the expectation of increasing demand. But attracted by this, increasing competition is also apparent, whose consequences cannot yet be foreseen.

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 basis of know-how.
- The Company's existing product and service portfolio stood up well to competition.
- The Company is well-known as a provider of high-quality and trustworthy IT 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.

Out of foreign subsidiaries secunet SwissIT AG in Switzerland and 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.

At the time this report was prepared, the secunet Group was in a good position. Compared with the financial year 2013, the Company's Management Board is anticipating a significant increase in revenue and earnings before interest and taxes (EBIT) for the coming financial year: the business results should even exceed those of the strong year in 2012. Therefore, the long-term growth trend of past years is to continue.

5. Risk reporting with regard to the use of financial instruments

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 in a position to fulfil their payment obligations at all times. The investment of liquid funds occurs on a strictly risk-minimising basis. The ongoing monitoring of liquid funds and the coordination with liquidity demands serve to ensure the ongoing ability to pay. This is also the main objective of financial management.

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

6.1. Elements of the internal control and risk management system

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

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

Process-integrated and process-independent monitoring measures are the cornerstone of the secunet Group's internal monitoring system. In addition to manual process controls – such as the "four-eye principle" – automatic IT process controls are also a key feature 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 Risk Management System presented here primarily focuses on avoiding the occurrence of damage through risks.

The Internal Audit of secunet Security Networks AG is involved in the secunet Group's internal monitoring system through process-independent auditing functions.

6.2. Use of IT systems

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

6.3. Specific Group accounting-related risks

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

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

Controlling activities for ensuring the correctness and reliability of the accounting system include, for example, the analysis of data and developments using specific key figure analyses. The allocation of administrative, management, billing and approval functions and their implementation by separate people reduce 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 that, in the event of changes to the IT systems used for accounting in the Group companies, accounting procedures are fully recorded within the reporting period to which they relate. 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.

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.

6.5. Restrictive details

In spite of the mentioned internal organisation, control and monitoring structures, individual discretionary decisions, defective controls, criminal actions or other circumstances cannot be ruled out. This 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.

7. Information relevant to acceptance: 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 2013 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, Article 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. Apart from the restrictions under the AWG, the shareholders of secunet Security Networks AG are not restricted either by German law or by the Company's Articles of Association in their decisions on the acquisition or disposal of the Company's 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, 10.38% of the Company shares are publicly held. To the Management Board's knowledge, direct and indirect capital holdings exceeding 10% of voting rights are held by Giesecke & Devrient GmbH, Munich, which has a direct stake of 78.96%.

   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 2013, 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.

8. Management and control – Reference to the Declaration of Corporate Governance pursuant to Article 289 a (1) of the German Commercial Code (Handelsgesetzbuch, HGB)

As a German public company limited by shares, secunet Security Networks AG has a dual management and control structure. The Group is managed by the Management Board, whose members are appointed by the Supervisory Board. The Supervisory Board advises the Management Board and monitors its conduct of business. A 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.

9. Other notes

9.1. 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.

9.1.1. 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 Peter Zattler, Chairman of the Supervisory Board, Dr-Ing. Wilhelm Wick, Deputy Chairman of the Supervisory Board, and Hans Wolfgang Kunz, Member of the Supervisory Board.

In financial year 2013, the remuneration package was made up of four components: a fixed annual salary, a variable bonus, ancillary non-cash benefits and a contribution to the retirement pension. The Management Board remuneration package is broken down as follows:

- The fixed component is paid monthly in the form of salary;
- the variable component is based on the Company's results. It consists of one short-term component and one long-term component;
- non-cash and other benefits essentially comprise the taxable values of company car usage and accident insurance premiums.
- The retirement pension contributions paid to members of the Management Board are set out in their individual contracts of employment;

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

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

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 2013 was Euro 839.9 thousand (previous year: Euro 916.6 thousand). The following expenses were recorded for the individual members of the Management Board for financial year 2013:

Contributions granted	Dr Rainer Baumgart Chairman				Willem Bulthuis* Management Board			
in Euro	2012	2013	2013 (min)	2013 (max)	2012	2013	2013 (min)	2013 (max)
Fixed remuneration	230,004	230,004	230,004	230,004	97,500	195,000	195,000	195,000
Ancillary benefits	19,107	20,746	20,746	20,746	9,845	19,685	19,685	19,685
Total	**249,111**	**250,750**	**250,750**	**250,750**	**107,345**	**214,685**	**214,685**	**214,685**
One-year variable remuneration (formation of provision)	55,933	7,497	0	72,000	24,859	6,664	0	64,000
Multi-year variable remuneration (formation of provision)								
Profit Sharing 2012	46,856				23,428			
Profit Sharing 2013		47,422	0	100,000		47,422	0	100,000
Total	**102,789**	**54,919**	**0**	**172,000**	**48,287**	**54,086**	**0**	**164,000**
Pension expense (IFRS)	22,777	21,674	21,674	21,674	26,556	17,359	17,359	17,359
Total remuneration	**374,677**	**327,343**	**272,424**	**444,424**	**182,188**	**286,130**	**232,044**	**396,044**

Contributions granted	Thomas Koelzer** Management Board				Thomas Pleines Management Board			
in Euro	2012	2013	2013 (min)	2013 (max)	2012	2013	2013 (min)	2013 (max)
Fixed remuneration	65,000	0	0	0	195,000	195,000	195,000	195,000
Ancillary benefits	4,045	0	0	0	16,246	16,355	16,355	16,355
Total	**69,045**	**0**	**0**	**0**	**211,246**	**211,355**	**211,355**	**211,355**
One-year variable remuneration (formation of provision)	16,573	0	0	0	49,718	6,664	0	64,000
Multi-year variable remuneration (formation of provision)								
Profit Sharing 2012	15,618	0	0	0	46,856			
Profit Sharing 2013		0	0	0		47,422	0	100,000
Total	**32,191**	**0**		**0**	**96,574**	**54,086**	**0**	**164,000**
Pension expense (IFRS)	0	0	0	0	19,924	18,321	18,321	18,321
Total remuneration	**101,236**	**0**	**0**	**0**	**327,744**	**283,762**	**229,676**	**393,676**

The following payments were made to pay the Board in the 2013 financial year:

Contribution	Dr Rainer Baumgart Chairman		Willem Bulthuis* Management Board		Thomas Koelzer** Management Board		Thomas Pleines Management Board	
in Euro	2012	2013	2012	2013	2012	2013	2012	2013
Fixed remuneration	230,004	230,004	97,500	195,000	65,000	0	195,000	195,000
Ancillary benefits	19,107	20,746	9,845	19,685	4,045	0	16,246	16,355
Total	**249,111**	**250,750**	**107,345**	**214,685**	**69,045**	**0**	**211,246**	**211,355**
One-year variable remuneration (payment)	66,352	55,933	0	24,859	116,089	16,573	60,650	49,718
Multi-year variable remuneration (payment)								
Profit Sharing 2011	20,477		0				20,476	
Profit Sharing 2012		46,856		23,428		15,618		46,856
Total	**86,829**	**102,789**	**0**	**48,287**	**116,089**	**32,191**	**81,127**	**96,574**
Total remuneration	**335,940**	**353,539**	**107,345**	**262,972**	**185,134**	**32,191**	**292,373**	**307,929**

The pension entitlements of the Management Board were as follows as at 31 December 2013:

	In accordance with IFRS			In accordance with HGB		
in Euro	Present value	Current service cost	Past service cost	Scope of obligation	Provision	Bonus
Dr Baumgart	587,752	21,674	0	478,169	402,631	59,696
Bulthuis	102,441	17,359	0	75,364	75,364	13,970
Pleines	411,027	18,321	0	295,500	238,858	44,247

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 Euro 132 thousand.

As at 31 December 2013, 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.

9.1.2. 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 Euro 4 thousand. The Chairman of the Supervisory Board receives a payment amounting to Euro 8 thousand, and the Deputy Chairman of the Supervisory Board receives Euro 6 thousand. For the 2013 financial year, the Supervisory Board salaries totalled Euro 34.3 thousand (previous year: Euro 34.3 thousand).

The following expenses were recorded for the individual members of the Supervisory Board for financial year 2013:

in Euro	Annual fee 2013 for activity in 2012	Meeting attendance fees for 2013	Total
Haniel	4,000.00	613.56	**4,613.56**
Kunz	4,000.00	613.56	**4,613.56**
Legge	4,000.00	818.08	**4,818.08**
Ottenberg	8,000.00	409.04	**8,409.04**
Warmke	0.00	204.52	**204.52**
Wick	6,000.00	818.08	**6,818.08**
Zattler	4,000.00	818.08	**4,818.08**
Total	**30,000.00**	**4,294.92**	**34,294.92**

* Joined on 1 July 2012
** Left company on 30 April 2012

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.

9.2. Management Board report in line with Section 312 (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 2013 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.”

9.3. 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, 18 March 2014

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 2013

Assets in Euro	Note	31 Dec 2013	31 Dec 2012
Current assets			
Cash and cash equivalents	(1)	29,265,027.15	24,024,789.75
Trade receivables	(2)	15,363,069.15	19,476,300.11
Intercompany financial assets	(2)	371,905.64	1,326,982.95
Inventories	(4)	3,634,082.80	2,333,899.73
Other current assets	(2)	376,927.27	401,237.54
Income tax receivables		136,704.68	0.00
Total current assets		**49,147,716.69**	**47,563,210.08**
Non-current assets			
Property, plant and equipment	(3)	1,860,397.00	1,743,094.00
Intangible assets	(3)	133,737.00	101,154.00
Goodwill	(3)	2,950,000.00	2,950,000.00
Non-current financial assets	(5)	2,608,957.87	2,436,754.41
Deferred taxes	(6)	682,261.37	774,323.92
Total non-current assets		**8,235,353.24**	**8,005,326.33**
Total assets		**57,383,069.93**	**55,568,536.41**

Liabilities
in Euro

	Note	31 Dec 2013	31 Dec 2012
Current liabilities			
Trade accounts payable	(7)	7,306,479.12	7,329,061.86
Intercompany payables	(7)	25,773.19	137,296.30
Other provisions	(9)	5,001,701.68	6,840,866.10
Income tax liabilities		98,248.27	371,098.56
Other current liabilities	(7)	4,581,351.72	4,287,715.55
Deferred income		3,197,455.83	1,796,008.52
Total current liabilities		**20,211,009.81**	**20,762,046.89**
Non-current liabilities			
Deferred taxes	(6)	260,213.60	440,891.55
Provisions for pensions	(8)	3,718,796.00	3,862,617.00
Other provisions	(9)	114,111.00	97,353.00
Total non-current liabilities		**4,093,120.60**	**4,400,861.55**
Equity			
Share capital	(10)	6,500,000.00	6,500,000.00
Capital reserves	(10)	21,922,005.80	21,922,005.80
Reserve for treasury shares	(10)	-103,739.83	-103,739.83
Group profit carryforward		2,953,060.90	-734,266.79
Group profit		2,375,887.54	3,687,327.69
Accumulated other comprehensive income/loss	(10)	-568,274.89	-865,698.90
Total equity		**33,078,939.52**	**30,405,627.97**
Total liabilities		**57,383,069.93**	**55,568,536.41**

Consolidated income statement

(according to IFRS) for the period from 1 January 2013 to 31 December 2013

in Euro	Note	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
Revenue	(11)	63,885,773.55	67,243,654.56
Cost of sales		-48,456,163.28	-52,522,609.03
Gross profit on sales		**15,429,610.27**	**14,721,045.53**
Selling expenses		-8,139,071.55	-5,915,614.06
Research and development costs		-7,853.18	0.00
General administration costs		-3,624,232.57	-3,104,276.68
Other operating income		1,832.12	0.00
Other operating expenses		0.00	-12,331.00
Earnings from operating activities		**3,660,285.09**	**5,688,823.79**
Earnings before interest and income tax		**3,660,285.09**	**5,688,823.79**
Interest income	(13)	35,891.26	95,931.53
Interest expenses	(13)	-133,405.96	-147,234.34
Earnings before tax		**3,562,770.39**	**5,637,520.98**
Income taxes	(14)	-1,186,882.85	-1,950,193.29
Group profit		**2,375,887.54**	**3,687,327.69**
Earnings per share (diluted/undiluted)		0.37	0.57
Average number of shares outstanding (diluted, undiluted, units)		6,469,502	6,469,502

Consolidated statement of comprehensive income

(according to IFRS) for the period from 1 January 2013 to 31 December 2013

in Euro	Note	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
Group profit		2,375,887.54	3,687,327.69
Items that cannot be transferred in the income statement			
Actuarial gains and losses from benefit-oriented plans		460,406.00	-1,360,490.00
Deferred taxes on comprehensive income		-148,619.06	439,166.17
Items that can be transferred in the income statement			
Currency conversion differences (change not affecting income)	(10)	-14,362.93	4,904.86
Consolidated comprehensive income/loss		**2,673,311.55**	**2,770,908.72**

Consolidated cash-flow statement

(according to IFRS) for the period from 1 January 2013 to 31 December 2013

in Euro	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
Cashflow from operating activities		
Group earnings before tax (EBT)	3,562,770.39	5,637,520.98
Depreciation and amortisation of tangible and intangible fixed assets	1,094,952.70	1,076,860.40
Change in provisions	-1,627,880.42	1,768,185.38
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	-1,832.12	12,331.00
Interest result	97,514.70	51,302.81
Change in receivables and other assets and prepaid expenses	3,792,435.47	-1,562,862.45
Change in liabilities and deferred income	1,560,502.98	2,959,456.37
Tax paid	-1,833,672.28	-1,312,492.86
Cash from operating activities	**6,644,791.42**	**8,630,301.63**
Cashflow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-1,255,174.70	-1,154,075.40
Proceeds from the sale of intangible assets and of property, plant and equipment	12,168.12	0.00
Purchase of financial assets	-172,203.46	-1,157,035.41
Cash from investment activities	**-1,415,210.04**	**-2,311,110.81**
Cashflows from financing activities		
Interest received	35,891.26	95,931.53
Interest paid	-11,346.96	-31,106.34
Cash generated from financing activities	**24,544.30**	**64,825.19**
Effects of exchange rate changes on cash and cash equivalents	-13,888.28	4,429.47
Increase in cash and cash equivalents	**5,240,237.40**	**6,388,445.48**
Cash and cash equivalents at the beginning of the period	24,024,789.75	17,636,344.27
Cash and cash equivalents at the end of the period	**29,265,027.15**	**24,024,789.75**

For further explanations, see note (15).

Consolidated statement of changes in equity

(according to IFRS) for the period from 1 January 2012 to 31 December 2013

in Euro	Share capital	Capital reserves	Reserve for treasury shares	Group profit carryforward	Accumulated other comprehensive income/loss: Items that cannot be transferred in the income statement: Actuarial gains and losses	Accumulated other comprehensive income/loss: Items that cannot be transferred in the income statement: Deferred taxes	Accumulated other comprehensive income/loss: Items that can be transferred in the income statement: Miscellaneous	Total
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**
Group profit 1 Jan–31 Dec 2013				2,375,887.54	0.00	0.00	0.00	2,375,887.54
Other comprehensive income/loss 1 Jan–31 Dec 2013				0.00	460,406.00	-148,619.06	-14,362.93	297,424.01
Equity as at 31 Dec 2013	**6,500,000.00**	**21,922,005.80**	**-103,739.83**	**5,328,948.44**	**-813,207.00**	**262,503.22**	**-17,571.11**	**33,078,939.52**

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

Notes to the consolidated Financial Statements

FOR THE 2013 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 18 March 2014 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 2012, 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 commencing on or after:
New standards		
IFRS 13	Fair Value Measurement	1 January 2013
Modified standards		
Amendments to IFRS 1	Government loans	1 January 2013
Amendments to IFRS 1	Hyperinflation and removal of fixed dates for first-time adopters of IFRS	1 January 2013
Amendments to IFRS 7	Notes – Offsetting financial assets and liabilities	1 January 2013
Amendments to IAS 1	Presentation of other items of comprehensive income	1 July 2012
Amendments to IAS 12	Realisation of underlying assets	1 January 2013
Improvements to IFRS 2009–2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	1 January 2013
New interpretations		
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013

On 29 May 2013, IASB published amendments to IAS 36 regarding the disclosure of the recoverable amount for non-financial assets. The EU adopted this on 19 December 2013. The Company is making use of the early adoption option of amendments to IAS 36 and is applying the new regulation from 1 January 2013.

The application of the modified standards did not have any material impact on the Consolidated Financial Statements. In accordance with the transitional requirements of IFRS 13, the Group prospectively applied the new provisions regarding the valuation at fair value and did not provide any comparative information from the previous year for new disclosures. The secunet Group met the changed disclosure obligations regarding the amendments to IAS 1. Comparative information was adapted accordingly.

New accounting rules

The following standards and interpretations had been published as at 31 December 2013 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.

Standard/ Interpretation	Key amendment	First-time adoption
New standards (still to be endorsed by EU)		
IFRS 9	Financial instruments	Pending
Modified standards (not yet endorsed by the EU)		
Amendments to IFRS 9 and IFRS 7	Binding application date and specifications concerning transition	Pending
Amendments to IAS 19	Performance-oriented plans: employee contributions	2015 financial year
Improvements to IFRS 2010–2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	2015 financial year
Improvements to IFRS 2011–2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	2015 financial year
New interpretations (still to be endorsed by EU)		
IFRIC 21	Contributions	2014 financial year
New standards (EU endorsement completed by 31 December 2013)		
IFRS 10	Consolidated Financial Statements	2014 financial year
IFRS 11	Agreements	2014 financial year
IFRS 12	Disclosures relating to shares in other companies	2014 financial year
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition regulations	2014 financial year
Amendments to IFRS 10, FRS 12 and IAS 27	Investment companies	2014 financial year
Amended standards (EU endorsement completed by 31 December 2013)		
Amendments to IAS 27	Individual financial statements	2014 financial year
Amendments to IAS 28	Shares in associate companies and jointly controlled entities	2014 financial year
Amendments to IAS 32	Offsetting financial assets and liabilities	2014 financial year
Amendments to IAS 39	Novation of derivatives and continuation of the presen-tation of hedging transactions	2014 financial year

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

Accounting principles

The present Consolidated Financial Statements as at 31 December 2013, with the exception of the amendments due to the first adoption of new or amended IAS/IFRS 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 2013 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 euros. 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 2013, 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 CHF 78 thousand, net income for 2013 CHF 0 thousand

- secunet s.r.o., Czech Republic, Prague, 100% participation, equity of the Company CZK 4,016 thousand, net income for 2013 CZK 60 thousand

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 2013.

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 euros 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 2013	1.2256	27.4305
Average 2013	1.2303	26.0366

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, as part of the fair-value hierarchy of IFRS 13, reinsurance contracts are subject to a level 1 evaluation based on observable parameters (market prices). For this purpose, the cash surrender values registered by the reinsurance companies are used. In the 2013 financial year, there were no transfers between evaluation levels.

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 “General administration costs” 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 cashflows 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 cashflows. 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 cashflows (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 accruals

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 cashflow 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. 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 trade 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 cashflows 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 Euro 20,623 thousand, as well as a call deposit with Bayrische Landesbank Anstalt des öffentlichen Rechts of Euro 3,000 thousand. The rate of interest on these is between 0.07% and 1.4% p.a.

The movement in cash and cash equivalents is shown in the cashflow 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 2013 of Euro 3,888,680.63 (previous year: Euro 4,636,797.92). All intercompany financial assets also result from trade receivables.

The maturities of all trade receivables are as follows:

Days overdue in Euro	31 Dec 2013	31 Dec 2012
not due	14,581,994.79	18,112,555.06
1–30	1,043,709.00	2,556,327.00
31–90	44,453.00	100,518.00
91–180	47,193.00	0.00
181–360	17,625.00	19,905.00
>360	0.00	13,978.00
Total	**15,734,974.79**	**20,803,283.06**

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

in Euro	2013	2012
As at 1 Jan	22,342.00	16,989.00
Added	0.00	15,353.00
Released	-22,342.00	-10,000.00
As at 31 Dec	**0.00**	**22,342.00**

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 sales and marketing expenses.

Other current assets are other trade receivables, travel expense advances to employees and other receivables. 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	2013	2012
Accumulated historical cost as at 1 Jan	8,056,695.12	7,333,481.83
Additions	1,153,326.80	1,067,651.81
Disposals	-412,706.15	-344,438.52
As at 31 Dec	**8,797,315.77**	**8,056,695.12**
Accumulated amortisation as at 1 Jan	6,313,601.12	5,721,529.83
Additions	1,027,680.80	924,178.81
Write-ups	-1,993.00	0.00
Disposals	-402,370.15	-332,107.52
As at 31 Dec	**6,936,918.77**	**6,313,601.12**
Carrying amount as at 31 Dec	**1,860,397.00**	**1,743,094.00**

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	2013 Goodwill	2013 Intangible assets	2012 Goodwill	2012 Intangible assets
Accumulated historical cost as at 1 Jan	2,950,000.00	1,236,061.72	2,950,000.00	1,176,751.23
Additions	0	101,847.90	0	86,423.59
Disposals	0	-6,185.75	0	-27,113.10
As at 31 Dec	**2,950,000.00**	**1,331,723.87**	**2,950,000.00**	**1,236,061.72**
Accumulated amortisation as at 1 Jan	0	1,134,907.72	0	1,009,339.23
Additions	0	69,264.90	0	152,681.59
Disposals	0	-6,185.75	0	-27,113.10
As at 31 Dec	**0**	**1,197,986.87**	**0**	**1,134,907.72**
Carrying amount as at 31 Dec	**2,950,000.00**	**133,737.00**	**2,950,000.00**	**101,154.00**

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:

Goodwill carrying amount in Euro thousand	31 Dec 2013
Public Sector	2,668
Business Sector	282
Total	**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.

At the start of the 2013 financial year, the secunet Group performed an organisational restructuring. It is now split into two business units, the Public Sector and the Business Sector. The Public Sector business unit has emerged from the consolidation of the former High Security and Government business units. Furthermore, the Support department which was located in the former Business Sector business unit has been affiliated to the Public Sector. The former Business Security and Automotive Security business units are consolidated into the Business Sector business unit.

In conjunction with this restructuring process, the redistribution of the goodwill acquired was carried out applying IAS 36.87 according to a relative valuation.

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 cashflows. Cashflows 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 9.98% was used for this calculation (previous year: 10.8%). A risk-free interest rate of 2.5% (previous year: 4.0%), a risk premium of 5.5% (previous year: 5.0%) and a beta factor of 1.36 (previous year: 1.36) are used to calculate the discount rate. Since the Company largely operates in the European Economic Area, standardised parameters are 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 cashflows in perpetuity with factoring in a growth rate of 0.5% (previous year: 0.0%) for value in use.

As the present value of future cashflows 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 cashflows 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 2013	31 Dec 2012
Merchandise	3,609,265.91	2,233,778.88
Consumables	15,136.89	28,881.36
Payments made	9,680.00	71,239.49
Total	**3,634,082.80**	**2,333,899.73**

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

In the previous year, final checks identified some merchandise as unusable and valued at Euro 0. In 2013, these devices were tested again and it was determined that a proportion of them could be refurbished with low additional costs. A value correction of Euro 163 thousand was posted for this merchandise. This was recorded as part of the cost of materials.

(5) Non-current financial assets

The premium reserve shares from reinsurance contracts shown under non-current financial assets amount to Euro 2,608,957.87 (previous year: Euro 2,436,754.41). 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 Euro 2,259 thousand (previous year: Euro 2,975 thousand) for which no deferred taxes were recognised. Deferred tax claims not recognised totalled Euro 455 thousand (previous year: Euro 591 thousand). The losses carried forward are valid for five (secunet s.r.o) respectively seven (secunet SwissIT 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 entry in Euro	31 Dec 2013	31 Dec 2012
Deferred tax assets		
from provisions for pensions and similar liabilities	646,688.16	741,727.58
from other matters	35,573.21	32,596.34
	682,261.37	**774,323.92**
Deferred tax liabilities		
from trade receivables	-252,748.85	-411,540.31
from other matters	-7,464.75	-29,351.24
	-260,213.60	**-440,891.55**
Total	**422,047.77**	**333,432.37**

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

Income statement for expenses/income in Euro	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
Deferred tax assets		
from provisions for pensions and similar liabilities	53,579.64	4,394.60
from other matters	2,976.87	-11,166.63
	56,556.51	**-6,772.03**
Deferred tax liabilities		
from trade receivables	158,791.46	-168,271.45
from other matters	21,886.49	3,918.14
	180,677.95	**-164,353.31**
Total	**237,234.46**	**-171,125.34**

In the 2013 financial year, deferred tax income of Euro 148,619.06 was recorded in accumulated other consolidated profit/loss (deferred tax income in the previous year: Euro 439,166.17).

(7) Liabilities

Intercompany payables were trade payables.

Other current liabilities break down as follows:

in Euro	31 Dec 2013	31 Dec 2012
Payable value-added tax	1,249,148.55	2,024,226.78
Payments received	1,875,581.05	374,029.60
Payable wage income tax and church tax	360,056.62	326,135.62
Liabilities towards employees	1,489.08	4,206.69
Payable social security contributions	3,620.41	1,185.42
Other liabilities	1,091,456.01	1,557,931.44
Total	**4,581,351.72**	**4,287,715.55**

The maturities of the liabilities are as shown below:

in Euro	Total		Remaining term up to 1 year		Remaining term of 1 to 5 years		Remaining term of over 5 years	
	2013	2012	2013	2012	2013	2012	2013	2012
Trade accounts payable	7,306,479.12	7,329,061.86	7,306,479.12	7,329,061.86	0.00	0.00	0.00	0.00
Intercompany payables	25,773.19	137,296.30	25,773.19	137,296.30	0.00	0.00	0.00	0.00
Income tax liabilities	98,248.27	371,098.56	98,248.27	371,098.56	0.00	0.00	0.00	0.00
Other current liabilities	4,581,351.72	4,287,715.55	4,033,009.45	4,050,820.07	548,342.27	236,895.48	0.00	0.00
Deferred income	3,197,455.83	1,796,008.52	1,971,615.08	1,285,452.61	1,225,840.75	510,555.91	0.00	0.00

(8) Provisions for pensions

in Euro	2013	2012
Opening balance as at 1 Jan	3,862,617.00	2,201,895.00
Addition	316,585.00	300,232.00
Addition/reversal not affecting profit/loss	-460,406.00	1,360,490.00
Final inventory as at 31 Dec	**3,718,796.00**	**3,862,617.00**

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: 21 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: 2.5%), 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 3.6% p. a. (previous year: 3.16% p. a.). The calculations were based on Prof. Klaus Heubeck's 2005 mortality tables.

In order to determine the actuarial interest, a yield curve is derived at the balance sheet date with the bootstrapping method on the basis of corporate bonds with an AA rating. The actuarial interest is determined by matching the yield curve with the actual term of the liabilities.

The parameters were set based on the data from December 2013.

Sensitivity analysis

in Euro thousand	Increase/decrease	Increase	Decrease
Actuarial interest rate	+ 1.0%/-1.0%	-725	968
Salary increase rate	+ 0.5%/-0.5%	154	-145
Pension growth	+ 0.5%/-0.5%	253	-229
Life expectancy	+ 1 Jahr/-1 Jahr	77	-75

The sensitivity calculations are based on the average terms of commitments as at 31 December 2013. 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 2013 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	2013	2012
As at 1 Jan	3,862,617.00	2,201,895.00
Current service cost	194,526.00	184,006.00
Interest expense	122,059.00	116,226.00
Actuarial gains and losses from		
Experience-based adjustments	-68,453.00	60,600.00
Changes in financial assumptions	-391,953.00	1,299,890.00
As at 31 Dec	**3,718,796.00**	**3,862,617.00**

Of the defined benefit obligations, 91.4% (previous year: 89.8%) relate to active claimants. 8.6% (10.2% 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 31 December 2013 is 23.2 years (previous year: 24 years).

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

in Euro	2013	2012
Current service cost	194,526.00	184,006.00
Interest expense	122,059.00	116,226.00
Costs for the year	**316,585.00**	**300,232.00**

In line with actuarial certificates, expenses arising from the commitments are distributed over the service life of employees and consist of the interest expenses and the service expenses. Interest expenses are included in the financial result, and the service expenses are shown under Personnel expenditure in the respective functional areas.

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 2,608,957.87 (previous year: Euro 2,436,754.41) which do not represent plan assets under IAS 19.

Pension provisions of Euro 3,997,928 are expected as at 31 December 2014, based on an annual expense of Euro 290,038 and planned pension payments of Euro 10,906.

In the reporting year, secunet AG paid contributions of Euro 1,618 thousand (previous year: Euro 1,489 thousand) 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 2013	Utilisation	Reversal	Addition	31 Dec 2013
Non-current provisions					
Provision for anniversary bonuses	97,353.00	0.00	0.00	16,758.00	114,111.00
Current provisions					
Annual employee bonuses	4,709,985.00	-4,709,985.00	0.00	3,409,555.00	3,409,555.00
Accrued holidays	453,528.00	-453,528.00	0.00	532,428.00	532,428.00
Pending penalties	270,000.00	-270,000.00	0.00	102,071.00	102,071.00
Deferred costs	765,786.83	-689,615.31	0.00	205,672.22	281,843.74
Risks of litigation	155,822.40	-12,380.00	0.00	0.00	143,442.40
Annual Report	56,100.00	-41,932.85	-14,167.15	64,800.00	64,800.00
Provision for partial retirement	80,789.35	-71,546.88	0.00	0.00	9,242.47
Miscellaneous	348,854.52	-172,242.10	-2,114.96	283,821.61	458,319.07
Total	**6,938,219.10**	**-6,421,230.14**	**-16,282.11**	**4,615,105.83**	**5,115,812.68**

The provision for the litigation risks was formed for a case in which the Company is the defendant. The value in dispute is Euro 450 thousand. A provision of Euro 156 thousand was made to cover defence costs and the creation of expert reports to be submitted in court. Euro 12 thousand from this provision were used in 2013. The expected risk upon realisation is a minimum of Euro 50 thousand, up to a maximum of Euro 500 thousand.

Overall risks have been represented at the level of the expected realisation. The minimum risk from all other provisions is Euro 5,022,370.28 and the maximum risk is Euro 5,472,370.28.

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

(10) Equity

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

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

The share capital has remained unchanged at Euro 6,500,000.00. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid. Calculated on a profit of Euro 2,375,887.54, diluted and undiluted earnings per share were Euro 0.37 (6,469,502 shares), compared with Euro 0.57 (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 – subject to statutory regulations – for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

Accumulated other comprehensive profit/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.

Resolution regarding profit appropriation
No dividend was paid for 2012.

The Annual Financial Statements in accordance with the German Commercial Code (HGB) of secunet AG for the 2013 financial year show annual profits of Euro 2,482,075.48. Taking into account the carryforwards of Euro 572,099.01, this results in balance sheet profits of Euro 3,054,174.49.

The Management and Supervisory Boards suggested to the Annual General Meeting to distribute Euro 0.15 per share to the Euro 6,469,502 of share capital entitled to a dividend and to carry forward the remaining amount of Euro 2,083,749.19. When determining the share capital entitled to a dividend, the total of 30,498 treasury shares was deducted.

Notes to the income statement

(11) Revenue

Domestic revenue totalled Euro 55,556,534.75 (previous year: Euro 60,937,702.88). While revenue generated abroad was Euro 8,329,238.80 (previous year: Euro 6,305,951.68). Revenue is divided up by customer location.

Approximately Euro 26.8 million of this revenue is related to the Group's major customer as defined in IFRS 8.34. This revenue was generated in the Public Sector business unit. No other individual customer accounted for 10% or more of the Group's revenue in 2013.

(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 distribution costs and the general administrative costs. The following overviews explain how key cost types are broken down.

(12.1) Cost of materials

in Euro	2013	2012
Cost of purchased merchandise	16,359,674.56	18,617,647.08
Cost of purchased services	4,991,449.77	6,593,748.61
Total	**21,351,124.33**	**25,211,395.69**

(12.2) Personnel expenses

in Euro	2013	2012
Salaries	18,527,675.07	16,623,247.84
End-of-year bonuses and benefits	3,218,229.00	4,596,798.00
Overtime payments	704.79	534.16
Other salary costs	194,059.31	178,726.20
Salaries, total	**21,940,668.17**	**21,399,306.20**
Employer's social security contributions	3,387,722.29	2,924,166.49
Professional associations	107,973.00	97,500.00
Social security costs	**3,495,695.29**	**3,021,666.49**
Allocation to pension provision	195,500.32	184,006.00
Old age pension costs	**195,500.32**	**184,006.00**
Personnel expenditure	**25,631,863.78**	**24,604,978.69**

The Group employed an average of 327 staff in 2013, compared with 289 in the previous year (excluding the Management Board).

(12.3) Depreciation and amortisation

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

(12.4) Other operating income

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

in Euro	2013	2012
Income from the utilisation of provisions	194,114.65	188,014.00
Proceeds from administrative services and leasing	100,270.50	144,160.05
Income from the release of provisions	16,282.11	339,441.84
Reimbursement of expenses	0.00	282,654.47
Other	179,423.04	333,008.92
Total	**490,090.30**	**1,287,279.28**

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	2013	2012
Rents/leasing	2,332,616.41	2,193,950.77
Travel expenses	1,976,310.52	1,980,127.27
Other consulting, assessments, information	1,541,549.07	788,757.92
Advertising expenses	1,077,404.01	864,318.42
Vehicle expenses	976,045.31	908,010.32
IT expenses	722,724.00	663,595.26
Maintenance	588,411.63	450,390.54
Ancillary personnel expenses	565,445.40	573,296.96
Commissions and licences	435,590.25	440,497.49
Postage, telephone and bank expenses	384,185.71	424,552.11
Addition to provisions	366,917.84	371,595.00
Other third-party services	317,448.46	412,355.75
Premiums/fees	269,103.06	195,247.37
Technical consumables	108,664.05	414,078.47
Other	960,222.23	1,268,101.62
Total	**12,622,637.95**	**11,948,875.27**

(13) Interest income / expense

The interest income of Euro 35,891.26 (previous year: Euro 95,931.53) derives from call and time deposits with banks.

In addition to the rate of interest for pensions (Euro 122,069, previous year: Euro 116,128), the 2013 interest expense of Euro 133,405.96 (previous year: Euro 147,234.34) essentially comprises interest on provisions.

(14) Income taxes

In the reporting year, current taxes of Euro 1,423,705.00 were incurred (previous year: Euro 1,779,067.95). This includes taxes for previous years in the amount of Euro 0.00 (previous year: Euro 73,156.59).

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	**2013**	**2012**
Earnings before tax	3,562,770.39	5,637,520.98
Expected tax expense	-1,150,062.28	-1,819,791.77
Trade tax adjustments	-22,709.35	-18,346.27
Tax rate differences, international	378.25	-511.65
Previous year's taxes	0.00	-73,156.59
Permanent differences	0.00	-19,368.00
Non-deductible expenses	-14,002.02	-15,256.03
Other items	-487.45	-3,762.98
Effective tax expense	**-1,186,882.85**	**-1,950,193.29**

As at 31 December 2013, 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 33.3% (previous year: 34.6%), respectively.

(15) Cashflow statement

The cashflow statement shows the changes in cash over the course of the reporting year, broken down into cashflows 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 cashflow from operating activities was determined using the indirect method.

Segment reporting

At the beginning of the 2013 financial year, the secunet Group carried out an organisational restructuring and since then has been divided into two business units, the Public Sector and the Business Sector. Both business units are shown separately for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13.

The Public Sector business unit has emerged from the consolidation of the former High Security and Government business units. Furthermore, the Support department which was located in the former Business Sector business unit has been affiliated to the Public Sector. The former Business Security and Automotive Security business units are consolidated into the Business Sector business unit. The information on the business segments was adjusted as at 31 December 2012.

Segment Report 2013 in Euro thousand	**Public Sector**	**Business Sector**	**secunet 2013**
Segment income	50,065	13,821	63,886
Cost of sales	-38,468	-9,988	-48,456
Selling expenses	-5,632	-2,507	-8,139
Research and development costs	-8	0	-8
Administrative costs	-2,725	-899	-3,624
Segment result (EBIT)	3,232	427	3,659
Interest result			-98
Group profit before tax			3,561
Goodwill	2,668	282	2,950

Segment report 2012 Amended in Euro thousand	**Public Sector**	**Business Sector**	**secunet 2012**
Segment income	53,281	13,962	67,243
Cost of sales	-41,549	-10,974	-52,523
Selling expenses	-4,427	-1,488	-5,915
Research and development costs	0	0	0
Administrative costs	-2,274	-842	-3,116
Segment result	5,031	658	5,689
Interest result			-51
Group profit before tax			5,638
Goodwill	2,668	282	2,950

The Public Sector 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).

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

The staff of the Business Sector 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 business unit also 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.

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

Our capital management of the 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 2013 was Euro 33,078,939.52 (previous year: Euro 30,405,627.97).

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 29,265,027.15 at its disposal (previous year: Euro 24,024,789.75). Current financial liabilities stood at Euro 15,209,308.13 (previous year: Euro 13,921,180.79).

Default risks

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

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

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

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

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

Market risks

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	2013	2012
Carrying amount on 1 Jan	2,436,754.41	1,279,719.00
Incoming payments	105,005.92	1,096,387.92
Income recorded in the income statement	67,197.54	60,647.49
Carrying amount as at 31 Dec	**2,608,957.87**	**2,436,754.41**

During the 2013 financial year expenses amounting to Euro 8 thousand (previous year: Euro 18 thousand) arose from impairments for financial instruments measured at amortised cost.

Additional notes on financial instruments

Measurement method pursuant to IAS 39

Assets in Euro	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 Carrying amount 31 Dec 2013	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	29,265,027.15		29,265,027.15			0.00
Trade receivables	15,363,069.15	3,888,680.63	11,474,388.52			0.00
Intercompany financial assets	371,905.64		371,905.64			0.00
Inventories	3,634,082.80					3,634,082.80
Other current assets	376,927.27		376,927.27			0.00
Income tax receivables	136,704.68					136,704.68
Non-current assets						
Property, plant and equipment	1,860,397.00					1,860,397.00
Intangible assets	133,737.00					133,737.00
Goodwill	2,950,000.00					2,950,000.00
Non-current financial assets	2,608,957.87				2,608,957.87	0.00
Deferred taxes	682,261.37					682,261.37
Total assets	**57,383,069.93**	**3,888,680.63**	**41,488,248.58**	**0.00**	**2,608,957.87**	**9,397,182.85**

Liabilities in Euro	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 Carrying amount 31 Dec 2013	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	7,306,479.12			7,306,479.12		0.00
Intercompany payables	25,773.19			25,773.19		0.00
Other provisions	5,001,701.68					5,001,701.68
Income tax liabilities	98,248.27					98,248.27
Other current liabilities	4,581,351.72			4,581,351.72		0.00
Deferred income	3,197,455.83					3,197,455.83
Non-current liabilities						
Deferred taxes	260,213.60					260,213.60
Provisions for pensions	3,718,796.00					3,718,796.00
Other provisions	114,111.00					114,111.00
Total liabilities	**24,304,130.41**	**0.00**	**0.00**	**11,913,604.03**		**12,390,526.38**

Assets in Euro	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 Carrying amount 31 Dec 2013	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	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
Non-current 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**	**2,436,754.41**	**7,902,471.65**

Liabilities in Euro	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 Carrying amount 31 Dec 2012	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	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**

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

in Euro	2013	2012
Loans and receivables		
Interest result	35,891.26	95,931.53
Value reductions (-)/Value increases (+)	14,342.00	-7,602.22
	50,233.26	**88,329.31**
Financial assets measured at fair value through profit or loss		
Interest result	67,197.54	60,647.49
Total	**117,430.80**	**148,976.80**

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 2,482,592.07 (previous year: Euro 2,410,432.50).

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

Nominal/in Euro	31 Dec 2013	31 Dec 2012
Long-term rental commitments for various office premises	4,012,898.99	5,447,498.13
Lease commitments for office and operating equipment	1,088,120.32	1,541,161.04
Total	**5,101,019.31**	**6,988,659.17**

The maturities of the liabilities are as follows:

Nominal/in Euro	31 Dec 2013	31 Dec 2012
Up to 1 year	2,291,037.87	2,355,369.04
More than 1 year but less than 5 years	2,809,981.44	4,537,560.77
More than 5 years	0.00	95,729.36
Total	**5,101,019.31**	**6,988,659.17**

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
Willem Bulthuis
Business Graduate (University of applied sciences) Thomas Pleines

Fees for auditors of Consolidated Financial Statements

In the financial year and in the previous year, the following fees paid to the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, were recorded.

in Euro thousand	**2013**	**2012**
Audit services	71	83
of which relating to audit of the previous year	*2*	*15*
Other certification services	10	12
Tax advisor services	10	22
Other services	1	33
Total	**92**	**150**

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 Euro thousand	**2013**	**2012**
Management Board		
Short-term employee benefits in the financial year	633.8	602.3
Short-term employee benefits for the financial year	163.1	293.9
Post-employment benefits	57.4	69.3
Total	**854.3**	**965.5**
Supervisory Board		
Short-term employee benefits	34.3	34.3

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 Familengesellschaft mbH Group:

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

in Euro	2013	2012
Parent company		
Giesecke & Devrient GmbH, Munich	2,831,457.87	3,552,264.65
Other affiliated companies		
Giesecke & Devrient 3S GmbH, Munich	47,284.12	0.00
Giesecke & Devrient FZE, Dubai	39,500.00	0.00
Papierfabrik Louisenthal GmbH, Gmund am Tegernsee	8,050.00	0.00
G&D Secure Flash Solutions GmbH, Munich	0.00	8,420.75
Total	**2,926,291.99**	**3,560,685.40**

For projects with related companies in the MC Familengesellschaft mbH Group, provisions for trailing costs of Euro 78 thousand (previous year: Euro 37 thousand) were created.

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

in Euro	2013	2012
Parent company		
Giesecke & Devrient GmbH, Munich	220,230.86	209,908.71
Total	**220,230.86**	**209,908.71**

3. Receivables from related companies in the MC Familiengesellschafts Group

in Euro	2013	2012
Parent company		
Giesecke & Devrient GmbH, Munich	313,605.76	1,326,982.95
Other affiliated companies		
Giesecke & Devrient 3S GmbH, Munich	18,799.88	0.00
Giesecke & Devrient FZE, Dubai	39,500.00	0.00
Total	**371,905.64**	**1,326,982.95**

Trade receivables from Group companies were recorded in the amount of Euro 371,905.64 (previous year: Euro 1,267,710.95) and other receivables from Group companies amounted to Euro 0.00 (previous year: Euro 59,272).

4. Payables to related companies in the MC Familiengesellschafts Group

As at 31 December 2013, trade payables of Euro 25,773.19 were recorded for Giesecke & Devrient GmbH, Munich (previous year: Euro 137,296.30).

5. Intercompany revenues with companies that have a participating interest in MC Familiengesellschaft mbH

In the 2013 financial year, revenues of Euro 2,174,832.25 (previous year: Euro 47,813.49) were generated with Trustonic GmbH, Munich.

Events since the balance sheet date

There were no significant events after the balance sheet date.

The Management Board
Essen, 18 March 2014

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 cashflows, 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 2013. The Company's legal representatives are responsible for the preparation of the Consolidated Financial Statements and Company and Group Management Report in accordance with IFRS as applicable in the EU, and the provisions of German commercial law additionally applicable under 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 of the 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 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 law additionally applicable under Article 315a Para. 1 of the 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, dated 19 March 2014

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 2013 (according to HGB)

Assets in Euro	Note	31 Dec 2013	31 Dec 2012
A. Fixed assets			
I. Intangible fixed assets		1,166,657.00	1,332,281.00
II. Tangible fixed assets		1,860,397.00	1,743,094.00
III. Long-term financial assets		2,608,957.87	2,436,754.41
Total fixed assets	1)	**5,636,011.87**	**5,512,129.41**
B. Current assets			
I. Inventories	2)	6,797,525.75	5,747,459.82
II. Receivables and other assets	3)	12,149,649.84	16,250,083.87
III. Cash in hand and balances with credit institutions	4)	29,053,730.25	23,805,910.82
Total current assets		**48,000,905.84**	**45,803,454.51**
C. Prepaid and deferred items		**127,567.68**	**122,401.91**
Total assets		**53,764,485.39**	**51,437,985.83**

Liabilities in Euro	Note	31 Dec 2013	31 Dec 2012
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		3,054,174.49	572,099.01
Total equity	5)	**31,210,479.91**	**28,728,404.43**
B. Provisions	6)	**8,014,935.27**	**9,758,529.00**
C. Liabilities	7)	**11,341,614.38**	**11,155,043.88**
D. Prepaid and deferred items	8)	**3,197,455.83**	**1,796,008.52**
Total liabilities		**53,764,485.39**	**51,437,985.83**

Income statement

for the period from 1 January 2013 to 31 December 2013 (according to HGB)

in Euro	Anhang	1 Jan – 31 Dec 2013	1 Jan – 31 Dec 2012
Revenue	9)	64,633,890.84	66,247,231.69
Increase or decrease of work in progress		-250,117.14	405,098.48
Other operating income	10)	485,281.23	997,399.08
Cost of materials	11)	-21,353,097.54	-25,119,868.10
Personnel expenses	12)	-25,526,875.71	-24,579,422.81
Depreciation and amortisation of intangible fixed assets and tangible fixed assets	13)	-1,295,152.70	-1,271,893.40
Other operating expenses	14)	-12,538,383.42	-11,630,172.70
Financial result	15)	-175,346.08	-107,547.47
Result from ordinary business activities		**3,980,199.48**	**4,940,824.77**
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)	-1,448,361.00	-1,803,061.31
Net income for the year		**2,482,075.48**	**3,088,000.46**
Accumulated losses brought forward		572,099.01	-2,515,901.45
Net accumulated profit/losses		**3,054,174.49**	**572,099.01**

Notes

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT FOR FINANCIAL YEAR 2013 (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 Annual Financial Statements of secunet AG have been prepared in accordance with the recognition and measurement methods of the HGB and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

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

Recognition and measurement methods

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

Assets

Fixed assets

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

This item primarily relates to goodwill from the takeover of SECARTIS AG. On the basis of the existing customer structure (public institutions), a customary useful life of 15 years was estimated for the goodwill. Had this goodwill been posted to the accounts immediately in 2004, the result from ordinary activities in 2013 would have been Euro 197 thousand 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 2005 mortality tables and applying an interest rate of 4.95%. 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 Paragraph 1 Clause 2 of the HGB as amended by the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), provisions for pensions must be reported at their settlement value with effect from 2010.

The amount required to be allocated to the pension provisions was calculated as at the transition date of 1 January 2010. The difference from the revaluation of the obligations totalled Euro 748,553. With reference to the option provided for under Article 67, Para. 1, Clause 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), secunet AG allocated the amount of Euro 49,904 (1/15 minimum extraordinary allocation p. a.). The still resultant shortfall as at 31 December 2013 is therefore Euro 548,937.

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	6,819.86	0.00
Provisions for pensions	167,702.02	0.00
Other provisions	27,887.41	0.00
Total	**202,409.29**	**0.00**

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

Income statement

Revenue is recognised when it is probable that the future economic benefits associated with the corresponding transaction will flow to the Company and when the amount of revenue can be reliably measured. The service handover in project-based business is always defined by acceptance reports.

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 2013	31 Dec 2012
Work in progress	3,163,442.95	3,413,560.09
Merchandise	3,624,402.80	2,262,660.24
Prepayments on inventories	9,680.00	71,239.49
Total	**6,797,525.75**	**5,747,459.82**

In the previous year, final checks identified some merchandise as unusable and valued at Euro 0. In 2013, these devices were tested again and it was determined that a proportion of them could be refurbished with low additional costs. A value correction of Euro 163 thousand was posted for this merchandise, which was recorded under Cost of materials.

(3) Receivables and other assets

in Euro	31 Dec 2013	31 Dec 2012
Trade receivables	11,416,637.25	14,785,932.68
Intercompany receivables	346,132.45	1,189,686.65
of which trade receivables	(346,132.45)	(1,130,414.65)
Other assets	386,880.14	274,464.54
Total	**12,149,649.84**	**16,250,083.87**

As at the balance sheet date, receivables from affiliated companies are due in the amount of Euro 287,832.57 from Giesecke & Devrient GmbH, Munich, in the amount of Euro 18,799.88 from Giesecke & Devrient 3S GmbH, Munich, and in the amount of Euro 39,500.00 from Giesecke & Devrient FZE, Dubai.

These receivables consist of Euro 371,905.64 (previous year: Euro 1,267,710.95) as trade receivables and no other receivables (previous year: Euro 59,272.00). Trade payables in the amount of Euro 25,773.19 (previous year: Euro 137,296.30) were charged.

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 time deposit with Bayerische Landesbank in the amount of Euro 3,000 thousand, two similar products at Commerzbank in Essen in the amounts of Euro 6,000 thousand and Euro 123 thousand, as well as a call deposit with Commerzbank in Luxembourg in the amount of Euro 14,500 thousand. The rate of interest on these is between 0.07% and 1.4% 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 continued to hold 30,498 treasury shares (previous year: 30,498) at the balance sheet date. as at the balance sheet date, equating to 0.469% or Euro 30,498 of its share capital (previous year: 0.469%). The nominal value of the treasury shares 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 Euro 3,054,174.49 (previous year: Euro 572,099.01).

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:
Ms Ingrid Weispfenning, Germany informed us according to Article 21 Section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) on 12 April 2013 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 11 April 2013 and on this date totalled 2.00% (corresponding to 129,881 voting rights).

1.05% of the voting rights (corresponding to 68,457 voting rights) are attributable to Ms Weispfenning according to Article 22 Section 1 p. 1 no. 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) from Felix Beteiligungen AG.

BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Germany informed us according to Article 21 Section 1 of the WpHG on 10 June 2013 that its 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 6 June 2013 and on this date totalled 3.06% (corresponding to 198,930 voting rights).

(6) Provisions

in Euro	31 Dec 2013	31 Dec 2012
Provisions for pensions and similar liabilities	2,234,948.00	1,905,471.00
Provisions for taxes	98,248.27	371,098.56
Other provisions	5,681,739.00	7,481,959.44
Total	**8,014,935.27**	**9,758,529.00**

Other provisions related mainly to HR obligations (Euro 4,102,053.93), outstanding invoices (Euro 547,303.06) and trailing costs (Euro 46,100.00).

In 2010, a provision of Euro 225 thousand was formed for litigation risks relating to a case in which the Company is the defendant, to which provision a further amount of Euro 100 thousand was added during 2012. The value in dispute is Euro 450 thousand. The provision was formed to cover defence costs and the creation of expert reports to be submitted in court. A further amount was paid out from the final total, which amounted to Euro 156 thousand as at 31 December 2012, during the course of 2013 in the amount of Euro 12 thousand. This was mainly used to pay for legal advice.

(7) Liabilities

in Euro	31 Dec 2013	31 Dec 2012
Payments received on account of orders	1,875,581.05	374,029.60
Trade payables	6,759,176.06	6,867,328.33
Other liabilities	2,706,857.27	3,913,685.95
of which taxes	(1,609,205.17)	(2,350,362.40)
of which relating to social security	(3,620.41)	(1,185.42)
Total	**11,341,614.38**	**11,155,043.88**

In the Other liabilities, Euro 548,342.27 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	2013	2012
Domestic	56,304,652.04	59,941,280.01
Abroad	8,329,238.80	6,305,951.68
Total	**64,633,890.84**	**66,247,231.69**

It is distributed across the two business units as follows:

in Euro	2013	2012
Public	50,420,553.77	54,224,338.33
Business	14,213,337.07	12,022,893.36
Gesamt	**64,633,890.84**	**66,247,231.69**

(10) Other operating income

Other operating income of Euro 485,281.23 primarily comprises a compensatory amount from the utilisation of provisions (Euro 194,114.65) formed by other operating expenses, income from the release of provisions (Euro 42,668.88) and other income (Euro 100,270.50).

Approximately 9% of the other operating income relates to other periods and results predominantly from the release of provisions.

(11) Cost of materials

in Euro	2013	2012
Cost of purchased merchandise	16,345,987.77	18,525,371.50
Cost of purchased services	5,007,109.77	6,594,496.60
Total	**21,353,097.54**	**25,119,868.10**

(12) Personnel expenditure

in Euro	2013	2012
Wages and salaries	21,932,888.16	21,403,866.20
Social security costs	3,495,695.29	3,020,766.12
Old age pension costs	80,680.32	144,085.37
Other employee benefit costs	17,611.94	10,705.12
Total	**25,526,875.71**	**24,579,422.81**

(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 12,538,383.42 consisted mainly of advertising, travel, rent, lease, training, vehicle, administrative, IT, legal, consulting and audit expenses.

Expenses resulting from currency conversion stood at Euro 2,930.52 (previous year: Euro 85.33).

The amount of expenses relating to other periods is insignificant.

(15) Financial result

in Euro	2013	2012
Other interest and similar income	35,858.37	95,775.35
Interest and similar expenses	-211,204.45	-203,322.82
of which interest on pension provisions	(-200,005.00)	(-177,603.00)
Total	**-175,346.08**	**-107,547.47**

(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	2013	2012
Income taxes	1,423,705.00	1,778,844.59
Other taxes	24,656.00	24,216.72
Total	**1,448,361.00**	**1,803,061.31**

Income taxes relate exclusively to the 2013 financial year.

Other notes

Employees

The average headcount over the year, including the three Management Board members, was 330 (previous year: 289, including three Management Board members).

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled Euro 5,101,019.31. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements, of which Euro 2,291,037.87 have less than one year to run and Euro 2,809,981.44 between one and five years. 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 a 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 Federal Gazette.

Auditors' fees

In 2013, fees were expensed to the statutory auditor KPMG AG Wirtschaftsprüfungsgesellschaft of Euro 71 thousand for auditing services (of which Euro 2 thousand for the audit of the previous year's financial statements), Euro 10 thousand for tax consulting services, Euro 10 thousand for other assurance services and Euro 1 thousand for other services.

Miscellaneous

Management Board remuneration totalled Euro 839 thousand in financial year 2013 (previous year: Euro 917 thousand). This breaks down into fixed components of Euro 620 thousand (previous year: Euro 588 thousand), variable components of Euro 163 thousand (previous year: Euro 280 thousand) and non-cash benefits of Euro 57 thousand (previous year: Euro 49 thousand). The amount provisioned during the previous year for variable remuneration was claimed in full.

Supervisory Board remuneration in the financial year totalled Euro 34.3 thousand (previous year: Euro 34.3 thousand).

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

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

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

Executive bodies

Management Board

Dr Rainer Baumgart, Chairman
(secunet AG shares held: none)

Willem Bulthuis
(secunet AG shares held: none)

Business Graduate (University of applied sciences) Thomas Pleines
(secunet AG shares held: none)

Supervisory Board

Dr Karsten Ottenberg, Munich
Chairman (until 19 July 2013)
Chairman of the Management Board of Giesecke & Devrient GmbH, Munich

No other directorships

Dr Wilhelm Wick, Essen
Vice-Chairman

Other directorships:
- TÜV NORD AG, Hanover (until 21 May 2013)

Graduate engineer Franz Markus Haniel, Munich
Member of the Advisory Council of Giesecke & Devrient GmbH, Munich

Other directorships:
- Franz Haniel & Cie. GmbH, Duisburg
- METRO AG, Düsseldorf
- Delton AG, Bad Homburg
- Heraeus Holding GmbH, Hanau
- BMW AG, München
- 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 mandates in the TÜV NORD Group)

Dr Peter Zattler, Grünwald
Chairman (since 31 July 2013)
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
- Giesecke & Devrient 3S OY, Helsinki, Finland

Dr Reinhard Warmke, Putzbrunn. (since 4 November 2013)
Head of Legal at Giesecke & Devrient GmbH, Munich

No other directorships

Shareholdings

secunet SwissIT AG, Solothurn, Switzerland
100% participation, equity of the company as at 31 December 2013 CHF 78 thousand, 2013 net income: CHF 0

secunet s. r. o., Prague, Czech Republic
100% participation, equity of the company as at 31 December 2013 CZK 4,016 thousand, 2013 net income: CZK 60 thousand

secunet Inc., Austin, Texas, USA
100% participation (shell company)

Essen, 18 March 2014

Dr Rainer Baumgart   Willem Bulthuis   Thomas Pleines

Changes in fixed assets

(according to HGB, appendix to the notes), in the 2013 financial year

in Euro	Historical costs as at 1 Jan 2013	Additions	Disposals	as at 31 Dec 2013
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	1,116,061.72	101,847.90	-6,185.75	1,211,723.87
3. Goodwill	2,950,000.00	0.00	0.00	2,950,000.00
Intangible fixed assets, total	**4,186,061.72**	**101,847.90**	**-6,185.75**	**4,281,723.87**
II. Tangible fixed assets				
Other tangible assets, operating and office equipment	8,056,695.12	1,153,326.80	-412,706.15	8,797,315.77
Tangible fixed assets, total	**8,056,695.12**	**1,153,326.80**	**-412,706.15**	**8,797,315.77**
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	2,436,754.41	172,203.46	0.00	2,608,957.87
Long-term financial assets, total	**3,606,845.63**	**172,203.46**	**0.00**	**3,779,049.09**
Total fixed assets	**15,849,602.47**	**1,427,378.16**	**-418,891.90**	**16,858,088.73**

Accumulated depreciation					Carrying amounts	
as at 1 Jan 2013	Additions	Disposals	Write-ups	as at 31 Dec 2013	as at 31 Dec 2013	as at 31 Dec 2012
120,000.00	0.00	0.00	0.00	120,000.00	0.00	0.00
1,013,320.72	70,851.90	-6,185.75	0.00	1,077,986.87	133,737.00	102,741.00
1,720,460.00	196,620.00	0.00	0.00	1,917,080.00	1,032,920.00	1,229,540.00
2,853,780.72	**267,471.90**	**-6,185.75**	**0.00**	**3,115,066.87**	**1,166,657.00**	**1,332,281.00**
6,313,601.12	1,027,680.80	-402,370.15	-1,993.00	6,936,918.77	1,860,397.00	1,743,094.00
6,313,601.12	**1,027,680.80**	**-402,370.15**	**-1,993.00**	**6,936,918.77**	**1,860,397.00**	**1,743,094.00**
556,540.96	0.00	0.00	0.00	556,540.96	0.00	0.00
613,550.26	0.00	0.00	0.00	613,550.26	0.00	0.00
0.00	0.00	0.00	0.00	0.00	2,608,957.87	2,436,754.41
1,170,091.22	**0.00**	**0.00**	**0.00**	**1,170,091.22**	**2,608,957.87**	**2,436,754.41**
10,337,473.06	**1,295,152.70**	**-408,555.90**	**-1,993.00**	**11,222,076.86**	**5,636,011.87**	**5,512,129.41**

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 2013. 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, dated 19 March 2014

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

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FINANCIAL CALENDAR

2014	
23 January	Preliminary Figures Financial Year 2013
25 March	Annual Report 2013
26 March	Analyst Conference
7 May	3-Month Report 2014
14 May	Annual General Meeting
6 August	Half-Year Report 2014
5 November	9-Month Report 2014

Information / Imprint

Annual Report on the Internet

The secunet Security Networks AG Annual Report can be viewed as a PDF file on the Internet at www.secunet.com. This Annual Report is also available in German. In the event of conflicts the German-language version shall prevail.

Brand names

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

Imprint

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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 3 (flap) Gettyimages

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