



Q3 2013

INTERIM REPORT 30 SEPTEMBER 2013

CANCOM

Key figures Group

Q3 AT A GLANCE

in € million	01/07-30/09/2013	01/07-30/09/2012	Changes
Revenue	142.3	138.7	+2.6%
Gross profit	44.7	40.7	+9.8%
EBITDA	8.0	6.8	+17.6%
EBITDA margin in %	5.6%	4.9%	+0.7%
EBIT	5.8	5.1	+13.7%
Earnings per share (in €) from continuing operations	0.34 €	0.31 €	+9.7%

NINE MONTHS

in € million	01/01-30/09/2013	01/01-30/09/2012	Changes
Revenue	417.5	406.8	+2.6%
Gross profit	134.2	123.1	+9.0%
EBITDA	22.8	20.2	+12.9%
EBITDA margin in %	5.5%	5.0%	+0.5%
EBIT	16.1	15.2	+5.9%
After-tax profit from continuing operations	10.6	8.8	+20.5%
Earnings per share (in €) from continuing operations	0.93 €	0.85 €	+9.4%
Average number of shares (in 1,000)	11,430	10,391	+10.0%
Employees as of 30 September	2,256	1,997	+13.0%

in € million	30/09/2013	31/12/2012	Changes
Balance sheet total	179.2	208.6	-14.1%
Equity	8.5	80.8	+8.3%
Equity ratio in %	48.8%	38.7%	+10.1%

Revenue CANCOM Group 01/01-30/09/2012 and 01/01-30/09/2013 (in € million)		EBITDA CANCOM Group 01/01-30/09/2012 and 01/01-30/09/2013 (in € million)	
2012	 406.8	2012	 20.2
2013	 417.5	2013	 22.8

EBIT CANCOM Group 01/01-30/09/2012 and 01/01-30/09/2013 (in € million)		Earnings per share from continuing operations CANCOM Group 01/01-30/09/2012 and 01/01-30/09/2013 (in Euro)	
2012	 15.2	2012	 0.85
2013	 16.1	2013	 0.93

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Dear Shareholders,

The past few months have been eventful ones for CANCOM, and the results for the third quarter of 2013 build on our success in the first half of the year. What makes us stand is our widespread market presence, combined with our high-quality portfolio of services. Also, we have shifted the focus of our business further towards the provision of high-value services, which is evident from our consistently good results.

The high level of demand for private cloud implementation, and for our own solution, the CANCOM AHP Private Cloud, means that we have plenty of projects in the pipeline. The U.S. National Security Agency surveillance scandal and the subsequent widespread public discussion of data security have given us a significant advantage in this respect. We recently changed the group's vision to reflect the very positive business performance over the past few months and the good growth prospects in the CANCOM AHP Private Cloud solution business – i.e. high-margin business with steady, recurring revenues. We feel we are on course for our sales revenues to reach the € 1 billion mark in the medium term, with an EBITDA margin of 6 percent.

Our acquisition of on line Datensysteme GmbH, Berlin, Germany, which has a long-established reputation as a provider of IT services to the public sector, enables us to bolster our business with public-sector customers while also further consolidating our market position in northern Germany.

In order to consolidate our competitive position further and to extend our portfolio in the area of cloud computing, on 10 October we announced our intention to submit a takeover offer to the shareholders of PIRONET NDG AG. The Cologne-based company

operates successfully in the cloud computing segment, among other areas, and has therefore been ranked for many years as a cloud leader by Experton's market researchers. The proceeds of the capital increase against cash contributions announced at the same time as the takeover offer are intended to finance the takeover offer as well as to strengthen CANCOM's equity base for further organic and inorganic growth.

Given CANCOM's positive business performance in first nine months of the year, as well as in the fourth quarter so far, we are generally very optimistic that we can set new records over the year 2013 as a whole for sales revenues and profits.

As you can see, at CANCOM we work hard every day to ensure the group's success for our customers, our employees, and our shareholders. Thank you for your confidence in us.

Kind regards,



Klaus Weinmann
Chief Executive Officer

“Cloud computing will drive our growth in the next few years, providing an opportunity for further rapid growth in recurring sales revenues with high profit margins.”



Consolidated interim management report

1. Business and operating environment

The CANCOM group is one of the leading providers of IT infrastructure and IT services in Germany and Austria.

Legal structure of the CANCOM group

CANCOM SE, based in Munich, Germany, performs the central financial and management role for the equity investments held by the CANCOM group.

Focus of activities and sales markets

The CANCOM group is one of the three largest independent integrated IT systems providers in Germany. It offers IT architecture, systems integration and managed services. As a provider of integrated services, CANCOM mainly focuses on IT services, in addition to distributing hardware and software in its transaction-based and product-related business. Its comprehensive range of IT services includes design of IT architectures and IT landscapes, IT strategy advice and consulting, design and integration of IT systems, and system operation.

The CANCOM group's customer base therefore primarily includes commercial end-users, from independent professionals to medium and large-sized companies, as well as public-sector institutions.

Explanation of the control system used within the group

To control and monitor the performance of the individual subsidiaries, CANCOM analyses their monthly figures for, among other things, sales revenues, gross profit, operating expenditure and operating profit, and compares these key figures with the original plan as well as the quarterly forecast. For the purpose of management control, the company also regularly uses external indicators such as inflation rates, interest rates, the general economic trend and the performance of the IT sector, including forecasts. Cash management procedures include daily status assessments.

Research and development activities

Innovation is very important for economic momentum and growth. However, as it is purely a service and trading enterprise, CANCOM does not conduct any research. Its development work focuses, for example, on software solutions and applications in IT growth segments such as cloud computing, virtualization, mobile solutions, IT security and managed services. Development activities are very limited in scope and are mainly used for the group's own purposes.

The performance of the IT sector and the economy as a whole

The German economy made a confident start to the fall season. The Ifo Business Climate Index for Germany rose in September for the fifth consecutive month. Although companies found themselves in a slightly less comfortable situation than in August, they were more optimistic again in their expectations regarding the business trend. The German economy as a whole grew by only 0.2 percent in the third quarter, according to the economic barometer of the German Institute of Economic Research (DIW Berlin), so the economic recovery is continuing at a reduced rate.

The IT sector also remains confident. After a positive first half year for the majority of IT companies, the German high-tech industry expects business to continue good in the second half of the year. According to Experton Group analysts, the IT market should perform better than the economy as a whole in the current year.

Overview of CANCOM group's business performance

The first nine months of 2013 saw a continuation of the consistent growth in CANCOM SE's profits, along with an increase in sales revenues.

Consolidated sales revenues were up from € 406.8 million in the first nine months of 2012 to € 417.5 million in 2013, representing growth of 2.6 percent. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) for the first nine months of the current financial year were € 22.8 million, up around 12.9 percent from € 20.2 million in 2012. As a result, the EBITDA margin was 5.5 percent, compared with 5.0 percent in the same period of 2012, demonstrating the increase in the group's profitability. EBITDA in the third quarter was 8.0 percent, compared with 6.8 percent in the same period of 2012, resulting in an improvement in the EBITDA margin from 4.9 percent in the third quarter of 2012 to 5.6 percent in the third quarter of 2013. Consolidated EBIT in the first nine months was € 16.1 million, compared with € 15.2 million in 2012, an increase of 5.9 percent. The after-tax income from

continuing operations for the first nine months of 2013 was € 10.6 million, compared with € 8.8 million in 2012, resulting in earnings per share from continuing operations of € 0.93, compared with € 0.85 in the same period of 2012.

Significant events and investments during the reporting period

CANCOM SE has purchased all the shares of on line Datensysteme GmbH, based in Berlin, Germany. The acquisition is documented in a notarized agreement dated September 30, 2013, with effect as of 01 October 2013. on line Datensysteme GmbH is a solutions-based integrated systems provider primarily operating in Germany. It generated sales revenues of € 39.5 million in 2012 and currently has 87 employees. The purchase price is to be paid by issuing 750,000 new CANCOM shares in a capital increase against contributions in kind. CANCOM's aim in acquiring the company is to create synergies and also to consolidate its own market position in northern Germany. In addition, the acquisition provides an opportunity for the CANCOM group to strengthen its business with public-sector customers, as on line Datensysteme GmbH has many years of experience as a provider of integrated IT systems to the public sector.

Employees

As at September 30, 2013, the CANCOM group employed 2,256 people.

	The employees worked in the following areas (as at 30 September)
Professional services	1,550
Sales and distribution	385
Central services	321

The personnel expenses for the first nine months were as follows (in € '000):

	01/01- 30/09/2013 €'000	01/01- 30/09/2012 €'000
Wages and salaries	77,520	71,502
Social security contributions	13,432	12,411
Pension provisions	174	205
Total	91,126	84,118

2. Earnings, financial and assets position of the CANCOM group

a) Earnings position

There was a year-on-year increase in the CANCOM group's sales revenues and profits in the first nine months of 2013.

Consolidated sales revenues were up 2.6 percent to € 417.5 million, compared with € 406.8 million in the first nine months of 2012. The main reason for the increase is our continued high use of resources in the consulting business, as well as a good performance across the board of our trading business.

	CANCOM group sales revenues Year-on-year comparison of figures for the first nine months (in € million)
2012	406.8
2013	417.5

In Germany, sales revenues were up 3.9 percent, from € 384.0 million to € 399.1 million.

In international business, the group's sales revenues were down 19.3 percent, from € 22.8 million to € 18.4 million. The reason for the decline was the weak trading business of the group's Austrian subsidiary. This was caused in part by the postponement of calls for tenders for large-scale projects in the public sector, but also by one of the company's most important customers postponing an investment project until 2014.

In the e-commerce segment, sales revenues were down 17.2 percent, from € 114.0 million in 2012 to € 94.4 million in 2013. In the IT solutions segment, sales revenues were up 10.3 percent from € 292.8 million to € 323.0 million. Parts of the e-commerce segment have been transferred to the IT solutions segment since the same period of 2012.

The CANCOM group's consolidated gross profit was up 9.0 percent to € 134.2 million in the first nine months of 2013, in comparison with € 123.1 million in the same period of 2012. This was a result of the successful expansion of the high-margin services business. The gross profit margin was up from 30.3 percent to 32.1 percent.

	CANCOM group gross profit Year-on-year comparison of figures for the first nine months (in € million)
2012	123.1
2013	134.2

Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) for the first nine months of 2013 were up 12.9 percent year on year, from € 20.2 million to € 22.8 million. As a result, the EBITDA margin rose to 5.5 percent, in comparison with 5.0 percent in 2012.

	CANCOM group EBITDA Year-on-year comparison of figures for the first nine months (in € million)
2012	20.2
2013	22.8

Consolidated earnings before interest and tax (EBIT) were up 5.9 percent to € 16.1 million, compared with € 15.2 million in 2012.

	CANCOM group EBIT Year-on-year comparison of figures for the first nine months (in € million)
2012	15.2
2013	16.1

The after-tax income from continuing operations for the period was up 20.5 percent, from € 8.8 million to € 10.6 million. Therefore, earnings per share from continuing operations were € 0.93 in the first nine months of 2013, compared with € 0.85 in the same period of 2012.

	CANCOM group earnings per share Year-on-year comparison of figures for the first nine months (in € million)
2012	0.85
2013	0.93

The order position

In the e-commerce business segment and parts of the IT solutions business segment, the majority of incoming orders are converted to sales within two weeks because of our large delivery capacity. Consequently, the reporting date figures on their own do not give a true picture of our order situation in this area of business, and for this reason they are not published.

In the IT solutions business segment, orders are often placed over long periods. For this reason, the reporting date figures do not give a good indication of the order situation in this segment either. At the time this management report was written, the high level of demand for the CANCOM AHP Private Cloud looked set to continue through the fourth quarter of 2013. Orders in the cloud environment often involve longer-term projects and entail higher initial costs and opportunity costs, but they lead to sustained, stable sales revenues and profits.

Thanks to the steady services business – which accounts for around two thirds of the consolidated gross profit (total output less materials costs and services rendered) – as well as the healthy balance sheet, the management feels the group is in a strong position within the IT sector.

Explanations of individual items on the statement of income

Further details on items in the statement of income are given in the notes to the consolidated statement of income.

b) Financial and assets position

Objectives of financial management

The core objective of the financial management of the CANCOM group is to safeguard its liquidity at all times in such a way that day-to-day business activities can be continued. In addition, the group aims to achieve optimum profitability as well as a high credit status to ensure favorable refinancing rates.

Notes on the capital structure

On the assets side of the consolidated balance sheet, there was a decrease in current assets from € 146.8 million to € 114.1 million between December 31, 2012 and September 30, 2013. Cash and cash equivalents were down from € 44.6 million to € 11.0 million, partly owing to seasonal variations, but mainly because of advance payments to suppliers, as well as upfront investments in cloud projects in which, depending on the delivery model, some customers order their entire IT requirements as a cloud service. Trade accounts receivable were down from € 88.3 million to € 85.8 million, but inventories were up from € 8.7 million to € 10.1 million.

Non-current assets rose to € 65.1 million as at September 30, 2013, compared with € 61.9 million as at December 31, 2012.

On the liabilities side of the balance sheet, there was a significant reduction in current liabilities from € 106.6 million to € 70.9 million. This is mainly the result of a reduction in trade accounts payable from € 76.9 million to € 48.8 million.

Non-current liabilities – consisting of liabilities with a residual term of at least one year – were down slightly at € 20.8 million compared with € 21.2 million as at December 31, 2012.

The total assets are down from € 208.6 million as at December 31, 2012, to € 179.2 million as at September 30, 2013.

The nominal equity capital has been increased from € 80.8 million to € 87.5 million since the start of the year, mainly through transfers to net profits. Overall, this resulted in an equity ratio of 48.8 percent at September 30, 2013, compared with 38.7 percent as at December 31, 2012.

Further details of the individual balance sheet items can be found in the notes to the consolidated balance sheet.

Notes to the statement of cash flows

The cash flow from ordinary activities is typically negative during the year, and there was a negative cash flow of € 21.1 million as at September 30, 2013, compared with a negative cash flow of € 6.5 million in the same period of 2012. The change in comparison with the previous year is mainly caused by advance payments to suppliers, in addition to the increasing shift of the business towards cloud solutions.

There was a negative cash flow from investing activities of € 8.8 million, compared with a negative cash flow of € 6.4 million in 2012.

The negative cash flow from financing activities was € 3.7 million, compared with a negative cash flow of € 11.6 million in 2012.

Overall, this resulted in cash and cash equivalents of € 11.0 million, compared with € 19.8 million in 2012.

3. Shares held by members of the Executive and Supervisory Boards as at September 30, 2013

Total number of shares	11,429,826	100%
Executive Board		
Klaus Weinmann	177,270	1.6 %
Supervisory Board		
Stefan Kober	261,289	2.3 %

4. Events of particular significance after the end of the reporting period

On October 10, 2013, the Executive Board and Supervisory Board of CANCOM SE passed a resolution to make a voluntary public takeover offer to all shareholders of PIRONET NDH AG (ISIN DE0006916406) at € 4.50 per share in cash. The takeover offer is subject to the approval of the antitrust authorities. Based in Cologne, Germany, PIRONET NDH AG is the parent company of a group of IT companies specializing in the cloud computing and content management business segments. The company provides IT resources and business applications as cloud services from its data centers in Germany. The portfolio of services offered by the group also includes planning, integration and operation of local private cloud and IT solutions at customer locations.

Also on October 10, the Executive and Supervisory Boards of CANCOM SE agreed to increase the company's share capital against cash contributions using the authorized capital, with shareholders being granted subscription rights. The proceeds of the capital increase are intended to finance the takeover offer, among other things.

CANCOM SE has increased its share capital against non-cash contributions. The purpose of the capital increase was to finance the acquisition of on line Datensysteme GmbH, Berlin, Germany, and it was recorded in the commercial register on October 28, 2013. Part of the Authorized Capital 2010-I was used to increase the share capital from € 11,429,826 to € 12,179,826 by issuing 750,000 new no-par-value bearer shares. There was no subscription right for existing shareholders. All of the shares were issued to former shareholders of on line Datensysteme GmbH. In return, the latter transferred all their shares in on line Datensysteme GmbH to CANCOM SE as a non-cash contribution.

5. Risks of future development

There have been no major changes in the risks of future development at CANCOM since the start of the current financial year. Details of the risks can be found in the annual report for 2012, starting on page 23. The annual report can be downloaded from www.cancom.com/corporate/company/investor-relations or obtained free of charge from the company.

6. Opportunities for future development

There have been no major changes in the opportunities for future development at CANCOM since the start of the current financial year. Details of the opportunities can be found in the annual report for 2012, starting on page 23. The annual report can be downloaded from <http://www.cancom.com/corporate/company/investor-relations/reports.html> or obtained free of charge from the company.

7. Forecast

According to the leading research institutes, the German economy should grow by 0.4 percent in 2013. For next year, experts have adjusted their expectations slightly downward, and are now expecting growth of 1.8 percent in 2014.

	Gross domestic product 2013 (real change compared with 2012, as a percentage)
Germany	+ 0,5
Eurozone	- 0,2
USA	+ 1,8
Japan	+ 1,8
UK	+ 1,5
World	+ 2,8

Forecast: Deutsche Bank Economic Research, October 16, 2013

According to the latest market figures from the German Association for Information Technology, Telecommunications and New Media (BITKOM), the turnover in IT products and services should grow by 2.8 percent to € 74.7 billion this year – considerably more strongly than the rest of the economy.

Trading in software is likely to grow by 4.9 percent to € 18.1 billion. Turnover in IT services such as outsourcing and maintenance is expected to rise by 2.4 percent to € 35.7 billion. Experts anticipate a weaker performance from the IT hardware market, which is expected to shrink by 1.1 percent to € 21 billion this year.

	Performance of the German IT sector in 2013 (real change in comparison with 2012, as a percentage)	
IT market as a whole		+ 2.8
IT hardware		- 1.1
Software		+ 4.9
IT services		+ 2.4

Forecast: BITKOM, October 2013

For 2014, BITKOM continues to forecast growth of 1.6 percent in the German IT market.

CANCOM was early in gearing its business policy to future IT growth areas, and designed its sales and services structure around them. The expansion of the e-commerce business and the e-supply chain enables further reductions to be made in process and transaction costs both for customers and for the CANCOM group, which should result in greater profitability for the group's trading business.

CANCOM has also further expanded its market presence and improved its customer proximity in the German-speaking countries. It is now represented all over Germany and Austria by its many service and consulting locations. CANCOM plans to continue consolidating its market position in the IT environment in the German-language areas through targeted acquisitions. The market environment continues to offer good conditions for this strategy.

CANCOM aims to continue growing at a faster rate than the IT market, on the basis of its proven expertise and outstanding market position in the IT growth areas described. Further acquisitions are also planned to contribute to the steady expansion of the group's market share.

Owing to the investments in the e-commerce segment and the group's good positioning in the growth market of cloud computing, the Executive Board expects medium-term increases in the sales revenues and profits if the demand for IT products and services remains steady or rises.

Against the background of the group's positive performance in 2012, the Executive Board currently expects that, provided economic conditions continue to be favorable, the sales revenues and profits of the group as a whole will be good in 2013 and its financial situation will continue to be positive.

8. Disclaimer for forward-looking statements

This document has not been audited. It contains forward-looking statements and information based on the assumptions and estimates of the Executive Board of CANCOM SE. These statements are identifiable by words and phrases such as 'plan', 'intend', 'aim', 'wish', 'could', 'should', 'will', 'expect', 'anticipate', 'assume', 'assess', 'believe', or similar, and are based on current expectations, assumptions and assessments. Although we feel that these statements and comments are based on realistic expectations, we cannot guarantee their correctness, especially in our forecast. The assumptions may be subject to several internal and external risks and uncertainties, which may lead to the actual results deviating considerably, either positively or negatively, from the situations and figures forecast. The following influencing factors are, among others, relevant in this respect: changes in the general economic and business situation; changes in interest rates and foreign currency exchange rates; changes in the competitive position and situation, for instance by the emergence of new competitors, new products and services or new technologies; changes in the consumer habits of target customer groups etc.; and changes to the business strategy.

CANCOM does not plan to update its forecasts beyond the legal requirements, nor does it make any commitment to do so.

Munich, Germany, November 2013

CANCOM SE

The Executive Board

Consolidated balance sheet (IFRS)

ASSETS

(in € 000)	Notes	30/09/2013	31/12/2012	30/09/2012
Current assets				
Cash		11,023	44,638	19,816
Trade accounts receivable		85,834	88,285	78,470
Other current financial assets	B.1.	3,801	3,277	2,655
Inventories		10,134	8,744	9,516
Orders in process		946	666	2,353
Prepaid expenses and other current assets	B.2.	2,342	1,140	1,237
Total current assets		114,080	146,750	114,047
Long-term assets				
Property, plant and equipment		19,358	17,552	15,829
Intangible assets		15,048	16,889	16,705
Goodwill		24,599	24,336	23,901
Investments		2,213	71	70
Notes receivable/loans		56	56	52
Other financial assets		1,876	1,683	1,376
Deferred taxes arising from temporary differences	B.3.	1,173	971	768
Deferred taxes arising from tax loss carryover	B.3.	393	158	103
Other assets		380	182	28
Total long-term assets		65,096	61,898	58,832
Total assets		179,176	208,648	172,879

EQUITY AND LIABILITIES

(in € 000)	Notes	30/09/2013	31/12/2012	30/09/2012
Current liabilities				
Short-term debt and current portion of long-term debt		2,858	900	1,023
Profit-participation capital and subordinated loans short-term portion		0	412	3,413
Trade accounts payable		48,758	76,933	57,962
Advance payments received		517	3,649	1,303
Other current financial liabilities	B.4.	1,626	2,063	1,418
Accrued expenses	B.5.	1,658	1,726	1,559
Prepaid expenses and deferred charges		1,049	866	1,152
Income tax payable		1,767	3,352	4,106
Other current liabilities	B.6.	12,666	16,746	13,649
Total current liabilities		70,899	106,647	85,585
Long-term liabilities				
Long-term debt, less current portion		4,569	5,120	5,301
Profit-participation capital and subordinated loans		5,838	5,592	6,526
Prepaid expenses and deferred charges		3,842	4,188	3,963
Deferred taxes arising from temporary differences	B.7.	2,692	2,831	2,586
Pension provisions		123	123	87
Other long-term financial liabilities	B.8.	1,691	1,333	1,152
Other long-term liabilities	B.5.	2,000	2,040	1,540
Total long-term liabilities		20,755	21,227	21,155
Equity				
Share capital		11,430	11,430	10,391
Additional paid-in capital		26,086	26,086	15,904
Net profit (incl. retained earnings)		49,730	43,087	39,750
Currency translation difference and exchange rate difference		71	-10	-11
Minority interest		205	181	105
Total equity		87,522	80,774	66,139
Total equity and liabilities		179,176	208,648	172,879

CONSOLIDATED INCOME STATEMENT

	Q3		9 month	
(in € 000)	01/07/2013 - 30/09/2013	01/07/2012 - 30/09/2012	01/01/2013 - 30/09/2013	01/01/2012 - 30/09/2012
Revenues	142,328	138,745	417,457	406,797
Other operating income	249	102	651	432
Other capitalised services rendered for own account	51	499	404	1,585
Total operating income	142,628	139,346	418,512	408,814
Cost of purchased materials and services	-97,976	-98,619	-284,310	-285,726
Gross profit	44,652	40,727	134,202	123,088
Personnel expenses	-29,688	-27,622	-91,126	-84,118
Depreciation on property, plant and equipment and amortisation of intangible assets	-2,249	-1,761	-6,755	-4,985
Other operating expenses	-6,919	-6,271	-20,269	-18,745
Operating income	5,796	5,073	16,052	15,240
Interest and similar income	39	82	205	291
Interest and other expenses	-278	-473	-860	-1,640
Foreign currency exchange gains	-5	-2	-1	-1
Profit before taxes (and minority interest)	5,552	4,680	15,396	13,890
Income tax expense	-1,724	-1,496	-4,689	-5,065
After-tax profit/loss from continuing operations	3,828	3,184	10,707	8,825
Profit/loss from discontinued operations	0	0	0	-676
Net income for the period	3,828	3,184	10,707	8,149
thereof attributable to the shareholders of the parent	3,850	3,203	10,643	8,132
thereof attributable to minority interests	-22	-19	64	17
Average number of shares outstanding (basic)	11,429,826	10,390,751	11,429,826	10,390,751
Average number of shares outstanding (diluted)	11,429,826	10,390,751	11,429,826	10,390,751
Earnings per share from continuing operations (non-diluted)	0.34	0.31	0.93	0.85
Earnings per share from continuing operations (diluted)	0.34	0.31	0.93	0.85
Earnings per share from discontinued operations (non-diluted)	0.00	0.00	0.00	-0.07
Earnings per share from discontinued operations (diluted)	0.00	0.00	0.00	-0.07

STATEMENT OF COMPEHENSIVE INCOME

	Q3		9 month	
(in € 000)	01/07/2013 - 30/09/2013	01/07/2012 - 30/09/2012	01/01/2013 - 30/09/2013	01/01/2012 - 30/09/2012
Net income for the period	3,828	3,184	10,707	8,149
Other income				
Currency translation difference	-18	0	-19	-3
Exchange rate difference	135	0	135	0
Income taxes	-41	0	-35	0
Other after-tax income for the period	76	0	81	-3
Comprehensive income for the period	3,904	3,184	10,788	8,146
thereof attributable to the shareholder of the parent	3,926	3,203	10,724	8,129
thereof attributable to the minority interests	-22	-19	64	17

CONSOLIDATED CASH FLOW STATEMENT

(in € 000)	01/01/2013 - 30/09/2013	01/01/2012 - 30/09/2012
Cash flow from ordinary activities		
Profit for the year before tax and minority interest	15,396	13,890
Adjustments		
+/- Depreciation on property, plant and equipment and amortisation of intangible assets	6,755	4,985
+/- Changes in long-term provisions	-40	-1,380
+/- Changes in short-term provisions	-99	4
+/- Gains/losses on the sale of intangible assets, property, plant and equipment and financial assets	46	-482
+ Interest expenditure	655	1,349
+/- Changes in inventories	-1,375	5,476
+/- Changes in trade accounts receivable and other accounts receivable	280	-7,594
+/- Changes in trade accounts payable and other accounts payable	-35,954	-15,217
+/- Interest payments and rebates	-77	-288
+/- Income tax payments and rebates	-6,745	-7,497
+/- Cash inflow/outflow from discontinued operations	0	277
Net cash from operating activities	-21,158	-6,477
Cash flow from investing activities		
+/- Acquisition of subsidiaries and equity instruments of other entities	-2,964	-288
+/- Cash acquired	466	0
- Payments for additions to intangible assets and property, plant and equipment	-6,563	-8,639
+ Income from disposal of intangible assets, property, plant and equipment and financial assets	64	613
- Cash transferred on the sale of financial assets	0	-420
+ Interest received	205	291
+/- Cash inflow / outflow from discontinued operations	0	2,000
Net cash used in investing activities	-8,792	-6,443
Cash flow from financing activities		
- Repayment of long-term financial liabilities (incl. short-term portions)	-1,220	-7,751
+/- Changes in short-term liabilities	2,125	307
- Interest paid	-447	-976
- Dividends paid	-4,040	-3,258
+/- Cash inflow / outflow finance lease	-70	48
Net cash used in financing activities	-3,652	-11,630
Net change in cash and cash equivalents	-33,602	-24,550
+/- Changes in value resulting from foreign currency exchange	-13	1
+/- Cash as at beginning of period	44,638	44,365
Cash and cash equivalents as at end of period	11,023	19,816
<i>Breakdown:</i>		
<i>Cash</i>	<i>11,023</i>	<i>19,816</i>
	<i>11,023</i>	<i>19,816</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

	Shares	Share capital	Additional paid-in capital	Additional paid-in capital	Foreign currency translation reserve	Exchange rate difference reserve	Revaluation reserve	Net profit / loss	Total investors parent company	Minority interest	Total equity cash
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
31. December 2011	10,391	10,391	15,904	17,088	-291	0	-153	17,800	60,739	173	60,912
Capital increase *	1,039	1,039	10,391						11,430		11,430
<u>Changes in reserves:</u>											
Costs of capital increase			-209						-209		-209
Transfer net profit / retained earnings				8,118				-8,118	0		0
Payout in financial year								-3,117	-3,117	-141	-3,258
Comprehensive income for the period					280	1		11,469	11,750	115	11,865
Changes in the scope of consolidation				0						34	34
31. December 2012	11,430	11,430	26,086	25,206	-11	1	-153	18,034	80,593	181	80,774
Transfer net profit / retained earnings				3,391				-3,391			
Payout in financial year								-4,000	-4,000	-40	-4,000
Comprehensive income for the period					-13	94		10,643	10,724	64	10,788
30. September 2013	11,430	11,430	26,086	28,597	-24	95	-153	21,286	87,317	205	87,522

* Issuing amount per share € 11

Segment information – IFRS

Segment information	e-commerce		IT Solutions	
	30/09/13 €'000	30/09/12 €'000	30/09/13 €'000	30/09/12 €'000
Sales revenues				
- External sales	94,415	113,962	323,042	292,835
- Intersegment sales	2,961	4,890	3,544	3,287
- Total sales revenues	97,376	118,852	326,586	296,122
- Cost of purchased materials and services	-76,467	-98,318	-213,571	-194,226
- Personnel expenses	-11,492	-12,263	-76,155	-68,657
- Other operative income and expenses	-1,870	-1,383	-16,592	-15,208
EBITDA	7,547	6,888	20,268	18,031
- calculated depreciation and amortisation	-1,468	-1,073	-5,151	-3,781
Operating income (EBIT)	6,079	5,815	15,117	14,250
- Interest income	37	143	137	49
- Interest expenditure	-457	-448	-578	-537
- Income from investments				
Result from ordinary activities	5,659	5,510	14,676	13,762
- Foreign currency exchange gains / losses				
Pre-tax profit	5,659	5,510	14,676	13,762
- Income taxes				
- discontinued operations	0	-676	0	0
Consolidated income for the year				
thereof attributable to the shareholders of the parent				
thereof attributable to minority interests				
Other information				
- Assets ¹	51,678	60,023	116,103	103,851
- Investments ¹	1,384	2,395	5,646	6,592

1) Segment assets and investments including goodwill from consolidation of capital

2) Tax assets

[illegible]

A. The principles adopted for the consolidated financial statements

1. General information

The consolidated interim financial statements of CANCOM SE and its subsidiaries ('the CANCOM group' or 'the group') for the financial year 2013 were drawn up according to the International Financial Reporting Standards or the International Accounting Standards (IFRS/IAS).

The consolidated interim financial statements were drawn up in euro. All amounts are shown in thousand euro (€ thousand) unless otherwise stated. Rounding of figures may result in apparent inconsistencies between totals and sums of constituent parts. For the same reason, percentages may not total 100 percent.

This consolidated interim financial report is condensed and was drawn up in compliance with IAS 34 Interim Financial Reporting. It should be read in conjunction with the IFRS-compliant consolidated financial statements for the financial year 2012, which can be downloaded from www.cancom.de.

2. Reporting entity

The consolidated financial statements include CANCOM SE and all subsidiaries in which CANCOM SE has either a direct or an indirect majority shareholding, or in which it holds the majority of the voting rights. These subsidiaries are fully consolidated.

CANCOM SE has acquired 100 percent of the shares in GES Gesellschaft für elektronische Systeme mbH (trading as CANCOM GES Gesellschaft für elektronische Systeme mbH since April 10, 2013) for the nominal sum of € 102,258.38. The acquisition is documented in a share purchase and transfer agreement dated March 13, 2013. Previously based in Ingelfingen, Germany, the company has been domiciled in Künzelsau in Germany since April 10, 2013.

The purchase price was € 979,400. Incidental acquisition costs of € 11 thousand were incurred in the first half of 2013; these are shown in the statement of income under other operating expenses.

The company was included in the consolidated financial statements with effect from April 1, 2013.

The commercial object of the company is to engage in trading computers, systems and accessories for data processing technology, to develop and distribute software, and to provide services of all kinds, including consulting connected with all areas of data processing technology.

Change in the reporting entity in 2013:

Name and registered office of company	Date from which included in the consolidated financial statements	Equity investment (in percent)	Voting rights (in percent)
CANCOM GES Gesellschaft für elektronische Systeme mbH, Künzelsau, Germany	1 April 2013	100	100

CANCOM IT Solutions GmbH and CANCOM cloud solutions GmbH have been merged into CANCOM Deutschland GmbH (trading as CANCOM GmbH since April 23, 2013). The mergers are documented in merger contracts dated April 10, 2013, and were recorded in the commercial register of CANCOM GmbH on April 23, 2013.

CANCOM SE has established a new company named CANCOM, Inc., based in Palo Alto, California. This is documented in a contract dated May 21, 2013. The company's share capital is USD 500,000, and the company is wholly owned by CANCOM SE. The capital contribution was paid on June 26, 2013. The purpose of the corporation is to provide cloud and IT services as well as marketing services, in addition to trading in hardware and software products.

Change in the reporting entity in 2013:

Name and registered office of company	Date from which included in the consolidated financial statements	Equity investment (in percent)	Voting rights (in percent)
CANCOM, Inc., Palo Alto, USA	21 May 2013	100	100

CANCOM SE has established a new company called Verioplan GmbH, based in Munich, Germany. This is documented in a contract dated June 12, 2013. The company's share capital is € 25,000 and CANCOM SE holds all the company's shares. The capital contribution was paid on July 12, 2013. The commercial object of the company is to provide planning, consulting and engineering services for building and industrial technology, as well as energy efficiency and risk assessments in connection with data centers. The newly established company was registered in the commercial register on July 18, 2013.

Change in the reporting entity in 2013:

Name and registered office of company	Date from which included in the consolidated financial statements	Equity investment (in percent)	Voting rights (in percent)
Verioplan GmbH, Munich, Germany	18 July 2013	100	100

CANCOM Unicorner GmbH has been merged into CANCOM GmbH. The merger is documented in a merger agreement dated July 24, 2013. The merger was recorded in the commercial register of CANCOM GmbH on August 28, 2013.

CANCOM SE has purchased all the shares of on line Datensysteme GmbH, based in Berlin, Germany, for the nominal sum of € 500,000. The acquisition is documented in a purchase and contribution agreement dated September 30, 2013.

The purchase price was € 16,642,500. The purchase price will be paid entirely through the granting of new no-par-value shares to be issued to the sellers from the authorized capital of CANCOM SE. The shares are admitted to the FWB Frankfurt Stock Exchange and are freely tradable. No acquisition costs have been incurred so far.

The company will be included in the consolidated financial statements from October 1, 2013.

The commercial object of the company is wholesale and retail trading of computer systems, hardware, software, and peripherals (import and export); distribution of integrated solutions; research and development in the field of applied data technology (hardware and software), particularly designing, programming, installation and testing of software systems; IT consulting; system analysis; system engineering; engineering services; and consulting.

Change in the reporting entity in 2013:

Name and registered office of company	Date from which included in the consolidated financial statements	Equity investment (in percent)	Voting rights (in percent)
on line Datensysteme GmbH, Berlin, Germany	1 October 2013	100	100

3. Accounting and valuation policies

The consolidated interim financial report is compiled using basically the same accounting and valuation methods as those used for the consolidated financial statements for the financial year 2012.

B. Notes to the consolidated balance sheet

1. Other current financial assets

This item includes bonuses due from suppliers (€ 1,908 thousand), a purchase price receivable (€ 1,020 thousand), marketing revenue (€ 495 thousand), creditors with a debit balance (€ 192 thousand), and receivables from employees (€ 186 thousand).

2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 199 thousand), compensation for damages (€ 141 thousand), commission income (€ 43 thousand), rent receivable (€ 31 thousand), receivables from social insurance institutions (€ 12 thousand), and interest income (€ 6 thousand).

The prepaid expenses and deferred charges (€ 1,901 thousand) include deferred insurance premiums.

3. Deferred tax assets

The deferred tax assets are as follows:

Deferred tax resulting from	temporary differences €'000	tax loss carryforwards €'000
As at 1 January 2013	971	158
Tax revenue from profit and loss calculation	202	235
As at 30 September 2013	1,173	393

As at September 30, 2013, the CANCOM group had corporate tax loss carryovers of € 7.2 million and trade tax loss carryovers of € 6.0 million. The unused corporate tax losses for which no deferred tax claim was recognized in the balance sheet amounted to € 5.8 million. The trade tax loss carryovers for which no deferred tax claim was recognized amounted to € 5.3 million. The amounts referred to include a component of € 5.8 million (corporate tax) and € 5.3 million (trade tax), which has been called into question because of the EU Commission's legal interpretation of the restructuring clause in Section 8 c of the German Corporate Tax Act (Körperschaftsteuergesetz, KStG), and therefore cannot at present be claimed as tax exempt.

The deferred taxes from temporary differences are mainly the result of differences in property, plant and equipment (€ 359 thousand), other liabilities (€ 347 thousand), other provisions (€ 185 thousand), intangible assets (€ 132 thousand), elimination of sales within the group (€ 67 thousand), and goodwill (€ 67 thousand).

4. Other current financial liabilities

This item includes debtors with a credit balance (€ 818 thousand), outstanding bills of charges (€ 465 thousand), Supervisory Board remuneration (€ 152 thousand), purchase price liabilities (€ 123 thousand), and rent obligations (€ 68 thousand).

5. Other provisions

The provisions mainly include guarantees and warranties (€ 1,399 thousand), the purchase price of shares in affiliated companies (€ 708 thousand), severance payments (€ 668 thousand), salaries (€ 349 thousand), contingent risks (€ 219 thousand), additional leasing costs (€ 133 thousand), and provisions for financial statement costs (€ 114 thousand).

The total provisions include non-current provisions of € 2,000 thousand, which are disclosed under other non-current liabilities. These provisions are for guarantees and warranties (€ 609 thousand), the termination payments legally mandatory in Austria (€ 553 thousand), the purchase price for the shares in Glanzkinder GmbH and CANCOM Unicorner GmbH (€ 440 thousand), anniversaries (€ 240 thousand), additional leasing costs (€ 100 thousand), and part-time work for older employees (€ 58 thousand).

6. Other current liabilities

Other current liabilities mainly include bonus payments to Board members and employees (€ 3,775 thousand), vacation and overtime entitlements (€ 3,210 thousand), sales tax (€ 2,600 thousand), tax on salaries and church tax (€ 1,633 thousand), trade association payments (€ 411 thousand), wages and salaries (€ 347 thousand) and social security contributions (€ 183 thousand).

7. Deferred tax liabilities

The deferred tax liabilities are as follows:

	€'000
As at 1 January 2013	2,831
Addition from recognition of assets directly in equity owing to first-time inclusion in consolidated financial statements	70
Addition from revaluation of financial instruments recognized directly in equity	41
Tax revenue/ expense from profit and loss calculation	-250
As at 30 September 2013	2,692

The deferred tax liabilities arise from deviations from the tax balance sheets. They are the result of the recognition and revaluation of intangible assets (€ 2,048 thousand), other financial assets (€ 438 thousand), orders in process (€ 144 thousand), the revaluation of financial instruments recognized directly in equity (€ 42 thousand), capital from profit participation rights and subordinated loans (€ 10 thousand), and other provisions (€ 10 thousand).

The deferred tax liabilities are recognized at an individual tax rate of between 25 percent (for the Austrian subsidiary) and 32.98 percent (for the German subsidiary).

8. Other non-current financial liabilities

Other non-current financial liabilities include debtors with a credit balance, amounting to € 698 thousand; rent obligations of € 696 thousand; and purchase price liabilities of € 297 thousand.

C. Segment information (see page 18+19)

Description of segments subject to mandatory reporting

The e-commerce business segment comprises CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a+d IT solutions GmbH and CANCOM (Switzerland) AG with the exception of the cost centers of CANCOM GmbH allocated to the IT solutions segment. This business segment primarily includes the group's transaction-based and product-related business via internet, catalogue, telesales and direct sales.

The IT solutions business segment comprises CANCOM NSG GmbH, CANCOM NSG GIS GmbH, CANCOM NSG SCS GmbH, CANCOM NSG ICP GmbH, CANCOM physical infrastructure GmbH, acentrix GmbH, Glanzkinder GmbH, CANCOM GES Gesellschaft für elektronische Systeme mbH, CANCOM, Inc. and Verioplan GmbH in addition to the cost centers of CANCOM GmbH allocated to the IT solutions segment. This business segment of the CANCOM group offers comprehensive services relating to IT infrastructure and IT applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, maintenance and training, as well as several IT services, right through to full and integrated IT operation.

The other companies are CANCOM SE, CANCOM VVM GmbH and CANCOM Financial Services GmbH. CANCOM SE performs the staff and/or management function. As such, it provides a range of services for its subsidiaries. This costs of central management of the group and investments in internal group projects also fall within this company.

Reconciliation

Reconciliation shows items not directly connected with the business segments and the other companies. These include sales within the segments, and the income tax expense.

The income tax expense is not a component of the profits of the business segments. Since the tax expense is allocated to the parent company where the parent company is the taxable entity, the allocation of the income tax does not necessarily correspond to the structure of the segments.

Information on geographical regions

	Sales revenue according to customer location		Sales revenue according to company location	
	01/01-30/09/2013 €'000	01/01-30/09/2012 €'000	01/01-30/09/2013 €'000	01/01-30/09/2012 €'000
Germany	385,918	372,754	399,050	384,003
Outside Germany	31,539	34,043	18,407	22,794
Group	417,457	406,797	417,457	406,797

	Non-current assets	
	30/09/2013 T€	30/09/2012 T€
Germany	59.380	55.911
Outside Germany	1.881	1.928
Group	61.261	57.839

Non-current assets include property, plant and equipment, intangible assets, goodwill, and other non-current assets. Financial instruments and deferred tax claims are not included.

D. Notes to the consolidated statement of income**1. Other operating income**

The other operating income is made up of the following:

	01/01- 30/09/2013 €'000	01/01- 30/09/2012 €'000
Rent	30	20
Income not relating to the period	206	20
Government grants	326	369
Other operating income	89	23
Total	651	432

2. Personnel expenses

The personnel expenses consist of the following:

	01/01- 30/09/2013 €'000	01/01- 30/09/2012 €'000
Wages and salaries	77,520	71,502
Social security contributions	13,432	12,411
Pension expenses	174	205
Total	91,126	84,118

3. Other operating expenses

The other operating expenses consist of the following items:

	01/01- 30/09/2013 €'000	01/01- 30/09/2012 €'000
Office space costs	5,068	3,928
Insurance and other charges	508	560
Car costs	3,604	3,379
Advertising costs	744	863
Stock exchange and entertainment costs	358	214
Hospitality and travelling expenses	2,524	2,238
Delivery costs	1,413	1,352
Third-party services	1,418	1,439
Repairs, maintenance, leasing	763	656
Communication and office expenses	1,379	1,297
Professional development and training costs	934	969
Legal and consultancy expenses	606	697
Fees and charges; costs of money transactions	219	218
Adjustments on receivables	9	285
Other operating expenses	722	650
Total	20,269	18,745

4. Income tax

The rate of income tax for the German companies was 30.51 percent (2012: 30.72 percent). This is made up of corporate tax, trade tax and the solidarity surcharge.

The divergence between the tax expenses reported and those at the tax rate of CANCOM SE is shown below:

	01/01- 30/09/13 €'000	01/01- 30/09/12 €'000
Earnings before tax	15,396	13,889
Expected tax expense at rate for German companies (30.51 percent; 2012: 30.72 percent)	4,697	4,267
- Difference from tax paid outside Germany	17	13
- Change in value adjustment of deferred tax assets on loss carryforwards	0	72
- Tax-exempt income / non tax-relevant capital losses on disposals	-12	-108
- Actual income tax not relating to the period	-107	649
- Permanent differences: non-deductible operating expenses, as well as additions and reductions in relation to trade tax	123	171
- Deferred taxes due to contingent purchase price components	-1	-1
- Miscellaneous	-28	2
Total Group income tax	4,689	5,065

The actual tax rate is calculated as follows:

	€'000
Income before tax	15,396
Income tax	4,689
Actual tax expense rate	30.46%

Income tax comprises the income tax paid or owed in the individual countries, and the deferred taxes:

	01/01- 30/09/2013 €'000	01/01- 30/09/2012 €'000
Actual income tax paid	5,375	5,415
Deferred taxes		
Assets	-436	-235
Liabilities	-250	-115
	-686	-350
Group income tax	4,689	5,065

5. Minority interests

Minority interests account for 49 percent of acentrix GmbH's net income (€ 203 thousand) and 51 percent of the net loss of Glanzkinder GmbH (€ 139 thousand).

E. Other disclosures

1. Related party disclosures

For the purposes of IAS 24, Klaus Weinmann can be considered a related party who can exercise a significant influence on the CANCOM group, both as an Executive Board member and as a shareholder in CANCOM SE. Rudolf Hotter, the other Executive Board member, is also a related party for the purposes of IAS 24, as are the members of the Supervisory Board.

Other related parties under IAS 24.9 b are:

- AL-KO Kober AG and its subsidiaries;
- PEN GmbH;
- WFO Vermögensverwaltung GmbH;
- AURIGA Corporate Finance GmbH;
- SNP Schneider-Neureither & Partner AG; and
- Dr. Vielberth Verwaltungsgesellschaft mbH.

Transactions with related parties were settled in the same way as arm's length transactions, and the payment terms are net 10 to 30 days.

The transaction volume of goods sold and services provided to related parties under IAS 24 in the period January 1 to September 30, 2013 was € 2,356 thousand (gross), of which € 198 thousand was still outstanding at the balance sheet date. These amounts relate to goods/services purchased by AL-KO Kober AG and its subsidiaries.

The transaction volume of goods and services purchased from related parties under IAS 24 in the same period was € 1 thousand, which had been paid in full by the balance sheet date. This amount relates to goods/services purchased from AL-KO Kober AG and its subsidiaries.

2. Shares held by members of the Executive and Supervisory Boards (at the balance sheet date)

A list of shareholdings can be found on page 9 of this interim report.

3. Equity interests in the company as defined in Section 20 IV of the German Stock Companies Act (Aktiengesetz, AktG)

CANCOM SE did not receive written notice from any shareholder disclosing a majority shareholding as defined in Section 20 of the above Act in the first nine months of 2013.

CANCOM SE

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