

HALF-YEAR REPORT

2014 Q2

- After six months, revenues up 5% on previous year
- EBIT for the first half of the year Euro -1.3 million compared with Euro -0.3 million the previous year
- Revenues and EBIT in Q2 significantly better compared to previous year: clear positive trend after Q1
- Order book up by 10% on previous year
- Overall annual forecast remains unchanged

Overview of the key figures for the first half of the year

	H1 2014	H1 2013	Change in %
Revenues (in thousand Euros)	28,787	27,322	+5%
EBIT (in thousand Euros)	-1,268	-304	> -100%
EBT (in thousand Euros)	-1,279	-343	> -100%
Profit/loss for the period (in thousand Euros)	-882	-257	> -100%
Earnings per share for the period (in Euros)	-0.14	-0.04	> -100%
Cash flow from operating activities (in thousand Euros)	-12,659	-8,941	-42%
Investments (in thousand Euros)	496	855	-42%
Order book (IFRS, in million Euros, as at 30 June)	35.1	32.0	+10%
Employees (as at 30 June)	348	326	+7%

	30 June 2014	31 Dec 2013	Change in %
Cash and cash equivalents (in thousand Euros)	15,208	29,265	-48%
Equity (in thousand Euros)	31,227	33,079	-6%
Equity ratio (in %)	64.2	57.6	+6.6 percentage points
Loans (in thousand Euros)	0	0	-/-

Overview of the key figures for the second quarter

	Q2 2014	Q2 2013	Change in %
Revenues (in thousand Euros)	15,039	13,185	+14%
EBIT (in thousand Euros)	-9	-128	+93%
EBT (in thousand Euros)	3	-147	+102%
Profit/loss for the period (in thousand Euros)	1	-115	+101%
Earnings per share for the period (in Euros)	0.00	-0.02	+100%

The secunet share

Reuters	YSNG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503

	30 June 2014	30 June 2013
Price (in Euros)	19.50	13.90
Number of shares	6,500,000	6,500,000
Market capitalisation (in Euros)	126,750,000	90,350,000
52W high/low (in Euros)	H: 24.00/ L: 13.50	H: 14.05/ L: 9.80

	H1 2014	H1 2013
Average daily trading volume (XETRA)	1,157	604

Interim Group Management Report for the first half of 2014

Revenue performance

In the first half of 2014, the secunet Group generated revenues of Euro 28.8 million. Compared to the same reporting period the previous year (Euro 27.3 million), this represents a rise of 5%, or Euro 1.5 million. For the most part, the increase in revenues can be attributed to the increase in income from the Product Business and the increase in license and support revenues linked to this. Nevertheless, revenues in the first half of the year were still below target. This is primarily explained by the provisional budget management of the German federal authorities, which dampened demand during the entire period.

At Euro 15.0 million, the revenues for Q2 2014 are considerably higher than the revenues for the same quarter the previous year (Euro 13.2 million): a rise of 14%, or Euro 1.8 million. The seasonal revenue pattern of secunet Security Networks AG shows, as usual, a disproportionately increasing trend from the first to the last quarter. This is also reflected this year: revenues had decreased in the first quarter of 2014 compared to the previous year, but the second quarter saw a clear reversal of this trend.

Earnings performance

The earnings before interest and taxes (EBIT) of the secunet Group for the first half of 2014 totalled Euro -1.3 million. Compared to the first half of 2013, at the end of which the EBIT stood at Euro -0.3 million, this is a decrease of Euro 1.0 million.

This earnings performance can be attributed to the following changes within the individual expense items:

The cost of sales increased by Euro 2.2 million, or 10%, from Euro 21.8 million to Euro 24.0 million. This increase can be explained by the increase in material expenses in the form of use of trade goods for the hardware business, as well as by an increase in personnel expenditure due to the expansion of personnel in production areas. Conversely to the increase in personnel costs, there was a decrease in the corresponding expenditure for external services.

Selling expenses went up by 4%, or Euro 0.2 million, from Euro 4.1 million to Euro 4.3 million. The causes of the rise were firstly increased personnel expenditure, and secondly expenses for the optimization of sales support systems.

The general administration costs in the first half of 2014 have remained at the same level as the previous year at Euro 1.7 million.

The results in the first half of 2014 were therefore mainly driven by the cost of sales.

The EBIT generated in the first half of 2014 are essentially influenced by the negative EBIT in the first quarter of the year. Analysis on a quarterly basis shows that – as with revenues – the second quarter of 2014 brought about an improvement in the EBIT. Compared to Q2 2013 (EBIT Euro -128 thousand), an almost break-even result was achieved (Euro -9 thousand) in Q2 2014. In terms of earnings, a trend towards the positive is therefore visible as well.

The financial result for the first half of 2014 was Euro -11 thousand compared to Euro -39 thousand the previous year. Earnings before tax totalled Euro -1.3 million, compared with Euro -0.3 million the previous year.

In the first half of 2013, tax revenue of Euro 0.1 million had been achieved. Due to the higher negative earnings before taxes, this value increased to Euro 0.4 million in the first half of 2014 due to the formation of deferred tax assets.

The result after taxes for the period from January to June 2014 was a loss of Euro -0.9 million compared with Euro -0.3 million the previous year. Earnings per share for the first half of 2013 were Euro -0.04; in the current half of the year this figure stood at Euro -0.14.

Segment reporting

secunet Security Networks AG is divided into two business units according to the target groups.

secunet Security Networks AG focusses its business on the target group of public sector clients. Therefore, the contribution made by the Public Sector business unit to Group revenues is correspondingly high: in the first half of 2014, it was 77% (previous year: 74%). The Public Sector business unit serves customers in the public sector: in Germany these are authorities and other public clients, and abroad they are international organisations and respective national public clients. The product portfolio in the Public Sector includes the High Security solutions based on the SINA product range, as well as IT security solutions and consulting for e-government, authorities and international organisations. The portfolio also includes biometric identification systems for ID and border control, among other purposes. Revenues within the Public Sector increased in the first half of 2013 by 11% or Euro 2.2 million, from Euro 20.1 million to Euro 22.3 million. While there was almost no change in the general administration costs (H1 2013 and H1 2014: Euro 1.3 million) and selling expenses (H1 2013: Euro 2.9 million, H1 2014: Euro 3.0 million), the cost of sales increased significantly by 18% or Euro 2.9 million, from Euro 16.0 million in the first half of 2013 to Euro 18.9 million in the current year. The reason for this is also an increase in material and personnel expenditure, the latter being caused by the expansion of personnel. Therefore, the EBIT in the Public Sector business unit decreased from Euro -0.1 million in the first half of 2013 to Euro -0.9 million for the same reporting period in the current year.

23% of Group revenues (previous year: 26%) were generated in the Business Sector business unit. This business unit addresses IT security issues affecting the private sector with services including IT security consulting and solutions for companies. It specialises in solutions for the automotive industry and for providers in the field of critical infrastructures (including suppliers). In the first half of 2014, the business unit generated Euro 6.5 million of revenue compared to Euro 7.2 million in the same reporting period of the previous year. The considerably higher value for the previous year can be attributed to a large-scale project which was being worked on last year. On the whole, supported by the decrease in the cost of sales of Euro 0.7 million, the overall costs within the Business Sector business unit decreased from Euro 7.5 million in the first half of 2013 to Euro 6.9 million in the current half of this year. However, the EBIT in this unit decreased from Euro -0.2 million to Euro -0.4 million.

Assets and financial position

The following items on the balance sheet show a noticeable change as at 30 June 2014 compared with the figure as at 31 December 2013:

- Following the decrease in the first quarter of 2014, trade receivables have increased strongly along with the increase in revenues in the second quarter of 2014; at their current level of Euro 18.2 million as at 30 June 2014, they are higher by Euro 2.8 million than the value at the end of 2013 (Euro 15.4 million).
- Hardware stocks have also increased significantly in anticipation of business in the second half of 2014. The inventories rose accordingly from Euro 3.6 million as at 31 December 2013, to Euro 4.9 million as at 30 June 2014.
- Due to the decrease in taxable earnings, the deferred tax assets increased by 70% from Euro 0.7 million at the end of 2013 to Euro 1.2 million as at the reporting date.
- The trade accounts payable have decreased by 46% to Euro 4.0 million compared to the figure as at 31 December 2013 (Euro 7.3 million).
- The other provisions decreased from Euro 5.0 million as at the end of 2013 to 3.4 million as at 30 June 2014. This is mainly due to the payment of variable remuneration elements for the year 2013 in the first quarter of 2014.
- Other current liabilities decreased by Euro 2.9 million, or 64%, from Euro 4.6 million to Euro 1.7 million. This is mainly due to the fact that a large prepayment from 2013 was spent from the revenues in the first half of 2014.
- Parallel to the changes mentioned, cash and cash equivalents have decreased by 48%, or Euro 14.1 million, from Euro 29.3 million as at 31 December 2013 to Euro 15.2 million as at 30 June 2014.

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

Cash flow

After the first six months of 2014, cash flow from operating activities is Euro -12.7 million, down on the previous year's figure of Euro -8.9 million. The increase of cash outflow of Euro 3.8 million can be attributed to the low Group profit before tax (effect: Euro -0.9 million), the lower utilization of provisions (effect: Euro +1.8 million), the higher growth in receivables (effect: Euro -6.0 million), the smaller reduction in liabilities (effect: Euro +1.8 million), and the higher cash flow for advance tax payments (effect: Euro -0.4 million).

There was a cash outflow of Euro 0.5 million in the first half of 2014 due to investment activities, compared with Euro 0.9 million the previous year.

In 2014, a dividend was paid out to secunet Security Networks AG shareholders for the first time. The dividend was paid out from the net income for the year 2013; this was a total sum of approximately Euro 1.0 million. Through this, there was cash outflow of Euro 0.9 million from financing activities in the first half of 2014. The previous year, a small cash inflow of Euro 22 thousand was recorded.

This results in an outflow of cash and cash equivalents of Euro 14.1 million after six months of the 2014 financial year. Liquid funds as at 30 June 2014 were therefore Euro 15.2 million.

Investments

In the first six months of 2014, secunet invested a total of Euro 0.5 million. The previous year Euro 0.8 million was invested. secunet's capital expenditure was mainly for the purchase and replacement of hardware, software and other business equipment.

Employees

As at 30 June 2014, the number of secunet Group employees totalled 348, which is 22 individuals or 7% more than on the same reporting date of the previous year. The appointments were made primarily in the areas of consulting, development and distribution.

Order book

Despite the provisional budget management of the German federal authorities lasting until the midway point of the year, the order book in the first half of the year increased; as at 30 June 2014, secunet Security Networks AG's order book totalled Euro 35.1 million according to IFRS. This represents a 10% rise on the previous year's order book on the same date the previous year (Euro 32.0 million).

Outlook, risks and opportunities

Compared with the preparation phase of the 2013 Annual Financial Statement (March 2014), the estimates of the Management Board with regard to business development in 2014 are unchanged. Its view of opportunities and risks for secunet Security Networks AG also remains the same as that of 31 December 2013. No risks that threaten the continued existence of the Company have currently been identified.

Due to the provisional budget management of the German Federal authorities, the initiation of certain procurement plans has been postponed; this dampening effect has been noticeable since the beginning of 2014. On 27 June 2014, the Federal Budget was passed by the German Bundestag. The reason behind the provisional budget management therefore came to an end in the middle of the year. The Management Board of secunet Security Networks AG therefore predicts that incoming orders and thus revenues will increase strongly in the second half of the year due to the effects of recovery. The seasonal distribution of revenues and the EBIT of the secunet Group throughout the year traditionally has its focus and high point in the second half of the year. The Management Board anticipates that this pattern will be true of 2014 once more. The Management Board therefore adheres to its forecast for the 2014 financial year accordingly. A significant increase in both revenues and earnings before interest and taxes (EBIT) is anticipated: the business results are expected to exceed those seen in the very successful year 2012.

Forward-looking statements

This Half-Year Report contains statements regarding the future performance of secunet Security Networks AG, as well as 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, 4 August 2014

Dr Rainer Baumgart

Willem Bulthuis

Thomas Pleines

Condensed Interim Financial Statement for the first half of 2014

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

Consolidated balance sheet

(according to IFRS) as at 30 June 2014

Assets in Euro	30 June 2014	31 Dec 2013
Current assets		
Cash and cash equivalents	15,207,827.37	29,265,027.15
Trade receivables	18,192,051.06	15,363,069.15
Intercompany financial assets	150,971.80	371,905.64
Inventories	4,866,905.69	3,634,082.80
Other current assets	557,307.60	376,927.27
Income tax receivables	1,026,286.63	136,704.68
Total current assets	40,001,350.15	49,147,716.69
Non-current assets		
Property, plant and equipment	1,741,161.00	1,860,397.00
Intangible assets	137,580.00	133,737.00
Goodwill	2,950,000.00	2,950,000.00
Other financial assets	2,661,460.81	2,608,957.87
Deferred taxes	1,158,113.20	682,261.37
Total non-current assets	8,648,315.01	8,235,353.24
Total assets	48,649,665.16	57,383,069.93

Liabilities		
in Euro	30 June 2014	31 Dec 2013
Current liabilities		
Trade accounts payable	3,950,690.72	7,306,479.12
Intercompany payables	240,733.73	25,773.19
Other provisions	3,429,281.08	5,001,701.68
Income tax liabilities	0.00	98,248.27
Other current liabilities	1,661,692.28	4,581,351.72
Deferred income	3,829,759.57	3,197,455.83
Total current liabilities	13,112,157.38	20,211,009.81
Non-current liabilities		
Deferred taxes	338,590.08	260,213.60
Provisions for pensions	3,857,858.75	3,718,796.00
Other provisions	114,111.00	114,111.00
Total non-current liabilities	4,310,559.83	4,093,120.60
Equity		
Share 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 profit carried forward	4,358,523.14	2,953,060.90
Group deficit/profit	-881,955.00	2,375,887.54
Accumulated other comprehensive income/loss	-567,886.16	-568,274.89
Total equity	31,226,947.95	33,078,939.52
Total liabilities	48,649,665.16	57,383,069.93

Consolidated income statement

(according to IFRS) for the period from 1 January 2014 to 30 June 2014

in Euro	1 Apr – 30 June 2014	1 Apr – 30 June 2013	1 Jan – 30 June 2014	1 Jan – 30 June 2013
Revenue	15,039,194.13	13,185,228.05	28,786,576.23	27,321,858.88
Cost of sales	-12,041,935.64	-10,236,576.85	-23,961,091.67	-21,786,319.85
Gross profit on sales	2,997,258.49	2,948,651.20	4,825,484.56	5,535,539.03
Selling expenses	-2,057,897.02	-2,179,674.80	-4,313,663.90	-4,132,253.18
R&D expenses	-58,052.69	-8,375.41	-68,553.43	1,239.47
General administration costs	-888,839.21	-888,813.94	-1,710,443.12	-1,710,605.24
Other operating income	0.00	256.31	0.00	1,768.98
Other operating expenses	-1,246.00	0.00	-1,246.00	0.00
Earnings from operating activities	-8,776.43	-127,956.64	-1,268,421.89	-304,310.94
Earnings before interest and income tax	-8,776.43	-127,956.64	-1,268,421.89	-304,310.94
Interest income	53,773.88	12,561.42	64,811.36	24,122.78
Interest expense	-41,689.44	-31,680.96	-75,631.22	-63,057.99
Earnings before tax	3,308.01	-147,076.18	-1,279,241.75	-343,246.15
Income taxes	-2,071.53	32,060.22	397,286.75	86,061.61
Group profit/loss for the period	1,236.48	-115,015.96	-881,955.00	-257,184.54
Earnings per share (diluted and undiluted)	0.00	-0.02	-0.14	-0.04
Average number of shares outstanding (diluted, undiluted, units)	6,469,502	6,469,502	6,469,502	6,469,502

Consolidated statement of comprehensive income

(according to IFRS) for the period from 1 January 2014 to 30 June 2014

in Euro	1 Apr – 30 June 2014	1 Apr – 30 June 2013	1 Jan – 30 June 2014	1 Jan – 30 June 2013
Group profit/loss for the period	1,236.48	-115,015.96	-881,955.00	-257,184.54
Items that can be transferred to the income statement				
Currency conversion differences (change not recognised in profit and loss)	177.23	-1,772.55	388.73	-6,526.55
Comprehensive income/loss	1,413.71	-116,788.51	-881,566.27	-263,711.09

Consolidated cash flow statement

(according to IFRS) for the period from 1 January 2014 to 30 June 2014

in Euro	1 Jan – 30 June 2014	1 Jan – 30 June 2013
Cash flow from operating activities		
Group earnings before tax (EBT) for the period	-1,279,241.75	-343,246.15
Depreciation and amortisation of tangible and intangible fixed assets	544,357.91	539,461.21
Change in provisions	-1,500,203.85	-3,322,391.85
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	2,382.00	-1,768.98
Interest result	10,819.86	38,935.21
Change in receivables, other assets and prepaid expenses	-4,021,258.65	1,972,155.15
Change in payables and deferred income	-5,428,190.92	-7,192,984.21
Tax paid	-988,018.82	-631,498.99
Cash from operating activities	-12,659,354.22	-8,941,338.61
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-443,972.91	-802,352.86
Proceeds from the sale of intangible assets and of property, plant and equipment	12,626.00	3,051.98
Purchase of financial assets	-52,502.94	-52,502.96
Cash from investment activities	-483,849.85	-851,803.84
Cash flow from financing activities		
Dividend paid	-970,425.30	0.00
Interest received	64,811.36	24,122.78
Interest paid	-8,785.22	-2,013.99
Cash generated from financing activities	-914,399.16	22,108.79
Effects of exchange rate changes on cash and cash equivalents	403.45	-6,399.66
Changes in cash and cash equivalents	-14,057,199.78	-9,777,433.32
Cash and cash equivalents at the beginning of the period	29,265,027.15	24,024,789.75
Cash and cash equivalents at the end of the period	15,207,827.37	14,247,356.43

Consolidated statement of changes in equity

(according to IFRS) for the period from 1 January 2013 to 30 June 2014

	Share capital	Capital reserves	Treasury shares	Net accumulated profit and losses	Accumulated other comprehensive income/loss			Total
					Items that cannot be transferred to the income statement	Items that can be transferred to the income statement	Miscellaneous	
in Euro								
Equity 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 loss 1 Jan – 30 June 2013				-257,184.54	0.00	0.00	0.00	-257,184.54
Other comprehensive income/loss 1 Jan – 30 June 2013				0.00	0.00	0.00	-6,526.55	-6,526.55
Equity at 30 June 2013	6,500,000.00	21,922,005.80	-103,739.83	2,695,876.36	-1,273,613.00	411,122.28	-9,734.73	30,141,916.88
Group profit 1 July – 31 Dec 2013				2,633,072.08	0.00	0.00	0.00	2,633,072.08
Other comprehensive income/loss 1 July – 31 Dec 2013				0.00	460,406.00	-148,619.06	-7,836.38	303,950.56
Equity 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
Group loss 1 Jan – 30 June 2014				-881,955.00	0.00	0.00	0.00	-881,955.00
Other comprehensive income/loss 1 Jan – 30 June 2014				0.00	0.00	0.00	388.73	388.73
Dividend paid				-970,425.30	0.00	0.00	0.00	-970,425.30
Equity at 30 June 2014	6,500,000.00	21,922,005.80	-103,739.83	3,476,568.14	-813,207.00	262,503.22	-17,182.38	31,226,947.95

Selected explanatory notes

The Half-Year Report of secunet Security Networks pursuant to Article 37w of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) dated 30 June 2014 was compiled in accordance with the International Accounting Standard (IAS) 34 "Interim Report". This Half-Year Report is condensed. It is to be read in conjunction with the IFRS Consolidated Financial Statements dated 31 December 2013 (Consolidated Financial Statements). This Half-Year Report was approved by the Management Board of secunet Security Networks AG on 4 August 2014.

Accounting principles

From 1 January 2014, the provisions of IFRS 10, 11 and 12 are to be used for consolidation purposes. In this respect, the consolidation principles have been amended from those used for the Consolidated Annual Financial Statements for the 2013 financial year. This application has not had any effect on the interim financial statements.

The currency translation, accounting and measurement methods correspond to those used for the Consolidated Annual Financial Statements for the 2013 financial year. The Consolidated Financial Statements of secunet Security Networks AG as at 31 December 2013 were produced on the basis of Articles 315 and 315 a of the German Commercial Code (Handelsgesetzbuch, 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 Half-Year 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 will deviate from the actual figures. The main assumptions and estimations are fundamentally unchanged compared to the Consolidated Financial Statements as at 31 December 2013.

Consolidated Group

In addition to secunet Security Networks AG, the Consolidated Financial Statements include all associate companies that are controlled by secunet AG. Control is considered to exist if secunet has the authority to dispose of the associate company, has a right to variable returns from the participation and has the opportunity to use the authority to dispose of the associate company in a way that can influence the variable returns. In the reporting period and in the 2013 financial year, there were no minority interests in equity or in the profit or loss for the respective period.

Compared with 31 December 2013, the consolidated Group was unchanged as at 30 June 2014. The two consolidated subsidiaries secunet s.r.o., Prague, Czech Republic, and secunet SwissIT AG, Solothurn, Switzerland, are in liquidation.

Treasury shares

As at 30 June 2014, the Company held 30,498 treasury shares, the same figure as at 31 December 2013; this equates to 0.5% of its share capital.

Segment reporting

The secunet Group is split 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 addresses the highly complex security requirements of authorities, the military and international organisations. It focuses on High Security solutions and products based on 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 Public Sector also supports authorities in Germany and abroad in all areas relating to eGovernment and IT security. These include, among other things, biometric solutions and electronic ID (eID) documents, the electronic health system (eHealth), security awareness and secure web solutions. This business unit also operates a BSI-certified evaluation laboratory for IT conformity.

In the Business Sector business unit the focus is on security issues affecting companies in the private sector. Its product line includes public key infrastructures, mobile security and network security. In all areas, analyses, consulting and complete solutions are tailored to each customer's specific requirements. In addition, solutions to the specific IT security issues affecting the automotive industry and for providers in the field of critical infrastructures are also supplied here.

Segment report H1 2014 in thousand Euros	Public Sector	Business Sector	secunet H1 2014
Segment revenue	22,308	6,478	28,786
Cost of sales	-18,853	-5,107	-23,960
Selling expenses	-2,965	-1,349	-4,314
Research and development costs	-69	0	-69
Administrative costs	-1,306	-405	-1,711
Segment result (EBIT)	-885	-383	-1,268
Interest result			-11
Group profit before tax			-1,279
Goodwill	2,668	282	2,950

Segment report H1 2013 in thousand Euros	Public Sector	Business Sector	secunet H1 2013
Segment revenue	20,083	7,238	27,321
Cost of sales	-16,016	-5,770	-21,786
Selling expenses	-2,855	-1,277	-4,132
Research and development costs	1	0	1
Administrative costs	-1,289	-420	-1,709
Segment result (EBIT)	-76	-229	-305
Interest result			-39
Group profit before tax			-344
Goodwill	2,668	282	2,950

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

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 and its affiliated companies, in the course of their normal business activities. In addition, the main shareholder is granted short-term loans. All transactions are conducted in accordance with normal market practice.

In the first six months of 2014, 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 six months of 2014, 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 reporting period

There were no significant events after the reporting date.

Essen, 4 August 2014

Dr Rainer Baumgart

Willem Bulthuis

Thomas Pleines

Review Report

To secunet Security Networks AG

We have reviewed the Condensed Consolidated Interim Financial Statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and selected explanatory notes, together with the Interim Group Management Report of secunet Security Networks AG, Essen, for the period from 1 January to 30 June 2014, which are the components of the Half-Year Report pursuant to Section 37w of the German Securities Trading Law (WpHG). The company's legal representatives are responsible for the preparation of the Condensed Consolidated Interim Financial Statements in accordance with the IFRS standards for interim reporting as applicable in the EU, and of the Interim Group Management Report in accordance with the provisions of the German Securities Trading Law (WpHG) applicable to interim group management reports. Our responsibility is to issue a review report on the Condensed Consolidated Interim Financial Statements and on the Interim Group Management Report based on our review.

We conducted our review of the Condensed Consolidated Interim Financial Statements and the Interim Group Management Report in accordance with the generally accepted standards for the review of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the review to obtain some degree of certainty, through critical evaluation, that the Condensed Consolidated Interim Financial Statements have been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as they apply in the EU and that the Interim Group Management Report has been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Law (WpHG) applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with the terms of our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

On the basis of our review, no matters have come to our attention that cause us to presume that the Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as they apply in the EU nor that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Law (WpHG) applicable to interim group management reports.

Essen, 5 August 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Krecher
Auditor

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Interim Group Management Report includes a 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 for the rest of the financial year.”

Essen, 4 August 2014

Dr Rainer Baumgart

Willem Bulthuis

Thomas Pleines

Financial calendar

2014

6 August	Half-Year Report 2014
5 November	9-Month Report 2014

secunet

Imprint

Issued by
secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen/Germany

Contact

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

Phone: +49 201 5454-1227

Fax: +49 201 5454-1228

E-mail:

investor.relations@secunet.com

Internet: www.secunet.com

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

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In the event of conflicts the German-language-version shall prevail.