

SIX-MONTH REPORT

2016 Q2

- SALES INCREASE BY 23% IN THE FIRST SIX MONTHS
- EBIT INCREASED BY 2.1 MILLION EUROS YEAR ON YEAR
- VALUE OF ORDER BOOK 16% ABOVE THE PREVIOUS YEAR
- OVERALL ANNUAL FORECAST INCREASED

OVERVIEW OF THE KEY FIGURES FOR THE FIRST HALF OF THE YEAR

In thousand euros	H1 2016	H1 2015	Change in %
Revenue	43,455	35,252	+23%
EBIT	2,387	256	>100%
EBT	2,306	344	>100%
Net income for the period	1,507	462	>100%
Earnings per share (in euros)	0.23	0.07	>100%
Cash flow from operating activities	-9,684	-11,794	-
Investments in intangible assets and property, plant and equipment	1,535	618	>100%
Order backlog (IFRS, in million euros, as at 30 June)	45.5	39.3	+16%
Employees (permanent, as at 30 June)	391	379	+3%

In thousand euros	30 June 2016	31 Dec 2015	Change in %
Cash and cash equivalents	21,955	37,954	-42%
Equity	38,741	40,248	-4%
Equity ratio (in %)	57.6%	52.2%	+5.4%-points
Loans	0	0	-

OVERVIEW OF THE KEY FIGURES FOR THE SECOND QUARTER

In thousand euros	Q2 2016	Q2 2015	Change in %
Revenue	24,030	17,995	+34%
EBIT	2,188	878	>100%
EBT	2,126	929	>100%
Net income for the period	1,389	723	+92%
Earnings per share (in euros)	0.21	0.11	+91%

THE SECUNET SHARE

Reuters	YSNG.DE
Bloomberg	YSN
WKN	727650
ISIN	DE0007276503

	30 June 2016	30 June 2015
Price (in euros)	26.10	19.89
Number of shares	6,500,000	6,500,000
Market capitalisation (in euros)	169,650,000	129,285,000
52W high/low (in euros)	H: 27.00 / T: 18.35	H: 22.14 / T: 17.65

	H1 2016	H1 2015
Average daily trading volume (XETRA)	723	719

INTERIM GROUP MANAGEMENT REPORT

FOR THE FIRST HALF OF 2016

REVENUE PERFORMANCE

In the first half of 2016, the secunet Group generated revenues of 43.5 million euros. Compared to the same reporting period the previous year (35.3 million euros), this represents a rise of 23%, or 8.2 million euros. The increase in sales results from rising demand both for services (consultancy) and products (trading goods, licences, maintenance and support – primarily the *SINRA* product family).

At 24.0 million euros, revenues for Q2 2016 are considerably higher than the revenues for the same quarter the previous year (18.0 million euros): a rise of 34%, or 6.0 million euros. The significant year-on-year increase in sales that was already recorded in Q1 2016 was therefore very much sustained.

EARNINGS PERFORMANCE

The earnings before interest and taxes (EBIT) of the secunet Group improved by 2.1 million euros in comparison with the first half of 2015. After 0.3 million euros in the period from January to June 2015, secunet achieved an EBIT of 2.4 million euros in the same period of the current year.

The positive earnings trend is due to the fact that expenses in the secunet Group increased by 17% or 6.1 million euros less than revenue. The improved EBIT resulted from growth in the products segment as well as from good capacity utilisation in the consultancy segment. In both cases, the increase in expenses was disproportionately lower than sales. The following developments are recorded for the individual expense items:

The cost of sales increased by 5.0 million euros or 18% in the first six months of 2016, from 28.1 million euros in the same period of the previous year to 33.1 million euros. The primary reason for this is growth in the hardware segment, as a result of which material expenditure has increased for the use of trading goods.

Selling expenses increased by 26% or 1.2 million euros, from 4.7 million euros in the first half of 2015 to 5.9 million euros in the current half year. The rise is primarily due to increased personnel expenditure, triggered by the appointment of several employees in sales.

The general administrative costs were 2.1 million euros in the first half of 2016, and have therefore changed very little year-on-year (previous year: 2.2 million euros).

The financial result for the first half of 2016 was -82 thousand euros compared to 88 thousand euros the previous year. Earnings before tax totalled 2.3 million euros, compared with 0.3 million euros the previous year.

In the first half of 2016, tax expenditure of 0.8 million euros arose due to improved earnings. In the previous year, there was a tax yield of 0.1 million euros due to a tax refund.

The Group result for the period from January to June 2016 was a profit of 1.5 million euros compared with 0.5 million euros the previous year. Earnings per share for the first half of 2015 were 0.07 euros; in the first half of this year, this figure stood at 0.23 euros.

SEGMENT REPORTING

The secunet Group is divided into two business units according to target group.

The business focus of the secunet Group continues to be the public agencies target group. The contribution from the Public Sector business unit therefore made a correspondingly high contribution to Group sales in the first half of 2016 at 86% (previous year: 85%).

The Public Sector business unit on the one hand offers its customers the *SINRA* product family, i.e. solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage at varying levels of confidentiality. 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 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.

Sales in the Public Sector business unit increased by 24% or 7.3 million euros year on year, from 29.9 million euros in the first half of 2015 to 37.2 million euros in the same period of the current year. The increase is due to rises in both product sales and sales of services.

Expenses in the Public Sector business unit also increased less than sales: cost of sales increased by 19% from 23.5 million euros to 28.0 million euros, and selling expenses increased by 22% from 3.8 to 4.6 million euros. General administrative costs remained almost constant at 1.6 million euros. In total, expenses increased by 19%. Therefore, the EBIT in the Public Sector business unit increased from 1.1 million euros in the first half of 2015 to 3.0 million euros for the same reporting period in the current year.

At 6.2 million euros in the first half of 2016, 14% of the Group's revenue (previous year: 15%) was achieved in the Business Sector business unit. The Business Sector offers (consulting) services and solutions for the specific requirements of private-sector companies. 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.

In the first half of 2016, the Business Sector business unit achieved a year-on-year increase in sales of 15%, from 5.4 million euros to 6.2 million euros.

Total expenses in the business unit increased from January to June 2015 to the same period of 2016 by 10% or 0.6 million euros, from 6.2 million euros to 6.8 million euros. The EBIT in the Business Sector business unit increased accordingly from -0.8 million euros in the first half of 2015 to -0.6 million euros for the same reporting period in the current year.

ASSETS AND FINANCIAL POSITION

The following items on the balance sheet show a significant change as at 30 June 2016 compared with the figure as at 31 December 2015:

- Trade receivables increased by 3.2 million euros from 17.1 million euros as at 31 December 2015 to 20.3 million euros on the balance sheet date.
- Tangible fixed assets increased from 2.3 million euros as at 31 December 2015 to 3.5 million euros. This was primarily due to the relocation and extension of the corporate headquarters at the Essen site, and the associated investments in office and operating equipment.
- The significant increase in long-term financial assets by 2.4 million euros, from 2.9 million euros as at 31 December 2015 to 5.3 million euros on the reporting date, is due to the one-off appropriation into the cover capital from reinsurances for the pension promises made by the company.

- The trade accounts payable have decreased by 11.8 million euros to 4.9 million euros compared to the figure as at 31 December 2015.
- The other current provisions decreased from 8.5 million euros as at the end of 2015 to 6.9 million as at 30 June 2016. This is mainly due to the payment of variable remuneration elements for the year 2015 in the first quarter of 2016.
- Parallel to this, cash and cash equivalents have decreased by 16.0 million euros, from 38.0 million euros as at 31 December 2015 to 22.0 million euros as at 30 June 2016.

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

CASH FLOW

After the first six months of 2016, cash flow from operating activities is -9.7 million euros, an improvement on the previous year's figure of -11.8 million euros, due to positive business development.

Cash flow from investment activity for the first half of 2016 is -4.1 million euros, compared to -0.7 million euros in the same period the previous year. This change is due to the following developments:

Due to investments in intangible assets and property, plant and equipment – primarily due to the relocation of the company's headquarters – 1.5 million euros has been expended in the first half of 2016, compared with 0.6 million euros in the previous year.

Capital expenditure for financial assets has increased by 2.3 million euros due to the one-off appropriation into the cover capital from reinsurances for the pension promises made by the company.

In the first half of 2016, a dividend of around 2.2 million euros (previous year: 1.8 million euros) was paid to the shareholders of secunet Security Networks AG from the 2015 net income. Primarily due to this, there was cash outflow of 2.2 million euros from financing activities in the first half of 2016, following 1.6 million euros in the previous year.

This resulted in an outflow of cash and cash equivalents of 16.0 million euros after six months of the 2016 financial year. Liquid funds as at 30 June 2016 were therefore 22.0 million euros.

INVESTMENTS

In the first six months of 2016, secunet invested a total of 1.5 million euros, compared with 0.6 million euros in the same period of the previous year. The capital expenditure is mainly for the purchase and replacement of hardware, software and other office and operating equipment. The increase in 2016 is due to the relocation of the company's headquarters and the associated investments in office and operating equipment.

EMPLOYEES

As at 30 June 2016, the number of secunet Group employees totalled 391 (30 June 2015: 379 employees) and 77 temporary staff (30 June 2015: 53 temporary staff). The appointments were made primarily in the areas of consulting, development and distribution.

ORDER BOOK

As at 30 June 2016, secunet Security Networks AG's order book according to IFRS totalled 45.5 million euros, representing a 16% rise on the previous year's order book on the same date the previous year (39.3 million euros).

OUTLOOK, RISKS AND OPPORTUNITIES

Compared with the preparation phase of the 2015 Annual Financial Statement in March 2016, the estimates of the Management Board with regard to risks and opportunities for the secunet Group are unchanged. There are no risks that endanger the continuation of the company, and no such risks are currently discernible for the future.

The business performance of secunet Security Networks AG was very satisfactory in the first six months of the current financial year. In particular, the significant increase in Q2 after an already positive Q1 exceeded the expectations of the Management Board. Given this positive position, and assuming that this trend continues in Q3 and Q4 2016, the company's Management Board has increased its forecast for the 2016 fiscal year to revenues of around 94 million euros and an EBIT of around 9 million euros.

FORWARD-LOOKING STATEMENTS

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

Essen, 2 August 2016

Dr Rainer Baumgart

Thomas Pleines

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

FOR THE FIRST HALF OF 2016
OF SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT

CONSOLIDATED BALANCE SHEET (according to IFRS) as at 30 June 2016

Assets in euros	30 June 2016	31 Dec 2015
Current assets		
Cash and cash equivalents	21,954,586.23	37,953,836.75
Trade receivables	20,309,493.55	17,148,062.21
Intercompany financial assets	43,782.48	314,021.01
Inventories	10,382,752.37	11,619,235.74
Other current assets	322,082.15	296,175.11
Income tax receivables	345,758.84	0.00
Total current assets	53,358,455.62	67,331,330.82
Non-current assets		
Property, plant and equipment	3,456,316.00	2,337,440.00
Intangible assets	166,100.00	185,445.00
Goodwill	2,950,000.00	2,950,000.00
Non-current financial assets	5,252,257.96	2,942,932.00
Long-term financial assets shown in balance sheet acc. equity method	238,186.36	1,671.64
Loans	316,000.00	300,000.00
Deferred taxes	1,497,568.94	1,043,397.42
Total non-current assets	13,876,429.26	9,760,886.06
TOTAL ASSETS	67,234,884.88	77,092,216.88

Liabilities		
in euros	30 June 2016	31 Dec 2015
Current liabilities		
Trade accounts payable	4,882,493.15	11,801,485.67
Intercompany payables	0.00	9,915.43
Other provisions	6,873,956.84	8,475,325.15
Income tax liabilities	1,169,679.67	2,311,120.09
Other current liabilities	1,935,418.94	2,823,051.37
Deferred income	6,797,107.89	6,042,257.58
Total current liabilities	21,658,656.49	31,463,155.29
Non-current liabilities		
Deferred taxes	282,357.68	169,235.65
Provisions for pensions	6,429,989.90	5,088,555.00
Other provisions	123,306.00	123,306.00
Total non-current liabilities	6,835,653.58	5,381,096.65
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	10,879,628.44	6,980,344.50
Group profit	1,506,645.22	6,098,914.62
Accumulated other comprehensive income/loss	-1,963,964.82	-1,149,560.15
Total equity	38,740,574.81	40,247,964.94
TOTAL LIABILITIES	67,234,884.88	77,092,216.88

CONSOLIDATED INCOME STATEMENT

(according to IFRS) for the period from 1 January 2016 to 30 June 2016

in euros	01 Apr - 30 June 2016	01 Apr - 30 June 2015	01 Jan - 30 June 2016	01 Jan - 30 June 2015
Revenue	24,030,124.16	17,995,118.40	43,454,628.45	35,252,358.42
Cost of sales	-17,579,354.50	-13,714,026.27	-33,083,834.47	-28,101,463.24
Gross profit on sales	6,450,769.66	4,281,092.13	10,370,793.98	7,150,895.18
Selling expenses	-3,140,299.65	-2,370,746.09	-5,855,882.75	-4,728,733.40
Research and development costs	-39,898.46	19,940.56	-44,243.46	19,771.94
General administration costs	-1,110,967.56	-1,052,366.37	-2,148,869.50	-2,184,614.07
Other operating income	31,014.44	0.00	68,477.13	0.00
Other operating expenses	-2,732.00	0.00	-2,732.00	-1,280.35
Earnings before interest and income tax	2,187,886.43	877,920.23	2,387,543.40	256,039.30
Interest income	41,326.96	81,533.81	52,058.34	153,001.78
Interest expense	-39,560.73	-30,604.27	-70,276.21	-64,857.09
Profit and loss portions of affiliated companies that are entered in the balance sheet in accordance with the equity method	-63,485.28	0.00	-63,485.28	0.00
Earnings before tax	2,126,167.38	928,849.77	2,305,840.25	344,183.99
Income taxes	-737,622.07	-205,908.13	-799,195.03	117,770.97
Group profit for the period	1,388,545.31	722,941.64	1,506,645.22	461,954.96
Earnings per share (diluted and undiluted)	0.21	0.11	0.23	0.07
Average number of shares outstanding (diluted, undiluted, units)	6,469,502	6,469,502	6,469,502	6,469,502

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(according to IFRS) for the period from 1 January 2016 to 30 June 2016

in Euro	01 Apr - 30 June 2016	01 Apr - 30 June 2015	01 Jan - 30 June 2016	01 Jan - 30 June 2015
Group profit for the period	1,388,545.31	722,941.64	1,506,645.22	461,954.96
Items that can be transferred to the income statement				
Revaluation of defined benefit pension plans	-1,202,000.00	0.00	-1,202,000.00	0.00
Income tax on items that are not reclassified into the income statement	388,005.60	0.00	388,005.60	0.00
	-813,994.40	0.00	-813,994.40	0.00
Items that can be transferred to the income statement				
Currency conversion differences (change not affecting income)	299.44	1,773.09	-410.27	12,327.98
Other income	-813,694.96	1,773.09	-814,404.67	12,327.98
COMPREHENSIVE INCOME / LOSS	574,850.35	724,714.73	692,240.55	474,282.94

CONSOLIDATED CASH FLOW STATEMENT**(according to IFRS) for the period from 1 January 2016 to 30 June 2016**

in Euro	01 Jan - 30 June 2016	01 Jan - 30 June 2015
Cash flow from operating activities		
Earnings before tax for the period	2,305,840.25	344,183.99
Depreciation and amortisation of tangible and intangible fixed assets	696,263.21	590,423.67
Change in provisions	-1,522,881.41	-3,123,475.51
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	1,632.95	14,136.55
Interest result	18,217.87	-88,144.69
Change in receivables, other assets and prepaid expenses	-1,680,615.23	-1,692,201.25
Change in liabilities and deferred income	-7,326,642.82	-7,436,784.83
Profit and loss portions of affiliated companies that are entered in the balance sheet in accordance with the equity method	63,485.28	0.00
Tax paid	-2,239,438.18	-402,294.16
Cash from operating activities	-9,684,138.08	-11,794,156.22
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-1,534,599.21	-618,287.57
Proceeds from the sale of intangible assets and of property, plant and equipment	2,126.05	0.00
Purchase of financial assets	-2,309,325.96	-52,502.88
Disbursements for investments in long-term financial assets	-300,000.00	0.00
Cash from investing activities	-4,141,799.12	-670,790.45
Cash flow from financing activities		
Dividend payment	-2,199,630.68	-1,746,765.54
Interest received	36,058.34	153,001.78
Interest paid	-9,328.21	-5,259.09
Cash generated from financing activities	-2,172,900.55	-1,599,022.85
Effects of exchange rate changes on cash and cash equivalents	-412.77	12,770.87
Changes in cash and cash equivalents	-15,999,250.52	-14,051,198.65
Cash and cash equivalents at the beginning of the period	37,953,836.75	37,354,898.55
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,954,586.23	23,303,699.90

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (according to IFRS) for the period from 1 January 2016 to 30 June 2016

in euros	Accumulated other comprehensive income / loss							Total
	Share capital	Capital reserves	Reserve for treasury shares	Group profit carryforward	Items that cannot be transferred to the income statement		Items that can be transferred to the income statement	
					Revaluation of defined benefit pension plans	Deferred taxes	Miscellaneous	
Equity at 31 Dez 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 loss 01 Jan - 30 June 2015				461,954.96	0.00	0.00	0.00	461,954.96
Other comprehensive income / loss 01 Jan - 30 June 2015				0.00	0.00	0.00	12,327.98	12,327.98
Consolidated comprehensive income 01 Jan - 30 June 2015				461,954.96	0.00	0.00	12,327.98	474,282.94
Dividend payment				-1,746,765.54	0.00	0.00	0.00	-1,746,765.54
Equity at 30 June 2015	6,500,000.00	21,922,005.80	-103,739.83	7,442,299.46	-2,009,233.00	648,580.41	-5,503.52	34,394,409.32
Group loss 01 July - 31 Dez 2015				5,636,959.66	0.00	0.00	0.00	5,636,959.66
Other comprehensive income / loss 01 July - 31 Dez 2015				0.00	322,540.00	-104,115.91	-1,828.13	216,595.96
Consolidated comprehensive income 01 July - 31 Dez 2015				5,636,959.66	322,540.00	-104,115.91	-1,828.13	5,853,555.62
Equity at 31 Dez 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
Group loss 01 Jan - 30 June 2016				1,506,645.22	0.00	0.00	0.00	1,506,645.22
Other comprehensive income / loss 01 Jan - 30 June 2016				0.00	-1,202,000.00	388,005.60	-410.27	-814,404.67
Consolidated comprehensive income 01 Jan - 30 June 2016				1,506,645.22	-1,202,000.00	388,005.60	-410.27	692,240.55
Dividend payment				-2,199,630.68	0.00	0.00	0.00	-2,199,630.68
EQUITY AT 30 JUNE 2016	6,500,000.00	21,922,005.80	-103,739.83	12,386,273.66	-2,888,693.00	932,470.10	-7,741.92	38,740,574.81

SELECTED CONSOLIDATED EXPLANATORY NOTES

The Consolidated Interim Financial Statements as at 30 June 2016 have been created in accordance with the specifications of the International Accounting Standard (IAS) 34 "Interim Financial Reporting", which governs interim financial statements in accordance with the International Financial Reporting Standards. This is an abbreviated Interim Financial Statement, with the result that it does not include all the information that is required in accordance with the IFRS at the end of a financial year. The Consolidated Interim Financial Statements are therefore to be read in conjunction with the IFRS consolidated financial statements dated 31 December 2015 (Consolidated Financial Statements). The Consolidated Interim Financial Statements are unverified; however, they have been reviewed pursuant to Article 37w Para. 5 of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG). The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report relating to the first half of the year were approved by the Management Board of secunet Security Networks AG on 2 August 2016.

ACCOUNTING PRINCIPLES

The consolidation principles and the process for currency conversion correspond to those used for the Consolidated Annual Financial Statements for the 2015 financial year. The accounting and valuation methods were retained. The Consolidated Financial Statements of secunet Security Networks AG as at 31 December 2015 were produced on the basis of Articles 315 and 315a of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union.

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

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

The preparation of the Consolidated Interim Financial Statements requires a series of assumptions and estimates on the part of the management. As a result, it is possible that the figures reported in the Consolidated Interim Financial Statements will deviate from the actual figures. The main assumptions and estimations are fundamentally unchanged compared to the Consolidated Financial Statements as at 31 December 2015.

CONSOLIDATED GROUP

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

Compared with 31 December 2015, the consolidated Group was unchanged as at 30 June 2016. The two consolidated subsidiaries secunet s.r.o., Prague, Czech Republic, and secunet SwissIT AG, Solothurn, Switzerland, are in liquidation.

Since 2015, secunet Security Networks AG has held shares in finally safe GmbH, Essen. The shares in capital stock were increased from 10% to 18% in the reporting period. 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.

TREASURY SHARES

As at 30 June 2016, the Company held 30,498 treasury shares, the same figure as at 31 December 2015; this equates to 0.5% of its share capital.

REGISTERING OF ACTUARIAL PROFITS AND LOSSES IN THE EQUITY ("OTHER COMPREHENSIVE INCOME") ARISING FROM THE RE-ASSESSMENT OF DEFINED-BENEFIT PENSION SCHEMES

As a result of the re-assessment of the defined-benefit pension schemes as at 30 June 2016, a total of 1.2 million euros was disclosed in the Other comprehensive income of the secunet Group in the first six months of the financial year 2016, resulting in neither profit nor loss but reducing the equity. The re-assessment related to the effects of the reduction in the actuarial interest rate from 2.40% as at 31 December 2015 to 1.50% as at 30 June 2016. In this context, an effect arising from deferred taxes in the amount of 0.4 million euros had a contrary effect on the equity.

PAID DIVIDENDS

The distribution of dividends from secunet Security Networks AG is aligned with the company's Annual Financial Statements under commercial law. Pursuant to the resolution of the Annual General Meeting of 12 May 2016, one dividend of 0.34 euros for each share was paid out from the accumulated profits for the 2015 financial year, making a total of 2,199,630.68 euros; the remaining amount was carried forward to new account.

SEGMENT REPORTING

The secunet Group is split into two business units, the Public Sector and the Business Sector. Both business units are shown separately for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13.

The Public Sector business unit on the one hand offers its customers the *SINRA* product family, i. e. solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage at varying levels of confidentiality. 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 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.

The Business Sector business unit offers (consulting) services and solutions for the specific requirements of private-sector companies. 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 mechanical engineering.

Segment Report H1, 2016			
in thousand euros	Public Sector	Business Sector	secunet H1 2016
Segment revenue	37,233	6,222	43,455
Cost of sales	-28,046	-5,038	-33,084
Selling expenses	-4,594	-1,262	-5,856
Research and development costs	-44	0	-44
Administrative costs	-1,556	-527	-2,083
Segment result (EBIT)	2,993	-605	2,388
Interest result			-18
Income from investments			-63
Group profit before tax			2,307
Goodwill	2,668	282	2,950

Segment Report H1, 2015			
in thousand euros	Public Sector	Business Sector	secunet H1 2015
Segment revenue	29,902	5,350	35,252
Cost of sales	-23,454	-4,648	-28,102
Selling expenses	-3,778	-951	-4,729
Research and development costs	20	0	20
Administrative costs	-1,599	-587	-2,186
Segment result (EBIT)	1,091	-836	256
Interest result			88
Income from investments			0
Group profit before tax			344
Goodwill	2,668	282	2,950

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

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

ADDITIONAL NOTES ON FINANCIAL INSTRUMENTS

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. There were no transfers between evaluation levels in the first half of 2016. As at 30 June 2016, the book value represents an appropriate approximate value for the fair value; there was no separate assessment of this.

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.

	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 assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	Not financial instruments as defined in IAS 39 and IFRS 7
Assets in euros	Carrying amount 30 June 2016				
Current assets					
Cash and cash equivalents	21,954,586.23		21,954,586.23		0.00
Trade receivables	20,309,493.55	4,352,722.86	15,956,770.69		0.00
Intercompany financial assets	43,782.48		43,782.48		0.00
Inventories	10,382,752.37				10,382,752.37
Other current assets	322,082.15		322,082.15		0.00
Income tax receivables	345,758.84				345,758.84
Non-current assets					
Property, plant and equipment	3,456,316.00				3,456,316.00
Intangible assets	166,100.00				166,100.00
Goodwill	2,950,000.00				2,950,000.00
Non-current financial assets	5,252,257.96			5,252,257.96	0.00
Long-term financial assets shown in balance sheet acc. equity method	238,186.36				238,186.36
Loans	316,000.00		316,000.00		
Deferred taxes	1,497,568.94				1,497,568.94
TOTAL ASSETS	67,234,884.88	4,352,722.86	38,593,221.55	0.00	19,036,682.51

	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 assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	Not financial instruments as defined in IAS 39 and IFRS 7
Liabilities in euros	Carrying amount 30 June 2016				
Current liabilities					
Trade accounts payable	4,882,493.15		4,882,493.15		0.00
Intercompany payables	0.00		0.00		0.00
Other provisions	6,873,956.84				6,873,956.84
Income tax liabilities	1,169,679.67				1,169,679.67
Other current liabilities	1,935,418.94		1,935,418.94		0.00
Deferred income	6,797,107.89				6,797,107.89
Non-current liabilities					
Deferred taxes	282,357.68				282,357.68
Provisions for pensions	6,429,989.90				6,429,989.90
Other provisions	123,306.00				123,306.00
TOTAL LIABILITIES	28,494,310.07	0.00	0.00	6,817,912.09	0.00

	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 assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	Not financial instruments as defined in IAS 39 and IFRS 7
Assets in euros	Carrying amount 30 June 2015				
Current assets					
Cash and cash equivalents	23,303,699.90		23,303,699.90		0.00
Trade receivables	17,647,634.26	2,971,680.38	14,675,953.88		0.00
Intercompany financial assets	55,465.42		55,465.42		0.00
Inventories	5,630,881.24				5,630,881.24
Other current assets	785,756.26		785,756.26		0.00
Income tax receivables	659,592.57				659,592.57
Non-current assets					
Property, plant and equipment	1,911,783.35				1,911,783.35
Intangible assets	76,813.00				76,813.00
Goodwill	2,950,000.00				2,950,000.00
Non-current financial assets	2,817,571.88			2,817,571.88	0.00
Deferred taxes	1,059,542.59				1,059,542.59
TOTAL ASSETS	56,898,740.47	2,971,680.38	38,820,875.46	0.00	12,288,612.75

	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 assets-side balance vis-à-vis customers	Financial instruments measured at amortised cost	Financial instruments measured at fair value	Not financial instruments as defined in IAS 39 and IFRS 7
Liabilities in euros	Carrying amount 30 June 2015				
Current liabilities					
Trade accounts payable	5,090,022.50		5,090,022.50		0.00
Intercompany payables	38,556.00		38,556.00		0.00
Other provisions	4,126,561.99				4,126,561.99
Income tax liabilities	898,074.61				898,074.61
Other current liabilities	1,524,603.12		1,524,603.12		0.00
Deferred income	5,189,015.60				5,189,015.60
Non-current liabilities					
Deferred taxes	200,112.43				200,112.43
Provisions for pensions	5,335,950.90				5,335,950.90
Other provisions	101,434.00				101,434.00
TOTAL LIABILITIES	22,504,331.15	0.00	0.00	6,653,181.62	15,851,149.53

RELATED PARTY DISCLOSURES

The consolidated companies within the secunet Group have an association with their main shareholder, Giesecke & Devrient GmbH, Munich and its affiliated companies, in the course of their normal business activities. In addition, the main shareholder is granted short-term loans. All transactions are conducted in accordance with normal market practice.

In the first six months of the 2016 financial year, no Management Board members were promised or granted any benefits by a third party in respect of their activity as members of the Management Board. In the first six months of the 2016 financial year, the members of the Supervisory Board did not receive any other remuneration or benefits for services provided personally over and above the Supervisory Board remuneration as regulated in the Articles of Association of secunet Security Networks AG, in particular consulting and agency services. Neither the members of the Management Board nor the members of the Supervisory Board received any loans from the Company.

EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

There were no significant events after the reporting date.

Essen, 2 August 2016

Dr Rainer Baumgart

Thomas Pleines

REVIEW REPORT

TO SECUNET SECURITY NETWORKS AKTIENGESELLSCHAFT, ESSEN:

We have reviewed the Consolidated Interim Financial Statements, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes, together with the Interim Group Management Report of secunet Security Networks AG, Essen, for the period from 1 January to 30 June 2016, which are the components of the Half-Year Report pursuant to Section 37w of the German Securities Trading Law (WpHG). The company's Management Board is responsible for the preparation of the Condensed Consolidated Interim Financial Statements in accordance with the IFRS standards for interim reporting as applicable in the EU, and of the Interim Group Management Report in accordance with the provisions of the German Securities Trading Law (WpHG) applicable to interim group management reports. Our responsibility is to issue a review report on the Condensed Consolidated Interim Financial Statements and on the Interim Group Management Report based on our review.

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

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

Essen, 3 August 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Salzmann
Auditor

Mertens
Auditor

RESPONSIBILITY STATEMENT

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

Essen, 2 August 2016

Dr Rainer Baumgart

Thomas Pleines

FINANCIAL CALENDAR

2016

4 August	6-Month Report 2016
3 November	9-Month Report 2016

secunet

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