

## 3-MONTH REPORT 2012

# Q1

- STRONG INCREASE IN REVENUE:  
+22% COMPARED WITH PREVIOUS YEAR
- SIGNIFICANT EBIT IMPROVEMENT BY  
EURO 1,5M TO EURO +0,1M
- VALUE OF ORDER BOOK SIGNIFICANTLY  
UP ON PREVIOUS YEAR
- 2012 ANNUAL TARGETS UNCHANGED

### OVERVIEW OF KEY FIGURES FOR THE FIRST THREE MONTHS

	3M 2012	3M 2011	Change in %
Revenue (kEuro)	12,526	10,243	+22
EBIT (kEuro)	148	-1,438	-/-
EBT (kEuro)	190	-1,421	-/-
Profit/loss for the period (kEuro)	124	-1,046	-/-
Earnings per share for the period (Euro)	0.02	-0.16	-/-
Cash flow from operating activities (kEuro)	-2,330	-2,848	+18
Capital expenditure (kEuro)	227	186	+22
Order book (mEuro)	41.8	27.8	+50
Employees (as at 31 March)	279	284	-2

  

	31 Mar 2012	31 Dec 2011	Change in %
Cash and cash equivalents (kEuro)	15,101	17,636	-14
Equity (kEuro)	27,837	27,705	+1
Equity ratio (in %)	71%	60%	+11 percentage points
Loans (kEuro)	0.0	0.0	-/-

### THE SECUNET SHARE

Reuters	YSENG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503

	30 Mar 2012	31 Mar 2011
Price (Euro)	10.31	10.55
Number of shares	6,500,000	6,500,000
Market capitalisation (Euro)	67,015,000	68,575,000
52W high/low (Euro)	H: 12.69/L: 9.00	H: 12.60/L: 9.01

	3M 2012	3M 2011
Average daily trading volume (Xetra)	1,654	1,536

# Interim Management Report for the first quarter of 2012

## REVENUE PERFORMANCE

In the first quarter of 2012, the revenue of the secunet Group increased by 22% compared with the previous year, from Euro 10.2m to Euro 12.5m.

All secunet's business units contributed to the strong increase in revenue. A particularly strong rise was reported in the service business (consulting) in the Business Security business unit (up Euro 0.9m on the previous year) and the Government business unit (up Euro 0.8m on the previous year).

## RESULTS OF OPERATIONS

For the period January to March 2012, earnings before interest and taxes (EBIT) at the secunet Group totalled Euro 0.1m. Compared with the previous year's figure of Euro -1.4m, this represents a significant increase of around Euro 1.5m. The revenue increase of Euro 2.3m has therefore been registered to a great extent in the income statement.

The following individual developments occurred:

The cost of sales rose by only 6% from Euro 9.4m in the first quarter of 2011 to Euro 10.0m in the first quarter of 2012, and therefore increased at a disproportionately low rate compared with revenue. This is due to the fact that a large proportion of the increase in revenue was achieved in the service area. Therefore neither a substantial amount of material costs nor a significant increase in personal costs was incurred, as a consistently high utilisation level of the existing capacities was maintained.

Compared with the first quarter of 2011, distribution costs increased by 7% from Euro 1.4m to Euro 1.5m. The reasons for the increase include intensified sales activities in Germany and abroad.

At a value of Euro 0.9m both in the first quarter of 2011 and in the first quarter of the current year, general administrative costs remained almost constant.

Compared with the previous year, the financial result improved from around kEuro 17 to kEuro 42. Earnings before taxes rose from Euro -1.4m to Euro 0.2m. Due to the creation of deferred taxes, there was a tax benefit of around Euro 0.4m in the same quarter of the previous year compared with a fiscal burden of kEuro 66 in the first quarter of 2012.

The result for the reporting period therefore increased from Euro -1.0m in the first quarter of 2011 to Euro 0.1m in the first quarter of 2012. Earnings per share for the first three months increased from Euro -0.16 to Euro 0.02.

## SEGMENT REPORTING

secunet is organised according to target group: the Public Sector business division caters to the needs of authorities and other public sector consumers as well as international organisations, whereas the Private Sector business division deals with the IT security needs of companies in the private sector.

In the first quarter of 2012, the Public Sector generated 75% of the secunet Group's revenue following 79% in the first three months of the previous year. The Public Sector business division includes the Government business unit, which provides IT security solutions that meet the particular requirements of federal authorities in Germany as well as those of state and municipal administrative authorities, and the High Security business unit, which supplies authorities, the military and international organisations with the SINA encryption product line. In the first quarter of 2012, revenue in both business units increased compared with the previous year. Whereas the Government business unit once again made a contribution of 33% to the Group revenue with an increase in revenue of 25% from Euro 3.3m to Euro 4.2m, the High Security business unit's contribution of 42% of the Group revenue was lower than in the previous year (46%). Revenue in the High Security business unit increased by 11% compared with the first quarter of 2011, from Euro 4.7m to Euro 5.3m. Revenue did not increase at the same rate as for the secunet Group as a whole as a result of the scheduling of revenue recognition due to the procurement cycles in the High Security business unit. The focus of the business has always been on the fourth quarter.

The Private Sector business division recorded an increase in both revenue and the proportion of Group revenue (increase from 19% to 25%). The Business Security business unit increased revenue by 58% from Euro 1.6m in the first quarter of 2011 to Euro 2.5m in the current year. This significant improvement is a result of very high capacity utilisation in the consulting sector and also due to larger projects. The Business Security business unit addresses the IT security needs of companies in the private sector. Similarly positive development was also seen in the Automotive Security business unit: revenue increased by 38% from Euro 0.4m to Euro 0.6m.

Without exception, the business units' contribution to EBIT improved. Whereas the Government and Business Security business units post positive EBIT contributions, the EBIT contribution from the High Security business unit remains negative.

## ASSETS AND FINANCIAL POSITION

As at 31 March 2012, four items on the balance sheet of the secunet Group showed a significant change compared with the 31 December 2011 reporting date:

- Other provisions have decreased by Euro 2.1m: this is primarily due to the payment of variable compensation components for the 2011 financial year.
- Significantly affected by this, the level of cash and cash equivalents decreased by Euro 2.5m.
- As a result of the settlement of invoices following the particularly strong fourth quarter of 2011, trade payables and other liabilities declined by Euro 5.8m.
- For the same reason, receivables decreased by Euro 5.0m.

secunet has not taken out any loans and therefore has a debt/equity ratio of 0%.

Cash flow from operating activities totalled Euro -2.3m in the period from January to March 2012, compared with Euro -2.8m in the same period last year. The difference to the previous year is a result of the improved result (Euro +1.6m), the increased utilisation of provisions (Euro -0.6m), lower incoming payments from receivables (Euro -0.5m), higher payments of liabilities (Euro -0.4m) and lower tax payments (Euro +0.5m).

## CAPITAL EXPENDITURE

secunet's capital expenditure is mainly for the purchase and replacement of hardware, software and other business equipment. Capital expenditure amounted to kEuro 186 in the first quarter of 2011 compared with kEuro 228 in the first quarter of 2012. At an increase of 20% the total volume of capital expenditure is on a par with the prior-year level.

## EMPLOYEES

As at 31 March 2012, the number of secunet Group employees totalled 279. This represents a decrease in headcount of 5 people or 2% compared with the same reporting date last year.

## ORDER BOOK

As at 31 March 2012, the value of the secunet Security Networks AG order book amounted to Euro 41.8m. Compared with the previous year's value of Euro 27.8m, this represents an increase of Euro 14m or 50%.

## OUTLOOK

Compared with the time the 2011 Annual Financial Statements were prepared (March 2012), the estimates concerning demand and sales potentials made by the Management Board of secunet Security Networks AG remain unchanged. Management still expects a high level of demand on the part of customers and successful sales activities. The Management Board is therefore maintaining the targets for 2012: Group revenue of approximately Euro 60m and EBIT of approximately Euro 5m are anticipated.

### **Forward-looking statements**

This 3-month report contains statements regarding the future performance of secunet Security Networks AG and 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.

# Condensed Interim Financial Statements for the first three months of 2012

CONSOLIDATED BALANCE SHEET OF SECUNET SECURITY NETWORKS AG (IFRS)  
AS AT 31 MARCH 2012

Assets		
in kEuro	31 Mar 2012	31 Dec 2011
<b>Current assets</b>		
Cash and cash equivalents	15,100,721.80	17,636,344.27
Trade receivables	14,104,096.22	18,756,758.11
Intercompany receivables	481,368.89	840,216.64
Inventories	2,344,119.40	2,135,770.05
Other current assets	367,483.62	242,813.08
Current tax assets	734,492.94	305,988.00
<b>Total current assets</b>	<b>33,132,282.87</b>	<b>39,917,890.15</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,587,768.00	1,611,952.00
Intangible assets	161,552.00	167,412.00
Goodwill	2,950,000.00	2,950,000.00
Non-current financial instruments	1,305,970.48	1,279,719.00
Deferred taxes	308,218.16	308,218.16
<b>Total non-current assets</b>	<b>6,313,508.64</b>	<b>6,317,301.16</b>
<b>Total assets</b>	<b>39,445,791.51</b>	<b>46,235,191.31</b>

<b>Liabilities</b> in kEuro	<b>31 Mar 2012</b>	<b>31 Dec 2011</b>
<b>Current liabilities</b>		
Trade payables	2,308,701.78	6,818,482.33
Other provisions	3,109,004.43	5,255,138.72
Current tax liabilities	158,336.08	210,667.59
Other current liabilities	1,554,038.92	2,860,017.92
Prepaid expenses and deferred income	1,883,082.89	912,444.88
<b>Total current liabilities</b>	<b>9,013,164.10</b>	<b>16,056,751.44</b>
<b>Non-current liabilities</b>		
Deferred taxes	338,878.24	276,538.24
Provisions for pensions	2,158,099.00	2,097,460.00
Other provisions	98,999.00	98,999.00
<b>Total non-current liabilities</b>	<b>2,595,976.24</b>	<b>2,472,997.24</b>
<b>Equity</b>		
Subscribed capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Treasury shares	-103,739.83	-103,739.83
Group loss carryforward	-604,710.30	-3,309,090.15
Group profit/loss	123,895.24	2,704,379.85
Accumulated other comprehensive income/loss	-799.74	-8,113.04
<b>Total equity</b>	<b>27,836,651.17</b>	<b>27,705,442.63</b>
<b>Total liabilities</b>	<b>39,445,791.51</b>	<b>46,235,191.31</b>

CONSOLIDATED INCOME STATEMENT OF SECUNET SECURITY NETWORKS AG (IFRS)  
FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

in kEuro	01 Jan – 31 Mar 2012	01 Jan – 31 Mar 2011
Revenue	12,526,162.67	10,243,510.71
Cost of sales	-9,976,922.82	-9,372,854.28
<b>Gross profit on sales</b>	<b>2,549,239.85</b>	<b>870,656.43</b>
Selling expenses	-1,493,464.04	-1,411,352.26
General administration costs	-907,582.04	-896,761.96
Other operating expenses	0.00	-976.00
<b>Earnings from operating activities</b>	<b>148,193.77</b>	<b>-1,438,433.79</b>
<b>Earnings before interest and income tax</b>	<b>148,193.77</b>	<b>-1,438,433.79</b>
Interest income	42,871.58	24,107.37
Interest expense	-950.14	-1,286.84
Foreign currency gains/losses	0.00	-5,412.66
<b>Earnings before tax</b>	<b>190,115.21</b>	<b>-1,421,025.92</b>
Income taxes	-66,219.97	374,680.85
<b>Profit/loss for the period</b>	<b>123,895.24</b>	<b>-1,046,345.07</b>
Earnings per share (diluted and undiluted)	0.02	-0.16
Average number of shares outstanding (diluted, undiluted, units)	6,459,502	6,459,502

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF SECUNET SECURITY  
NETWORKS AG (IFRS) FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

in kEuro	01 Jan – 31 Mar 2012	01 Jan – 31 Mar 2011
Profit/loss for the period	123,895.24	-1,046,345.07
Currency transaction differences (change not recognised in profit and loss)	7,313.30	21,076.77
<b>Comprehensive income/loss</b>	<b>131,208.54</b>	<b>-1,025,268.30</b>

CONSOLIDATED CASH FLOW STATEMENT OF SECUNET SECURITY NETWORKS AG  
(IFRS) FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

in Euro	01 Jan– 31 Mar 2012	01 Jan– 31 Mar 2011
<b>Cash flow from operating activities</b>		
Earnings before tax (EBT)	190,115.21	-1,421,025.92
Depreciation and amortisation	257,519.88	240,621.84
Change in provisions	-2,085,495.29	-1,500,301.26
Interest result	-41,921.44	-22,820.53
Change in receivables and other assets and prepaid expenses	4,678,489.75	5,224,396.79
Change in liabilities and prepaid expenses	-4,844,293.73	-4,419,408.88
Tax paid	-484,716.42	-949,077.34
<b>Net cash generated from operating activities</b>	<b>-2,330,302.04</b>	<b>-2,847,615.30</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible assets and of property, plant and equipment	-227,475.88	-186,384.25
Purchase of financial assets	-26,251.48	-26,251.49
<b>Net cash generated from investment activities</b>	<b>-253,727.36</b>	<b>-212,635.74</b>
<b>Cash flow from financing activities</b>		
Interest received	42,871.58	23,177.31
Interest paid	-950.14	-1,286.84
<b>Cash generated from financing activities</b>	<b>41,921.44</b>	<b>21,890.47</b>
Effects of exchange rate changes on cash and cash equivalents	6,485.49	7,695.43
<b>Changes in cash and cash equivalents</b>	<b>-2,535,622.47</b>	<b>-3,030,665.14</b>
Cash and cash equivalents at the beginning of the period	17,636,344.27	14,344,166.94
<b>Cash and cash equivalents at the end of the period</b>	<b>15,100,721.80</b>	<b>11,313,501.80</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF  
SECUNET SECURITY NETWORKS AG (IFRS)  
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2012

in Euro	Share capital	Capital reserves	Treasury shares	Net accumulated losses	Accumulated other comprehensive income/loss	Total
<b>Equity at 31 Dec 2010</b>	6,500,000.00	21,922,005.80	-103,739.83	-3,309,090.15	6,137.45	25,015,313.27
Comprehensive income/loss 1 Jan–31 Mar 2011				-1,046,345.07	21,076.77	-1,025,268.30
<b>Equity at 31 Mar 2011</b>	6,500,000.00	21,922,005.80	-103,739.83	-4,355,435.22	27,214.22	23,990,044.97
Comprehensive income/loss 1 Apr–31 Dec 2011				3,750,724.92	-35,327.26	3,715,397.66
<b>Equity at 31 Dec 2011</b>	6,500,000.00	21,922,005.80	-103,739.83	-604,710.30	-8,113.04	27,705,442.63
Comprehensive income/loss 1 Jan–31 Mar 2012				123,895.24	7,313.30	131,208.54
<b>Equity 31 Mar 2012</b>	6,500,000.00	21,922,005.80	-103,739.83	-480,815.06	-799.74	27,836,651.17

# Explanatory report

secunet Security Networks' 3-Month Report for the period ending 31 March 2012 was compiled in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting". This 3-Month Report is condensed. It is to be read in conjunction with the IFRS consolidated financial statements dated 31 December 2011 (Consolidated Financial Statements). This 3-Month Report was approved by the Management Board of secunet Security Networks AG on 8 May 2012.

## ACCOUNTING PRINCIPLES

The consolidation principles and currency translation method for the period from 1 January to 31 March 2012 were in accordance with those in the Company's consolidated financial statements for the 2011 financial year. The accounting and valuation methods were retained. The consolidated financial statements of secunet Security Networks AG as at 31 December 2011 were produced on the basis of Articles 315 and 315a of the German Commercial Code (HGB) and in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union.

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

A tax rate of 32.28% applies to the calculation of income taxes for national companies. Calculation of tax payable on income for foreign companies is based on the relevant rates of tax for those countries.

The preparation of the 3-Month Report requires a series of assumptions and estimates on the part of the management. As a result, it is possible that the figures reported in the interim report deviate from the actual figures.

## CONSOLIDATED GROUP

In addition to secunet Security Networks, all subsidiaries whose financial and operating policies secunet has the power to govern are included in the consolidated financial statements. In the reporting period and in the 2011 financial year, there were no minority interests in equity or in the profit or loss for the respective period.

Compared with 31 December 2011, the consolidated group was unchanged as at 31 March 2012. The two consolidated subsidiaries secunet s.r.o., Prague, Czech Republic, and secunet SwissIT AG, Solothurn, Switzerland, are in liquidation.

## TREASURY SHARES

As at 31 March 2012 the Company held 30,498 treasury shares, the same figure as at 31 December 2011; this equates to 0.5% of its share capital.

## SEGMENT REPORTING

The secunet Group is divided into the Public Sector business division, made up of the High Security and Government business units, and the Private Sector business division, made up of the Business Security and Automotive Security business units. The High Security, Government and Business Security 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 Automotive Security business unit does not meet any of the quantitative thresholds laid down in IFRS 8.13 and is therefore reported together with overheads under "Other segments".

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

The Government business unit supports authorities in Germany and abroad in all areas relating to e-government and IT security. These include biometric solutions and sovereign documents, health services (e-health), security validation and secure web solutions. This business unit operates a BSI-certified evaluation laboratory for IT conformity.

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

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

### Segment report

#### 3M 2012

in kEuro

	Business Security	Government	High Security	Other segments	Consolidation	secunet 3M 2012
Segment revenue	2,495	4,164	5,282	585	0	12,526
Cost of sales	-1,625	-3,264	-4,502	-586	0	-9,977
Selling expenses	-316	-307	-768	-103	0	-1,493
Administration costs	-221	-271	-354	-62	0	-908
Segment result (EBIT)	334	323	-343	-166	0	148
Interest result						42
Foreign currency gains/losses						0
Group profit before tax						190
Goodwill	838	773	1,339	0	0	2,950

### Segment report

#### 3M 2011

in kEuro

	Business Security	Government	High Security	Other segments	Consolidation	secunet 3M 2011
Segment revenue	1,579	3,340	4,738	424	163	10,244
Cost of sales	-1,227	-2,629	-4,849	-690	22	-9,373
Selling expenses	-381	-245	-716	-70	0	-1,412
Administration costs	-219	-270	-329	-79	0	-897
Segment result (EBIT)	-248	196	-1,156	-415	185	-1,438
Interest result						23
Foreign currency gains/losses						-6
Group profit before tax						-1,421
Goodwill	838	773	1,339	0	0	2,950

At the end of the 2011 financial year, changes were made to how revenue in the business units is reported. Up until 2010, external revenue in which multiple business units were involved was divided up. From the 2011 Annual Financial Statements onwards, revenue will remain within the invoicing segment. The costs arising in other business units will be offset as a credit entry within the cost of sales.

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

in kEuro	Business Security	Government	High Security	Other segments	Con-solidation	secunet
Segment revenue	1,579	3,340	4,738	424	163	10,244
Segment-internal allocation	319	-164	-155	0	0	0
Segment revenue as stated the previous year	1,898	3,176	4,583	424	163	10,244
Cost of sales	-1,227	-2,629	-4,849	-690	22	-9,373
Segment-internal allocation	-319	164	155	0	0	0
Cost of sales as stated the previous year	-1,546	-2,465	-4,694	-690	22	-9,373

The transfer prices are essentially in line with the prices for third-party transactions.

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

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

## RELATED PARTY DISCLOSURES

The consolidated companies within the secunet Group have an association with their main shareholder, Giesecke & Devrient GmbH, Munich, in the course of their normal business activities. All transactions are conducted in accordance with normal market practice.

In the first three months of 2012, no Management Board members were promised or granted any benefits by a third party in respect of their activity as members of the Management Board. In the first three months of 2012, the members of the Supervisory Board did not receive any other remuneration (over and above the Supervisory Board remuneration as regulated in the Articles of Association of secunet Security Networks) or benefits for services provided personally, in particular consulting and agency services. Neither the members of the Management Board nor the members of the Supervisory Board received any loans from the Company.

## EVENTS AFTER THE END OF THE INTERIM PERIOD

There were no significant events after the reporting date.

## FINANCIAL CALENDAR

### 2012

09 May	Publication of the 3-Month Report
13 June	Annual General Meeting
08 August	Publication of the 6-Month Report
07 November	Publication of the 9-Month Report
12–14 November	German Equity Forum

**secunet**

IT security beyond expectations

### Imprint

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