

ANNUAL REPORT

15

KEY FIGURES

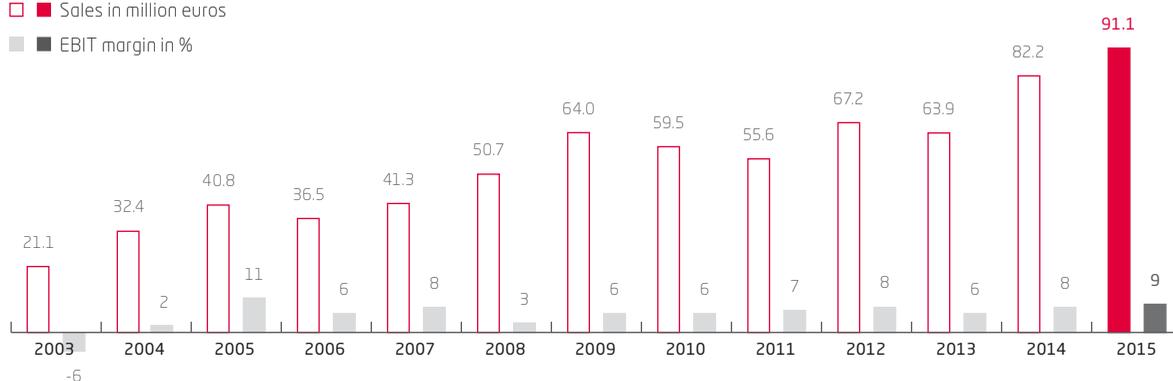
in million euros	2015	2014	Change in %
Sales	91.1	82.2	+11
EBIT	8.6	6.6	+31
EBT	8.6	6.5	+32
Net income for the year	6.1	4.4	+40
Earnings per share (in euros)	0.94	0.68	+40
Balance sheet total	77.1	68.6	+12
Equity	40.3	35.7	+13
Cash and cash equivalents	38.0	37.4	+2
Liabilities	16.9	14.9	+13
Loans	0.0	0.0	-
Cash flow from operating activities	4.4	10.2	-57
Investments in intangible assets and property, plant and equipment	1.8	1.1	+63
Dividend per share in euros	0.34*	0.27	+26
Order backlog IFRS	45.7	37.5	+22
Employees as at 31 Dec	383	360	+6

* subject to the resolution of the Annual General Meeting

LONG-TERM DEVELOPMENT SALES AND EBIT MARGIN

■ Sales in million euros

■ EBIT margin in %





PUBLIC SECTOR

SOLUTIONS FOR E-GOVERNMENT AND HIGH SECURITY

Processes and IT infrastructures for public customers are particularly challenging in terms of information security. The secunet Public Sector division offers advice to national and international public-sector and defence customers, using state-of-the-art products and services that can be tailored to customers' needs, as well as individual security solutions. These meet the requirements of modern administration, allow sovereign tasks to be performed and correspond to the high-security requirements for the protection of classified information.



BUSINESS SECTOR

IT SECURITY FOR COMPANIES AND INDUSTRY SOLUTIONS

Attacks on company networks, industrial espionage, cyber crime and data protection requirements necessitate intelligent IT security solutions. The secunet Business Sector division supports its customers in the safe use of Information and Communication Technologies in internal IT, in core business and "embedded" in products and services. The core competence of the Business Sector division is in the development and production of flexible security solutions, which can be integrated into existing IT landscapes without influencing ongoing business processes and can be adjusted to technical development.

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

*Dear shareholders, customers, staff
and friends of secunet.*

2015 was a very good year for secunet Security Networks AG: we even exceeded the record results for the 2014 financial year.

Our financial figures are excellent: we have achieved much more than we originally expected. We have increased the revenue of the secunet Group from 82.2 million euros in the previous year to 91.1 million euros, equating to growth of 11%. We were able to boost our earnings before interest and taxes (EBIT) by as much as 31%, from 6.6 million euros in the 2014 financial year to 8.6 million euros.

In the Public Sector business unit, and with its target group of public consumers in Germany and abroad as well as international organisations, we have achieved significant growth. Revenue has grown from 68.9 million euros in the 2014 financial year to 79.2 million euros in the past financial year. All Public Sector areas – the *SINA* product business, our border control solutions, as well as consulting and development – have seen positive development. As in previous years, the key driver for this increase in revenue was our business associated with the *SINA* product family. The contribution to EBIT from the Public Sector has also grown satisfactorily, from 6.1 million euros in the previous year to 9.2 million euros in the 2015 financial year.

Within the Business Sector business unit, which serves companies in the private sector – in particular providers of critical infrastructure and the automotive trade – revenue for the 2015 financial year was below the level of the previous year, at 11.9 million euros down from 13.3 million euros. The EBIT contribution of the business unit totalled -0.7 million euros, compared with 0.4 million euros in the previous year. We are still not satisfied with our performance in the Business Sector. Many companies in the private sector continue to underestimate threats to IT infrastructure and are reluctant to invest in reliable, high-quality IT security solutions. In addition, it took a long time for the concrete requirements of companies arising from the regulations of the German IT Security Law (IT-Sicherheitsgesetz, ITSiG) to be formulated and adopted. The lack of clarity in this area persists to this day. This is resulting in many potential customers holding back on their procurements. Over the course of 2015 and during the first phase of the current business year, we have adjusted our offering in line with the increasingly specific requirements and the associated distribution trends. We therefore foresee an associated improvement in performance in the Business Sector.

secunet AG generated net income of 5.5 million euros. On this basis, the Management Board and Supervisory Board of the Annual General Meeting recommend distributing a dividend of 0.34 euros per share to the shareholders of our Company. This equates to an increase of 26% compared with

the dividend of 0.27 euros of the 2014 financial year. From the end of 2014 to the end of 2015, the price of secunet shares rose by around 15%. Our shareholders are reaping sustainable rewards from our business success thanks to our dividend policy and our share performance.

In all areas of the Company, we owe our success to the pivotal contribution of our employees – our consultants and developers, our product managers, our staff working in distribution, and all our employees in administration and management roles. We would like to take this opportunity to thank them for their excellent performance.

At the close of the 2015 financial year, secunet is in an excellent position.

Thanks to our many years of experience in the field of security technologies and our wide product portfolio, a large number of customers view us as a credible and reliable partner in whom they can place their trust. Our customers rightly demand that their data is handled professionally and securely. We are on hand to serve as their partners when they set up the infrastructure to meet this demand.

Over the last few years, we have developed a comprehensive product portfolio in the field of cyber security. This includes the well-renowned, tried-and-tested components of the *SINA* product family, the sales of which are on the increase both in Germany and abroad. Business associated with our products related to homeland security and border control (eID PKI, eGates) is also growing at a pleasing rate. The offering is completed by further products including for Business Sector applications.

Our range of services covers both development and consulting services. Particularly in the latter area, we are encountering consistently high levels of demand in the Public Sector, and demand is growing in the Business Sector. In addition to analysis services (penetration tests), this also applies to the creation of security concepts and the development of security management systems. Our highly qualified employees are an important asset in this part of the business. They secure our position as a reliable partner with existing customers and they show impressive skills in the acquisition of new customers.

We continuously update our products and services in line with the latest technological requirements and we align our offering with expected future trends. Product improvements and innovations secure our long-term position in the market for cyber security.

We will continue to expand our portfolio of services, solutions and products into the future. One thing that sets our innovations apart is the way we work together with our customers on development projects. This means our innovations are focused on actual requirements. The risk of our new developments being bypassed by the market is reduced to a minimum right from the start.



Thomas Pleines und Dr Rainer Baumgart

The Public Sector and Business Sector business units of secunet are internally organised in such a way as to be clearly focussed on the needs of the respective target group. We continually improve our internal organisation from year to year in order to serve our target customers more appropriately and efficiently. Our goal is to continually build on our consulting expertise and develop our customer service. One way of doing this has been, and continues to be, filling as many positions as possible with highly qualified employees. Highly motivated specialists will always be much better placed to give our customers what they are looking for. The growth of our workforce has continued over the past few years, with many new employees joining secunet.

And we want to keep on growing.

The increasing demand for cyber security solutions is a good basis for future growth. IT security is a concern for us all and affects everybody. From individual members of the public with their smartphones, to industry, to the intensifying networking of control and production networks, to entire nations – in all areas, information technology brings not only enormous opportunity and convenience, but also the continual addition of new threats. Technological developments in IT, the sheer variety of infrastructures used and increasing digitalisation are combining to create a never-ending array of complex application scenarios. Every new application also entails additional threat situations. We have made it our goal to counteract these threats: our services, products and solutions can meet all requirements in relation to cyber security. The continuously growing demand for our solutions and products and the resulting positive development in revenue show that we have made the right decisions with the strategic direction of secunet Security Networks AG.

Our core markets are still in Germany and the bordering European countries. This is where we currently generate most of our revenues. It is anticipated that future growth will also be generated in the wider international arena. We have been making efforts in this direction for a number of years now and have established some promising business relations. We will continue to prioritise the development of international markets.

In addition to focussing on organic growth we will also continue to prioritise potential growth from acquisitions. We are working continuously on activities in this area.

Our business is characterised by projects which often have large investment volumes. The majority of our customers are therefore reliant on meeting budgetary requirements. It is not normally possible to influence the length of time that it takes to make a decision about a procurement. These uncertainties have a considerable influence on our ability to forecast future developments.

The excellent business result for 2015 was also achieved thanks to non-recurrent effects: in order to expand their own infrastructure and capacity in the short-term, a number of authorities have made procurements that are significantly more extensive than initially expected. We calculate that these non-recurrent effects account for around 5 million euros of revenue.

Our expectations for the coming financial year are based on the overall picture created by the aforementioned drivers: At the time of creating this report – and on the basis of the previous year's result being adjusted for non-recurrent effects – we expect that in the 2016 financial year secunet will achieve revenue and an EBIT margin somewhere in the region of the previous year's figures.

Going forward, we want to continue doing everything we can to ensure that secunet Security Networks AG develops successfully in the interests of all stakeholders.


Dr Rainer Baumgart


Thomas Pleines

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SUPERVISORY BOARD REPORT



Dr. Peter Zattler

DEAR SHAREHOLDERS,

During the 2015 financial year, the Supervisory Board of secunet Security Networks AG once again performed the supervisory and consultation duties assigned to it by law and by the Company's Articles of Association conscientiously, meticulously and on an ongoing basis. It regularly advised the Management Board on the management of the Company and supervised the Management Board's conduct of business on a continuous basis. As the Supervisory Board fulfilled its remit it was continually impressed with the adherence to legal provisions, fitness for purpose and correctness of the Management Board's work. Cooperation within the Supervisory Board and with the Management Board was constructive and was characterised by open communication with a high level of trust. The Management Board fulfilled its obligations in relation to the provision of information and provided the Supervisory Board with regular, prompt and comprehensive information, both in writing and verbally. It furthermore included the Supervisory Board in all decisions fundamental to the company without delay. The Supervisory Board received information from the Management Board on the business performance of secunet Security Networks AG and the consolidated group of companies, as well as regarding strategy, planning, business performance, the risk situation, risk management and compliance and all other occurrences and measures important for the Company. The Members of the Supervisory Board always had the opportunity to attend to the Management Board's suggestions and reports in detail and to make their own proposals.

In the context of its supervisory and advisory function, the Supervisory Board dealt in detail with all measures that required that the Supervisory Board be informed or give its consent. In this way it provided the Management Board with advice and support in relation to the implementation of the Company strategy and related measures. Wherever this was required by the provisions of the law, the Articles of Association or the rules of procedure of the Management Board, the Supervisory Board voted, after thorough examination and consultation, on the reports and proposed decisions of the Management Board.

In between committee meetings, the Chairman of the Supervisory Board and the Management Board were also in close and regular contact, sharing information and ideas. The Chairman of the Supervisory Board was kept up to date by the Management Board on the current business situation and on any key business events. The Chairman of the Supervisory Board also discussed the strategic direction of the Company, business performance and risk management in separate meetings held with the Management Board on a regular basis.

Supervision and examination methods

The Supervisory Board has mainly based its examination on

- the regular reports of the Management Board as provided for by law and the Management Board's rules of procedure,
- the separate reports submitted by the Management Board on occasion and
- the supplementary explanations provided by the Management Board and the auditors.

Each of the reports was submitted to all members of the Supervisory Board. Where the Management Board submitted business measures to the Supervisory Board for approval, the Supervisory Board's copy was in each case accompanied by a presentation of the main points to be considered in taking a decision. During the financial year 2015, the Supervisory Board saw no occasion for individual members of the Supervisory Board or particular experts to inspect or examine the books or records of the company.

Meetings of the Supervisory Board

Four ordinary meetings of the Supervisory Board were held in the 2015 financial year; on 13 March, 13 May, on 1 October and on 25 November. No members of the Supervisory Board took part in half or less than half of the meetings of the Supervisory Board: all the members of the Supervisory Board of secunet Security Networks AG took part in every meeting of the Supervisory Board. The members of the Management Board took part in the Supervisory Board meetings unless the Chairman of the Supervisory Board had instructed otherwise.

As required, the Supervisory Board also made resolutions between the meetings, circulated in writing. The Management Board also kept the Supervisory Board informed about projects and plans of particular importance to the Company in the periods between the meetings, by means of detailed written reports.

In all of the meetings, the Supervisory Board addressed the current business performance of secunet Security Networks AG. It also dealt with all relevant issues concerning business planning, investment planning, earnings and liquidity, the risk situation and risk management, and compliance. Furthermore, it dealt in detail with the Management Board's estimates regarding market events, and the further development and long-term strategy focus of the Company, and critically and constructively discussed these topics with the Management Board. In addition, it focused on the key organisational and personnel changes. In all its meetings, the Supervisory Board also requested information about the Company's risk situation and risk management and about the Company's compliance.

At the financial statements review meeting on 13 March 2015, the Supervisory Board paid particular attention to the Annual Financial Statements, the Consolidated Financial Statements and the compiled Management Report for the Group and the Company for the financial year 2014, as well as the auditors' report. The Supervisory Board checked and approved the aforementioned documents after they were discussed in detail with the auditor present, who reported on the key results of his examination.

In its meeting on 13 March 2015, the Supervisory Board also approved the Supervisory Board Report for the financial year 2014 and the proposed resolutions by the Supervisory Board for the Annual General Meeting on 13 May 2015. Furthermore, the Supervisory Board undertook a self-evaluation of its activities with the aim of further improving the efficiency of the latter (examination of efficiency).

In the meeting on 13 March 2015, the Management Board reported on the auditing of the Compliance Management System in accordance with auditing standard 980 of the Institut der Wirtschaftsprüfer (IDW). Furthermore, the Management Board reported to the Supervisory Board on the pending legal challenges against a total of four resolutions of the Ordinary General Meeting on 14 May 2014.

In the meeting on 13 May 2015, the Supervisory Board heard reports on the current business situation and on ongoing M&A projects of the Company. The Supervisory Board also discussed personnel matters in relation to the Management Board.

During its meeting on 1 October 2015, the Supervisory Board addressed the current business situation in detail. Furthermore, the Supervisory Board primarily dealt with the future strategic and operative development of secunet Security Networks AG. The Supervisory Board also took decisions regarding the reappointment of both members of the Company's Management Board. In addition, the Supervisory Board heard reports on the current status of ongoing M&A projects and passed a resolution to approve the establishment of a joint venture company.

In its meeting on 1 October 2015, the Supervisory Board also dealt with a joint application from secunet and the department of Professor Schäfer at the Ilmenau University of Technology for a study that would involve Professor Schäfer's research team receiving a subcontract from secunet via the Ilmenau University of Technology. The Supervisory Board agreed to this plan without the involvement of Professor Schäfer.

At the meeting on 25 November 2015, the Supervisory Board discussed and approved the annual and budget planning for the 2016 financial year. The Supervisory Board also dealt with the Corporate Compliance Report. Furthermore, the Supervisory Board discussed and adopted the Declaration of Conformity pursuant to Article 161 of the German Stock Corporation Law (Aktiengesetz, AktG).

The potential conflict of interest resulting from the cooperation of Professor Schäfer's department with secunet had already been disclosed to the Supervisory Board by Professor Schäfer during the previous financial year and it was presented in the report of the Supervisory Board for the financial year 2014. This potential conflict also emerged in connection with the joint application of secunet and the department of Professor Schäfer, which the Supervisory Board approved on 1 October 2015 without the involvement of Professor Schäfer. No new potential conflicts of interest arose during 2015.

Management Board personnel

In its meeting on 1 October 2015, the Supervisory Board passed resolutions to reappoint Dr Rainer Baumgurt for the period until 31 May 2019 as Chairman and member of the Management Board and Thomas Pleines as a member of the Management Board for the period until 31 May 2021.

Corporate Governance

The Supervisory Board is continually examining the further development of Corporate Governance standards in the Company and the implementation of the recommendations of the German Corporate Governance Code in particular. The Supervisory Board deems the implementation of the German Corporate Governance Code to be of key importance. In the reporting year, secunet Security Networks AG complied with the recommendations of the German Corporate Governance Code with few exceptions. On 25 November 2015, the Management Board and Supervisory Board submitted their Declaration of Conformity for the financial year 2015 regarding the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with Article 161 of the AktG. The Declaration of Conformity was made permanently available to the shareholders on the Company's website. The Declaration of Conformity for the financial year 2015 which was approved on 25 November 2015 can also be found in the Corporate Governance report, which is part of this Annual Report 2015.

In addition, the Supervisory Board has also implemented the requirements of the legislation regarding the equal participation of women and men in management positions that came into force on 1 May 2015 and has determined target figures for the proportion of Supervisory Board and Management Board positions held by women.

The Supervisory Board has set specific hiring goals for its own composition, the details of which can be found in the Corporate Governance report.

The Supervisory Board strives to continually monitor and improve the efficiency of its activities. On an annual basis, the examination of efficiency of the Supervisory Board is also taken as an item on the agenda.

The Supervisory Board received no indications of conflicts of interest from members of the Supervisory Board or Management Board.

Annual Financial Statements and Consolidated Financial Statements for 2015

The Annual Financial Statements prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and the Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) for the financial year 2015, and the summarised Management Report for the Group and the Company, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch. As part of this audit, the auditors also determined whether the Management Board has a suitable monitoring system, the design and handling of which is suited to identify any developments endangering the continued existence of the Company early on. The Supervisory Board awarded the audit mandate in accordance with the resolution passed by the Annual General Meeting on 13 May 2015. The auditors issued an unqualified opinion in each case.

The auditors also examined the report on relationships with affiliated companies prepared by the Management Board for the financial year 2015 in accordance with Article 312 of the German Stock Corporation Law and relating to the existing majority

shareholding by Giesecke & Devrient GmbH, Munich, and issued the following unqualified opinion: "Based on our audit and evaluation conducted in accordance with our professional duties, we hereby confirm that 1. the factual information contained in this report is correct, 2. the consideration provided by the Company in respect of the legal transactions mentioned in the report was not inappropriately high."

The financial statement documents, the proposed appropriation of balance sheet profits, the report on relationships with affiliated companies and the auditors' report were distributed to all members of the Supervisory Board without delay following their preparation. At the financial statements review meeting on 10 March 2016, the financial statements and reports, as well as the suggested profit appropriation, stated above were discussed and examined in detail by the Supervisory Board in the presence of the auditors, who gave a report on the main findings of their audit.

Based on the final results of its own examination, the Supervisory Board had no objections to the Financial Statements, the summarised Management Report for the Group and the Company, the report on relationships with affiliated companies, including the final statement of the Management Board contained herein, or the auditors' report. The Supervisory Board therefore endorsed the findings of the auditing of the financial statements and approved the financial statements of secunet Security Networks AG and the consolidated Group as at 31 December 2015 compiled by the Management Board; the Annual Financial Statements of secunet Security Networks AG were thus adopted on 10 March 2016.

The Supervisory Board also checked the Management Board's suggested profit appropriation, which envisages a dividend of Euro 0.34 euros for each eligible share, in reference to the liquidity of the Company as well as its financial and investment planning. The suggested profit appropriation is in line with the Company's interests and takes into account the interests of the shareholders. After having checked and weighed up all the arguments, the Supervisory Board approves the suggested profit appropriation of the Management Board.

The excellent result of secunet Security Networks AG for the financial year 2015 is due to the extraordinary achievements of the Management Board and employees of the Company and Group. The Supervisory Board expressed particular thanks to the Management Board and the employees for what they have achieved.

Essen, 10 March 2016

The Supervisory Board



Dr Peter Zattler

THE SECUNET SHARE

HIGH LEVEL OF VOLATILITY CONTINUES IN THE 2015 STOCK MARKET YEAR

Faced with strong fluctuations, investors required steady nerves during 2015. Following a spectacular upswing during the early months of 2015 – which was to a large extent driven by the more pronounced than expected easing of monetary policy on the part of the European Central Bank – there was a period of increased nervousness accompanied by strong fluctuations and numerous setbacks. Despite the high level of fluctuations, gains were generated at year end. The DAX rose by nearly 10% during the course of 2015. Technology shares performed well during this period, resulting in the TecDAX growing by one third.

For 2016, this turbulence is not expected to cease, meaning that fluctuations on the stock markets are likely to persist. In this respect, investors will continue to require strong nerves.

SECUNET SHARE POSTS GOOD PERFORMANCE

Between 30 December 2014 and 31 December 2015, the share price of secunet Security Networks AG rose by 15.4%, from 19.20 euros to 22.16 euros. This led to an increase in the value of the Company from 124.8 million euros to 144.0 million euros. Mirroring developments in the previous year, at the time of issuing this report the good figures for the 2015 financial year were taking effect on the stock exchange: during the period until 15 February 2016 the price grew by a further 6% to 23.50 euros.

The secunet share has demonstrated itself to be a high-performing investment from a long-term perspective too: those who bought in at the beginning of 2013 saw the value soar 75% by the end of 2015 across a period of three years.

Since 2014, the shareholders of secunet Security Networks AG have also been reaping sustainable rewards from the success of their company through dividends, with the first being paid out from the 2013 balance sheet profit. The Management Board is following a dividend policy focussed on the long term. The value of the dividend has grown by 80% from 0.15 euros per share paid out from the 2013 balance sheet profit, to 0.27 euros (2014 balance sheet profit). It will be recommended to the Annual General Meeting 2016 to pay out a dividend to the shareholders to the value of 0.34 euros per share from the 2015 balance sheet profit.

SHAREHOLDER STRUCTURE REMAINS STABLE

Munich-based Giesecke & Devrient (G&D) GmbH has held a direct stake of 78.96% in secunet since 2009. A considerable share in secunet Security Networks AG is also held by Ingrid and Christiane Weispfenning, who together hold a 3.95% share in the voting rights of secunet Security Networks AG, along with Axxion S.A. (3.18%) and BNY Mellon Service KAG with 3.06%.

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

UNCHANGED LOW TRADING VOLUME

In 2015, the average number of secunet shares traded on the Frankfurt stock exchange and on XETRA was 1,066 shares per day. The previous year's figure was 1,518. The low level of the average daily trading volume can lead to the share becoming more volatile, i.e. lead to major price fluctuations as soon as the demand for or supply of the secunet share increases.

HIGH ATTENDANCE AT ANNUAL GENERAL MEETING

The Ordinary General Meeting of secunet Security Networks AG was held on 13 May 2015 in Essen, where nearly 90% of the share capital was represented. Each of the agenda items received more than 99% approval.

SHAREHOLDERS RECEIVE COMPREHENSIVE INFORMATION

secunet Security Networks AG places great emphasis on providing the public with up-to-date, comprehensive and consistent information. Transparency is a watchword. The cultivation of Investor Relations therefore plays an important role at secunet.

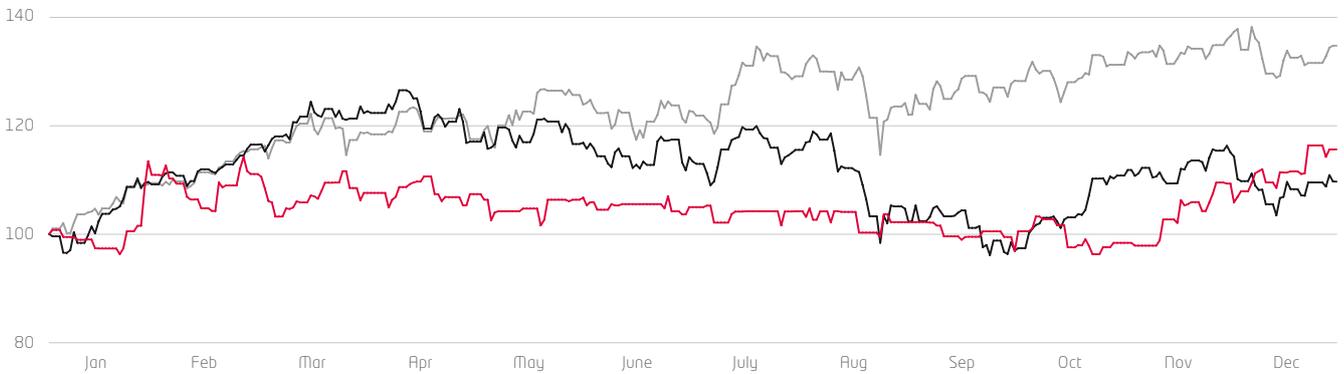
secunet is synonymous with regular and open reporting that is designed to provide our shareholders with comprehensive information

on secunet Security Networks AG and its business performance. All information published by secunet is also posted on the Company's website (www.secunet.com) as quickly as possible. The website also contains financial reports and presentations in addition to the current financial calendar. Shareholders and other interested parties can also contact Investor Relations by phone on +49 (0) 201 54 54-12 27 or via e-mail at investor.relations@secunet.com with questions.

SHARE PRICE PERFORMANCE 1 JANUARY 2015 - 31 DECEMBER 2015

secunet Security Networks AG
TecDAX
DAX

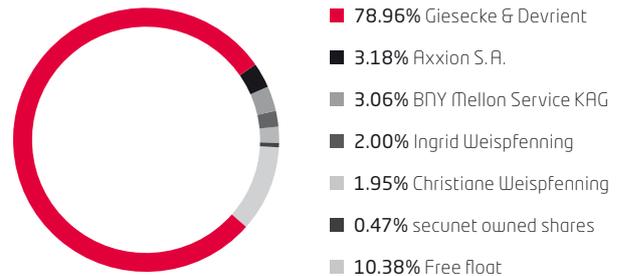
INDEX, PRICE 1 JANUARY 2015 = 100



SECUNET STOCK INFORMATION

Reuters	YSNG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503
Class of share	Ordinary bearer shares with no par value
Share capital in euros	6,500,000
Share capital in units	6,500,000

SHAREHOLDER STRUCTURE 2015



CORPORATE GOVERNANCE REPORT

DECLARATION OF CORPORATE GOVERNANCE

An effective and transparent organisation, as well as responsible and reliable Corporate Governance is very important at secunet Security Networks AG. The Company's Management Board and Supervisory Board firmly believe that good Corporate Governance is key to the continued success of the Company on the market.

The term Corporate Governance describes the regulatory framework for the management and supervision of companies. In a general sense, this framework must be designed in such a way that the Management Board and Supervisory Board work to ensure that the company continues to exist and creates value sustainably. Recommendations and proposals for how this requirement can be implemented in the control and management of companies are summarised in the German Corporate Governance Code. The Code serves the purpose of increasing trust in companies listed on the German stock exchange.

The Management Board and Supervisory Board of secunet Security Networks AG therefore regularly check the implementation of the German Corporate Governance Code at secunet Security Networks AG. In the financial year 2015, the Management Board and Supervisory Board of secunet Security Networks AG once again carefully deliberated on the recommendations and proposals of the German Corporate Governance Code in the respective versions in force from 24 June 2014 and 12 June 2015. The Declaration of Conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. This declaration is permanently available on our website and constantly updated to reflect any amendments.

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

Management and supervisory structure

secunet Security Networks AG is subject to German stock corporation law. As a German public limited company, it has a dual management and supervisory structure consisting of a Management Board and a Supervisory Board. The Management Board has two members. The Supervisory Board is made up of six members. The Management Board and Supervisory Board work together closely and on the basis of mutual trust in their management and supervision of the Company.

Supervisory Board

The Supervisory Board performs the tasks assigned to it by law and by the Company's Articles of Association. It supervises and advises the Management Board with regard to the management of the Company. At regular intervals, the Supervisory Board discusses business performance and planning, as well as the strategy and its implementation. It discusses quarterly reports and approves the Annual Financial Statements of secunet Security Networks AG and the Group, taking into consideration the audit reports prepared by the auditors and its own examination. The Supervisory Board monitors the accounting process, the effectiveness of the internal control system, risk management and internal audit, as well as the auditing of the financial statements. Its tasks and responsibilities also include appointing members to the Management Board. Management Board decisions of fundamental importance, such as major acquisitions, disposals and financial measures, require the consent of the Supervisory Board. An extraordinary meeting of the Supervisory Board is convened as and when necessary should significant events arise. The Supervisory Board has drawn up rules of procedure for its work. Its Chairman coordinates the work carried out within the Supervisory Board, chairs its meetings and represents its interests externally.

In accordance with the Articles of Association, the Supervisory Board of secunet Security Networks AG comprises six members. The current terms of the members of the Supervisory Board end with the Ordinary General Meeting 2019, in which the next Supervisory Board elections are due to take place. The knowledge, skills and professional experience required to fulfil the remit are taken into account when drawing up the nominations for election to the Supervisory Board. In addition, the Supervisory Board defined concrete targets for its composition according to Item 5.4.1 of the German Corporate Governance Code. Taking into account the Company's specific situation, at the next election of its members, the Supervisory Board will strive to achieve diversity among candidates with the requisite

professional and personal qualities. Among suitable candidates, the Supervisory Board will look for international experience, independence and an appropriate proportion of female members. At least one position on the Supervisory Board is reserved for a female member in accordance with the recommendation in Item 5.4.1 of the German Corporate Governance Code. One or more Supervisory Board members should also have many years of special experience abroad, acquired as a result of working abroad or due to a foreign country of origin. In addition, the Supervisory Board should have at least two independent members in the sense of Item 5.4.2 of the German Corporate Governance Code. Furthermore, Supervisory Board members should not be older than 70 years of age. The Supervisory Board will take the above-mentioned objectives into account in its suggestions for appointments, which it will publish to the Annual General Meeting 2019 for Supervisory Board elections.

The Supervisory Board has no committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. In a panel of this size, efficient operation of the Supervisory Board is also guaranteed without the formation of committees.

Management Board

The Management Board, as the body responsible for managing the Company, conducts the Company's business under its own responsibility and in the Company's interests. Its aim is to increase its value on a sustainable basis. In particular, it determines the principles of the Company's policy and is also responsible for developing the Company's strategy, for planning and setting the Company's budget, for allocating resources, and for controlling and managing the Company's business divisions and business units. Specific measures described in the Management Board's rules of procedure require the approval of the Supervisory Board. The Management Board is responsible for preparing the Company's quarterly financial statements, the Annual Financial Statements of secunet Security Networks AG and the Consolidated Financial Statements.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, comprehensively and without delay – by means of written and verbal reports – of all issues important to the Company as a whole with regard to strategy and strategy implementation, planning, business performance, the financial and earnings situation, and entrepreneurial risks. The Supervisory Board is included without delay in all decisions fundamental to the company.

Targets for the appointment of women

In part due to the legislation regarding the equal participation of women and men in management positions that came into force on 1 May 2015, target figures have been set for the proportion of women in the management levels specified below. These targets have been set by the Supervisory Board, for its own composition and for that of the Management Board, and by the Management Board itself.

In accordance with the resolution of the Supervisory Board of 11 September 2015, the target figure for the proportion of female members in the Supervisory Board has initially been set at 0%. This applies until 30 June 2017 as no elections of the Supervisory Board are due to take place during this period. The target figure for the proportion of female members will also be set to 0% for the Management Board for the period until 30 June 2017, because there are no plans to expand the Management Board during this time.

In accordance with the Management Board resolution of 2 September 2015, the following has been decided in relation to the management levels below the Management Board: a target figure of 0% for the first level for the period until 30 June 2017 and a target figure of 9% for the second level. In view of the small size of the Company, the limited number of management positions and the associated low level of fluctuation, the Management Board is of the opinion that more ambitious targets would not currently be realistic. The Management Board would, however, like to reiterate its intention to (as far as possible) move towards a higher proportion of management positions being held by women.

Responsible risk management

Good Corporate Governance also means that the Company must take a responsible approach to risk. Systematic risk management as part of our value-oriented Group management ensures that risks are identified and evaluated at an early stage, and that risk positions are optimised. The Management Board reports regularly to the Supervisory Board on the current development of key risks. Details of risk management at secunet Security Networks AG can be found in the Management Report. It also contains the report on the key characteristics of the internal control and risk management system relating to accounting.

Auditing of the Compliance Management System in accordance with Institut der Wirtschaftsprüfer (IDW) auditing standard 980

In the financial year 2015, an audit firm carried out and completed an operational audit of the Compliance Management Systems (CMS) presented in a CMS description for the subdivisions Anti-Corruption and Anti-Trust Law of secunet Security Networks AG to assess its suitability, implementation and the effectiveness of its application (auditing of the Compliance Management System in accordance with IDW auditing standard 980). This audit did not result in any findings in relation to the audited divisions for the period of observation.

Transparent Corporate Governance

Transparency in Corporate Governance is very important to the Management Board and Supervisory Board of secunet Security Networks AG. Shareholders, all participants in the capital market, financial analysts, shareholder associations and the media are provided with comprehensive, regular and up-to-date information regarding the Company's position and regarding key changes to the Company's business.

secunet Security Networks AG reports to its shareholders four times a year on business performance and on the financial and earnings situation, and makes all reports and information permanently available to shareholders on the Company's website at www.secunet.com. The dates for the regular financial reporting are listed in the financial calendar. If circumstances arise outside of the regular financial reporting periods that might significantly influence the stock market price of secunet Security Networks AG, this will be disclosed through ad-hoc announcements. The financial calendar and ad-hoc announcements are available to view on the website of secunet Security Networks AG under Company/Investor Relations/News and Publications.

Shareholders and the Annual General Meeting

The shareholders of secunet Security Networks AG may exercise their rights, including voting rights, at the Annual General Meeting. Shareholders can exercise their voting right at the Annual General Meeting themselves or choose an AGent or company proxy bound by their instructions to exercise the voting right. The Annual General Meeting takes place in the first eight months of the financial year. The Chairman of the Supervisory Board normally chairs the Annual General Meeting. Ahead of the Annual General Meeting, shareholders receive comprehensive information about the past financial year and about the individual items on the AGenda of the upcoming Meeting by way of the Annual Report and invitation to the Meeting. All relevant documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

In accordance with the provisions of the law, the auditors are appointed by the Annual General Meeting. In the Annual General Meeting on 13 May 2015, KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch, was appointed as the auditors, including of the Consolidated Financial Statements, for the financial year 2015.

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

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

Corporate Governance Guidelines

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

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

Management Board and Supervisory Board remuneration

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

Information on stock option programmes and similar securities-based incentive systems

No stock option programmes or similar securities-based incentive systems exist for members of Company bodies or members of the Company.

Notification of transactions under Article 15a of the German Securities Trading Law (Directors' Dealings)

Article 15a of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) requires members of Company bodies (Supervisory/Management Boards) and certain executives, as well as closely related parties, to disclose transactions in secunet shares or related financial instruments, where the sum total of such transactions reaches Euro 5,000 within a single calendar year. Directors' Dealings disclosures are also published on our website under Investor Relations. No Directors' Dealings were reported in the financial year 2015.

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

Accounting and auditing of the financial statements

secunet Security Networks AG prepares its Consolidated Financial Statements and Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS). The Annual Financial Statements of secunet Security Networks AG are prepared in accordance with German commercial law (HGB). The Annual and Consolidated Financial Statements are compiled by the Management Board and audited by the auditors and the Supervisory Board. Interim reports and the 6-Month Report are discussed by the Management Board and Supervisory Board prior to their publication.

secunet Security Networks AG's Consolidated and Annual Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch, the auditors appointed by the 2015 Annual General Meeting. The audits were performed in accordance with Article 317 of the HGB and with due consideration for the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). The undersigned auditors for the Annual Financial Statements and Consolidated Financial Statements of Secunet Security Networks AG are Charlotte Salzmann and Marcel Mertens.

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

The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report as at 30 June 2015 were subjected to an auditor's review by KPMG AG Wirtschaftsprüfungsgesellschaft, Essen branch.

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

The Management Board and Supervisory Board of companies listed on the German stock exchange are legally obliged in accordance with Article 161 of the German Stock Corporation Law (Aktiengesetz, AktG) to annually declare whether the official recommendations of the "Government Commission on the German Corporate Governance Code" applicable at the time of making the declaration have been fulfilled and will be fulfilled. The Company is furthermore required to disclose which recommendations of the Code have not been applied or will not be applied and to explain the reasons for this. This Declaration of Conformity is printed in full below, with explanations. The Declaration of Conformity can also be found on secunet Security Networks AG's website under The Company/Investor Relations/Compliance and Corporate Governance. Declarations of Conformity issued in the last eight years are permanently available on the website.

secunet Security Networks AG complies with, and will continue to comply with, the recommendations of the Government Commission on the German Corporate Governance Code, as amended in the version in force on 24 June 2014 and then the version in force on 12 June 2015 and published by the German Ministry of Justice in the official part of the Federal Gazette, with the following exceptions:

3.8 Para. 3

An excess should be agreed in D&O insurance for the Supervisory Board.

Explanation: The secunet Supervisory Board conducts its business with the utmost sense of responsibility. An excess would not give rise to any additional improvement or incentive.

5.1.2 Para. 2 Clause 3

An age limit should be set for Management Board members.

Explanation: secunet Security Networks AG does not stipulate an age limit for Management Board members, as the age of the particular Management Board member is not a blanket criterion for suitability to hold a position on the Management Board. An age limit would therefore generally limit the selection of suitable candidates to an unreasonable degree.

5.3.1

Depending on the specifics of the company and the number of its members, the Supervisory Board shall form professionally qualified committees.

Explanation: Since the dissolution of the Chairman's Committee on 14 May 2014, the Supervisory Board no longer has any committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. In a panel of this size, efficient operation of the Supervisory Board is also guaranteed without the formation of committees.

5.3.2

The Supervisory Board should set up an Audit Committee.

Explanation: The Supervisory Board consists of six members. Due to the number of Supervisory Board members and the composition of the Supervisory Board, setting up a separate Audit Committee would not increase the efficiency of the work performed by the Supervisory Board in relation to accounting, risk management, compliance and the auditing of the financial statements.

5.3.3

The Supervisory Board should form a Nomination Committee.

Explanation: The Supervisory Board of secunet Security Networks AG consists of only six members. All members are elected by the shareholders. An additional Nomination Committee has therefore not been set up.

5.4.1 Para. 2 Clause 1

The Supervisory Board should stipulate specific targets with regard to its composition, which, taking into account the Company's specific situation, take into consideration its international operations, potential conflicts of interest, the number of independent Supervisory Board members as defined in Number 5.4.2, an age limit to be determined for Supervisory Board members and a regular limit to be determined for the length of membership in the Supervisory Board as well as diversity.

Explanation: The Supervisory Board of secunet Security Networks AG has not determined a regular limit for the length of membership in the Supervisory Board. In the view of the Supervisory Board such a restriction is not necessary with regard to efficient operation of the panel, especially since the panel's work can benefit from the experience of long-standing members.

5.4.6 Para. 1 Clause 2

When setting the remuneration of Supervisory Board members, chairmanship and committee memberships are to be taken into account.

Explanation: Since the dissolution of the Chairman's Committee on 14 May 2014, the Supervisory Board has had no other committees; there is therefore currently no question of a special chairmanship and committee membership remuneration.

secunet Security Networks AG

Essen, 25 November 2015

The Management Board

The Supervisory Board

MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT - REPORT ON THE POSITION OF THE COMPANY AND THE GROUP FOR FINANCIAL YEAR 2015

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1 PRINCIPLES OF THE GROUP

1.1 Business model and group structure

1.1.1 Business model of the Group

secunet Security Networks Aktiengesellschaft, Essen, (hereafter referred to as "secunet AG" or "secunet") offers consulting services, products and solutions in the field of IT security. secunet has developed a specialism in complex solutions and IT high security, working on demanding projects in which technologies and processes are consolidated. These are IT security areas, where applications are developed and offered for professional use, e.g. high-security cryptographic systems, public key infrastructures (PKI) and secure electronic identities (eID). The range of solutions is mainly geared towards large-scale infrastructures. Customers usually receive customised solutions tailored to their individual requirements, even if they are based on standard applications.

1.1.2 Group and organisational structure

The secunet Group includes secunet Security Networks AG in Germany and the subsidiaries secunet SwissIT AG in Switzerland, secunet s.r.o. in the Czech Republic and secunet Inc., USA. The subsidiaries secunet s.r.o. in the Czech Republic and secunet SwissIT in Switzerland are in liquidation.

secunet Germany has seven locations: Berlin, Dresden, Essen (headquarters), Frankfurt, Hamburg, Munich and Siegen. The consulting and development projects are handled at these sites in close collaboration with our customers. In Dresden, secunet also runs a Training Center, which is principally used for training users and administrators on the secure inter-network architecture *SINA*.

secunet Germany has a target group-oriented organisational structure. Two business units – Public Sector and Private Sector – are geared towards the needs of the target groups of public clients and international organisations, on the one hand, and private companies, on the other hand, offering consultancy services, products and solutions.

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

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

1.1.3 Products and services

The secunet product portfolio comprises services, hardware and software. The services include specialist consulting on IT security, software development and the development and implementation of comprehensive security solutions. When it comes to hardware and software, secunet covers the entire value chain, from design and development through to integration, operations, maintenance and support of products. The Company's core competence is the application of cryptographic procedures in system solutions.

1.1.4 Key sales markets

The target markets for secunet's products and services are public sector customers and the private sector. The target group for public sector customers serviced by the Public Sector business unit includes governmental organisations, the defence sector (including organisations such as NATO), EU organisations, the healthcare sector, security authorities and border police. In the private sector, secunet's Business Sector targets the customer segments of finance, insurance and energy, the utilities and telecommunications and manufacturing/production industries, as well as automotive manufacturers and suppliers.

The Company's geographical key sales area is in Germany. secunet distribution activities abroad focus on EU countries, NATO member states, the Middle East, Asia and South America.

1.2 Corporate management

The secunet Group is managed by the secunet Security Networks AG Management Board in reference to financial key figures, namely the Group revenue and the Group EBIT. The Management Board obtains comprehensive information about the state of business and these key figures at its twice-monthly meetings. The Management Board liaises regularly with the senior executives who have operational responsibility to discuss any distribution, product management and project management measures that may be required.

1.3 Research and development - innovation report

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

secunet's research and development activities are strictly designed to minimise risks. secunet does not develop products unless there is concrete demand for them. Special solutions are virtually always developed on behalf of customers: this is common practice for suppliers to government bodies and in the high-security area.

secunet strategically bases its innovation efforts on three pillars:

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

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

2 ECONOMIC REPORT

2.1 Framework conditions for the overall economy and for relevant sectors

The secunet Group is predominantly active in the German market and is therefore primarily affected by the framework conditions of the overall economy in Germany. Both the Federal Ministry for Economic Affairs and Energy and the Deutsche Bundesbank estimate that the German economy will grow by 1.7–1.8% in 2016. The growth is primarily driven by domestic demand. The current overall economic environment can accordingly be evaluated as good. The commercial situation of the secunet Group will certainly be positively influenced by these framework conditions.

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

The market for information technology is a growing market. Over the last three years it was characterised by the following developments:

- The market for software grew continuously by more than 5% each year, most recently by 5.4% in 2015.
- Growth in IT services continued to increase, reaching 3% in 2015.
- The market for hardware has been characterised to a greater extent by fluctuations: following surprising growth of more than 5% in 2014 due to replacement purchases of desktop PCs and notebooks, growth for 2015 was just under 3%.

Security continues to be an important topic for the IT market. This is attributable in particular due to the fact that a number of cyber attacks and scandals relating to data have made a very strong impression in the public realm and therefore the topic of cyber security, i.e. protection from threats arising from espionage and sabotage, has become highly topical.

As a result, the German government has set itself dedicated targets for IT security in the context of maintaining and expanding their IT infrastructures. Large public infrastructure projects, such as the introduction of electronic identity documents, electronic health cards, the use of biometrics and the increase in e-government applications across the board, are as a whole increasing the relevance of IT security and the associated demand for concepts, solutions and products.

There is also an increasing awareness of this topic among companies. Additional support in this area has come from the German IT Security Law (IT-Sicherheitsgesetz, ITSiG). This legislation demands critical infrastructure for providers and operators, requiring them to use the latest technology to appropriately secure their IT systems and to report IT security incidents. Despite this development, it can be observed that, within companies, IT security still remains the result of a cost-benefit calculation. Although the fundamental threat from cyber criminality, for example in the form of hacking, PC viruses or phishing, remains as high as ever or is even increasing, many companies continue to underestimate the risks and are therefore reluctant to invest in their IT (security) infrastructure. This is particularly the case in relation to medium-sized businesses.

Specific market statistics for the IT security sector are not continuously collected. As a general rule it can be said that security spending is directly dependent on the general level of spending on IT infrastructures. A number of studies have shown that the market for IT security is growing more quickly than the total market for software and IT services: growth of 6.5% in IT security was therefore expected for 2015.

The secunet Group is therefore operating within a conducive environment, both in the overall economy and its own sector.

Particularly in the recent past, the good commercial framework conditions in the German market for IT security have attracted new competitors. The associated changing competitive intensity is monitored and evaluated by secunet on a continuous basis. At the present time, there are no signs of negative effects on the market position of secunet.

2.2 Assessment of business performance 2015

At the time of publishing the 2014 Annual Report, the Management Board of secunet expected Group revenue and the Group EBIT for the 2015 financial year to be roughly at the level of the previous year. Once the business results in the first three quarters of 2015 had already developed very well, and at a time when more concrete predictions could be made for the fourth quarter, the Management Board improved its forecast. The new forecast made on 11 November 2015 anticipated an increase in revenue of around 10% with an EBIT margin roughly at the level of the previous year. The development that was actually achieved significantly exceeded the revenue and EBIT forecast published with the 2014 Annual Report. In the 2015 financial year, the secunet Group achieved revenue of 91.1 million euros (previous year: 82.2 million euros) and EBIT of 8.6 million euros (previous year: 6.6 million euros). This was a record result.

The excellent result for 2015 can partly be attributed to one-off effects: in particular, *SINA* products were procured by individual authorities with infrastructure requiring short-term expansion. The revenue effect of these procurements amounted to around 5.0 million euros. Even discounting these one-off effects, the Management Board judges the business performance for 2015 to be very good.

When the Management Board of secunet formulated the forecast for the 2015 financial year at the time of publication of the 2014 Annual Report, it was also of the opinion that the relative distribution of revenue would shift slightly in favour of the Business Sector business unit. This expectation could not be met, as the increase in revenue within the Group was exclusively due to growth in the Public Sector business unit, while the Business Sector had to accept some losses in revenue.

2.3 Situation

2.3.1 Results of operations of the Group

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

2.3.1.1 Revenue performance

In the 2015 financial year, the revenue of the secunet Group grew by 8.9 million euros from 82.2 million euros in the previous year to 91.1 million euros. This development was significantly influenced by a substantial increase in the product business (revenue from commodities, licences, maintenance and support). At the same time, revenue from services (the consulting business) only grew slightly.

The increase in revenue can be attributed to consistently strong growth in the Public Sector business unit. The aforementioned one-off effects from procurements by individual authorities also played a role. The Public Sector business unit on the one hand offers its customers the *SINA* product family, i.e. solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage of data of different confidentiality levels. On the other hand, it offers public customers a wide range of IT security products and services, from IT security consulting and training to products and consulting for electronic passports, automated (biometric) border controls, electronic tax advice ELSTER and the equipment of large infrastructures with high security technology and public key infrastructures. Compared to the previous year, revenue in the Public Sector rose by 15%, or 10.3 million euros, from 68.9 million euros to 79.2 million euros. One-off effects accounted for 5.0 million euros of this increase. The proportion of the revenue of the secunet Group for the 2015 financial year attributable to the Public Sector business unit therefore equated to 87% (previous year: 84%). Customers from the public sector in Germany and abroad, as well as from international organisations, therefore continue to constitute the focus target group of secunet.

Revenue in the Business Sector declined by 11%, from 13.3 million euros in the previous year to 11.9 million euros. The Business Sector offers (consulting) services and solutions for the specific requirements of companies in the private sector. The consulting services range from security assessments (so-called penetration tests) via security consulting, such as for security guidelines and their implementation, up to support for certification projects. The customer-specific solutions in the Business Sector are primarily focused on providers and operators of critical infrastructures such as telecommunications companies and providers, as well as demanding industries such as automotive and machine construction. To counteract the unsatisfactory business performance for the 2015 financial year, appropriate measures have already been introduced, for example in product management and distribution. As a result of revenue in the Public Sector once again being significantly higher, as well as the decline in revenue in the Business Sector, the contribution of the Business Sector to the Group revenue fell from 16% in 2014 to 13% in the completed 2015 financial year.

At 0.9 million euros, the revenue from projects with the Giesecke & Devrient Group in the 2015 financial year was significantly below the previous year's figure of 3.1 million euros.

Sales of secunet products and services outside Germany increased by 6% from 9.3 million euros in 2014 to 9.9 million euros in the year under review. At 11%, the contribution of foreign revenues to the Group revenue remained virtually unaltered.

2.3.1.2 Earnings performance

The earnings before interest and taxes (EBIT) of the secunet Group increased by 30% compared to the previous year, rising from 6.6 million euros to 8.6 million euros. This improvement in EBIT resulted from the significant increase in revenue in the product business. Expenses only grew by a disproportionately low amount compared to revenues.

Key cost items in the secunet Group

in euro thousand	2015	2014
Cost of sales	68,303	62,761
Selling expenses	9,997	9,092
General administrative costs	4,226	3,716

The following individual developments in terms of costs occurred:

In the reporting year, the cost of sales increased by 5.5 million euros or 9% from 62.8 million euros in the 2014 financial year to a total of 68.3 million euros. The increase is directly linked to the development of revenue in the product business: materials expenses have increased correspondingly strongly. Materials expenses include the purchase of hardware components for products as well as third-party services received. Increased personnel expenses connected with the increase in employees have also had an impact here.

Compared with the previous year, selling expenses increased by 0.9 million euros or 10% from 9.1 million euros to 10.0 million euros. This increase is primarily attributable to the expansion in distribution activities as well as the writing off of a receivable in respect of a former business partner.

General administrative costs increased by 14% compared to the previous year's figure of 3.7 million euros to 4.2 million euros. This rise can be attributed to increased personnel expenses and general consulting expenses.

The Public Sector business unit alone contributed to the increase in the EBIT. While the Business Sector business unit, in parallel to the decrease in revenues, recorded a decline in the EBIT from 0.4 million euros to -0.7 million euros, the EBIT in the Public Sector business unit rose disproportionately in relation to the revenue increase (+15%) by 50% from 6.1 million euros in the previous year to 9.2 million euros in the 2015 financial year. Therefore, the EBIT margin in the Public Sector increased from 8.9% in the 2014 financial year to 11.6% in the 2015 financial year. The reason for this improved margin is the growth in revenue in the product business accompanied by costs only increasing at a disproportionately low rate.

The interest income in the secunet Group increased by 86 thousand euros from 135 thousand euros in the 2014 financial year to 221 thousand euros in the 2015 financial year. The income is a result of short-term loans made by secunet Security Networks AG to the parent company Giesecke & Devrient GmbH, Munich, and of tax rebates. Interest expenses fell by 15 thousand euros from 153 thousand euros to 138 thousand euros. This predominantly concerns interest expenses for pensions. Overall the interest result improved from -17 thousand euros to 83 thousand euros.

As a result, the earnings before tax were 8.6 million euros in the 2015 financial year after amounting to 6.5 million euros in the 2014 financial year, which corresponds to an increase of 2.1 million euros or 31%. Tax on the result increased from 2.2 million euros in the 2014 financial year to 2.5 million euros in the 2015 financial year. The increase in taxes of 0.3 million euros is attributable to an increased tax burden due to the improved result. This was counteracted by a tax rebate. The tax rate thus fell from the previous year's figure of 33% to 29% in the 2015 reporting year.

As a result, the secunet Group generated a Group net income of 6.1 million euros in the 2015 financial year, which corresponds to an increase of 1.7 million euros or 39% compared to the previous year (4.4 million euros). Diluted and undiluted earnings per share in 2015 stood at 0.94 euros, compared with 0.68 euros in the previous year.

2.3.2 Results of operations of secunet Security Networks AG

In the separate accounts of secunet Security Networks AG issued pursuant to commercial law, the profit and loss account is presented using the nature of expense method.

In the 2015 financial year, secunet generated revenue of 90.6 million euros following 84.3 million euros in the previous year, an increase of 6.3 million euros or 8%. In contrast to the previous year, in which several large projects were invoiced and inventories were accordingly depleted by 1.7 million euros, in the current year inventory levels were built up in the amount of 0.3 million euros. Other operating income increased from 0.8 million euros in the 2014 financial year to 1.3 million euros in the past financial year 2015.

According to the nature of expense method, the development of the expenditure items (materials expenses, personnel expenditure, depreciations/amortisations and other operating expenses) as a whole also corresponds to the development within the secunet Group.

The following specific developments can be identified in reference to the expenditure items:

Key expenditure items of secunet Security Networks AG

in thousand euros	2015	2014
Materials expenses	35,775	33,178
Personnel expenditure	31,674	29,519
Depreciation and amortisation	1,437	1,321
Other operating expenses	14,896	12,433

Materials expenses increased by 2.6 million euros or 8% from 33.2 million euros in the previous year to 35.8 million euros. This is related to the increase in the product business compared with the previous year. The increase is caused by the increase in the use of commodities; the expenses for procured services also fell in comparison to the previous year.

Personnel expenditure increased in 2015 by 7% or 2.2 million euros, from 29.5 million euros in the previous year to 31.7 million euros. This increase is largely attributable to three causes: Firstly, the increase in the supply of provisions for variable remuneration elements due to the improved result. Secondly, the number of personnel of secunet Security Networks AG has increased: At the year-end 2015, the Company employed 23 more personnel than the previous year, which corresponds to a 6% increase. Thirdly, the general increase of the salary level has made an impact.

Write-offs increased by 0.1 million euros from 1.3 million euros in the previous year to 1.4 million euros in the 2014 financial year.

Other business expenses increased by 2.5 million euros or 20% from 12.4 million euros in 2014 to 14.9 million euros. The key drivers are legal and consulting costs, the individual value adjustment of a receivable, provisions for dismantling and maintenance work in connection with the move of the company headquarters in Essen, commission payments and ancillary personnel costs (internal events, education and training).

The overall expenses of secunet Security Networks AG were therefore 83.8 million euros in the 2015 financial year, compared with 76.5 million euros in the previous year.

Overall, the above-mentioned effect led to an improvement in the earnings before interest and taxes (EBIT) in the 2015 financial year of 22%, from 6.9 million euros in 2014 to 8.5 million euros in the past reporting period. The 2015 financial result totalled -0.4 million euros, compared with -0.2 million euros in the 2014 financial year. As a result, the earnings before income taxes of secunet Security Networks AG in the 2015 financial year were 8.0 million euros compared with 6.7 million euros in the previous year. Net income increased from 4.3 million euros in 2014 to 5.5 million euros in the 2015 financial year.

2.3.3 Financial and net asset positions of the Group

The balance sheet total of the secunet Group rose from 68.6 million euros on 31 December 2014 to 77.1 million euros on 31 December 2015.

Balance sheet of secunet Group, assets

in euros	31 Dec 2015	31 Dec 2014
Current assets		
Cash and cash equivalents	37,953,836.75	37,354,898.55
Trade receivables	17,148,062.21	17,098,705.60
Intercompany financial assets	314,021.01	74,922.31
Inventories	11,619,235.74	4,851,411.46
Other current assets	296,175.11	402,718.01
Total current assets	67,331,330.82	59,782,655.93
Non-current assets		
Property, plant and equipment	2,337,440.00	1,873,176.00
Intangible assets	185,445.00	101,693.00
Goodwill	2,950,000.00	2,950,000.00
Non-current financial assets	2,942,932.00	2,765,069.00
Long-term financial assets shown in balance sheet acc. equity method	1,671.64	0.00
Loans	300,000.00	0.00
Deferred taxes	1,043,397.42	1,101,379.41
Total non-current assets	9,760,886.06	8,791,317.41
TOTAL ASSETS	77,092,216.88	68,573,973.34

The only major change to have occurred between the two balance sheet dates is that on the asset side of the balance sheet there has been a significant increase in inventories. Inventories increased from 4.9 million euros at 31 December 2014 to 11.6 million euros at the 2015 balance sheet date. The increase in storage capacity is helping to ensure that we can meet demand for short- and medium-term deliveries for the growing product business.

Balance sheet of secunet Group, liabilities

in euros	31 Dec 2015	31 Dec 2014
Equity and liabilities		
Current liabilities		
Trade accounts payable	11,801,485.67	9,300,125.85
Intercompany payables	9,915.43	4,689.41
Other provisions	8,475,325.15	7,334,662.40
Income tax liabilities	2,311,120.09	877,291.73
Other current liabilities	2,823,051.37	4,691,909.09
Deferred income	6,042,257.58	5,282,036.25
Total current liabilities	31,463,155.29	27,490,714.73
Non-current liabilities		
Deferred taxes	169,235.65	123,204.69
Provisions for pensions	5,088,555.00	5,191,728.00
Other provisions	123,306.00	101,434.00
Total non-current liabilities	5,381,096.65	5,416,366.69
Equity		
Share capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Reserve for treasury shares	-103,739.83	-103,739.83
Group profit carryforward	6,980,344.50	4,358,523.14
Group earnings for the period	6,098,914.62	4,368,586.90
Accumulated other comprehensive income/loss	-1,149,560.15	-1,378,484.09
Total equity	40,247,964.94	35,666,891.92
TOTAL EQUITY AND LIABILITIES	77,092,216.88	68,573,973.34

The liabilities side of the secunet Group balance sheet indicates the following significant changes when comparing between 31 December 2014 and 31 December 2015:

Trade accounts payable increased by 2.5 million euros or 27% from 9.3 million euros at 31 December 2014 to 11.8 million euros at 31 December 2015. This increase can be directly attributed to the good year-end business of the secunet Group, which was largely due to the product business. Liabilities regarding suppliers have increased correspondingly. The secunet Group is in a position to fulfil its payment obligations at all times.

The other provisions have increased significantly compared to the level at 31 December 2014 (7.3 million euros), by 1.2 million euros or 16% to 8.5 million euros. The main cause for this is the increase in provisions for variable remuneration to the secunet employees for the successful financial year 2015. In addition there were the provisions for dismantling and maintenance work in connection with the planned move of the company headquarters.

Income tax liabilities increased by 1.4 million euros, from 0.9 million euros on 31 December 2014 to 2.3 million euros on the 2015 balance sheet date. The principal reason for this is the improvement in earnings before taxes as well as the lower advance tax payments made in the reporting year. At the same time, the remaining short-term liabilities, which largely relate to VAT liabilities, decreased by 1.9 million euros, from 4.7 million euros to 2.8 million euros.

Group net income generated in the 2015 financial year of 6.1 million euros and the existing Group loss carryforward of 7.0 million euros, result in a total Group profit carryforward for the coming financial year of 13.1 million euros.

The sustainable profit generation of the secunet Group contributes to the equity increase, which increased by 4.5 million euros or 13% to 40.2 million euros compared to the previous year's reporting date 31 December 2015.

secunet did not take out any loans in either the 2014 or the 2015 financial year; all spending was financed with cash. There were also no other outstanding loans, so the debt ratio was at 0%. A guarantee credit is available to secunet Security Networks AG at its key relationship bank as a security for customers within the framework of larger projects and for guarantees, for example for lessors of office space, in the amount of 6.0 million euros. As at 31 December 2015, the amount of this credit was 3.6 million euros (previous year: 3.6 million euros).

2.3.4 Financial and net asset positions of secunet Security Networks AG

The balance sheet structure of secunet Security Networks AG is not commented on separately, because in terms of the key items it is largely the same as that of the secunet Group as a whole.

The accounting measurement methods in the Annual Financial Statements of secunet Security Networks AG are different to those for the secunet Group, which reports in accordance with IFRS, largely when it comes to the presentation of receivables, inventories and provisions for pensions. A different measurement method is also used for goodwill, which according to the German Commercial Code (HGB) is amortised over 15 years, while IFRS only provides for unscheduled depreciations/amortisations after an impairment test.

The annual financial statements in accordance with the German Commercial Code (HGB) post trade receivables of 14.8 million euros and inventories of 13.4 million euros; in the consolidated financial statements, these are 17.1 million euros and 11.6 million euros respectively. The differences mainly result from the different accounting rules of IAS 18.

In addition, the annual financial statements in accordance with the German Commercial Code (HGB) include provisions for pensions of 3.2 million euros (these are 5.1 million euros in the consolidated financial statements). The reason for this is mainly different interest rates on which the defined benefit obligations are based.

Net income realised in the 2015 financial year of 5.5 million euros, and the existing net accumulated profit from the previous year of 4.6 million euros, result in a net accumulated profit carryforward for the coming financial year of 10.1 million euros. At the Annual General Meeting, the Management Board of secunet Security Networks AG will propose the distribution of 2,199,630.68 euros to the shareholders through the payment of a dividend of 0.34 euros per no-par value share and the carryforward of 7,921,633.66 euros.

2.3.5 Cash flow of the Group

The cash flow from operating activities decreased from 10.2 million euros in the previous year to 4.4 million euros in the 2015 financial year. This decrease resulted from changes to the working capital (receivables and other assets, provisions, liabilities and prepaid and deferred items), which reduced the operating cash flow by around 8.3 million euros. The increase in the inventories of the secunet Group is a key factor here. The improvement in the Group result for the period before taxes of 2.1 million euros had a positive impact on the operating cash flow.

Funds amounting to 2.3 million euros (1.3 million euros in the previous year) were spent on investment activity. This corresponds to an increase of 1.0 million euros compared to the previous year. Investments in intangible assets and property, plant and equipment increased by 0.7 million euros. Disbursements for investments in long-term financial assets also increased.

The cash flow from financial activity declined by 0.7 million in the 2015 financial year as compared with the 2014 financial year, showing a cash outflow of 1.5 million euros. The increased cash outflow is largely attributable to the fact that in the 2015 financial year a dividend in the amount of around 1.7 million euros was paid from the 2014 net income to the shareholders of secunet Security Networks AG, compared with 1.0 million euros in the previous year.

Cash and cash equivalents at the 2015 year-end are therefore 38.0 million euros, compared with 37.4 million euros at the 2014 year-end.

2.3.6 Investments of the Group

The increase in capital expenditures of 2.3 million euros in the 2015 financial year (previous year: 1.3 million euros) consists largely of the purchase of intangible assets and of property, plant and equipment. Spending was mainly on the procurement of new, and replacement of existing, hardware, software and other business and operating equipment. In the 2015 financial year, expenditure for this type of investment amounted to 1.8 million euros and increased by 61% compared to the previous year (1.1 million euros).

In the 2015 financial year, investments in financial assets stood at 0.2 million euros and were almost unchanged compared to the previous year.

The investments were made from liquid funds.

No significant investment projects that go beyond the normal limits are planned for the coming financial year.

2.3.7 Order book of the Group

The order book of the secunet Group in accordance with IFRS is 45.7 million euros at the end of 2015 and has therefore increased by 22% or 8.2 million euros compared to the amount of 37.5 million euros as at 31 December 2014.

A relatively high proportion of services (consulting and development) in the order book will continue to ensure the good utilisation of employee capacities.

2.4. Employees

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

As at the end of the 2015 financial year, the secunet Group had 383 employees, which is 23 individuals or around 6% more than at the end of 2014. The increase in employees primarily took place in the productive areas development and consulting as well as in distribution.

The employees of secunet are highly qualified and exceptionally well trained. Our experts have comprehensive practical experience in project and development work. In addition, secunet places considerable emphasis on the further training of its employees, so that their level of knowledge is in line with the latest developments in the relevant field. In addition, secunet is also active in training.

secunet attaches great importance to cooperative management that takes the needs and qualifications of employees into account. secunet abides by the management principle of 'management by objectives' (MBO). MBO is a technique whereby personnel management is carried out on the basis of agreed objectives. It involves both top-down and bottom-up objectives. The top-down objectives are set by the corporate management. Bottom-up objectives are derived from these and agreed between business unit heads and individual employees. Monitoring of implementation and assessment of the agreed objectives occurs on a yearly basis: The results are then used as a basis for calculating a portion of the variable remuneration of the employees.

3 SUPPLEMENTARY REPORT: EVENTS AFTER CONCLUSION OF THE FINANCIAL YEAR

No significant events occurred after the balance sheet date.

4 FORECAST, OPPORTUNITIES AND RISK REPORT

4.1 Risk report

4.1.1 Risk management objectives and methods

Risk management at secunet Security Networks AG is conducted by a risk committee. This is composed of the Management Board, the COO (Chief Operating Officer) and the CTO (Chief Technical Officer), the head of the Company strategy business division, the commercial manager and the head of service and process management. It meets regularly, once every quarter. Any developments that could jeopardise the fulfilment of objectives or even threaten the survival of the Company are subjected to intense analysis, scrutiny and assessment by the risk committee. The aim is to thereby ensure that information about risks and the associated financial implications is detected as early as possible in order to implement suitable measures. The existing opportunities and associated potential for results are also to be detected and taken advantage of as part of the planning and controlling process.

As part of the preparation for meetings of the risk committee, a comprehensive risk inventory takes place in each area of the Company. Following a bottom-up approach, the risks are identified and aggregated, and assessed according to their damage extent and probability of occurrence.

The Company-specific risks surveyed in this manner are then discussed following a top-down approach as part of the risk committee meetings. The effects of risks and opportunities are not netted. A net presentation is shown when evaluating the effects of risks, i.e. the effects of any risk minimisation measures already taken are considered as part of the evaluation. Depending on the probability-weighted damage value of the risks (risk value), the further treatment of the risks is then determined. This ranges from documentation only for uncritical values via further observation (monitoring) to the need to take measures immediately (warning threshold). Insofar as the identified risks are quantifiable, the corresponding risk values (relating to the reporting date) are adopted in the reporting system.

Proposals for countermeasures are then drawn up, if required. The Management Board examines these measures and implements them promptly. During the course of the 2015 financial year, different risks were identified, which necessitated measures. For the main part, these related to the areas of distribution and production. The operative damage management implemented in these cases was able to contribute to moving the relevant risk value to significantly below the warning threshold in all cases.

The early risk detection and risk management system of secunet Security Networks AG is being continuously developed and improved.

4.1.2 Individual risks

The risks for the secunet Group, and therefore also for secunet Security Networks AG, are primarily focused on the areas of distribution (acquisition of orders) and production (project processing).

4.1.2.1 Competitive environment

The secunet Group generates a large part of its revenues with the *SINRA* product family. With these products, secunet holds competitive advantages on several different levels. On the one hand, this is due to its technological leadership and, on the other, it is thanks to the wide range of approvals and certifications that have been gained for the individual products. Risks that endanger this competitive advantage are assessed regularly, but are not in evidence.

The risk committee keeps itself up to date regularly about any risks that could endanger secunet's technological superiority in the market. To this end, the status of technological development of secunet's products is checked and the opinion of expert employees is asked on whether and to what extent the Company's technological advantage is threatened by competitors' product developments. If necessary, risk reduction measures are triggered. These can take the form of accelerated development cycles, for example, or the inclusion of new application scenarios for secunet solutions.

The competitive national environment also means there are risks that rival businesses will attempt to challenge secunet's privileged market position in terms of business with German government agencies. In this case, secunet would be exposed to much greater competitive pressure in this target customer segment. These risks, too, are assessed and evaluated regularly by the risk committee and the Management Board.

Particularly in the recent past, the competitive environment of secunet has consolidated itself through an increasing level of concentration. New competitors have also emerged. A market that was once split into many providers, including smaller providers, has developed a structure with larger market participants. These trends are closely monitored and their potential consequences are evaluated as part of ongoing risk management and secunet's strategic management.

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

As a result of the increasing attention given to the topic of IT security, an increasing demand for products and solutions in the field of IT security is expected. As a result, the market for IT security is also becoming more attractive for suppliers who have not previously been active on it. These potential new suppliers are increasing the competitive intensity and could endanger the market position of secunet – particularly in the Business Sector. In particular this concerns certified consultants, IT companies and the consulting areas of auditing companies. The assessment that the risk of increased competitive intensity and the opportunity of market growth due to increasing awareness in the public realm are in balance is still valid.

4.1.2.2 Customer structure and distribution

Customer structure risk is present to the extent that secunet still conducts the majority of its business with public sector authorities and organisations. The loss of sections of demand from this customer group can have very negative effects on revenue and results. This risk has been discussed in depth by the risk committee. Investments in IT, and notably in IT security, are seen as particularly important for the smooth delivery of projects for the public sector, particularly in a world where information technologies play an increasingly important role. The risk of a downturn in demand from public sector customers is therefore constantly monitored, although it is currently considered to be relatively low. At the same time, a temporary shift of expected orders is a possibility, such as during so-called provisional budget management, during which the federal authorities are only able to use limited expenditure. During one year, this can cause a significant shift in the year's revenues; service revenues can even be missing completely because these cannot be repeated if capacities are fully utilised. Another risky area regarding the foreseeability of revenues relates to the often long-term decision-making processes for major projects. Measures for risk limitation in this case include the use of key account managers in distribution as well as regular coordination in partnership with major customers.

The fact that a significant proportion of procurements from public customers take place on the basis of framework agreements can present itself as a risk in the case that these framework agreements are re-tendered. The associated distribution risk is taken into account by secunet's operational units and is reduced to an acceptable level through risk-reducing measures.

In order to be better placed in the medium term to react to the potential risk of a decline in demand from public-sector customers, and in order to reduce and compensate for any resulting decline in revenue and results, secunet will continue to devote intensive efforts to the development of its activities for the private-sector target group.

A further risk can be seen in the fact that a large part of the revenue is concentrated on a few public consumers and companies. If one of these major customers is absent for even a short period of time and the corresponding expected orders are shifted, secunet's attainment of annual objectives may be endangered at the very least. In this case too, the use of key account managers in distribution can help towards risk reduction. Thanks to their close contact with the customer, they can ensure a timely reaction to changes in demand.

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

4.1.2.3 Product development risks

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

To date, the risks associated with developing new products that subsequently prove unsuccessful on the market have not been of primary significance for secunet. Its IT high security solutions are tailored precisely to customers' requirements; secunet products are generally not designed without a specific need in mind. Most of the products developed by secunet are made to order and are accordingly financed by the customer. This largely relates to the *SINA* product family in the High Security business division. Even when it comes to biometrics and sovereign documents, product innovations such as the biometric middleware, secunet biomiddle, or the Golden Reader Tool platinum edition were developed as a result of issues raised during consulting activities. Therefore, development risks do not exist with regard to potentially waning demand.

Potential warranty claims are taken into account by creating appropriate risk provisions.

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

4.1.2.4 Major projects

secunet is primarily active in the project business: Many projects relate to infrastructures and solutions that have been designed on an individual basis. In addition, IT security infrastructures are often associated with a large investment volume. There are two main risks for such major projects: the distribution risk and the project management risk. In addition, there are specific risks for very long-term major projects.

The distribution risk is the result of the costly and often protracted tendering and decision-making procedures to meet customer requirements. This places great limitations on the ability to plan for revenues, leading to a potential associated volatility in secunet's business. This distribution risk is continuously monitored as part of risk management and in the ongoing Management Board meetings and, if necessary, it is countered with suitable measures. These measures for reducing the distribution risk also often consist of establishing close contact and thus ongoing cooperation with the customer, through the use of dedicated key account managers, for example.

The project management risk arises after the commissioning of major projects: these projects are characterised by multiple uncertainties in their implementation due to the sheer fact of their size. The risk may then consist of the failure to maintain schedules and project budgets. secunet takes account of these risks by means of a comprehensive project management system, which is used to regularly create management reports for project managers, business unit heads and the Management Board. The risks arising from major projects are monitored continuously – in the same way as development risks – with comprehensive project-planning and control mechanisms, in conjunction with a risk-oriented reporting system. In the event of deviations from the set targets, measures to reduce the risk are resolved and implemented immediately. These can consist of making additional capacity available for processing the project or discussing deviations with the customer in order to bring expectations in line with the altered framework conditions.

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

In very long-term projects that extend over periods of more than five years, there may be additional risks, for example because the solutions implemented reach the end of their technological service life (update problems, problems with out-dated technology). Furthermore, a replacement risk may be posed by suppliers who disappear from the market over the course of such projects. secunet counters these risks with strict risk monitoring by the project managers and the timely implementation of measures. Examples of these measures can be the securing of rights to solutions considered to be critical or accounting precautions for provisions.

4.2 Opportunities

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

4.2.1 Growth via increasing awareness

The increasing awareness regarding the issue of IT security in the last few years was strengthened by the media with the uncovering of eavesdropping affairs, which were reported on over the last few years. Investigations into the medium- to long-term assessment of risks among companies and decision-makers reveal that much greater importance will be placed on cyber security going forward. This can result in a positive trend for the demand for high-quality, trustworthy solutions "Made in Germany". This relates both to the authorities, which are adding IT system and infrastructure security to their previous efforts, and to companies, which counter the now concrete risk of economic/industrial espionage with corresponding safeguards. An additional group is made up of providers of critical infrastructures, for which IT security is becoming ever more important. With the relevant sales activities aimed at the authorities and companies, secunet intends to participate in this positive development of demand.

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

4.2.2 Growth via increasing regulation

The German federal government wants to increase the protection of critical infrastructures such as energy and telecommunications networks as well as that of IT systems. They passed the ITSiG to this end in July 2015. This results in growth opportunities on a variety of levels:

- The legislation will particularly affect operators of critical infrastructures, i.e. facilities that are of central importance to the community, such as the energy supply, for example. In the future they will need to meet specific IT security requirements. This will result in potential demand for implementation concepts for these requirements.
- Furthermore, the draft legislation further extends the role of the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik, BSI) and takes its growing significance as the focal point for IT security into account. Among other things, the BSI should be empowered to inspect and evaluate sensitive IT products and systems on the market with regard to their IT security and to publish the results if necessary. This could give rise to positive stimulus in the product business.

4.2.3 Growth through new markets

IT security solutions "Made in Germany" enjoy a good reputation across the world due to their quality and trustworthiness. The international demand for correspondingly high-quality solutions as offered by secunet is on the rise. Following the impact of the "NSA eavesdropping affair", demand is likely to cause even greater differences by manufacturer countries of origin, from which secunet is also benefiting. In addition, there are the approvals of secunet products for use in an international context, for example by the EU and NATO.

The expansion of foreign activities via secunet's own distribution and via local multipliers is to contribute to raising these potentials.

4.2.4 Growth through acquisitions

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

4.3 Overview of risks and opportunities

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

The assessment revealed that the risks at the time of creating the report can generally be kept at bay and controlled and the identified risks, both individually and as a whole, do not represent risks that threaten the continued existence of the Company with regard to illiquidity or excessive debts in the reporting period of at least one year. In the operative management of the Group, measures were taken continuously to prevent an increase of the risk situation. At the same time, the use of the opportunities described above are driven forward with a number of activities. No key risks are present as at the balance sheet date.

The presentation and evaluation of risks and opportunities also apply in the same way for secunet Security Networks AG.

4.4 Forecast

The framework conditions for the 2016 financial year give reason for optimism.

- For the domestic market, we are still expecting moderately increased demand. This affects both the Public Sector, i.e. business with public customers, and the Business Sector, which serves companies in the private sector.
- The foreign market holds significant growth potentials. secunet is generally in a good position to combat these. The employees in international (direct) distribution have many years of experience in the Company and in dealing with international customers.
- During the course of the year, secunet again increased the number of productive employees and can therefore convert increasing demand and high capacity utilisation into good business results.
- secunet's products and solutions have an excellent reputation and enjoy a growing demand both in Germany and abroad.

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

- secunet is still largely dependent on the procurement activities of the German federal authorities. At the present time, the effects of changing domestic policy cannot yet be assessed. Negative implications for secunet could include the postponement or cancellation of planned projects.
- Project business also holds both opportunities and risks: the scope of investment decisions for major projects, especially if these are part of a political process, can significantly delay the start of expected procurements. In addition, ongoing major projects always face the potential risk of incalculable delays or budget overruns.
- The attention focusing on IT security as a topic is driving the expectation of increasing demand. But attracted by this, increasing competition is also apparent, whose consequences cannot yet be foreseen.

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

- The Company's economic and financial situation is good: previous growth was achieved without declines in profitability, there are no loans and liquid funds are high.
- secunet has high-performing, motivated and highly qualified employees – providing an excellent basis of know-how.

- The Company's existing product and service portfolio stood up well to competition and is continuing to expand in close cooperation with the customers and their needs.
- The Company is well-known as a provider of high-quality and trustworthy IT security for the highest demands, and therefore has a stable and reliable (existing) customer structure.
- The market for IT security is growing; the dynamic technological development in IT continually creates new applications and demands – this opens up great opportunities also and especially in the area of IT security. secunet will be able to meet this demand well in future with optimised and new services, products and solutions.

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

At the time this report was prepared, the secunet Group was in a good position. In the past financial year, revenue and the EBIT increased sharply once again and 2015 consequently ended with excellent results. In respect of these results for the past financial year, it should be noted that they were positively influenced by one-off effects. These resulted from short-term acquisitions by authorities for their IT infrastructure and amounted to a revenue volume of around 5 million euros. There are no indications that we will see these type of non-recurrent effects for the coming year, 2016. On the basis of the results being adjusted for these non-recurrent effects, the expectations of the Management Board of the Company for the coming financial year (2016) are that revenue will remain roughly the same and that the EBIT margin will be somewhere in the region of the previous year's figures.

5 RISK REPORTING WITH REGARD TO THE USE OF FINANCIAL INSTRUMENTS

The financial management of the Company and the Group has a clear focus on the regulations and requirements applicable under corporate law. The aim is to ensure that all Group companies can operate as going concerns. The Group and its associated companies were in a position to fulfil their payment obligations at all times. The investment of liquid funds occurs on a strictly risk-minimising basis. The ongoing monitoring of liquid funds and the coordination with liquidity demands serve to ensure the ongoing ability to pay. This is also the main objective of financial management.

6 DESCRIPTION OF THE KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE GROUP ACCOUNTING PROCEDURE (ARTICLE 289 PARA. 5 AND ARTICLE 315 PARA. 2 CLAUSE 5 OF THE HGB)

6.1 Elements of the internal control and risk management system

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

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

Process-integrated and process-independent monitoring measures are the cornerstone of the secunet Group's internal monitoring system. In addition to manual process controls – such as the "four-eyes principle" – automatic IT process controls are also a key feature of the process-integrated measures. Process-integrated monitoring continues to be assured by means of committees such as the risk committee and by specific functions within the Group such as the legal unit. The Risk Management System presented here primarily focuses on avoiding the occurrence of damage through risks.

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

6.2 Use of IT systems

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

6.3 Specific Group accounting-related risks

Specific risks related to Group accounting may arise, for example, from the conclusion of unusual or complex transactions or from business events that are not handled on a routine basis.

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

Controlling activities for ensuring the correctness and reliability of the accounting system include, for example, the analysis of data and developments using specific key figure analyses. The allocation of administrative, management, billing and approval functions and their implementation by separate people reduce the possibility of fraud. The organisational measures also focus on recording restructuring or changes in the business activities of individual business units properly and in good time in the Group accounting. They also ensure, for example, that in the event of changes to the IT systems for the underlying accounting in the affiliated companies, the accounting processes are recorded in their entirety for the relevant periods. The internal control system also ensures the mapping of changes in the economic or legal environment of the secunet Group and ensures that the Group accounting is adjusted in line with new legal provisions or amendments to such provisions.

The secunet Group accounting principles, which include compliance with International Financial Reporting Standards (IFRS), ensure that the companies included in the Consolidated Financial Statements of secunet Security Networks AG follow consistent accounting and measurement policies.

The internal control system measures, focussing on the correctness and reliability of Group accounting, ensure that business transactions are recorded in good time and in accordance with the law and the Articles of Association. It is also ensured that inventories are carried out correctly and that assets and debts are reported, evaluated and declared appropriately in the Consolidated Financial Statements. Regulatory activities also ensure that reliable and transparent information is made available in the accounting documents.

6.5 Restrictive details

In spite of the mentioned internal organisation, control and monitoring structures, individual discretionary decisions, defective controls, criminal actions or other circumstances cannot be ruled out. This may lead to limited effectiveness and reliability of the internal control and risk management system used to the extent that the Group-wide application of the system cannot absolutely guarantee security regarding the correct, complete and timely recording of facts in the Group accounting.

7 INFORMATION RELEVANT TO ACCEPTANCE: INFORMATION AND EXPLANATORY REPORT PROVIDED BY THE MANAGEMENT BOARD IN LINE WITH ARTICLE 289 PARA. 4 AND ARTICLE 315 PARA. 4 OF THE HGB

The Management Board of secunet Security Networks AG provides the following information for the 2015 financial year in line with Article 289 Para. 4 and Article 315 Para. 4 of the HGB:

1. The share capital of secunet Security Networks AG remains unchanged at 6,500,000 euros and is divided into 6,500,000 bearer shares with no par value. Each share entitles the holder to one vote at the Annual General Meeting of secunet Security Networks AG.
2. A restriction on the transfer of secunet shares may apply pursuant to the Foreign Trade and Payments Act (Außenwirtschaftsgesetz, AWG), owing to the products supplied by secunet Security Networks AG. Article 5 (3) Item 2 of the AWG stipulates that "Restrictions ... can particularly be imposed with reference to the acquisition of domestic companies or shares in such companies by foreigners in order to guarantee essential security interests of the Federal Republic of Germany if the domestic companies ... manufacture products with IT security functions to process classified state material or components essential to the IT security function of such products or have manufactured such products and still dispose of the technology if the overall product was licensed with the knowledge of the company by the Federal IT Security Agency." Apart from the restrictions under the AWG, the shareholders of secunet Security Networks AG are not restricted either by German law or by the Company's Articles of Association in their decisions on the acquisition or disposal of the Company's shares. In particular, the acquisition and disposal of shares do not require the approval of the Company's executive bodies or other shareholders in order to be valid. The voting rights of shareholders are not subject to any restrictions arising from either legislation or the Articles of Association of the Company. The Management Board is not aware of any agreements between shareholders that give rise to restrictions on the transfer of the Company's shares.
3. To the knowledge of the Management Board, up to approx. 10.38% of the Company shares are free floating. To the Management Board's knowledge, direct and indirect capital holdings exceeding 10% of voting rights are held by Giesecke & Devrient GmbH, Munich, Germany, which has a direct stake of 78.96%.

MC Familiengesellschaft mbH, Tutzing, Germany, has an indirect holding in secunet Security Networks AG via its 79.43% holding in Giesecke & Devrient GmbH (including secunet treasury shares). In turn, Verena von Mitschke-Collande, Germany, has an indirect holding in secunet Security Networks AG via her majority holding in MC Familiengesellschaft mbH of 79.43%.
4. secunet Security Networks AG has not issued any shares that grant special rights.
5. Like the rest of the Company's shareholders, employees who hold some of its capital also make their own decisions on the exercise of their voting and control rights and therefore exercise their control rights directly.
6. The Management Board of secunet Security Networks AG is appointed and dismissed in accordance with the applicable legal provisions, in particular Articles 84 and 85 of the German Stock Corporation Law (Aktiengesetz, AktG). The Articles of Association do not contain any special provisions governing the appointment and dismissal of either individual members or the entire Management Board. The Supervisory Board has sole responsibility for its/their appointment and dismissal. It appoints members of the Management Board for a maximum of five years. Members may be reappointed or have their term of office extended, in each case for a maximum of five years.

In accordance with Article 179 of the AktG, changes to the Articles of Association require a decision by the Annual General Meeting; changes that only affect the wording can also be conferred to the Supervisory Board. The amendment becomes effective upon entry in the Commercial Register. In accordance with Article 22 of the Articles of Association, the decisions of the Annual General Meeting require a simple majority of the votes cast, insofar as the Articles of Association or statutory legal provisions do not specify anything to the contrary. Article 10 Para. 5 of the Articles of Association entitles the Supervisory Board to decide on amendments to the Articles of Association that only affect the wording.

7. The Management Board is not entitled to issue new shares. The Articles of Association of secunet Security Networks AG do not provide for a provisory capital increase, nor do they include any entitlement for the Management Board to increase the share capital by issuing new shares in return for capital contribution (approved capital). Furthermore, as set out in Article 71 Para. 1 no. 8 of the AktG, there is no entitlement to purchase treasury stock. As at 31 December 2011, the Company held 30,498 bearer shares, which it purchased on the basis of an authorisation issued during the Annual General Meeting held on 29 May 2001. As per the resolution of the Annual General Meeting of 27 May 2009, the Management Board is entitled to divest these shares on a stock exchange with the agreement of the Supervisory Board. The Management Board of secunet Security Networks AG had not made use of this authorisation as at 31 December 2015.
8. The Company has no significant agreements that are contingent upon a change of control due to a takeover bid.
9. The Company has concluded no remuneration agreements with any members of the Management Board or employees in the event of a takeover bid.

8 MANAGEMENT AND CONTROL - REFERENCE TO THE DECLARATION OF CORPORATE GOVERNANCE PURSUANT TO ARTICLE 289 A (1) OF THE HGB

As a German public company limited by shares, secunet Security Networks AG has a dual management and control structure. The Company and the Group are managed by the Management Board, whose members are appointed by the Supervisory Board. The Supervisory Board advises the Management Board and monitors its conduct of business. A detailed explanation of the management of the secunet Group can be found in the Corporate Governance Report of secunet AG. This section also contains the Declaration of Corporate Governance in accordance with Article 289 a, Para. 1 of the HGB. The Corporate Governance Report is permanently available via the secunet Security Networks AG website, at www.secunet.com.

9 OTHER NOTES

9.1 Remuneration report

The remuneration report summarises the principles used to determine the remuneration of the Management Board of secunet Security Networks AG and sets out the amount and structure of the income received by its members. It also sets out the principles behind and amount of the remuneration received by the Supervisory Board and provides information on the shareholdings of Management Board and Supervisory Board members.

9.1.1 Remuneration of the Management Board

The Supervisory Board of secunet Security Networks AG is responsible for determining the remuneration of the Management Board.

In the 2015 financial year, the remuneration package was made up of four components: a fixed annual salary, a variable bonus, ancillary non-cash benefits and a contribution to the retirement pension. The Management Board remuneration package is broken down as follows:

- The fixed component is paid monthly in the form of salary.
- The variable component is based on the Company's results. It consists of one short-term component and one long-term component. The short-term component is measured on the basis of revenue and EBIT for the current financial year (2015 in this case), while the long-term component is measured based on the average EBIT of the past three financial years (2013–2015 in this case).
- Non-cash and other benefits essentially comprise the taxable values of company car usage.
- The retirement pension contributions paid to members of the Management Board are set out in their individual contracts of employment. These pension commitments provide for a life annuity with provision for dependants.

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

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

Following the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK), the remuneration of the secunet Security Networks AG Management Board is constituted as follows:

Contributions granted

in euros	Dr Rainer Baumgart Chairman				Willem Bulthuis* Management Board member			
	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed remuneration	230,004	230,004	230,004	230,004	195,000	0	0	0
Ancillary benefits	26,882	26,911	26,911	26,911	16,760	0	0	0
Total	256,886	256,915	256,915	256,915	211,760	0	0	0
One-year variable remuneration (formation of provision)	36,000	36,000	0	72,000	32,000	0	0	0
Multi-year variable remuneration (formation of provision)								
Profit Sharing 2014	62,700				62,700			
Profit Sharing 2015		72,778	0	100,000		0	0	0
Total	98,700	108,778	0	172,000	94,700	0	0	0
Pension expense (IFRS)	27,317	29,696	29,696	29,696	0	0	0	0
TOTAL REMUNERATION	382,903	395,389	286,611	458,611	306,460	0	0	0

Contributions granted

in euros	Thomas Pleines Management Board member			
	2014	2015	2015 (min)	2015 (max)
Fixed remuneration	195,000	195,000	195,000	195,000
Ancillary benefits	21,610	26,506	26,506	26,506
Total	216,610	221,506	221,506	221,506
One-year variable remuneration (formation of provision)	32,000	32,000	0	64,000
Multi-year variable remuneration (formation of provision)				
Profit Sharing 2014	62,700			
Profit Sharing 2015		72,778	0	100,000
Total	94,700	104,778	0	164,000
Pension expense (IFRS)	25,081	25,300	25,300	25,300
TOTAL REMUNERATION	336,391	351,584	246,806	410,806

Contribution

in euros	Dr Rainer Baumgart Chairman		Willem Bulthuis* Management Board member		Thomas Pleines Management Board member	
	2014	2015	2014	2015	2014	2015
Fixed remuneration	230,004	230,004	146,250	0	195,000	195,000
Ancillary benefits	26,882	26,911	16,760	0	21,610	26,506
Total	256,886	256,915	163,010	0	216,610	221,506
One-year variable remuneration (formation of provision)	56,989	50,301	0		50,657	44,712
Multi-year variable remuneration (formation of provision)						
Profit Sharing 2014	66,054		0		66,054	
Profit Sharing 2015		85,702				85,702
Summe	123,043	136,003	0	0	116,711	130,414
Pension expense (IFRS)	27,317	29,696	0	0	25,081	25,300
TOTAL REMUNERATION	407,246	422,614	163,010	0	358,402	377,220

* Left company on 30 September 2014

The remuneration of members of the Management Board active during the reporting year totalled 745 thousand euros for the reporting year (previous year: 876 thousand euros) and was constituted as follows:

Total remuneration

in euros	Dr Rainer Baumgart Chairman		Willem Bulthuis* Management Board member		Thomas Pleines Management Board member	
	2014	2015	2014	2015	2014	2015
Non-performance related components	256,886	256,915	163,010	0	216,610	221,506
Performance-related components	56,989	50,301	0	0	50,657	44,712
Components with long-term incentive	66,054	85,702	0	0	66,054	85,702
TOTAL REMUNERATION	379,929	392,918	163,010	0	333,321	351,920

* Left company on 30 September 2014

The pension entitlements of the Management Board members were as follows as at 31 December 2015:

in euros	In accordance with IFRS		In accordance with HGB		
	Present value	Current service cost	Scope of obligation	Provision	Bonus
Dr Baumgart	874,934	29,696	681,353	619,549	145,688
Pleines	630,726	25,300	429,836	383,493	96,576

Owing to the right in accordance with Article 67 Para. 1 and 2 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB) to choose to annually add 1/15 to the difference resulting from the change in valuation under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), there is a shortfall between the scope of HGB obligation and provision set aside, amounting to a total of 108 thousand euros.

As at 31 December 2015, as on the same day of the previous year, no Management Board members held any secunet shares.

The members of the Management Board do not receive any loans from the Company.

Furthermore, no member of the Management Board was promised or granted any benefits by a third party in the previous financial year in respect of his activity as a member of the Management Board.

9.1.2 Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is laid down in Article 17 of the Articles of Association of secunet Security Networks AG. It is based on the tasks and responsibilities of the members of the Supervisory Board.

At the Annual General Meeting on 14 May 2014 new regulations for the Supervisory Board remuneration were introduced. The members of the Supervisory Board receive a fixed payment amounting to 8 thousand euros (previous year: 4 thousand euros). The Chairman of the Supervisory Board receives a payment of 16 thousand euros (previous year: 8 thousand euros), the Deputy Chairman of the Supervisory Board receives 12 thousand euros (previous year: 6 thousand euros). If changes are made within the Supervisory Board during the year, remuneration is granted on a pro-rata basis. Travel expenses associated with Supervisory Board activities are refunded separately after being invoiced.

For the 2015 financial year, the Supervisory Board salaries totalled 60.0 thousand euros (previous year: 44.0 thousand euros).

For the individual members of the Supervisory Board, the demands can be presented as follows:

	2015	2014
in euros	Annual remuneration	Annual remuneration
Deiningger ³	8,000.00	5,084.93
Haniel ²	0.00	1,468.49
Kunz	12,000.00	9,084.93
Legge	8,000.00	6,542.46
Moritz ³	8,000.00	5,084.93
Schäfer ^{3,4}	8,000.00	0.00
Warmke ^{1,2}	0.00	1,468.49
Wick ³	0.00	2,202.74
Zattler	16,000.00	13,084.93
TOTAL	60,000.00	44,021.90

¹ Appointment to the Supervisory Board by the district court on 4 November 2014.

² End of the Supervisory Board mandate with the Annual General Meeting on 14 May 2015.

³ Start of the Supervisory Board mandate with the Annual General Meeting on 14 May 2015.

⁴ Renunciation of the Supervisory Board remuneration for the 2014 financial year.

The members of the Supervisory Board do not receive any loans from the Company.

The members of the Supervisory Board did not receive any other remuneration or benefits in the year under review for services provided personally, in particular consulting and agency services.

9.2 Management Board report in line with Article 312 Para. 3 of the AktG

Pursuant to Article 312 Para. 3 of the AktG, the Management Board has issued a report on the relations with affiliated companies for the 2015 financial year. The report contains the following closing statement: "It is hereby declared that our Company receives an appropriate consideration for each of the legal transactions listed. This assessment has been made on the basis of the circumstances known of at the time of the reportable proceedings. There were no further reportable legal transactions, measures or omissions in addition to the activities reported."

9.3 Forward-looking statements

This report contains forecast statements pertaining to the future development of secunet Security Networks AG and to economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.

Essen, 9 March 2016

Dr Rainer Baumgart

Thomas Pleines

CONSOLIDATED FINANCIAL STATEMENTS

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT, ESSEN

CONSOLIDATED BALANCE SHEET

(according to IFRS) as at 31 December 2015

Assets

in euros	Note	31 Dec 2015	31 Dec 2014
Current assets			
Cash and cash equivalents	(1)	37,953,836.75	37,354,898.55
Trade receivables	(2)	17,148,062.21	17,098,705.60
Intercompany financial assets	(2)	314,021.01	74,922.31
Inventories	(4)	11,619,235.74	4,851,411.46
Other current assets	(2)	296,175.11	402,718.01
Total current assets		67,331,330.82	59,782,655.93
Non-current assets			
Property, plant and equipment	(3)	2,337,440.00	1,873,176.00
Intangible assets	(3)	185,445.00	101,693.00
Goodwill	(3)	2,950,000.00	2,950,000.00
Non-current financial assets	(5)	2,942,932.00	2,765,069.00
Long-term financial assets shown in balance sheet acc. equity method	(6)	1,671.64	0.00
Loans	(6)	300,000.00	0.00
Deferred taxes	(7)	1,043,397.42	1,101,379.41
Total non-current assets		9,760,886.06	8,791,317.41
TOTAL ASSETS		77,092,216.88	68,573,973.34

Liabilities

in euros	Note	31 Dec 2015	31 Dec 2014
Current liabilities			
Trade accounts payable	(8)	11,801,485.67	9,300,125.85
Intercompany payables	(8)	9,915.43	4,689.41
Other provisions	(10)	8,475,325.15	7,334,662.40
Income tax liabilities		2,311,120.09	877,291.73
Other current liabilities	(8)	2,823,051.37	4,691,909.09
Deferred income		6,042,257.58	5,282,036.25
Total current liabilities		31,463,155.29	27,490,714.73
Non-current liabilities			
Deferred taxes	(7)	169,235.65	123,204.69
Provisions for pensions	(9)	5,088,555.00	5,191,728.00
Other provisions	(10)	123,306.00	101,434.00
Total non-current liabilities		5,381,096.65	5,416,366.69
Equity			
Share capital	(11)	6,500,000.00	6,500,000.00
Capital reserves	(11)	21,922,005.80	21,922,005.80
Reserve for treasury shares	(11)	-103,739.83	-103,739.83
Group profit carryforward		6,980,344.50	4,358,523.14
Group profit		6,098,914.62	4,368,586.90
Accumulated other comprehensive income/loss	(11)	-1,149,560.15	-1,378,484.09
Total equity		40,247,964.94	35,666,891.92
TOTAL LIABILITIES		77,092,216.88	68,573,973.34

CONSOLIDATED INCOME STATEMENT

(according to IFRS) for the period from 1 January 2015 to 31 December 2015

in euros	Note	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Revenue	(12)	91,094,132.96	82,213,464.55
Cost of sales		-68,302,591.75	-62,760,774.93
Gross profit on sales		22,791,541.21	19,452,689.62
Selling expenses		-9,997,402.00	-9,092,391.02
Research and development costs		11,462.74	-87,600.67
General administration costs		-4,225,793.45	-3,715,924.16
Other operating income		0.00	25.21
Other operating expenses		-13,671.35	-2,643.00
Earnings before interest and income tax		8,566,137.15	6,554,155.98
Interest income	(14)	220,748.37	135,338.03
Interest expenses	(14)	-137,531.91	-152,754.55
Profit and loss portions of affiliated companies that are entered in the balance sheet in accordance with the equity method	(6)	-8,491.23	0.00
Earnings before tax		8,640,862.38	6,536,739.46
Income taxes	(15)	-2,541,947.76	-2,168,152.56
GROUP PROFIT		6,098,914.62	4,368,586.90
Earnings per share (diluted / undiluted)		0.94	0.68
Average number of shares outstanding (diluted, undiluted, units)		6,469,502	6,469,502

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(according to IFRS) for the period from 1 January 2015 to 31 December 2015

in euros	Note	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Group profit		6,098,914.62	4,368,586.90
Items that cannot be transferred in the income statement			
Revaluation of defined benefit pension plans		322,540.00	-1,196,026.00
Income tax on items that are not reclassified into the income statement		-104,115.91	386,077.19
		218,424.09	-809,948.81
Items that can be transferred in the income statement			
Currency conversion differences (change not affecting income)	(11)	10,499.85	-260.39
Other comprehensive income / loss		228,923.94	-810,209.20
CONSOLIDATED COMPREHENSIVE INCOME / LOSS		6,327,838.56	3,558,377.70

CONSOLIDATED CASH-FLOW STATEMENT

(according to IFRS) for the period from 1 January 2015 to 31 December 2015

in euros	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Cash flow from operating activities		
Earnings before tax	8,640,862.38	6,536,739.46
Depreciation and amortisation of tangible and intangible fixed assets	1,239,927.37	1,124,602.70
Change in provisions	1,262,700.75	2,463,509.72
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	28,339.55	10,752.79
Interest result	-83,216.46	17,416.52
Change in receivables and other assets and prepaid expenses	-6,949,817.91	-2,681,777.12
Change in liabilities and deferred income	1,397,868.22	4,167,696.14
Profit and loss portions of affiliated companies that are entered in the balance sheet in accordance with the equity method	8,491.23	0.00
Tax paid	-1,108,283.31	-1,422,454.18
Cash from operating activities	4,436,871.82	10,216,486.03
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-1,816,282.92	-1,128,741.70
Proceeds from the sale of intangible assets and of property, plant and equipment	0.00	12,651.21
Purchase of financial assets	-177,863.00	-156,111.13
Disbursements for investments in long-term financial assets	-310,162.87	0.00
Cash from investing activities	-2,304,308.79	-1,272,201.62
Cash flow from financing activities		
Dividend payment	-1,746,765.54	-970,425.30
Interest received	220,748.37	135,338.03
Interest paid	-18,330.91	-19,074.55
Cash flow from financing activities	-1,544,348.08	-854,161.82
Effects of exchange rate changes on cash and cash equivalents	10,723.25	-251.19
Increase in cash and cash equivalents	598,938.20	8,089,871.40
Cash and cash equivalents at the beginning of the period	37,354,898.55	29,265,027.15
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	37,953,836.75	37,354,898.55

For further explanations, see note (16).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (according to IFRS) for the period from 1 January 2015 to 31 December 2015

in euros	Share capital	Capital reserves	Reserve for treasury shares	Group profit carryforward	Accumulated other comprehensive income / loss			Total
					Items that cannot be transferred in the income statement	Items that can be transferred in the income statement		
					Revaluation of defined benefit pension plans	Deferred taxes	Miscellaneous	
Equity as at 31 Dec 2013	6,500,000.00	21,922,005.80	-103,739.83	5,328,948.44	-813,207.00	262,503.22	-17,571.11	33,078,939.52
Group profit 1 Jan - 31 Dec 2014				4,368,586.90	0.00	0.00	0.00	4,368,586.90
Other comprehensive income/loss 1 Jan - 31 Dec 2014				0.00	-1,196,026.00	386,077.19	-260.39	-810,209.20
Consolidated comprehensive income 1 Jan - 31 Dec 2014				4,368,586.90	-1,196,026.00	-386,077.19	-260.39	3,558,377.70
Dividend payment				-970,425.30	0.00	0.00	0.00	-970,425.30
Equity as at 31 Dec 2014	6,500,000.00	21,922,005.80	-103,739.83	8,727,110.04	-2,009,233.00	648,580.41	-17,831.50	35,666,891.92
Group profit 1 Jan - 31 Dec 2015				6,098,914.62	0.00	0.00	0.00	6,098,914.62
Other comprehensive income/loss 1 Jan - 31 Dec 2015				0.00	322,540.00	-104,115.91	10,499.85	228,923.94
Consolidated comprehensive income 1 Jan - 31 Dec 2015				6,098,914.62	322,540.00	-104,115.91	10,499.85	6,327,838.56
Dividend payment				-1,746,765.54	0.00	0.00	0.00	-1,746,765.54
Equity as at 31 Dec 2015	6,500,000.00	21,922,005.80	-103,739.83	13,079,259.12	-1,686,693.00	544,464.50	-7,331.65	40,247,964.94

For further information on the development of the Group's equity, see Note (11).

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SECUNET SECURITY NETWORKS
AKTIENGESELLSCHAFT FOR THE 2015 FINANCIAL YEAR (ACCORDING TO IFRS)

GENERAL PRINCIPLES

Reporting company

secunet Security Networks Aktiengesellschaft (hereafter referred to as "secunet AG" or "secunet") is registered with the district court in Essen, Germany (under HRB 13615). It is a listed company in the Prime Standard segment of the regulated market in Frankfurt. The address of the company's registered office is: secunet Security Networks Aktiengesellschaft, Kronprinzenstraße 30, 45128 Essen, Germany.

The secunet Group (hereinafter referred to as "the Group") provides telecommunications and information technology security services, in particular consultancy and systems solutions for information security and related activities.

Declaration of compliance with IFRS

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The requirements of Articles 315, 315 a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB) have been met. The IFRS consist of the IFRS as newly issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC). All standards and interpretations issued by the IASB and applicable at the time of the preparation of the Consolidated Financial Statements have been implemented, provided that they have been endorsed by the EU. In this respect the Consolidated Financial Statements of secunet AG comply with IFRS.

The Consolidated Financial Statements and Company and Group Management Report were released by the Management Board on 9 March 2016 following their preparation.

Disclosure

The Consolidated Financial Statements – as well as the Annual Financial Statements of secunet AG – are filed with the operator of the Federal Gazette and subsequently announced there. They are available for download on the website www.secunet.com. They may also be requested from secunet AG at the above address or inspected at the Company's business premises.

Parent company

The parent company is Giesecke & Devrient GmbH based in Munich, Germany. It holds a direct share of 78.96% in secunet AG.

Via the Consolidated Financial Statements of Giesecke & Devrient GmbH, Munich, the Consolidated Financial Statements of secunet AG are included in the Consolidated Financial Statements of MC Familiengesellschaft mbH, Tutzing, which prepares the Consolidated Financial Statements for the largest group of companies. The Consolidated Financial Statements of MC Familiengesellschaft mbH are filed with the operator of the Federal Gazette.

First-time adoption of new and modified standards and interpretations

Compared with the Consolidated Financial Statements as at 31 December 2014, the following new and modified standards and interpretations were to be applied for the first time following the EU endorsement or entry into force of the standard/interpretation:

Standard/ Interpretation	Key amendment	Entry into force for financial years com- mencing on or after:
Modified standards		
Improvements to IFRS 2011-2013	Amendments to four standards: IFRS 1, IFRS 3, IFRS 13 and IAS 40	1 January 2015
New interpretations		
IFRIC 21	Levies	17 June 2014

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

New accounting rules

The following standards and interpretations had been published at the time the Financial Statements were prepared but were either not yet required to be applied in accordance with the provisions of the respective standard or interpretation, or had not yet been endorsed by the EU.

Standard/ Interpretation	Key amendment	First-time adoption
New standards (still to be endorsed by EU)		
IFRS 9	Financial Instruments	2018 financial year
IFRS 14	Regulatory Deferral Accounts	Cannot yet be foreseen
IFRS 15	Revenue from Contracts with Customers	2018 financial year
IFRS 16	Leases	2019 financial year
Modified standards (not yet endorsed by the EU)		
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Cannot yet be foreseen
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: adoption of the exception to the consolidation requirement	2016 financial year
Amendments to IAS 7	Initiative Notes	2017 financial year
Amendments to IAS 12	Factoring in of deferred tax assets for unrealised losses	2017 financial year

Standard/ Interpretation	Key amendment	First-time adoption
Amended standards (EU endorsement completed by 31 December 2015)		
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	2016 financial year
Amendments to IAS 1	Explanatory Notes	2016 financial year
Amendments to IAS 16 and IAS 38	Acceptable Methods of Depreciation and Amortisation	2016 financial year
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	2016 financial year
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	2016 financial year
Amendments to IAS 27	Equity Method in Separate Financial Statements	2016 financial year
Improvements to IFRS 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	2016 financial year
Improvements to IFRS 2012-2014	Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34	2016 financial year

An early adoption of these standards and interpretations is not planned. The adoption of IFRS 16 (Leasing) will lead to material effects (balance sheet extension), which cannot currently be reliably predicted; no significant effects on the EBIT are expected. No material effects on the secunet Consolidated Financial Statements are expected as a result of adopting the other standards. The effects of the new IFRS 15 (revenues from contracts with customers) have not yet been conclusively analysed and assessed, meaning that it is not possible to make a statement at the time of preparing the Consolidated Financial Statements.

Accounting principles

The present Consolidated Financial Statements as at 31 December 2015, with the exception of the amendments due to the first adoption of new or amended IAS/IFRS above, have been prepared using the same accounting and measurement methods and the same methods of computation as in the previous year. Items in the balance sheet as at 31 December 2015 are classified by maturity. The income statement is based on the cost-of-sales method. In order to improve the clarity of presentation, various items in the Group balance sheet and Group income statement have been summarised and are explained in the Notes.

The Consolidated Financial Statements of secunet AG are presented in euros. All amounts are stated in euros, unless indicated otherwise.

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 year and in the previous year, there were no non-controlling interests (minority interests) in equity or in profit or loss for the period.

As at 31 December 2015, the consolidated Group consisted of the parent company secunet AG and two fully consolidated subsidiaries, as in the previous year. In accordance with IFRS, the subsidiaries report the following figures:

- secunet SwissIT AG, Switzerland, Solothurn, 100% participation, equity of the Company as of 31 December 2015 thousand CHF 70, net income for 2015 thousand CHF -6.
- secunet s.r.o., Czech Republic, Prague, 100% participation, equity of the Company as of 31 December 2015 thousand CZK 3,504, net income for 2015 thousand CZK - 322.

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

Secunet Inc., Austin, Texas (USA), 100% participation is no longer operational and has not been consolidated since financial year 2002 on the grounds that it is not material. The Group's accounting and measurement policies are applied consistently to the financial statements of secunet AG and of the foreign subsidiaries and the associated companies included in the consolidated financial statements. The reporting date for secunet AG and for all consolidated companies is 31 December 2015.

Since the reporting year secunet AG now holds 10% shares in finally safe GmbH, Essen. Due to the significant influence on the company, the latter is an associated company as a result of the participation, which means that the shares are reported and measured in accordance with the equity method.

Basis of consolidation

Capital consolidation is carried out in accordance with the purchase method. When consolidated for the first time, the price of the acquisition is offset against the remeasured equity. The assets and liabilities of the acquired subsidiary are recognised at their fair values. Any remaining difference is recognised as goodwill in accordance with IFRS 3 and subjected to an annual impairment test.

Both expenses and income and receivables and payables between the consolidated companies are eliminated. Intercompany profits are eliminated unless they are immaterial.

Write-downs of shares in consolidated companies that have been carried out in individual financial statements as well as intercompany receivables are reversed within the framework of consolidation.

With the equity method the carrying amounts of the companies are updated with the pro-rata results, the distributed dividends and other changes in equity.

Reporting currency

The Group's reporting currency is euros.

Following IAS 21 (Effects of Changes in Foreign Exchange Rates), foreign subsidiaries' Annual Financial Statements prepared in foreign currency are converted into euros in accordance with the functional currency concept. The functional currency in this context is the currency of the primary economic environment in which the subsidiary is active. In the Consolidated Financial Statements, the balance sheet items of all foreign companies are converted from the local currency into euros at the average exchange rates prevailing on the balance sheet date, as the functional currencies of the foreign subsidiaries are its local currencies. The income statement items are converted using the average exchange rate for the financial year. Differences arising from the conversion of Annual Financial Statements of foreign subsidiaries are treated without affecting the operating result and are recorded in the currency conversion reserve.

For the currency conversion, the following exchange rates were used in respect of currencies of countries not belonging to the European Monetary Union:

1 Euro =	CHF	CZK
31 Dec 2015	1.0828	27.0250
Average 2015	1.0637	27.2791

Financial instruments

Financial assets and financial liabilities are recognised if a Group company is party to the agreement on the financial instrument.

Financial assets or liabilities are initially recognised at the cost of acquisition, which corresponds to their fair value plus transaction costs.

They are grouped into one of the following categories at the time of acquisition:

- Loans and receivables
- Financial liabilities measured at amortised cost
- Financial assets measured at fair value through profit or loss.

Loans and receivables and financial liabilities measured at amortised cost

These are non-derivative financial assets or liabilities with fixed or determinable payments that are not listed on an active market. They are measured at amortised cost minus any required impairments using the effective interest method.

Loans and receivables encompass trade receivables, cash and cash and other current assets.

Financial liabilities measured at amortised cost encompass trade accounts payable and other current liabilities.

Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if the financial asset is either held for trading purposes or is designated as being measured at fair value through profit or loss.

Financial assets are not currently held for trading purposes.

A financial asset is designated as being measured at fair value through profit or loss if this approach substantially reduces or removes any inconsistencies with regard to measurement and disclosure that would otherwise arise.

Financial assets that are measured at fair value through profit or loss include long-term financial instruments. These include the premium reserve shares from reinsurance contracts. As part of the fair-value hierarchy of IFRS 13, reinsurance contracts are subject to a level 1 evaluation based on observable parameters (market prices). For this purpose, the shares of the premium reserve registered by the reinsurance companies are used. In the 2015 financial year, there were no transfers between evaluation levels.

Financial assets measured at fair value through profit or loss are measured at fair value. Any profit or loss resulting from the measurement is recognised in the income statement. The net profit or loss recorded includes any dividend or interest from the financial asset and is reported under "General administrative costs" in the Consolidated Income Statement.

Loans and receivables and financial assets are derecognised when the Company gives up control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Details of the type of financial instruments including material contractual agreements on maturities and other terms and conditions that may affect the amount, timing and probability of occurrence of future cash flows are given elsewhere in these notes (Note 2).

If, in the case of financial assets measured at amortised cost, there are objective and substantial grounds for impairment, a test is carried out to determine whether the carrying amount exceeds the present value of the expected future cash flows. Indications of impairment include a material deterioration in credit rating, significant delays in payment or the insolvency of the borrower.

Cash and cash equivalents

The Group regards all highly liquid assets for which withdrawal or usage is not restricted as cash and cash equivalents. Alongside cash in hand and deposits held at call with banks, these also include short-term bank deposits with original maturities of three months or less. The measurement takes place based on the relevant nominal value.

Inventories

Inventories, which consist almost exclusively of trade goods, are measured at the lower of historical cost or cost of production or net realisable value less costs not yet incurred. Historical cost is calculated in accordance with the weighted average cost method.

Property, plant and equipment

"Property, plant and equipment" consists of office and operating equipment as well as assets under construction and is measured at historical cost less accumulated depreciation. When items of property, plant and equipment are disposed of or retired, their historical costs or production costs, accumulated depreciation and impairment are eliminated from the balance sheet and the gain or loss resulting from their sale is recognised in the income statement. Historical costs also include individually attributable additional and subsequent costs of acquisition. Purchase price reductions are offset.

Subsequent costs are only included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

The depreciation period is based on the useful economic life and is between three and ten years. Depreciation is on a straight-line basis.

The assets' carrying amounts and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

Intangible assets with a finite useful life are measured at historical cost plus additional costs of acquisition less accumulated amortisation calculated using the straight-line method. Acquired software is amortised over three years on a straight line basis.

Costs incurred in preserving the original economic benefits of existing software systems are recognised as an expense when the maintenance work is carried out.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company at the date of the acquisition.

Under IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill is not subject to scheduled amortisation. It is instead subjected to an annual impairment test and carried at original historical cost less accumulated impairment losses.

Where a cash-generating unit is sold, the relevant share of goodwill attributable to that unit is taken into account when calculating the profit from the sale.

Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of the impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where there is an indication that the impairment no longer exists or has decreased, the impairment reversal is recognised as income in the income statement for the asset in question. There were no impairments or impairment reversals in the reporting year.

In impairment testing, goodwill acquired in a business combination is allocated to those cash-generating units that are expected to benefit from the synergies arising from the business combination. Impairment testing is carried out on an annual basis and additionally whenever there are indications of impairment in the respective cash-generating unit.

If the carrying amount of the cash-generating unit exceeds its recoverable amount, the carrying amount of the goodwill allocated to this cash-generating unit must be reduced by the amount of the difference. Impairment losses already recognised are not reversed in this process. If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the remaining impairment loss is recognised by reducing, on a pro-rata basis, the carrying amounts of the cash-generating unit's identifiable assets.

Income tax

Income tax expense is calculated on the basis of the result for the year and takes into account deferred taxes. In accordance with IAS 12 (Income Taxes), deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements and the amounts used for tax purposes. Deferred tax assets can also comprise tax reduction claims that arise from the expected use of existing loss carryforwards in subsequent years. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated using the tax rates that are expected to apply at the time of realisation in accordance with the legal regulations valid on the balance sheet date. Deferred tax is recognised in the income statement as tax income or expense, except to the extent that it is directly linked to equity or items included in other income/loss.

Leases

Leases of property, plant and equipment where the Group has substantially borne all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. After first recognition, assets are shown in accordance with the accounting methods to be applied to this asset. The lease instalments are divided into a financing element and a repayment element.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Other provisions

Other provisions comprise all legal and constructive obligations towards third parties identifiable at the balance sheet date that are based on past events and where the amount can be reliably estimated, and where an outflow of economic benefits is likely to perform this obligation. The provisions are recognised in the amount of the best estimate of the expected settlement value. Possible claims for reimbursement are not offset against the provisions.

Provisions for pensions

In accordance with IAS 19, pension provision is measured using the projected unit credit method for defined benefit plans. This means that future obligations are measured using actuarial methods to estimate the relevant variables and to determine their present value.

All actuarial gains and losses are recorded in the accumulated other income/loss as they arise and without affecting the operating result. Reported pension provisions are based on actuarial certificates issued by an independent actuary.

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

Prepaid and deferred items

Expenditure and earnings prior to the balance sheet date are accrued provided that they lead to expenses or income after this date.

Equity

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

secunet AG's capital reserves were at 1,902,005.80 euros resulting from payments by the shareholder before the transformation of secunet AG into a public company. The price premium paid in the initial public offering accounts for 20,020,000.00 euros of the total. The capital reserves are available – subject to statutory regulations – for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

Treasury shares

Treasury shares are shares in secunet AG held by the Company itself. The acquisition of treasury shares is shown in the Consolidated Financial Statements as a change in equity (reserve for treasury shares). No gain or loss is shown in the income statement for the sale, issue or recalling of treasury shares. The consideration in such transactions is recognised in the Consolidated Financial Statements as a change in equity.

Revenue recognition

Revenues are recognised when it is probable that the future economic benefits associated with the corresponding transaction will flow to the Company and when the amount of revenue can be reliably measured.

Revenue is shown less value-added tax and any discounts when the sale of goods or services has taken place and the risks and rewards associated with ownership have been substantially transferred.

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

According to IAS 18, revenue from services is recognised with reference to the estimated stage of completion, provided that the criteria under IAS 18.20 are met. Work already done for clients as at the balance sheet date but not yet invoiced is recognised as revenue in the amount of the work already carried out in relation to the overall service to be performed. The stage of completion is subject to an estimate to the extent that the total costs incurred can only be estimated at the time of measurement. Loss-free valuation is used. The resulting balance sheet entry is recognised under trade receivables.

Revenue recognition for separately identifiable components of a single transaction follows IAS 18.13. Transactions with separately identifiable components are contracts where the buyer receives a service in addition to a good. The existing recognition criteria are to be applied separately to each component of the transaction.

Revenue from contractual services that are to be performed in a period subsequent to the balance sheet date and have already been invoiced is deferred and then recognised in the income statement over the agreed term.

Assumptions and estimates

In the preparation of the Consolidated Financial Statements, assumptions and estimates were made that affected the reported amounts of assets, liabilities, income and expenses. These assumptions and estimates relate primarily to an estimate of the value of receivables (Note 2), the recognition and measurement of provisions (Notes 9 and 10) and the recognition of revenue in the case of services (see section on Revenue recognition). For the purposes of calculating the value in use of the cash-generating units, as part of the impairment test for the goodwill, estimates and assumptions are required for determining the future cash flows from the cash-generating unit and for calculating the discounting rate (see Note 3, Goodwill).

In some cases, actual results may differ from these estimates and assumptions. Changes are taken into account in the income statement at the time when better knowledge becomes available. Actuarial gains and losses from the pension provision calculation are recorded in other income / loss without affecting the operating result.

Discretionary decisions

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

NOTES TO THE BALANCE SHEET

The balance sheet is classified into non-current and current assets and liabilities. Assets and liabilities due within one year are recognised as current.

In accordance with IAS 12, deferred tax balances are recognised as non-current assets and liabilities.

(1) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

The movement in cash and cash equivalents is shown in the consolidated cash flow statement.

(2) Receivables and other assets

The residual term of all receivables was less than one year.

The trade receivables in the amount of 17,148,062.21 euros (previous year: 17,098,705.60 euros) include an accrued amount for services to customers not yet charged on 31 December 2015 of 2,248,275.37 euros (previous year: 1,769,824.65 euros), of which 384,051 euros (previous year: 17,376 euros) were intercompany payables. The intercompany financial assets also result from trade receivables.

The maturities of all trade receivables are as follows:

Days overdue

in euros	31 Dec 2015	31 Dec 2014
Not due	15,219,922.22	14,964,926.91
1-30	1,904,717.00	1,747,269.00
31-90	148,988.00	378,743.00
91-180	113,489.00	7,722.00
181-360	74,967.00	74,967.00
> 360	354,999.67	0.00
TOTAL	17,817,082.89	17,173,627.91

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

in euros	2015	2014
As at 1 Jan	0.00	0.00
Added	354,999.67	0.00
Released	0.00	0.00
AS AT 31 DEC	354,999.67	0.00

A valuation allowance is posted to a separate valuation allowance account in cases where receivables are clearly overdue (>180 days) and owed from non-public-sector clients or in the event of special information in individual cases. The receivable is derecognised in the income statement in the event of established insolvency or in cases where the receivable is estimated to be irrecoverable for other reasons.

Unimpaired receivables not yet due and other assets are assessed as being of value by the Management Board.

Additions to and reversal of valuation allowances are recorded in the income statement under sales and marketing expenses.

The other current assets to the amount of 296,175.11 euros (previous year: 402,718.01 euros) predominantly concerns other receivables from suppliers, advance payments for travel costs, prepayments for future services and other receivables. No impairments were made.

(3) Property, plant and equipment and intangible assets

Property, plant and equipment

The movement in property, plant and equipment, which in addition to office and operating equipment also includes assets under construction, may be summarised as follows:

in euros	2015 Assets under construction	2015 Office and operating equipment	2015 Property, plant and equipment	2014 Assets under construction	2014 Office and operating equipment	2014 Property, plant and equipment
Accumulated historical cost as at 1 Jan	0.00	9,210,243.53	9,210,243.53	0.00	8,797,315.77	8,797,315.77
Additions	240,000.00	1,410,094.01	1,650,094.01	0.00	1,085,541.70	1,085,541.70
Disposals	0.00	-923,842.43	-923,842.43	0.00	-672,613.94	-672,613.94
As at 31 Dec	240,000.00	9,696,495.11	9,936,495.11	0.00	9,210,243.53	9,210,243.53
Accumulated depreciation and amortisation as at 1 Jan	0.00	7,337,067.53	7,337,067.53	0.00	6,936,918.77	6,936,918.77
Additions	0.00	1,157,490.46	1,157,490.46	0.00	1,049,358.70	1,049,358.70
Disposals	0.00	-895,502.88	-895,502.88	0.00	-649,209.94	-649,209.94
As at 31 Dec	0.00	7,599,055.11	7,599,055.11	0.00	7,337,067.53	7,337,067.53
CARRYING AMOUNT AS AT 31 DEC	240,000.00	2,097,440.00	2,337,440.00	0.00	1,873,176.00	1,873,176.00

There were no restrictions on disposal or fixed assets pledged to lenders.

Intangible assets

The movement in intangible assets may be summarised as follows:

in euros	2015 Goodwill	2015 Intangible assets	2014 Goodwill	2014 Intangible assets
Accumulated historical cost as at 1 Jan	2,950,000.00	1,354,423.31	2,950,000.00	1,331,723.87
Additions	0	166,188.91	0	43,200.00
Disposals	0	-160,137.10	0	-20,500.56
As at 31 Dec	2,950,000.00	1,360,475.12	2,950,000.00	1,354,423.31
Accumulated depreciation and amortisation as at 1 Jan	0	1,252,730.31	0	1,197,986.87
Additions	0	82,436.91	0	75,244.00
Disposals	0	-160,137.10	0	-20,500.56
As at 31 Dec	0	1,175,030.12	0	1,252,730.31
CARRYING AMOUNT AS AT 31 DEC	2,950,000.00	185,445.00	2,950,000.00	101,693.00

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

As in the previous year, in the 2015 financial year there were no development costs subject to mandatory capitalisation.

Goodwill

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

Carrying amount of the goodwill

in thousand euros	31 Dec 2015	31 Dec 2014
Public Sector	2,668	2,668
Business Sector	282	282
TOTAL	2,950	2,950

Goodwill was allocated to the cash-generating units in accordance with the Group's management structure. These cash-generating units represent the lowest reporting level in the Group at which goodwill can be monitored by the management for internal management purposes. Cash-generating units correspond to segments.

The secunet Group is split into two business units, the Public Sector and the Business Sector.

In testing goodwill for impairment in accordance with IAS 36, the recoverable amount of the individual cash-generating unit is determined by its value in use. This value is calculated from the discounted cash flow of the relevant unit. Cash flows are determined based on the EBIT determined as part of annual planning. This is forwarded to $\Pi oplat$ (net-operating-profit less adjusted taxes) and adjusted for depreciation and investments. A discount rate (WACC) of 8.21% was used for these calculations (previous year: 9.21%). A risk-free interest rate (taken from the analyst estimate) of 1.5% (previous year: 2.5%), a risk premium of 5.5% (previous year: 5.5%) and a beta factor of 1.22 (previous year: 1.22) are used to calculate the discount rate. Since the Company largely operates in the European Economic Area, standardised parameters are used for all cash-generating units. The underlying projections employed for the test are based on a period of three years and take into account past experience and the management's expectations regarding the future development of the market, while also considering growth in the detailed planning period. Projections further into the future are made by extrapolating cash flows in perpetuity with factoring in a growth rate of 0.5% (previous year: 0.5%) for value in use.

As the discounted cash flows exceeded the carrying amounts of the goodwill, no impairment of goodwill was necessary. As part of a sensitivity analysis, the risk premium was increased by 1% and flat-rate discounts of 10% were applied to the expected cash flows from the individual cash-generating units. Even under these conditions there was no need for impairment with regard to any of the goodwill allocated to the cash-generating units.

(4) Inventories

in euros	31 Dec 2015	31 Dec 2014
Trade goods	11,619,235.74	4,851,411.46
TOTAL	11,619,235.74	4,851,411.46

Trade goods are measured at historical cost calculated using a sliding average.

The increase in the stock of trade goods compared with the previous year took place within the context of ensuring capabilities to meet short to long-term delivery demand for the ever growing product business.

No value adjustments were carried out for trade goods in the reporting year (previous year: appreciation in value of 207 thousand euros).

(5) Non-current financial assets

The premium reserve shares from reinsurance contracts shown under non-current financial assets amount to 2,942,932.00 euros (previous year: 2,765,069.00 euros). These are for the reinsurance of the existing defined benefit obligations related to 21 (current and former) secunet employees from pension commitments assumed from previous employers. The existing reinsurance contracts are not plan assets as defined under IAS 19.

(6) Long-term financial assets shown in the balance sheet according to the equity method

Participation calculated at equity consists of the shares in finally safe GmbH, Essen. Although secunet holds just 10% of the voting rights on the balance sheet date, it nonetheless holds a significant influence thanks to the arrangements in the Articles of Association of finally safe GmbH.

It is planned that the participation in finally safe GmbH will be gradually extended. This, combined with the granting of loans, will provide support for the company to bring the technologies it has developed (the internet analysis system) to market. secunet AG, in its role as shareholder, has granted a loan to finally safe GmbH of 300 thousand euros on the balance sheet date. Pursuant to the contractually agreed conditions, secunet AG is also obliged to make a further loan to finally safe GmbH of a maximum of 600 thousand euros in the 2016 financial year.

Hereafter the carrying amount of the shares and the share in the results are presented:

in thousand euros	2015	2014
Carrying amount	0.00	0.00
Additions	10,162.87	0.00
Profit and loss portions of affiliated companies that are entered in the balance sheet in accordance with the equity method	-8,491.23	0.00
CARRYING AMOUNT AS AT 31 DEC	1,671.64	0.00

The key points of note for the Company in relation to the balance sheet are as follows:

in thousand euros	31 Dec 2015
Current assets	288
Non-current assets	14
Current liabilities	65
Non-current liabilities	300
	2015
Revenue	0
Group profit	-88
Total result	-88

(7) Deferred taxes

There are no domestic loss carryforwards as at the balance sheet date.

In addition, there were loss carryforwards at the foreign companies of 833 thousand euros (previous year: 1,825 thousand euros) for which no deferred taxes were recognised. Deferred tax claims not recognised totalled 170 thousand euros (previous year: 367 thousand euros). The losses carried forward relate to five (secunet s.r.o) and seven (secunet SwissIT AG) years.

A tax rate of 32.28% was used to calculate deferred taxes (previous year: 32.28%). This tax rate includes trade tax and corporate tax and also the solidarity surcharge.

The breakdown of deferred taxes recognised in the balance sheet is as follows:

Balance sheet entry

in euros	31 Dec 2015	31 Dec 2014
Deferred tax assets		
from provisions for pensions	1,009,097.98	1,072,331.27
from other items	34,299.44	29,048.14
	1,043,397.42	1,101,379.41
Deferred tax liabilities		
from trade receivables	-164,048.25	-123,204.69
from other items	-5,187.40	0.00
	-169,235.65	-123,204.69
TOTAL	874,161.77	978,174.72

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

Income statement for expenses / income

in euros	1 Jan- 31 Dec 2015	1 Jan- 31 Dec 2014
Deferred tax assets		
from provisions for pensions	40,882.62	39,565.92
from other items	5,251.30	-6,525.07
	46,133.92	33,040.85
Deferred tax liabilities		
from trade receivables	-40,843.56	129,544.16
from other items	-5,187.40	7,464.75
	-46,030.96	137,008.91
TOTAL FROM DEFERRED TAXES	102.96	170,049.76

In the 2015 financial year, deferred tax income of 104,115.91 euros was recorded in accumulated other income/loss (deferred tax income in the previous year: 386,077.19 euros).

(8) Liabilities

Intercompany payables were trade accounts payable. The carrying amount of the trade accounts payable corresponds to the nominal value.

Other current liabilities break down as follows:

in euros	31 Dec 2015	31 Dec 2014
Payable value-added tax	1,495,924.84	2,652,765.72
Down payments and advances received	919,356.09	593,200.98
Payable wage income tax and church tax	401,753.38	381,837.66
Liabilities from termination agreements	0.00	272,548.35
Payable social security contributions	3,469.81	3,369.67
Other liabilities	2,547.25	788,186.71
TOTAL	2,823,051.37	4,691,909.09

The maturities of the liabilities are as shown below:

in euros	Total		Remaining term up to 1 year		Remaining term of 1 to 5 years		Remaining term of over 5 years	
	2015	2014	2015	2014	2015	2014	2015	2014
Trade accounts payable	11,801,485.67	9,300,125.85	11,801,485.67	9,300,125.85	0.00	0.00	0.00	0.00
Intercompany payables	9,915.43	4,689.41	9,915.43	4,689.41	0.00	0.00	0.00	0.00
Income tax liabilities	2,311,120.09	877,291.73	2,311,120.09	877,291.73	0.00	0.00	0.00	0.00
Other current liabilities	2,823,051.37	4,691,909.09	2,823,051.37	4,508,094.37	0.00	183,814.72	0.00	0.00
Deferred income	6,042,257.58	5,282,036.25	3,349,305.19	3,179,543.93	2,692,952.39	2,102,492.32	0.00	0.00

(9) Pension provision

in euros	2015	2014
Opening balance as at 1 Jan	5,191,728.00	3,718,796.00
Benefits paid	-14,326.00	-13,132.00
Addition	233,693.00	290,038.00
Addition/reversal not affecting profit/loss	-322,540.00	1,196,026.00
CLOSING BALANCE AS AT 31 DEC	5,088,555.00	5,191,728.00

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

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

The first type of plan grants the beneficiary a defined percentage (between 0.6% and 1.5%) of benefits each year as an old-age pension. In the second type of plan, the beneficiary is granted a fixed component for old-age pension.

Both types of plan allow for early retirement taking account of reductions in benefits. Both plans include a disability and survivors' pension.

The certificate for the eligible employees of secunet AG as at 31 December 2015 is based on trend assumptions of 2.5% for salary growth (previous year: 2.5%), pension growth of 2.0% p.a. (previous year: 2.0% p.a.), a rate of inflation of 2.0% p.a. (previous year: 2.0% p.a.) and an actuarial interest rate of 2.4% p.a. (previous year: 2.3% p.a.). Prof Klaus Heubeck's 2005 G mortality tables were used as the basis for the calculation.

To determine the actuarial interest rate, a yield curve as of the balance sheet date is derived using bootstrapping based on corporate bonds with an AA rating. The actuarial interest rate is calculated by matching the yield curve with the actual term of the obligation.

The parameters were set based on the data from December 2015.

Sensitivity analysis

Sensitivity analysis	Baseline value	Sensitivity	Effect on provisions in thousand euros
Actuarial interest	2.40%	+ 1.00%	-996
Actuarial interest	2.40%	- 1.00%	1,335
Salary growth	2.50%	+ 0.50%	150
Salary growth	2.50%	- 0.50%	-147
Pension growth	2.00%	+ 0.50%	370
Pension growth	2.00%	- 0.50%	-333
Life expectancy	Heubeck 2005 G	+ 1 year	135
Life expectancy	Heubeck 2005 G	- 1 year	-132

The sensitivity calculations are based on the average terms of commitments as at 31 December 2015. Separate calculations were performed for all actuarial parameters considered to be material, so as to show the effects on the present value of defined benefit obligations as at 31 December 2015 separately. Since the sensitivity analyses are based on the average duration of expected commitments, and expected payment deadlines are therefore not considered, they can only provide rough information or statements on trends.

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

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

in euros	2015	2014
As at 1 Jan	5,191,728.00	3,718,796.00
Current service cost	114,492.00	156,358.00
Interest expense	119,201.00	133,680.00
Actuarial gains and losses from		
experience-based adjustments	-205,958.00	-12,967.00
changes to biometric assumptions	0.00	-107,885.00
changes to financial assumptions	-116,582.00	1,316,878.00
Benefits paid	-14,326.00	-13,132.00
AS AT 31 DEC	5,088,555.00	5,191,728.00

Of the defined benefit obligations, 80.5% (previous year: 80.8%) relate to active claimants, 13.0% (previous year: 12.7%) relate to claimants who have left and 6.5% (previous year: 6.5%) relate to pension beneficiaries. Pension commitments do not expire.

The weighted average duration of the defined benefit obligations up to 31 December 2015 is 24.0 years (previous year: 25.0 years).

Costs arising from the defined benefit obligations and included in the income statement were comprised of the following:

in euros	2015	2014
Current service cost	114,492.00	156,358.00
Interest expense	119,201.00	133,680.00
COSTS FOR THE YEAR	233,693.00	290,038.00

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

In the reporting year, pension provisions of 14,326 euros (previous year: 13,132 euros), were paid directly by the employer.

Against the defined benefit obligation were premium reserve shares from reinsurance contracts in the amount of 2,942,932.00 euros (previous year: 2,765,069.00 euros) which do not represent plan assets under IAS 19.

Pension provision of 5,362,876 euros are expected as at 31 December 2016, based on an annual expense of 293,195 euros and planned pension payments of 18,874 euros.

In the reporting year, secunet AG paid contributions of 2,024 thousand euros (previous year: 1,765 thousand euros) into the statutory pension insurance plan, which is regarded as a defined contribution plan. In the case of defined contribution pension plans, the Company has no further obligations beyond the payment of contributions.

(10) Other provisions

Developments in other provisions are shown in the table below:

in euros	1 Jan 2015	Utilisation	Released	Additions	31 Dec 2015
Non-current provisions					
Provision for anniversary bonuses	101,434.00	0.00	0.00	21,872.00	123,306.00
Current provisions					
Annual employee bonuses	4,969,881.00	-4,860,067.70	-109,813.30	6,023,300.00	6,023,300.00
Deferred costs	664,649.67	-643,179.65	0.00	441,906.49	463,376.51
Accrued holidays	535,545.00	-535,545.00	0.00	513,921.00	513,921.00
Dismantling and maintenance work	83,000.00	0.00	0.00	380,000.00	463,000.00
Warranties	483,880.00	0.00	-380,290.00	200,000.00	303,590.00
Risks of litigation	133,802.40	-54,240.00	0.00	50,000.00	129,562.40
Professional association contributions	117,000.00	-110,636.47	-6,363.53	117,000.00	117,000.00
Others	346,904.33	-279,264.54	-21,994.79	415,930.24	461,575.24
	7,334,662.40	-6,482,933.36	-518,461.62	8,142,057.73	8,475,325.15
TOTAL	7,436,096.40	-6,482,933.36	-518,461.62	8,163,929.73	8,598,631.15

The provision for the litigation risks was formed for two cases in which the Company is the defendant. The total amount in dispute is 500 thousand euros. For one lawsuit, a provision of 80 thousand euros was made to cover defence costs and the creation of expert reports to be submitted in court. For the other lawsuit, provisions amounting to 50 thousand euros were made for the amount in dispute. The expected risk upon realisation is a minimum of 55 thousand euros, up to a maximum of 550 thousand euros.

The expected realisation arising from the warranty for a project was not fulfilled. This section of the provisions could therefore be liquidated within the financial year.

Due to the move of the Company headquarters planned for the 2016 financial year, the provisions for dismantling and maintenance work for the most part include dismantling and maintenance work to be carried out by the Company for the rented property at Kronprinzenstraße 30, Essen.

Overall risks have been represented at the level of the expected realisation. The minimum risk from all other provisions is 8,350,041.15 euros and the maximum risk is 8,845,041.15 euros.

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

(11) Equity

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

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

The subscribed capital has remained unchanged at 6,500,000.00 euros. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid. Calculated on a net income of 6,061,673.26 euros, diluted and undiluted earnings per share were 0.94 euros (6,469,502 shares), compared with 0.68 euros (6,469,502 shares) in the previous year.

The number of shares outstanding remained unchanged, at 6,469,502 shares. Each share grants the holder one voting right and, in the event of a distribution, an equivalent dividend entitlement.

secunet AG's capital reserves were unchanged from the previous year, with 1,902,005.80 euros of the total resulting from payments by the shareholder before the transformation of secunet AG into a public company limited by shares. The price premium paid in the initial public offering accounts for 20,020,000.00 euros of the total. The capital reserves are available – subject to statutory regulations – for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

The reserve for treasury shares results from the fact that the acquisition of treasury shares is shown as a change in equity. The Company currently holds 30,498 of its own shares.

Accumulated other income/loss consists of currency conversion differences from the currency conversion of financial statements of foreign subsidiaries, actuarial gains and losses as part of pension provision calculation as well as deferred taxes.

Use of the balance sheet profit

From the balance sheet profit of 6,393,306.79 euros reported for the 2014 financial year in the Annual Financial Statements in accordance with the HGB, dividends of 0.27 euros per share (amounting to a total of 1,746,765.54 euros) were distributed in the 2015 financial year in accordance with the resolution of the Annual General Meeting of 13 May 2015. The remaining sum, amounting to 4,646,541.25 euros, was carried over to the next statement as profit.

The Annual Financial Statements in accordance with the HGB of secunet AG for the 2015 financial year show net income for the year of Euro 5,474,723.09. Taking into account the carryforward of Euro 4,646,541.25, this results in balance sheet profits of Euro 10,121,264.34.

The Management Board suggested to the Annual General Meeting to distribute 0.34 euros per share to the 6,469,502.00 euros of share capital entitled to a dividend and to carry forward the remaining amount of 7,921,633.66 euros. When determining the share capital entitled to a dividend, the total of 30,498 treasury shares was deducted.

in euros	2015
Net income for the year 2015	5,474,723.09
Carryforward at 01 January 2015	6,393,306.79
Dividend payment in 2015	-1,746,765.54
Net accumulated profit/loss as at 31 December 2015	10,121,264.34
Proposal for the appropriation of distributable earnings	
Dividend payment	2,199,630.68
CARRYFORWARD	7,921,633.66

NOTES TO THE INCOME STATEMENT

(12) Revenue

Domestic revenues totalled 81,156,684.68 euros (previous year: 72,906,840.20 euros). Revenues generated abroad amounted to 9,937,448.28 euros (previous year: 9,306,624.35 euros). Revenues are divided up by customer location.

Approximately 42.2 million euros of this revenue is related to the Group's major customer as defined in IFRS 8.34. This revenue was generated in the Public Sector business unit. No other individual customer accounted for 10% or more of the Group's revenues in 2015.

The revenues include 10,753,637.09 euros of turnover for support and maintenance services (previous year: 11,532,770.39 euros).

(13) Presentation of selected expenses and income according to cost types

With the exception of materials expenses, which must always be included under cost of sales, all the cost types can be recorded under the cost of sales, the selling expenses and the general administrative costs. The following amounts are recorded for the cost types listed below:

in euros	2015	2014
Expenses for raw materials, consumables and operating materials	31,468,833.49	27,842,354.73
Cost of purchased services	4,373,190.70	5,288,387.22
Materials expenses	35,842,024.19	33,130,741.95
Wages and salaries	27,643,985.56	25,737,250.76
Social security costs	4,089,541.76	3,716,255.78
Old age pension costs	101,473.20	169,377.35
Personnel expenditure	31,835,000.52	29,622,883.89
Depreciations (scheduled)	1,239,927.37	1,124,602.70

(14) Interest income / expense

In the 2015 financial year, lease payments of 220,740.38 euros (previous year: 135,338.03 euros) were generated. Of this amount, 163,748.53 euros (previous year: 127,296.01 euros) relates to interest income from short-term loans to shareholders Giesecke & Devrient GmbH. The remaining amount (56,999.84 euros, previous year: 8,042.02 euros) primarily relates to interest income from tax rebates.

The interest expense of 2015 of 137,531.99 euros (previous year: 152,754.55 euros) essentially comprises the interest on other provisions in addition to the interest on pensions (119,201 euros, previous year: 133,680 euros).

(15) Income taxes

In the reporting year, current taxes of 2,542,050.72 euros were incurred (previous year: 2,338,202.32 euros). This includes taxes for previous years in the amount of 324,683.12 euros (previous year: 2,362.67 euros). For latent taxes see Notes under (7).

The income tax expense is derived from the theoretical tax expense, applying a tax rate of 32.28% (previous year: 32.28%) to the earnings before tax. The tax expense arising from the application of the tax rate for the Group is derived as follows:

in euros	2015	2014
Profit before tax	8,640,862.38	6,536,739.46
Expected tax expense	-2,789,270.38	-2,110,059.50
Trade tax adjustments	-48,868.18	-41,353.66
Tax rate differences, international	-2,137.13	-1,031.57
Previous year's taxes	324,683.12	2,362.67
Permanent differences	0.00	0.00
Non-deductible expenses	-18,375.39	-14,732.17
Other items	-7,979.80	-3,338.33
EFFECTIVE TAX EXPENSE	-2,541,947.76	-2,168,152.56

As at 31 December 2015, the tax rates used to calculate deferred tax assets and liabilities were unchanged compared with the previous year.

The effective tax rate in the reporting year, based on the Group profit before tax, was 29.4% (previous year: 33.2%), respectively.

(16) Cash flow statement

The cash flow statement shows the changes in cash over the course of the reporting year, broken down into cash flows from operating, investment and financing activities. Liquid funds consist of cash in hand, bank current accounts and time and call deposit accounts with banks.

The cash flow from operating activities was determined using the indirect method.

SEGMENT REPORTING

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

Segment report 2015

in thousand euros	Public Sector	Business Sector	secunet 2015
Segment income	79,153	11,941	91,094
Cost of sales	-58,966	-9,337	-68,303
Selling expenses	-7,897	-2,100	-9,997
Research and development expenses	11	0	11
Administrative costs	-3,080	-1,160	-4,240
Segment result (EBIT)	9,221	-656	8,565
Interest result			83
Income from investments			-8
Group profit before tax			8,640
Goodwill	2,668	282	2,950

Segment report 2014

in thousand euros	Public Sector	Business Sector	secunet 2014
Segment income	68,869	13,344	82,213
Cost of sales	-53,269	-9,492	-62,761
Selling expenses	-6,542	-2,550	-9,092
Research and development expenses	-88	0	-88
Administrative costs	-2,837	-882	-3,719
Segment result (EBIT)	6,133	420	6,553
Interest result			-18
Income from investments			0
Group profit before tax			6,535
Goodwill	2,668	282	2,950

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

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

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

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

The accounting principles for the segments are identical to those used for the Consolidated Financial Statements. Using apportionments, expenses (e.g. overhead costs) that are not directly allocable to the reportable segments are allocated to the reportable segments. The segments are managed on the basis of the segment result.

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

OTHER DISCLOSURES

Capital management

Our capital management of the secunet Group is geared primarily to the provisions and requirements of company law. The aim is to ensure that all Group companies can operate as going concerns. Where no special provisions dictate otherwise, the equity for tax purposes is the same as the balance sheet equity. In all other cases the balance sheet equity is adjusted in line with regulatory or contractual requirements. The Group is not subject to any minimum equity requirements.

The Group's equity as at 31 December 2015 was 40,247,964.94 euros (previous year: 35,666,891.92 euros).

Financial instruments

Risks from financial instruments

The risks arising from financial instruments relate to liquidity, default and market risks.

Liquidity risks

To ensure that it has sufficient funds at its disposal, the Group prepares a liquidity plan as part of its three-year planning. This is then compared against each set of month-end figures and subsequently analysed.

The finance department informs the CFO of the current level of available funds on a daily basis. In conjunction with a permanent reminder function, this ensures a high level of cash holdings at all times.

Given the high level of available funds, the Group has to date never needed to make use of credit lines.

At the end of the year, the Group had cash and cash equivalents amounting to 37,953,836.75 euros at its disposal (previous year: 37,354,898.55 euros). Current financial liabilities stood at 22,987,830.14 euros (previous year: 20,156,052.33 euros).

Default risks

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

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

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

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

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

Market risks

The Group generates the majority of its revenues in the eurozone. The risks resulting from exchange rate fluctuations are therefore not significant. Fixed interest rates are agreed for the Company's interest-bearing call deposits and time deposits. Due to the high level of cash and cash equivalents, no financing through loans is required. Risks resulting from changes in interest rates can therefore also be regarded as low.

Other notes on financial instruments

During the reporting year, there were no reclassifications of financial assets between the measurement categories under IAS 39. With the exception of premium reserves from reinsurance contracts, no financial assets or liabilities were measured at fair value.

The carrying amounts of current financial assets and liabilities represent an appropriate approximation of fair value for the purposes of IFRS.

The fair values of non-current financial instruments – shown under non-current financial assets – correspond to the carrying amounts. These developed as follows:

in euros	2015	2014
Carrying amount on 1 Jan	2,765,069.00	2,608,957.87
Incoming payments	105,005.90	105,005.90
Outgoing payments	0.00	-21,746.43
Income recorded in the income statement	72,857.10	72,851.66
CARRYING AMOUNT AS AT 31 DEC	2,942,932.00	2,765,069.00

During the 2015 financial year expenses amounting to 357 thousand euros (previous year: 0 thousand euros) arose from impairments for financial instruments measured at amortised cost.

Additional notes on financial instruments

Measurement method pursuant to IAS 39

	Measurement categories as defined in IAS 39.9	Loans and receivables	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss
	Financial instrument classes as defined in IFRS 7.6	Assignments with assetsside balance vis-à-vis customers	Financial instruments measured at amortised cost	Not financial instruments as defined in IAS 39 and IFRS 7
Assets in euros	Carrying amount 31 Dec 2015			Financial instruments measured at fair value
Current assets				
Cash and cash equivalents	37,953,836.75		37,953,836.75	0.00
Trade receivables	17,148,062.21	2,248,275.37	14,899,786.84	0.00
Intercompany financial assets	314,021.01		314,021.01	0.00
Inventories	11,619,235.74			11,619,235.74
Other current assets	296,175.11		296,175.11	0.00
Non-current assets				
Property, plant and equipment	2,337,440.00			2,337,440.00
Intangible assets	185,445.00			185,445.00
Goodwill	2,950,000.00			2,950,000.00
Non-current financial assets	2,942,932.00			2,942,932.00
Long-term financial assets shown in balance sheet acc. equity method	1,671.64			1,671.64
Loans	300,000.00		300,000.00	
Deferred taxes	1,043,397.42			1,043,397.42
TOTAL ASSETS	77,092,216.88	2,248,275.37	53,763,819.71	0.00
				2,942,932.00
				18,137,189.80

	Measurement categories as defined in IAS 39.9	Loans and receivables	Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss
	Financial instrument classes as defined in IFRS 7.6	Assignments with assetsside balance vis-à-vis customers	Financial instruments measured at amortised cost	Not financial instruments as defined in IAS 39 and IFRS 7
Liabilities in euros	Carrying amount 31 Dec 2015			Financial instruments measured at fair value
Current liabilities				
Trade accounts payable	11,801,485.67		11,801,485.67	0.00
Intercompany payables	9,915.43		9,915.43	0.00
Other provisions	8,475,325.15			8,475,325.15
Income tax liabilities	2,311,120.09			2,311,120.09
Other current liabilities	2,823,051.37		2,823,051.37	0.00
Deferred income	6,042,257.58			6,042,257.58
Non-current liabilities				
Deferred taxes	169,235.65			169,235.65
Provisions for pensions	5,088,555.00			5,088,555.00
Other provisions	123,306.00			123,306.00
TOTAL LIABILITIES	36,844,251.94	0.00	0.00	14,634,452.47
				0.00
				22,209,799.47

	Measurement categories as defined in IAS 39.9	Loans and receivables		Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	Not financial instruments as defined in IAS 39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6	Assignments with asset side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value		
Assets in euros	Carrying amount 31 Dec 2014					
Current assets						
Cash and cash equivalents	37,354,898.55		37,354,898.55			0.00
Trade receivables	17,098,705.60	1,769,824.65	15,328,880.95			0.00
Intercompany financial assets	74,922.31		74,922.31			0.00
Inventories	4,851,411.46					4,851,411.46
Other current assets	402,718.01		402,718.01			0.00
Non-current assets						
Property, plant and equipment	1,873,176.00					1,873,176.00
Intangible assets	101,693.00					101,693.00
Goodwill	2,950,000.00					2,950,000.00
Non-current financial assets	2,765,069.00				2,765,069.00	0.00
Long-term financial assets shown in balance sheet acc. equity method	0.00					0.00
Loans	0.00		0.00			
Deferred taxes	1,101,379.41					1,101,379.41
TOTAL ASSETS	68,573,973.34	1,769,824.65	53,161,419.82	0.00	2,765,069.00	10,877,659.87

	Measurement categories as defined in IAS 39.9	Loans and receivables		Financial liabilities measured at amortised cost	Financial assets measured at fair value through profit or loss	Not financial instruments as defined in IAS 39 and IFRS 7
	Financial instrument classes as defined in IFRS 7.6	Assignments with asset side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value		
Liabilities in euros	Carrying amount 31 Dec 2014					
Current liabilities						
Trade accounts payable	9,300,125.85			9,300,125.85		0.00
Intercompany payables	4,689.41			4,689.41		0.00
Other provisions	7,334,662.40					7,334,662.40
Income tax liabilities	877,291.73					877,291.73
Other current liabilities	4,691,909.09			4,691,909.09		0.00
Deferred income	5,282,036.25					5,282,036.25
Non-current liabilities						
Deferred taxes	123,204.69					123,204.69
Provisions for pensions	5,191,728.00					5,191,728.00
Other provisions	101,434.00					101,434.00
TOTAL LIABILITIES	32,907,081.42	0.00	0.00	13,996,724.35	0.00	18,910,357.07

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

in euros	2015	2014
Loans and receivables		
Interest result	202,641.40	135,338.03
Value reductions (-)/Value increases (+)	-357,279.17	-150.00
	-154,637.77	135,188.03
Financial assets measured at fair value through profit or loss		
Interest result	72,857.10	72,851.66
TOTAL	-81,780.67	208,039.69

Leases / other financial liabilities

The Company's other financial liabilities resulted mainly from long-term tenancy agreements for office premises and from leases relating to motor vehicles.

The tenancy agreements for office premises have residual terms of between one and seven years. Options to extend the term of the tenancy have been agreed in some cases.

The car leases have residual terms of between one and four years, with no extension or purchase options.

The terms of the leases contain absolutely no restrictions on those business activities that affect dividends, additional debts or further leases.

Lease payments of 2,785,079.30 euros (previous year: 2,581,046.92 euros).

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

Nominal/in euros	31 Dec 2015	31 Dec 2014
Long-term rental commitments for various office premises	8,837,101.79	10,280,789.53
Lease commitments for office and operating equipment	1,207,907.34	1,418,923.14
TOTAL	10,045,009.13	11,699,712.67

The maturities of the liabilities are as follows:

Nominal/in euros	31 Dec 2015	31 Dec 2014
Up to 1 year	2,289,145.85	2,718,773.86
More than 1 year but less than 5 years	7,683,700.28	7,994,582.95
More than 5 years	72,163.00	986,355.86
TOTAL	10,045,009.13	11,699,712.67

The liabilities for 2016 will be offset by minimum payments from subleases that cannot be terminated amounting to 6,644.40 euros.

CORPORATE GOVERNANCE

With regard to secunet AG, the Management Board and Supervisory Board issued the declaration required pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG). This is permanently available to shareholders on the Company's website (www.secunet.com).

EXECUTIVE BODIES

The members of the Management Board during the reporting year were:

Dr Rainer Baumgart, Chairman
Qualified business economist (FH) Thomas Pleines

FEES FOR AUDITORS OF CONSOLIDATED FINANCIAL STATEMENTS

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

in thousand euros	2015	2014
Audit services	75	70
of which relating to audit of the previous year	3	1
Other certification services	12	12
Tax advisor services	44	38
Other services	45	5
TOTAL	176	125

RELATED PARTY DISCLOSURES

Transactions with related persons

The remuneration of key management personnel breaks down into the following categories pursuant to IAS 24.

in thousand euros	2015	2014
Management Board		
Short-term employee benefits	573.4	744.2
Post-employment benefits	55.0	52.4
Other long-term employee benefits	171.4	132.1
Benefits resulting from termination of employment relationship	0.0	325.1
TOTAL	799.8	1,253.8
Supervisory Board		
Short-term employee benefits	60.0	44.0

The remuneration of members of the Management Board active during the reporting year totalled 745 thousand euros for the reporting year (previous year: 876 thousand euros). The remuneration of former members of the Management Board totalled 0 thousand euros for the reporting year (previous year: 325 thousand euros). Provisions for pensions in the amount of 41.5 thousand euros (previous year: 41.2 thousand euros) are recorded for this group of people.

Supervisory Board remuneration for the reporting year totalled 60 thousand euros (previous year: 44 thousand euros).

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

Transactions with related companies of MC Familengesellschaft mbH

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

The following transactions were carried out in the specified period with companies in the MC Familengesellschaft mbH Group on the usual market terms:

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

in euros	2015	2014
Parent company		
Giesecke & Devrient GmbH, Munich	616,085.27	2,964,412.15
Other affiliated companies		
Veridos GmbH, Berlin	261,807.85	0.00
Giesecke & Devrient Egypt Ltd, Cairo	0.00	85,200.00
Giesecke & Devrient 3S GmbH, Munich	0.00	80,881.00
Giesecke & Devrient International Government Solutions GmbH, Berlin	0.00	31,800.00
TOTAL	877,893.12	3,162,293.15

For projects with related companies in the MC Familengesellschaft mbH Group, provisions for deferred costs of 17 thousand euros (previous year: 61 thousand euros) were created.

2. Financial result for services performed for related companies in the MC Familengesellschaft mbH Group

Interest income of 163,748.53 euros (previous year: 127,296.01 euros) was earned from the provision of short-term loans to Giesecke & Devrient GmbH, Munich.

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

in euros	2015	2014
Parent company		
Giesecke & Devrient GmbH, Munich	301,121.12	293,161.68
Other affiliated companies		
Veridos GmbH, Berlin	32,400.00	0.00
TOTAL	333,521.12	293,161.68

4. Receivables from related companies in the MC Familiengesellschafts Group

in euros	2015	2014
Parent company		
Giesecke & Devrient GmbH, Munich	100,399.51	37,080.31
Other affiliated companies		
Veridos GmbH, Berlin	213,621.50	0.00
Giesecke & Devrient International Government Solutions GmbH, Berlin	0.00	37,842.00
TOTAL	314,021.01	74,922.31

Receivables from Group companies were recorded in the amount of 314,021.01 euros (previous year: 74,922.31 euros) from trade receivables.

5. Payables to related companies in the MC Familiengesellschafts Group

As at 31 December 2015, trade payables of 9,915.43 euros were recorded for Giesecke & Devrient GmbH, Munich (previous year: 4,689.41 euros).

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

In the 2014 financial year, revenues of 1,262,824.30 euros were generated with Trustonic GmbH, Munich. Revenues of 34,472.11 euros were earned by Trustonic Ltd., Cambridge, UK. As at 31 December 2015 the companies no longer have a participating interest in MC Familiengesellschaft mbH.

7. Other income from companies that have a participating interest in MC Familiengesellschaft mbH

Other income amounting to 21,557.76 euros (previous year: 0 euros) was earned from finally safe GmbH, Essen for the takeover of administrative tasks and the letting of office space.

8. Services purchased from companies that have a participating interest in MC Familiengesellschaft mbH

In the 2014 financial year, services worth 5,000.00 euros were purchased from Trustonic.com, Cambridge, UK. As at 31 December 2015, the Company no longer has a participating interest in MC Familiengesellschaft mbH.

9. Receivables from companies that have a participating interest in MC Familiengesellschaft mbH

As at 31 December 2015 trade receivables of 32,705.03 euros (previous year: 0.00 euros) from finally safe GmbH are recorded. The company was also provided with a loan of over 300,000 euros.

10. Other obligations with respect to companies that have a participating interest in MC Familiengesellschaft mbH

Pursuant to contractually agreed conditions, secunet AG is obliged to make a further loan to finally safe GmbH of a maximum of 600 thousand euros in the 2016 financial year.

EVENTS SINCE THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Essen, 9 March 2016

The Management Board

Dr Rainer Baumgart

Thomas Pleines

AUDITORS' REPORT: CONSOLIDATED FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements – comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the Consolidated Financial Statements – of secunet Security Networks Aktiengesellschaft, Essen, and the Company and Group Management Report for the financial year from 1 January to 31 December 2015. The Company's legal representatives are responsible for the preparation of the Consolidated Financial Statements and Company and Group Management Report in accordance with IFRS as applicable in the EU, and the provisions of commercial law additionally applicable under Article 315a Para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB). Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Company and Group Management Report, based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Article 317 of the HGB and the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements, with due regard to the applicable accounting principles, and the Company and Group Management Report are free of material misstatements in their presentation of the assets, liabilities, financial position and results of operations. Knowledge of the business activities and the economic and legal environment of the Group and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and evidence supporting the disclosures in the Consolidated Financial Statements and Company and Group Management Report are examined primarily on a test basis within the framework of the audit. The audit also includes evaluating the Annual Financial Statements of the companies included in the Consolidated Financial Statements, the determination of the companies to be included in consolidation, the appropriateness of the accounting and consolidation principles used and the reasonableness of accounting estimates made by the legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements and of the Company and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements comply with IFRS as applicable in the EU, and the provisions of German commercial law additionally applicable under Article 315a Para. 1 of the HGB and give a true and fair view of the assets, liabilities, financial position and results of operations of the Group in accordance with these provisions. The Company and Group Management Report is consistent with the Consolidated Financial Statements, as a whole provides a suitable view of the Group's position, and suitably presents the opportunities and risks of future development.

Essen, 10 March 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Mertens
Auditor

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Group Management Report includes a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dr Rainer Baumgart

Thomas Pleines

ANNUAL FINANCIAL STATEMENTS

OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT, ESSEN

BALANCE SHEET

As at 31 December 2015 (according to HGB)

Assets

in euros	Note	31 Dec 2015	31 Dec 2014
A. Fixed assets			
I. Intangible fixed assets		825,125.00	937,993.00
II. Tangible fixed assets		2,337,398.00	1,873,176.00
III. Long-term financial assets		3,253,094.87	2,765,069.00
Total fixed assets	1)	6,415,617.87	5,576,238.00
B. Current assets			
I. Inventories	2)	13,434,236.17	6,326,176.28
II. Receivables and other assets	3)	15,260,823.17	15,520,227.31
III. Cash in hand and balances with credit institutions	4)	37,758,362.95	37,152,166.23
Total current assets		66,453,422.29	58,998,569.82
C. Prepaid and deferred items		126,313.74	200,061.52
D. Active difference resulting from asset offsetting	5)	24,750.97	0.00
TOTAL ASSETS		73,020,104.87	64,774,869.34

Liabilities

in euros	Note	31 Dec 2015	31 Dec 2014
A. Equity			
Subscribed capital		6,500,000.00	6,500,000.00
Nominal value of treasury shares		-30,498.00	-30,498.00
I. Issued capital		6,469,502.00	6,469,502.00
II. Capital reserves		21,656,305.42	21,656,305.42
III. Revenue reserves			
Reserve due to treasury shares		30,498.00	30,498.00
IV. Net accumulated profit / losses		10,121,264.34	6,393,306.79
Total equity	6)	38,277,569.76	34,549,612.21
B. Provisions	7)	14,479,015.31	11,359,255.43
C. Liabilities	8)	14,221,262.22	13,583,965.45
D. Prepaid and deferred items	9)	6,042,257.58	5,282,036.25
TOTAL LIABILITIES		73,020,104.87	64,774,869.34

INCOME STATEMENT

(according to HGB) for the period from 1 January 2015 to 31 December 2015

in euros	Note	1 Jan- 31 Dec 2015	1 Jan- 31 Dec 2014
Revenue	10)	90,615,682.24	84,332,320.53
Increase or decrease of work in progress		340,235.61	-1,688,678.13
Other operating income	11)	1,278,576.92	747,552.99
Cost of materials	12)	-35,775,262.67	-33,178,087.89
Personnel expenses	13)	-31,673,475.52	-29,519,055.45
Depreciation and amortisation of intangible fixed assets and tangible fixed assets	14)	-1,436,589.37	-1,321,222.70
Other operating expenses	15)	-14,895,718.97	-12,432,923.09
Financial result	16)	-359,755.60	-219,925.33
Result from ordinary business activities		8,093,692.64	6,719,980.93
Extraordinary income		141.00	141.00
Extraordinary expenses		-49,904.00	-49,904.00
Extraordinary result	17)	-49,763.00	-49,763.00
Taxes	18)	-2,569,206.55	-2,360,660.33
Net income for the year		5,474,723.09	4,309,557.60
Accumulated profit carry forward		6,393,306.79	3,054,174.49
Dividend payment		-1,746,765.54	-970,425.30
NET ACCUMULATED PROFIT / LOSSES	19)	10,121,264.34	6,393,306.79

NOTES

REGARDING SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT
FOR THE 2015 FINANCIAL YEAR (ACCORDING TO HGB)

GENERAL PRINCIPLES

secunet Security Networks Aktiengesellschaft, Essen, (hereafter referred to as "secunet AG" or "Company") is designated a corporation as defined in Article 267 Para. 3 of the German Commercial Code (Handelsgesetzbuch, HGB).

The Annual Financial Statements of secunet AG have been prepared in accordance with the recognition and measurement methods of the HGB and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

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

RECOGNITION AND MEASUREMENT METHODS

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

Assets

Fixed assets

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

This item primarily relates to goodwill from the takeover of SECARTIS AG. On the basis of the existing customer structure (public institutions), a customary useful life of 15 years was estimated for the goodwill. Had this goodwill been posted to the accounts immediately in 2004, the earnings from ordinary activities in the 2015 financial year would have been 197 thousand euros higher.

Property, plant and equipment are measured at the lower of historical cost or cost of production or fair value for an expected long-term impairment and are depreciated on a straight-line or declining-balance basis over the expected useful life.

Where declining-balance depreciation is applied, this amounts to twice as much (20%) or three times as much (30%) as the straight-line method. A switch is made from declining-balance to straight-line depreciation in years in which the straight-line depreciation amount is higher than the declining-balance depreciation amount. Since 2008, new acquisitions have been depreciated exclusively on a straight-line basis. Fixed assets with historical costs of less than 1,000 euros (low value fixed assets) are divided into two groups. Assets with historical costs of up to 150 euros are written off to their full amount in the year of purchase. Assets with historical costs between 150 euros and 1,000 euros are placed in a so-called "collective item" and written off in the year of purchase as well as in the next four years on a straight-line basis.

Shares in affiliated companies and holdings are recognised at historical cost. Loans to affiliated companies and to companies in which there is a participating interest are shown at nominal value. Long-term financial assets are written down to the fair value where permanent impairment has taken place. Lower valuations are retained, provided that a higher value is not required up to the original historical cost.

Reinsurance contracts are measured at taxable fair value.

Current assets

Inventories are measured at historical cost or production cost on the balance sheet date. The production cost of work in progress includes not only the directly allocable costs, but also the costs of the necessary materials and production and general administrative costs. Voluntary social security contributions, occupational pension expense and interest on borrowings are not carried as an asset. The principles of loss-free valuation are applied.

Trade goods are measured at the lower of historical cost calculated using a sliding average and fair value.

Receivables and other assets are measured at nominal value less appropriate discounts for identifiable individual risks. General credit risk is taken into account through general loan loss provisions, based on past experience.

Cash in hand and balances with credit institutions are measured at their nominal value.

Prepaid and deferred assets

Expenditure prior to the balance sheet date that represents expenses for a certain period of time after this day are reported under prepaid and deferred assets.

Active difference resulting from asset offsetting

In accordance with Article 246, Para. 2, Clause 3 of the HGB, the active difference resulting from asset offsetting results from the excess amount from the offsetting of assets calculated at fair value within the meaning of Article 246, Para. 2, Clause 2 of the HGB, including the corresponding accounts payable. The fair value corresponds to the historical costs.

Liabilities

Provisions for pensions and similar liabilities are determined in accordance with the expert opinion of an actuary, based on the projected one-off contribution method ("Projected Unit Credit Method"), using Prof Klaus Heubeck's 2005 G mortality tables. For the valuation, the actuarial interest rate of 4.00% (previous year: 4.62%) was used, which resulted from the provisions of Article 253 Para. 2 Clause 1 of HGB in November 2015 from the average market interest rate of the past seven years with an assumed residual term of 21 years, forecast on 31 December 2015. The impact on income from the change to the actuarial interest rate is recorded in the financial result. Furthermore, the valuation uses the actual benefit obligations, assuming that the benefits will grow by 2.5% (previous year: 2.5%) and a fluctuation of 5.5% (previous year: 5.5%) on average.

In accordance with the valuation rules of Article 253 Para. 1 Clause 2 of the HGB as amended by the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), provisions for pensions must be reported at their settlement value with effect from 2010.

The amount required to be allocated to the pension provisions was calculated as at the transition date of 1 January 2010. The difference from the revaluation of the obligations totalled 748,553 euros. With reference to the option provided for under Article 67, Para. 1, Clause 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), secunet AG allocated the amount of 49,904 euros (1 / 15 minimum extraordinary allocation p. a.). The resulting coverage shortfall as at 31 December 2015 is therefore 447,854 euros.

Tax provisions and other provisions are created according to prudent business judgement, taking account of all identifiable and uncertain obligations and the required settlement value expected. Provided that provisions with a residual term of longer than one year exist, these are discounted with the average market interest rate from the past seven years that corresponds to their residual term.

The liabilities are recognised at their settlement value.

Earnings prior to the balance sheet date that represents income for a certain period of time after this day are reported under prepaid and deferred liabilities.

Assets and liabilities denominated in foreign currency with a remaining term of up to one year are converted on the basis of the mean cash exchange rate on the reporting date.

Deferred taxes

in euros	Assets	Liabilities
Fixed assets	3,591.86	0.00
Provisions for pensions	387,952.66	0.00
Other provisions	31,706.76	0.00
TOTAL	423,251.28	0.00

A tax rate of 32.28% is applied. Using the option permitted under Article 274, Para. 1, Clause 2 of the HGB, latent tax assets were not posted in the balance sheet.

Income statement

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

Revenue is shown less value-added tax and any discounts when the sale of goods or services has taken place and the risks and rewards associated with ownership have been substantially transferred.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

(1) Fixed assets

The breakdown of and changes in the fixed assets of secunet AG can be found in the statement of fixed assets, included as an Appendix to the Notes.

Since the reporting year secunet AG now holds 10% shares in finally safe GmbH, Essen. As a shareholder, secunet AG has granted finally safe GmbH with a loan in the amount of Euro 300,000.

(2) Inventories

in euros	31 Dec 2015	31 Dec 2014
Work in progress	1,815,000.43	1,474,764.82
Trade goods	11,619,235.74	4,851,411.46
TOTAL	13,434,236.17	6,326,176.28

The increase in the stock of trade goods compared with the previous year took place within the context of ensuring capabilities to meet short to long-term delivery demand for the growing product business.

(3) Receivables and other assets

in euros	31 Dec 2015	31 Dec 2014
Trade receivables	14,792,152.49	15,242,265.95
Intercompany receivables	304,105.58	70,232.90
of which trade receivables	(304,105.58)	(70,232.90)
Receivables from companies in which there is a participating interest	32,705.03	0.00
Other assets	131,860.07	207,728.46
TOTAL	15,260,823.17	15,520,227.31

As at the balance sheet date, receivables from affiliated companies are due in the amount of 100,399.51 euros from Giesecke & Devrient GmbH, Munich, and in the amount of 213,621.50 euros from Veridos GmbH, Berlin. These receivables consist of 314,021.01 euros (previous year: 74,922.31 euros) as trade receivables. Trade accounts payable to Giesecke & Devrient GmbH, Munich in the amount of 9,915.43 euros (previous year: 4,689.41 euros) were charged.

The residual term of all receivables was less than one year.

(4) Cash in hand and balances with credit institutions

The liquid funds comprise cash in hand and bank balances amounting to a total of 37,758,362.95 euros (previous year: 37,152,166.23 euros). Occasionally, the investment is made in the form of call and time deposits over the course of the year, whereby the interest for the deposits lay between 0.05% and 1.3086% p.a. in the reporting period.

(5) Active differences resulting from asset offsetting

The reported item "Active differences resulting from asset offsetting" in the amount of 24,750.97 euros (previous year: 0.00 euros) results from the netting of semi-retirement obligations, in accordance with Article 246, Para. 2, Clause 2 of the HGB, in the amount of 40,536.90 euros (previous year: 0.00 euros) with assets of 65,287.87 euros (previous year: 0.00 euros), which exclusively serve to fulfil said obligations (plan assets pursuant to Article 246, Para. 2, Clause 2 of the HGB).

(6) Equity

The share capital is 6,500,000.00 euros. It is divided into 6,500,000 bearer shares with-out par value.

In all, the Company continued to hold 30,498 treasury shares (previous year: 30,498) at the balance sheet date, equating to 0.469% or 30,498 euros of its share capital (previous year: 0.469%). The nominal value of the treasury shares was openly offset with share capital.

Due to the adjustments made in accordance with the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), the reserve for treasury shares in the calculated amount of the treasury shares of 30,498 is being placed in the reserves due to treasury shares and the remaining amount offset against other revenue reserves. The treasury shares were purchased as part of a share option programme for secunet employees in the period between 2001 and 2002.

Balance sheet profits are 10,121,264.34 euros (previous year: 6,393,306.79 euros).

At the Annual General Meeting of 13 May 2015, the payment of a dividend from the balance sheet profit for the financial year 2014 was agreed on. On 15 May 2015, a payment of 0.27 euros per share (6,469,502 individual shares) was paid, making a total of 1,746,765.54 euros.

The majority shareholder, Giesecke & Devrient GmbH, continues, as in the previous year, to hold a share of 78.96% in secunet AG.

Information on notifications regarding shareholdings

No relevant new notices have been given.

(7) Provisions

in euros	31 Dec 2015	31 Dec 2014
Provisions for pensions and similar liabilities	3,164,314.00	2,634,578.00
Provisions for taxes	1,875,200.89	877,291.73
Other provisions	9,439,500.42	7,847,385.70
TOTAL	14,479,015.31	11,359,255.43

The breakdown of other provisions is shown in the table below:

in euros	31 Dec 2015	31 Dec 2014
Non-current provisions		
Provision for anniversary bonuses	123,306.00	101,434.00
Current provisions		
Annual employee bonuses	6,023,300.00	4,969,881.00
Deferred costs	463,376.51	664,649.67
Accrued holidays	513,921.00	535,545.00
Commissions	573,089.33	252,694.09
Dismantling and maintenance work	463,000.00	83,000.00
Warranties	303,590.00	483,880.00
Risks of litigation	129,562.40	133,802.40
Professional association contributions	117,000.00	117,000.00
Others	729,355.18	505,499.54
TOTAL	9,439,500.42	7,847,385.70

For the 2015 financial year, the provision for commissions comprises payments due for the distribution of *SINRA* licenses.

Due to the move of the company headquarters planned for the 2016 financial year, the provisions for dismantling and maintenance work essentially include dismantling and maintenance work to be carried out by the Company for the rented property at Kronprinzenstraße 30, Essen.

In 2010, a provision of 225 thousand euros was formed for litigation risks relating to a case in which the Company is the defendant, to which provision a further amount of 100 thousand euros was added during 2012. The value in dispute is 450 thousand euros. The provision was formed to cover defence costs and the creation of expert reports to be submitted in court. A further amount was paid out from the final total, which amounted to 134 thousand euros as at 31 December 2014, during the course of 2015 in the amount of 54 thousand euros. This was mainly used to pay for legal advice. In relation to a further case in which the Company is the defendant, a provision was made to cover the amount in dispute (50 thousand euros).

The other provisions largely comprise provisions for outstanding invoices (480 thousand euros), accounting and auditing costs (143 thousand euros) and personnel expenses (84 thousand euros).

8) Liabilities

in euros	31 Dec 2015	31 Dec 2014
Payments received on account of orders	919,356.09	593,200.98
Trade accounts payable	10,958,769.34	8,886,717.15
Other liabilities	2,343,136.79	4,104,047.32
of which taxes	(2,333,597.42)	(3,034,603.38)
of which relating to social security	(3,469.81)	(3,369.67)
TOTAL	14,221,262.22	13,583,965.45

All liabilities have a term of less than one year.

(9) Prepaid and deferred liabilities

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

(10) Revenue

The revenue was generated in the following regions:

in euros	2015	2014
Domestic	80,678,233.96	75,025,696.18
Abroad	9,937,448.28	9,306,624.35
TOTAL	90,615,682.24	84,332,320.53

It is distributed across the two business units as follows:

in euros	2015	2014
Public	79,213,794.62	69,681,109.52
Business	11,401,887.62	14,651,211.01
TOTAL	90,615,682.24	84,332,320.53

(11) Other operating income

Other operating income of 1,278,576.92 euros primarily comprises a compensatory amount from the utilisation of provisions (337,423.00 euros) formed by other operating expenses in the previous year, income from the release of provisions (518,507.86 euros), actuarial income from the adjustment of AHV premium reserve (72,857.10 euros) and other income (231,840.67 euros).

Of the other operating income, around 530 thousand euros (41%) relates to other periods and primarily results from the release of provisions.

(12) Materials expenses

in euros	2015	2014
Cost of purchased goods	31,392,122.07	27,813,832.47
Cost of purchased services	4,383,140.60	5,364,255.42
TOTAL	35,775,262.67	33,178,087.89

(13) Personnel expenditure

in euros	2015	2014
Wages and salaries	27,660,055.56	25,739,933.30
Social security costs	4,077,862.32	3,712,802.78
Expenses for retirement pensions	-78,517.61	41,961.35
Expenses for support	14,075.25	24,358.02
TOTAL	31,673,475.52	29,519,055.45

(14) Depreciation and amortisation of intangible fixed assets and tangible fixed assets

Depreciation and amortisation are broken down by individual item in the statement of fixed assets (see Appendix to the Notes).

(15) Other operating expenses

in euros	2015	2014
Rental costs	2,646,682.96	2,485,240.93
Travel expenses	2,166,416.58	2,062,713.64
Advertising costs	1,454,255.51	1,194,643.09
Ancillary personnel expenses	1,102,096.88	647,552.39
Communication costs	1,069,822.72	1,070,979.49
Inspection, consulting, legal protection	1,025,647.88	741,371.81
Maintenance costs	956,241.18	632,424.44
Company car costs	915,057.91	947,509.28
Sales commission	827,718.44	388,389.71
Other costs	758,719.77	735,707.01
Other third-party services	558,099.58	290,597.19
Addition to other provisions	550,000.00	737,680.00
Individual value adjustment of receivables	354,999.67	0.00
Entertainment and representation	195,720.06	193,262.01
Insurance premiums	168,305.53	178,741.59
Fees	145,934.30	126,110.51
TOTAL	14,895,718.97	12,432,923.09

Expenses resulting from currency conversion stood at 4,579.77 euros (previous year: 4,396.65 euros).

Expenses relating to other periods amounting to 47 thousand euros are the result of the excessive utilisation of provisions for commissions.

(16) Financial result

in euros	2015	2014
Other interest and similar income	220,740.38	135,313.32
of which from affiliated companies	(163,748.53)	(127,296.01)
Interest and similar expenses	-580,495.98	-355,238.65
of which interest on pension provisions	(-562,397.00)	(-336,310.00)
TOTAL	-359,755.60	-219,925.33

(17) Extraordinary result

The application of Article 66 of EGHGB and of Para. 1 of Article 67 of EGHGB re-sulted in extraordinary expenses of 49,904.00 euros and extraordinary income totalling 141.00 euros. Overall, this created an extraordinary negative effect on the annual result in the amount of 49,763.00 euros.

Broken down, the extraordinary expenses and extraordinary income result from the differences in the addition to and release from the following provisions:

in euros	Expenses	Income
Pensions and similar liabilities	49,904.00	0.00
Deferred compensation	0.00	141.00
TOTAL	49,904.00	141.00

(18) Taxes

in euros	2015	2014
Income taxes	2,541,608.88	2,337,534.33
Other taxes	27,597.67	23,126.00
TOTAL	2,569,206.55	2,360,660.33

The income taxes relate to the 2015 financial year. They also include a rebate for corporation and trade tax in the amount of 294,492.60 euros from the audit for the financial years 2009 to 2011.

(19) Use of the balance sheet profit

Proposal for the appropriation of distributable earnings

From the balance sheet profit of 6,393,306.79 euros reported for the 2014 financial year, dividends of 0.27 euros per share (amounting to a total of 1,746,765.54 euros) were distributed in the 2015 financial year in accordance with the resolution of the Annual General Meeting of 13 May 2015. The remaining sum, amounting to 4,646,541.25 euros, was carried over to the next statement as profit.

The Annual Financial Statements in accordance with the HGB of secunet AG for the 2015 financial year show net income for the year of 5,474,723.09 euros. Taking into account the carryforward of 4,646,541.25 euros, this results in balance sheet profits of 10,121,264.34 euros.

The Management Board suggested to the Annual General Meeting to distribute 0.34 euros per share, equating to a total of 2,199,630.68 euros, to the 6,469,502.00 euros of share capital entitled to a dividend and to carry forward the remaining amount of 7,921,633.66 euros. When determining the share capital entitled to a dividend, the total of 30,498 treasury shares was deducted.

in euros	2015
Net income for the year 2015	5,474,723.09
Carryforward at 01 January 2015	6,393,306.79
Dividend payment in 2015	-1,746,765.54
Net accumulated profit / loss as at 31 December 2015	10,121,264.34
Proposal for the appropriation of distributable earnings	
Dividend payment	2,199,630.68
CARRYFORWARD	7,921,633.66

OTHER NOTES

Other Notes

The average headcount over the year, including the two Management Board members, was 376 (previous year: 355, including two Management Board members).

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled 10,645,009.13 euros. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements and rental agreements for company cars, of which 2,289,145.85 euros have less than one year to run, 7,683,700.28 euros have between one and five years to run and 72,163.00 euros have more than five years of their term left. There is also an obligation to provide finally safe GmbH with a further loan in the amount of 600,000 euros. None of the total liabilities are towards affiliated companies.

Liability arrangements

No declarations were issued that resulted in liability arrangements.

Relationships with affiliated companies

Through Giesecke & Devrient GmbH, Munich, the Company is a related company of MC Familiengesellschaft mbH, Tutzing, which prepares the Consolidated Financial Statements for the largest group of companies. Additionally, the Company is included in the Consolidated Financial Statements of Giesecke & Devrient GmbH, Munich, which prepares the Consolidated Financial Statements for the smallest group of companies. secunet AG also produces its own IFRS Consolidated Financial Statements. The Consolidated Financial Statements are published in the Federal Gazette.

Auditors' fees

In 2015, fees were expensed to the statutory auditor KPMG AG Wirtschaftsprüfungsgesellschaft of 75 thousand euros for auditing services (of which 3 thousand euros for the audit of the previous year's financial statements), 44 thousand euros for tax advisor services, 12 thousand euros for other certification services and 45 thousand euros for other services.

Miscellaneous

The remuneration of members of the Management Board active during the reporting year totalled 745 thousand euros for the reporting year (previous year: 876 thousand euros). The remuneration of former members of the Management Board totalled 0 thousand euros for the reporting year (previous year: 325 thousand euros). For this group of people, liabilities from pension commitments amounted to 316 thousand euros as at the reporting date (previous year: 273 thousand euros).

Supervisory Board remuneration for the reporting year totalled 60 thousand euros (previous year: 44 thousand euros).

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

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

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

EXECUTIVE BODIES

Management Board

Dr Rainer Baumgart, Chairman

(secunet AG shares held: none)

Qualified business economist (FH) Thomas Pleines

(secunet AG shares held: none)

Supervisory Board

Dr Peter Zattler, Grünwald

Chairman

Member of the Management Board of Giesecke & Devrient GmbH, Munich

Other directorships:

- Giesecke & Devrient International Finance S.A., Luxembourg
- Giesecke & Devrient GB Ltd., Wembley, London, UK
- Giesecke & Devrient Matsoukis Security Printing S.A., Athens, Greece
(renamed in January 2016 as Veridos Matsoukis S.A., Athens, Greece)
- G & D Nordic AB, Stockholm, Sweden
- Giesecke & Devrient 3S OY, Helsinki, Finland

Hans-Wolfgang Kunz, Munich

Vice-Chairman

Member of the Management Board of Giesecke & Devrient GmbH, Munich

CEO of Veridos GmbH, Berlin

Other directorships:

- Giesecke & Devrient International Finance S.A., Luxembourg
- Giesecke & Devrient Matsoukis Security Printing S.A., Athens, Greece
(renamed in January 2016 as Veridos Matsoukis S.A., Athens, Greece)

Axel Deininger, Riemerling, Hohenbrunn municipality

Group Senior Vice President, Head of Division Enterprise Security & OEM,
Mobile Security, Giesecke & Devrient GmbH, Munich

No other directorships

Dr Elmar Legge, Schermbeck

- Member of the Management Board of RWTÜV e. V., Essen
- Member of the Management Board of GREIF-Stiftung, Mülheim an der Ruhr
- Member of the Management Board of the RWTÜV Foundation, Essen

Other directorships:

- TÜV Thüringen e. V., Erfurt
- VAI Van Ameyde International B. V., Rijswijk, Netherlands
- AHV VVAG, Essen
- RWTÜV GmbH, Essen

Wolf-Rüdiger Moritz, Lenggries

Vice President of Business Continuity, Infineon Technologies AG, Neubiberg

Other directorships:

- Cryptomathic A/S, Aarhus, Denmark
- Cryptomathic Holding Aps, Aarhus, Denmark

Dr Günter Schäfer, Berlin

University professor, Technische Universität, Ilmenau

No other directorships

SHAREHOLDINGS

secunet SwissIT AG, Solothurn, Switzerland

100% participation, equity of the Company as at 31 December 2015 70 thousand CHF,
2015 net income -6 thousand CHF

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

100% participation, equity of the Company as at 31 December 2015 3504 thousand CZK,
2015 net income -322 thousand CZK

secunet Inc., Austin, Texas, USA

100% participation

Essen, 9 March 2016

Dr Rainer Baumgart

Thomas Pleines

CHANGES IN FIXED ASSETS OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT, ESSEN
 (according to HGB, appendix to the notes), in the 2015 financial year

in euros	Historical costs			as at 31 Dec 2015
	as at 1 Jan 2015	Additions	Disposals	
I. Intangible fixed assets				
1. Acquired concessions, industrial property rights and similar rights and values, and licences to such rights	120,000.00	0.00	0.00	120,000.00
2. Acquired software	1,234,423.31	166,188.91	-160,137.10	1,240,475.12
3. Goodwill	2,950,000.00	0.00	0.00	2,950,000.00
Intangible fixed assets, total	4,304,423.31	166,188.91	-160,137.10	4,310,475.12
II. Tangible fixed assets				
1. Other tangible assets, operating and office equipment	8,970,809.22	1,410,094.01	-923,842.43	9,457,060.80
2. Assets under construction	0.00	240,000.00	0.00	240,000.00
Tangible fixed assets, total	8,970,809.22	1,650,094.01	-923,842.43	9,697,060.80
III. Long-term financial assets				
1. Shares in affiliated companies	556,539.96	0.00	0.00	556,539.96
2. Loans to affiliated companies	613,550.26	0.00	0.00	613,550.26
3. Holdings	0.00	10,162.87	0.00	10,162.87
4. Loans to companies in which there is a participating interest	0.00	300,000.00	0.00	300,000.00
5. Premium reserve shares from reinsurance contracts	2,765,069.00	177,863.00	0.00	2,942,932.00
Long-term financial assets, total	3,935,159.22	488,025.87	0.00	4,423,185.09
TOTAL FIXED ASSETS	17,210,391.75	2,304,308.79	-1,083,979.53	18,430,721.01

	Accumulated depreciation			Carrying amounts		
	as at 1 Jan 2015	Additions	Disposals	as at 31 Dec 2015	as at 31 Dec 2015	as at 31 Dec 2014
	120,000.00	0.00	0.00	120,000.00	0.00	0.00
	1,132,730.31	82,436.91	-160,137.10	1,055,030.12	185,445.00	101,693.00
	2,113,700.00	196,620.00	0.00	2,310,320.00	639,680.00	836,300.00
	3,366,430.31	279,056.91	-160,137.10	3,485,350.12	825,125.00	937,993.00
	7,097,633.22	1,157,532.46	-895,502.88	7,359,662.80	2,097,398.00	1,873,176.00
	0.00	0.00	0.00	0.00	240,000.00	0.00
	7,097,633.22	1,157,532.46	-895,502.88	7,359,662.80	2,337,398.00	1,873,176.00
	556,539.96	0.00	0.00	556,539.96	0.00	0.00
	613,550.26	0.00	0.00	613,550.26	0.00	0.00
	0.00	0.00	0.00	0.00	10,162.87	0.00
	0.00	0.00	0.00	0.00	300,000.00	0.00
	0.00	0.00	0.00	0.00	2,942,932.00	2,765,069.00
	1,170,090.22	0.00	0.00	1,170,090.22	3,253,094.87	2,765,069.00
	11,634,153.75	1,436,589.37	-1,055,639.98	12,015,103.14	6,415,617.87	5,576,238.00

AUDITORS' REPORT: ANNUAL FINANCIAL STATEMENTS

We have audited the Annual Financial Statements – comprising the balance sheet, the income statement and the notes to the financial statements – including the bookkeeping system, of secunet Security Networks Aktiengesellschaft, Essen, and the Company and Group Management Report for the financial year from 1 January to 31 December 2015. The Company's Management Board is responsible for the bookkeeping system and for the preparation of the Annual Financial Statements and Company and Group Management Report in accordance with German commercial law. Our responsibility is to express an opinion on the Annual Financial Statements, including the bookkeeping system, and on the Company and Group Management Report, based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with Article 317 of the German Commercial Code (Handelsgesetzbuch, HGB) and the generally accepted standards for the audit of financial statements in Germany promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance whether the Annual Financial Statements, with due regard to the principles of proper accounting generally accepted in Germany, and the Company and Group Management Report are free of material misstatements in their presentation of the assets, liabilities, financial position and results of operations. Knowledge of the business activities and the economic and legal environment of the Company and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and evidence supporting the disclosures in the bookkeeping, Annual Financial Statements and Company and Group Management Report are examined primarily on a test basis within the framework of the audit. The audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the Annual Financial Statements and of the Company and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the Annual Financial Statements comply with legal requirements and give a true and fair view of the assets, liabilities, financial position and results of operations of secunet Security Networks Aktiengesellschaft, Essen, in accordance with German principles of proper accounting. The Company and Group Management Report is consistent with the Annual Financial Statements, as a whole provides a suitable view of the Company's position, and suitably presents the opportunities and risks of future development.

Essen, 10 March 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Mertens
Auditor

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the Management Report includes a true and fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Dr Rainer Baumgart

Thomas Pleines

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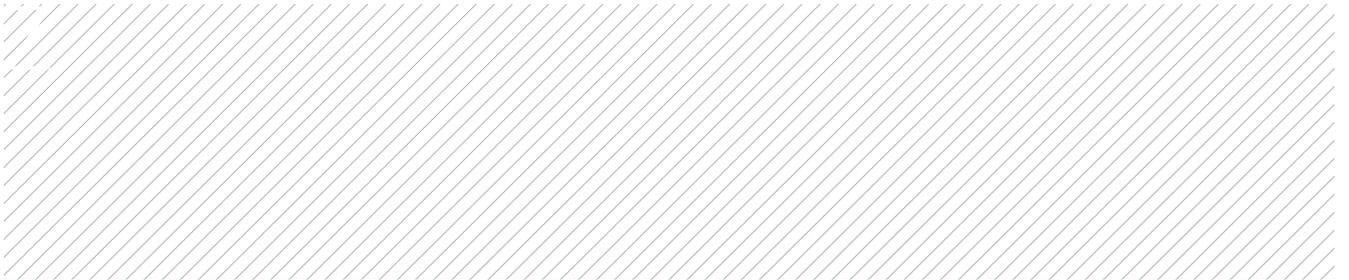
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secunet Security Networks AG
Ammonstraße 74
01067 Dresden, Germany





FINANCIAL CALENDAR

2016

22 January	Preliminary Figures Financial Year 2015
15 March	Annual Report 2015
22 March	Analyst Conference
4 May	3-Month Report 2016
12 May	Annual General Meeting
4 August	Half-Year Report 2016
3 November	9-Month Report 2016

Information / Imprint

Annual Report on the Internet

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

Brand names

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

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