Half-Year Financial Report 2014

SNP | The Transformation Company

Selected key figures as of 30 June 2014 (IFRS)

€ million	1st half-year 2014	1st half-year 2013	2nd quarter 2014	2nd quarter 2013
Backlog (as of 30 June)	**12.1**	**9.5**		
Revenue	**15.5**	**10.3**	**7.5**	**4.9**
- Software	3.9	1.9	1.5	0.8
- Professional Services	11.6	8.3	6.1	4.1
EBIT	**0.5**	**-2.3**	**-0.2**	**-1.5**
- Margin (%)	3.5	-22.7	-2.2	-30.6
Consolidated net income	**0.2**	**-1.6**	**-0.2**	**-1.1**
Earnings per share (€)				
- Undiluted	0.04	-0.45	-0.06	-0.29
- Diluted	0.04	-0.45	-0.06	-0.29
Number of shares (million)	**3.738**	**3.738**	**3.738**	**3.738**
Equity	**13.1**	**14.4**		
- Ratio (%)	55.7	75.7		
Number of employees (as of 30 June)	**259**	**226**		
Personnel costs	**10.1**	**8.4**	**5.0**	**4.0**

Letter by the CEO

Dear Investors, Business Partners and Employees,

In the annual report for 2013 we gave you our assurance that we would work hard to return to profitable growth in order to achieve sustainable value added for our shareholders. We are all the more delighted to be able to report to you today that we have taken a large step towards this goal in the first half of 2014. An increase in revenue of more than 50%, a return to profitability and a clear surge in the price of SNP shares are the visible successes of the hard work of our entire workforce, now numbering more than 250, and they confirm the positive performance of recent months.

The successful operating turnaround was made possible in particular by the systematic implementation of our long-term growth strategy. The cost-intensive investments in internationalisation, innovation and sales of the past year are having their intended effect even after just a short time. Expressed in figures, the situation is as follows: an increase in revenue from € 10.3 million to € 15.5 million, operating earnings of € 0.5 million, corresponding to an EBIT margin of 3.5%, an operating cash flow of € 1.3 million and a stable equity ratio of 55.7%. Both SNP's business segments contributed to this positive overall performance: While revenues in the Software segment (licences and maintenance) more than doubled to € 3.9 million, revenues in Professional Services (consultancy and training) rose by 38.9% from € 8.3 million to € 11.6 million.

As much as we are pleased with our story so far, we cannot forget the fact that sustainable growth goes beyond gratifying six-month figures. We are highly aware of this and are therefore still pushing forward the development we have begun. In the past few months, for example, we have recruited additional experts for sales and our partner management, and are moving ahead with the expansion of the process and strategy consultancy business areas. In addition, in future we will be offering our customers business process analysis in the context of the consolidation of ERP landscapes as part of our SNP Transformation Backbone® software solution. Receiving Oracle Validated Integration for SNP Transformation Backbone in March 2014 also shows the progress in the integration of the US business acquired last year. Thus, we have taken another step towards the goal of "any-to-any" – the transformation of all providers' systems. We still believe that this unique selling proposition offers major growth potential, particularly on the American and Asian markets.

These continuing investments in further growth also explain the decline in earnings observed in the second quarter compared to the first quarter of 2014. Overall, however, the half-year figures highlight the tangible successes of the implemented strategy and sales measures. For this reason we are anticipating a continuing positive performance for the remainder of the year. In addition to the positive performance of recent months, the high order backlog and well-filled pipeline also give us cause for confidence.

My special thanks go to our highly motivated employees, whose dedication and sense of identity with SNP help to move the company forward every single day. I would also like to thank our shareholders for the trust they have shown in us. We will keep on working hard to justify this.

Heidelberg, 29 July 2014
SNP Schneider-Neureither & Partner AG

Dr. Andreas Schneider-Neureither
CEO

SNP shares

The development of SNP Schneider-Neureither & Partner AG's shares was highly encouraging in the first half of 2014. With a performance of 23.8%, SNP's shares rose significantly more than the benchmark indices in the reporting quarter. Of these, the DAXsubsector All IT-Services performed best in the first six months of 2014 with growth of 16.1%, followed by the TecDAX with a performance of 11.9%. By contrast, the DAX rose by only 2.4% and the DAXsector All Software even fell by 3.6%.

Having begun the 2014 financial year at a price of € 11.31, SNP's shares tracked sideways until the end of April and hit their lowest point for the reporting period on 11 February at € 10.33. Continuing on from the positive performance of the opening months, however, a rising trend then began with SNP's shares ending the first half of 2014 on 30 June with a closing price of € 14.00 in Xetra® trading. This was also the highest price for the reporting period and corresponded to market capitalisation of € 52.3 million.

In the first half of the year, shareholders and the interested public at large were kept informed of current business developments, special events and the company's prospects in a timely manner. In addition to the mandatory publications of financial reporting and other publicity requirements, supplementary press releases were used in regular and direct communications with the capital market.

The aim of financial communications as a whole is to provide all market participants with comprehensive information to bolster confidence in the company and its shares. Against this backdrop, the Executive Board seeks to ensure an active dialogue with financial market participants through a policy of transparent, personal and direct communication. Thus, in the first half of the year, the Executive Board and SNP AG's IR department again held talks with a number of investors and analysts. In May 2014 the company took part in the SCF Small Cap Spring Conference in Frankfurt/Main. In addition, SNP AG welcomed around 100 shareholders at its Annual General Meeting in Leimen on 6 June 2014. After the report of the Executive Board on the 2013 financial year, both members of the Executive Board were on hand to answer questions on business performance and corporate strategy.

Interim Group management report
for the period from 1 January to 30 June 2014

The SNP Group

Business activities

SNP increases the speed with which companies react to changes and consequently ensures they can adapt their IT landscape quickly and, at the same time, economically. For this purpose, the software company has developed the world's first standard software, SNP Transformation Backbone, which helps companies both with the analysis and the transformation of their IT systems. The transformation platform is based on the experience of more than 2,500 projects, which the company has accumulated since its founding in 1994 with its software-related services for Business Landscape Transformation. SNP operates in the two segments of Professional Services (consultancy and training services) and Software (sale of software licences and maintenance contracts).

More than 250 employees in Europe, South Africa and the United States generated sales of € 23.5 million in 2013. SNP AG, which is headquartered in Heidelberg, went public in Hamburg in 2000 and has been listed in the General Standard of the Frankfurt Stock Exchange since 2003.

Group structure

In addition to SNP Schneider-Neureither & Partner AG, headquartered in Heidelberg, the SNP Group also comprises the following wholly-owned equity investments:

- SNP (Schweiz) AG, Zug, Switzerland
- SNP AUSTRIA GmbH, Linz, Austria (wholly owned since April 2014)
- SNP Consulting GmbH, Thale, Germany
- SNP America, Inc., Jersey City, NJ, USA
- SNP Schneider-Neureither & Partner ZA (Pty) Limited, Johannesburg, South Africa
- Schneider-Neureither & Partner Iberica, S.L., León, Spain

Effective 1 September 2013, the operations of GL Consulting, Inc., New Jersey, USA and its wholly owned subsidiary Cetova Corp., New Jersey, USA (collectively GLA) were acquired by SNP America, Inc. in an asset deal. GLA is a consultancy service provider for the optimisation and transformation of ERP landscapes from the Oracle Group, and uses a tool-based approach.

Significant events in the first half of the year

Acquisition of remaining shares in SNP AUSTRIA GmbH

In line with its corporate strategy, SNP AG acquired the remaining 15% of the shares in SNP AUSTRIA GmbH in April 2014. The Austrian subsidiary is now wholly owned by the SNP Group.

Personnel changes in the Supervisory Board

On 9 May 2014, the Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, Roland Weise, informed the company that he would no longer be standing for election as a member of the Supervisory Board owing to personal reasons. Rainer Zinow was therefore elected as a new member of the Supervisory Board at the Annual General Meeting of SNP Schneider-Neureither & Partner AG held on 6 June 2014 in Leimen. Mr. Zinow, a business graduate, is the Senior Vice President of SAP AG where he heads the development of the SAP HANA Cloud platforms and applications. In the constituent meeting that followed, the Supervisory Board then elected Dr. Michael Drill as its new Chairman. Michael Drill is the CEO of Lincoln International AG. A financial expert with a doctorate in corporate finance, Dr. Drill has been a member of the Supervisory Board of SNP AG since April 2011. In May 2012 he became the Deputy Chairman of the Supervisory Board, an office now held by Gerhard A. Burkhardt, a member of the Supervisory Board since May 2013. Gerhard A. Burkhardt is the Chairman of Familienheim Rhein-Neckar eG and has valuable experience thanks to his memberships in supervisory boards and similar executive bodies. SNP therefore has a highly competent advisory and controlling body with proven experts in the finance and software industries.

Expansion of the Executive Board

SNP AG expanded its Executive Board by two to three members, thereby created the requirements within its management to systematically advance its intended growth: Jörg Vierfuß was appointed as the CFO of SNP AG as at 1 April 2014. The business graduate has many years of experience in the finance sector and was already appointed as the CFO in summer 2013. As at 1 July 2014, Henry Göttler was also appointed to the Executive Board of SNP AG as its Chief Operating Officer (COO). The graduate mathematician will primarily be working on the implementation of strategy in day-to-day business, applying his experience in areas such as product management and development.

Economic report

Overall economic development

The economic situation in Germany improved further in the opening months of this year, and the still favourable financing conditions and the brightening international environment indicate that overall economic production will increase significantly in the second half of the year as well. The Kiel Institute for the World Economy (IfW) is therefore forecasting growth in gross domestic product of 2.0% for the year as a whole. Spurred by the expansive monetary environment, IfW experts are anticipating an upswing in investments in particular. Good labour market prospects, low interest rates and rising disposable income are also allowing private consumer spending to increase significantly. Foreign trade will also pick up, with the IfW assuming a stronger rise in imports than exports on account of growing domestic consumption.

The global economy was a little weaker in the first half of 2014 with only modest momentum. On the one hand, this was due to extraordinary factors in the developed economies, such as the unusually harsh winter in the US, and the low momentum on the emerging markets on the other, where economic expansion was muted by deteriorating financing conditions. While developments are expected to remain restrained on the emerging markets as the year progresses, the expansion in the developed economies should gradually grow stronger. Overall, the IfW is assuming growth in global production of 3.5% in the current year.

The high-tech association BITKOM is even forecasting growth of 4.5% for the ITC sector in 2014. This is not just higher than the forecast expansion for the economy as a whole, but also exceeds the ITC sector’s growth in the previous year of 3.8%. As a result, revenue for information technology and telecommunications products and services is expected to climb to almost € 3 trillion this year. The strongest growth is forecast in mobile data service business (up 12.8%), followed by TC infrastructure revenue (up 7.9%) and software business (up 6.2%). Broken down by country, the US is again expected to account for the largest share of the global ITC market at 27%. The EU makes up around 21%, just ahead of the BRIC nations at around 20%, though their development is still the most dynamic. Thus, BITKOM is forecasting growth of 12% for India, 11.3% for China, 9.2% for Brazil and 3.8% for Russia. By comparison, a rise in revenue of 4.0% is forecast for the US with 1.3% in the EU.

In line with this, the BITKOM industry association is assuming growth of 1.7% to € 153.4 billion for the German ITC market in 2014. A spilt can also be seen within the industry: While, for example, business for software and services is growing at an above-average rate, other areas such as IT hardware are immobile or even posting declining revenues, such as data and voice service business. Regardless of this, the BITKOM index, which tracks the economic forecasts for the sector, recently climbed five points to 72. This is due to both the excellent situation – around three quarters of industry participants increased their revenue in the first half of the year – and the positive outlook: 81% of companies are forecasting rising revenue in the coming six months. The prospects for IT service and software providers are especially good.

Result of operations, net assets and financial position

SNP Schneider-Neureither & Partner AG enjoyed a successful first half of 2014: Rising consultancy income and tangible successes in software licence sales drove up revenue by 51.0% to € 15.5 million in the reporting period (previous year: € 10.3 million). Both segments contributed to this positive development: Revenue in the Software segment (licences and maintenance) more than doubled to € 3.9 million (previous year: € 1.9 million), while professional services revenue (consultancy and training) rose by 38.9% from € 8.3 million to € 11.6 million. The positive trend of the first quarter was also confirmed in earnings. Operating earnings

(EBIT) amounted to € 0.5 million (previous year: € -2.3 million), while consolidated net income amounted to € 0.2 million (previous year: consolidated net loss of € 1.6 million). This corresponds to an EBIT margin of 3.5% and a net profit margin of 1.2%. The decline as against the first quarter of 2014 is primarily due to higher staff costs as a result of the continuing expansion of business.

The positive business performance is also contributing to the company's consistently excellent financial situation. The operating cash flow of € 1.3 million (previous year: € -2.2 million) largely offset the cash used for the acquisition of non-controlling interests in SNP AUSTRIA GmbH (€ -0.5 million), distributions (€ -0.3 million) and loan repayments (€ -0.3 million), with the result that, at € 6.1 million, cash and cash equivalents as at 30 June 2014 were only marginally lower than as at 31 December 2013 (€ 6.4 million). The equity ratio decreased from 57.6% to 55.7% over the same period. Overall, the half-year figures highlight the clear successes in the implementation of the measures initiated. Thanks to the growing internationalisation and the implementation of its new sales strategy, at half-time SNP Schneider-Neureither & Partner AG is well on its way to achieving its goals for 2014 as a whole.

Revenue performance

In the reporting period, SNP AG's consolidated revenue rose to € 15.5 million on the back of improved capacity utilisation, particularly in the DACH region, an increase of 51.0% as against the first half of 2013 (€ 10.3 million). Revenue in the second quarter of 2014 amounted to € 7.5 million (previous year: € 4.9 million) and therefore, as in the previous year, was slightly below the first-quarter level of € 8.0 million (previous year: € 5.4 million). In terms of segment performance, the Professional Services segment, which includes consultancy services in particular, generated revenue of € 11.6 million in the first six months of the current financial year (previous year: € 8.3 million). This represents a year-on-year increase of 38.9% and corresponds to a share of approximately 74.6% of total revenue. The remaining revenue of € 3.9 million (previous year: € 1.9 million) was generated in the Software segment (including maintenance), which more than doubled its revenue. This strong growth is due to the tangible success in the sale of software licences and serves to endorse the further implementation of SNP AG's new sales strategy.

Result of operations

The positive revenue development in the first six months was also reflected in earnings in the first six months. While there were still losses in the same period of the previous year, the positive trend of the first three months continued in the reporting period as a result of the substantial upturn in consultancy business and the significantly higher level of licence revenue: EBITDA amounted to € 1.0 million as against € -2.0 million in the same period of the previous year and EBIT improved from € -2.3 million in the first half of 2013 to € 0.5 million. This corresponds to profit margins of 6.2% (EBITDA) and 3.5% (EBIT). This operating turnaround was achieved in spite of continuing investments in sales and marketing and increased staff costs, particularly as a result of the acquisition of GLA. Staff costs increased by € 1.7 million in the reporting period to € 10.1 million. Other operating expenses increased from € 3.5 million to € 3.8 million.

As other financial expenses amounted to € 43 thousand in the first half of 2014 while other financial income was only immaterial, the financial result was negative at € -36 thousand (previous year: € 1 thousand), resulting in earnings before taxes (EBT) of € 0.5 million previous year: € -2.3 million). With income taxes amounting to € 0.3 million (previous year: tax income of € 0.7 million), consolidated net income after non-controlling interests totalled € 0.2 million in the reporting period (previous year: € -1.7 million). Diluted and basic earnings per share therefore amounted to € 0.04 (previous year: € -0.45).

In light of the rising trend that began in the second half of 2013, the Executive Board proposed to the Supervisory Board and the Annual General Meeting for the 2013 financial year the distribution of a dividend of € 0.08 per share (previous year: € 0.24 per share, calculated after bonus shares). The Annual General Meeting of SNP AG adopted this proposal by the Executive Board and the Supervisory Board with a large majority. The total distribution therefore amounted to € 0.30 million (previous year: € 0.89 million).

Net assets

Current assets decreased from € 16.1 million as at 31 December 2013 to € 15.6 million. This can be traced to two factors: On the one hand, cash and cash equivalents decreased slightly from € 6.4 million to € 6.1 million as a result of the acquisition of the non-controlling interests in SNP AUSTRIA GmbH, distributions and loan repayments, while on the other trade receivables were reduced from € 8.7 million to € 8.3 million thanks to a further improvement in receivables management.

In the reporting period, non-current assets climbed slightly from € 7.8 million as at 31 December 2013 to € 8.0 million as at 30 June 2014. In particular, this was due to the increase in property, plant and equipment from € 1.1 million to € 1.2 million and the rise in deferred taxes from € 1.4 million to € 1.6 million. By contrast, the recognised goodwill and intangible assets decreased slightly in the reporting period.

Financial position

In the period under review, current liabilities increased from € 5.8 million as at 31 December 2013 to € 6.3 million as at 30 June 2014. This rise is essentially due to the increase in trade payables from € 1.1 million to € 1.6 million while at the same time tax liabilities decreased from € 0.4 million to € 0.2 million. By contrast, provisions and other liabilities were largely unchanged in the reporting period.

Compared to 31 December 2013, non-current liabilities decreased from € 4.3 million to € 4.1 million. The major reduction in liabilities to banks of € 2.3 million to € 2.0 million was due to the loan repayment amounting to € 0.3 million in the reporting period.

In the first six months of 2014, the company's equity declined from € 13.8 million to € 13.1 million. The subscribed capital, capital reserves, the other components of equity and treasury shares remained unchanged. Following the acquisition of minority interests and the dividend payment for the year 2013, which exceeded the generated net income in the first half of 2014, retained earnings decreased in the reporting period from € 3.0 million to € 2.6 million. Primarily due to this, the equity ratio declined from 57.6% to 55.7%.

SNP AG generated an operating cash flow of € 1.3 million in the first half of 2014 (previous year: € -2.2 million) thanks to the consolidated net income generated in the period and the successful reduction in trade receivables. This was offset by cash used in investing activities of € 0.4 million. Financing activities resulted in a cash outflow of € 1.1 million (prior year: € 1.0 million) in the first half of 2014. This consisted of the dividend payment (including payments to non-controlling interests) of € 0.3 million (previous year: € 1.0 million), payments for the acquisition of minority interests in SNP AUSTRIA GmbH of € 0.5 million (previous year: € 0 million) and the repayment of loans in the amount of € 0.3 million (previous year: € 0 million).

The total cash flow therefore amounted to € -0.3 million in the period under review (previous year: € -3.2 million). As a result, cash and cash equivalents decreased from € 6.4 million as at 31 December 2013 to € 6.1 million as at 30 June 2014. Thus, SNP AG's financial position is still extremely solid overall.

Non-financial performance indicators

Employees

In the reporting period the number of employees rose slightly from 248 as at 31 December 2013 to 259 as at 30 June 2014. This includes six members of the Executive Board and management (31 December 2013: five) and 16 trainees, students, pupils and interns (31 December 2013: 16). There were no employees in partial early retirement in the first half of 2014 (31 December 2013: one). The average number of employees in the reporting period was 233.

Report on risks and opportunities, forecast

Risks and opportunities

An extensive description of operational and financial risks is contained in the "Risk management and risk report" section of the Group management report in the 2013 Annual Report. Potential business opportunities are described in the "Opportunities and outlook report" section. There were no material changes to SNP AG's risk and opportunity profile in the period under review.

Forecast

The Executive Board of SNP AG forecasts that the positive development of the first half of the year will continue in the remainder of the financial year. In particular, in addition to the positive performance of recent months and the favourable economic developments, the high order backlog, the well-filled pipeline, ongoing investments in marketing, sales, development and consultancy and the continuing progress in expanding the process and strategy consultancy segments also give grounds for confidence. In addition, the conclusion of large-volume licence agreements for the use of SNP Transformation Backbone in particular still offers considerable earnings potential. The Executive Board is therefore confirming its target for consolidated revenue of around € 30 million and a mid-single-digit EBIT margin for the 2014 financial year.

Supplementary report

There were no significant events after 30 June 2014.

Heidelberg, 29 July 2014
SNP Schneider-Neureither & Partner AG

The Executive Board

Dr. Andreas Schneider-Neureither

Jörg Vierfuß

Henry Göttler

Consolidated Balance Sheet
as at 30 June 2014

€ k	30.06.2014	31.12.2013	30.06.2013
ASSETS			
Current assets			
Cash and cash equivalents	6,089	6,355	6,996
Trade receivables	8,336	8,688	5,884
Current tax assets	474	685	1,207
Other current assets	635	417	400
	15,534	**16,145**	**14,487**
Non-current assets			
Goodwill	4,119	4,099	2,068
Intangible assets	966	1,094	221
Property, plant and equipment	1,217	1,070	1,124
Participations accounted for in accordance with the equity method	0	0	0
Other non-current assets	86	85	29
Non-current tax assets	9	10	12
Deferred taxes	1,598	1,401	1,088
	7,995	**7,759**	**4,542**
	23,529	**23,904**	**19,029**
EQUITY AND LIABILITIES			
Current liabilities			
Liabilities due to banks	600	600	0
Trade payables	1,588	1,076	800
Provisions	52	62	64
Tax liabilities	272	405	362
Other current liabilities	3,805	3,661	2,630
	6,317	**5,804**	**3,856**
Non-current liabilities			
Liabilities due to banks	1,950	2,250	0
Provisions for pensions	588	555	615
Deferred taxes	99	83	155
Other non-current liabilities	1,464	1,450	0
	4,101	**4,338**	**770**
Equity			
Subscribed capital	3,738	3,738	3,738
Capital reserves	7,189	7,189	7,189
Retained earnings	2,582	3,011	3,747
Other reserves	17	17	-30
Treasury shares	-415	-415	-415
Equity attributable to shareholders	**13,111**	**13,540**	**14,229**
Non-controlling interests	0	222	174
	13,111	**13,762**	**14,403**
	23,529	**23,904**	**19,029**

The following notes are an integral part of the consolidated financial statements.

Consolidated Income Statement
for the period from 1 January to 30 June 2014

€ k	1st half-year 2014	1st half-year 2013	2nd quarter 2014	2nd quarter 2013
Revenue	**15,515**	**10,277**	**7,513**	**4,887**
Professional Services	11,577	8,338	6,061	4,091
Licenses	3,230	1,566	1,129	659
Maintenance	708	373	323	137
Other operating income	73	70	17	-23
Cost of material	-720	-457	-425	-207
Personnel costs	-10,066	-8,392	-5,045	-3,955
Other operating expenses	-3,833	-3,470	-2,008	-2,019
Other taxes	-13	-11	-6	-6
EBITDA	**956**	**-1,983**	**46**	**-1,323**
Depreciation and impairments on intangible assets and property, plant and equipment	-416	-351	-211	-170
EBIT	**540**	**-2,334**	**-165**	**-1,493**
Income from participations accounted for in accordance with the equity method	0	0	0	0
Other financial income	7	13	7	13
Other financial expenses	-43	-12	-21	-6
Net financial income	**-36**	**1**	**-14**	**7**
EBT	**504**	**-2,333**	**-179**	**-1,486**
Income taxes	-321	697	-55	413
Consolidated net income/loss (-)	**183**	**-1,636**	**-234**	**-1,073**
Of wich:				
Profit attributable to non-controlling shareholders	40	31	0	8
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG	143	-1,667	-234	-1,081
Earnings per share	**€**	**€**	**€**	**€**
- Undiluted	0.04	-0.45	-0.06	-0.29
- Diluted	0.04	-0.45	-0.06	-0.29
Weighted average number of shares	**in thousands**	**in thousands**	**in thousands**	**in thousands**
- Undiluted	3,716	3,716	3,716	3,716
- Diluted	3,716	3,716	3,716	3,716

The following notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the period from 1 January to 30 June 2014

€ k	1st half-year 2014	1st half-year 2013	2nd quarter 2014	2nd quarter 2013
Net income for the period	**183**	**-1,636**	**-234**	**-1,073**
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	0	14	-4	33
Deffered taxes on differences from currency conversion	0	0	0	0
	0	**14**	**-4**	**33**
Items that will not be reclassified to profit or loss				
Remeasurements of deined benefit pension plans	0	0	0	0
Deferred taxes on remeasurements of defined benefit pension plans	0	0	0	0
	0	**0**	**0**	**0**
Income and expenses directly recognised in equity	**0**	**14**	**-4**	**33**
Total comprehensive income	**183**	**-1,622**	**-238**	**-1,040**
Profit attributable to non-controlling interests	40	31	0	8
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG in total comprehensive income	**143**	**-1,653**	**-238**	**-1,048**

The following notes are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement
for the period from 1 January to 30 June 2014

€ k	1st half-year 2014	1st half-year 2013
Profit after tax	**183**	**-1,636**
Depriciation	416	351
Change in provisions for pensions	33	22
Other non-cash income/expenses	-182	-692
Change in trade receivables, other current assets, other non-current assets	305	676
Changes in trade payables, other provisions, tax liabilities, other current liabilities	532	-924
Cash flow from operating activities (1)	**1,287**	**-2,203**
Payments for investments in property, plant and equipment	-406	-82
Payments for investments in intangible assets	-32	-31
Payments for investments in at-equity participations	0	0
Payments for the acquisition of business operations	0	0
Proceeds from disposal of tangible fixed assets	19	133
Cash flow used in investing activities (2)	**-419**	**20**
Dividend payments	-297	-892
Dividend payments to non-controlling shareholders	-37	-45
Payments for purchase of shares in non-controlling shareholders	-500	0
Payments for the purchase of own shares	0	-36
Proceeds from loans	0	0
Payments on loans received	-300	0
Cash flow used in financing activities (3)	**-1,134**	**-973**
Cash change in cash and cash equivalents (1) + (2) + (3)	**-266**	**-3,156**
Cash and cash equivalents at the beginning of the fiscal year	6,355	10,152
Cash and cash equivalents at 30 June	**6,089**	**6,996**
Composition of cash and cash equivalents:	**2014**	**2013**
Cash and cash equivalents	6,089	6,996
Cash and cash equivalents at 30 June	**6,089**	**6,996**

The following notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
for the period from 1 January 2013 to 30 June 2014

€ k	Subsribed capital	Capital reserve	Retained earnings
As of 01.01.2013*	**1,246**	**7,189**	**8,800**
Capital increase from company funds	2,492		-2,492
Acquisition of treasury shares			
Dividend payment			-892
Total comprehensive income			-1,667
As of 30.06.2013	**3,738**	**7,189**	**3,749**
Total comprehensive income			-738
As of 31.12.2013	**3,738**	**7,189**	**3,011**
Acquisition of minority interests			-275
Acquisition of treasury shares			
Dividend payment			-297
Total comprehensive income			143
As of 30.06.2014	**3,738**	**7,189**	**2,582**

* The prior-year figures were adjusted retrospectively due to the application of IAS 19 (amended) as of 1 January 2013.

The following notes are an integral part of the consolidated financial statements.

Other components of equity						
Currency conversion	Revaluation of performance-oriented obligations	Other components of quity Total	**Treasury shares**	**Shareholders of SNP AG attributable capital**	**Non-controlling shares**	**Total equity**
41	**-80**	**-39**	**-379**	**16,817**	**181**	**16,998**
				0		0
			-36	-36		-36
				-892	-45	-937
14		14		-1,653	31	-1,622
55	**-80**	**-25**	**-415**	**14,236**	**167**	**14,403**
37	5	42		-696	55	-641
92	**-75**	**17**	**-415**	**13,540**	**222**	**13,762**
				-275	-225	-500
				0		0
				-297	-37	-334
0	0	0		143	40	183
92	**-75**	**17**	**-415**	**13,111**	**0**	**13,111**

Notes to the interim consolidated financial statements
for the period from 1 January to 30 June 2014

Company information

SNP Schneider-Neureither & Partner AG (SNP AG or the "company") is a listed corporation based in Heidelberg, Germany. These interim consolidated financial statements for the period 1 January to 30 June 2014 were approved for publication by way of resolution of the Executive Board on 29 July 2014.

Basis of reporting

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". Accordingly, this interim report does not contain all the information and disclosures required in accordance with IFRS for consolidated financial statements as at the end of a financial year. The accounting policies applied in these interim financial statements are essentially the same as those in the consolidated financial statements as at the end of the 2013 financial year. A detailed description of the principles of accounting has been published in the notes to the consolidated financial statements of the 2013 annual report, which can be viewed at www.snp-ag.com under Investor Relations/Financial Statements.

The adoption of the standards applicable for the first time from 1 January 2014 has had no material effect on the interim consolidated financial statements.

There were no seasonal influences.

Consolidated group

The consolidated group has not changed as against 31 December 2013.

Segment Reporting
for the period from 1 January to 30 June 2014

The segment report was prepared in accordance with IFRS 8. Taking the Group's internal reporting and organisational structure as a basis, individual consolidated financial statement data are presented below according to business segment:

€ k	Professional Services	Software	Total
Segment result			
1st half-year 2014	267	1,117	**1,384**
Margin	2,3%	28,4%	**8,9%**
1st half-year 2013	-1,571	26	-1,545
Margin	-18,8%	1,3%	-15,0%
External revenue			
1st half-year 2014	11,576	3,939	**15,515**
1st half-year 2013	8,338	1,939	10,277
Depreciation included in the segment result			
1st half-year 2014	328	88	**416**
1st half-year 2013	288	62	350
Segment assets			
30 June 2014	18,382	3,076	**21,458**
30 June 2013	14,821	1,897	16,718
Segment investments			
30 June 2014	401	37	**438**
30 June 2013	97	16	113

Reconciliation

€ k	1st half-year 2014	1st half-year 2013
Net earnings		
Total reportable segments	1,384	-1,545
Non-segment-related expenses	-905	-848
Non-segment-related amounts:		
- Other operating income	73	70
- Other taxes	-13	-11
EBIT	**540**	**-2,334**
Assets		
Total reportable segments	21,458	16,718
Assets not allocated to the segments	2,072	2,311
Group assets	**23,529**	**19,029**
Assets not allocated to the segments		
- Deferred tax assets	1,598	1,088
- Income tax claims	474	1,223
Total	**2,072**	**2,311**

Additional information on segment reporting

The increases in segment revenue and depreciation and amortisation in the first half of 2014 as against the first half of 2013 and the increase in segment assets as at 30 June 2014 as against the 30 June 2013 are essentially due to the acquisition of the operations of GL Consulting, Inc., Jersey City/USA, and its wholly owned subsidiary Cetova Corp., Jersey City/USA, in the third quarter of 2013.

SNP AG reported a positive development in both reporting segments in the first half of 2014.

Additional information on the consolidated statement of cash flows and the consolidated statement of changes in equity

SNP AG resolved and distributed a dividend of € 297 thousand for the 2013 financial year in the reporting period. Furthermore, a profit distribution by SNP AUSTRIA GmbH for the 2013 financial year was also resolved in the reporting period. € 37 thousand of this related to non-controlling interests.

SNP AG acquired non-controlling interests for € 0.5 million (previous year: € 0 million) in SNP AUSTRIA GmbH in the period under review. The transaction was shown within equity. As a result of the acquisition of these shares, there are no longer any non-controlling interests in the Group.

Additions to property, plant and equipment and intangible assets predominantly include investments in vehicles, hardware and software and operating and office equipment.

Significant actuarial gains/losses from the actuarial measurement of pensions and other post-employment benefits are not expected either at the end of the first half of 2014 or the end of 2014. Currency translation effects reported in equity amounted to less than € 1 thousand in the first half of 2014. The other components of equity have therefore not changed since the end of the 2013 financial year.

SNP AG did not acquire any further treasury shares in the reporting period.

Profit distribution

Among other things, the SNP AG Annual General Meeting on 6 June 2014 resolved to distribute a dividend of € 0.08 per entitled share from the retained earnings for the 2013 financial year. The total distribution amounted to € 297 thousand. On 15 April 2014 the Shareholders' Meeting of SNP AUSTRIA GmbH resolved to distribute profits from its retained earnings. € 37 thousand of this related to non-controlling interests.

Related party disclosures

There is a lease agreement between a member of the Executive Board and SNP AG for office premises. This is charged as at arm's-length conditions. The volume of the lease was € 115 thousand; there were no outstanding liabilities as at 30 June 2014.

Furthermore, one member of the Executive Board was granted an advance on travel expenses of € 15 thousand in the first half of 2014. No other loans, credit or advances were granted to members of the Executive Board.

Treasury shares

SNP AG did not acquire any further treasury shares in the reporting period.

Other disclosures

The Executive Board and the Supervisory Board do not have any pre-emption rights to shares in accordance with section 160(1) nos. 2 and 5 of the Aktiengesetz (AktG – German Stock Corporation Act). The contingent liabilities and other financial obligations presented as at 31 December 2013 changed only insignificantly in the first half of 2014.

Pending legal disputes and claims for compensation

The companies included in the consolidated financial statements are not involved in court proceedings, legal disputes or claims for compensation that could have a material influence on the economic situation of the Group.

Heidelberg, 29 July 2014

The Executive Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the Group 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 remaining months of the financial year.

Heidelberg, 29 July 2014

The Executive Board

Auditor's opinion

To SNP Schneider-Neureither & Partner AG, Heidelberg:

We have conducted an audit review of the condensed interim consolidated financial statements – consisting of the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated cash flow statement and group statement of changes in equity as well as selected notes to the financial statements – and the interim group management report of SNP Schneider-Neureither & Partner AG, Heidelberg, for the period from 1 January to 30 June 2014, which are part of the consolidated interim financial statements in accordance with section 37w WpHG (German Securities Trading Act). The company's Executive Board is responsible for preparing the condensed interim consolidated financial statements according to IFRS principles for interim reporting as they apply to the EU, and the interim group management report in accordance with the applicable regulations of the WpHG as they apply to interim group management reports. Our task is to issue an opinion on the condensed interim consolidated financial statements and the interim group management report based on our audit review.

We conducted our audit review of the condensed interim consolidated financial statements and the interim group management report based on German principles for audit reviews of financial statements established by the IDW ("Institut der Wirtschaftsprüfer", German Institute of Auditors). According to these principles, an audit review must be planned and carried out so that, based on a critical appraisal, we can rule out with reasonably certainty that the condensed interim consolidated financial statements do not comply with the IFRS principles for interim reporting as they apply to the EU in all material respects and that the interim group management report does not comply with the WpHG regulations as they apply to interim group management reports in all material respects. An audit review is limited mainly to interviews with company employees and an analytical evaluation, which means it does not result in the same level of certainty attained by an audit. Since we were not engaged to conduct an audit, we are unable to issue an audit opinion.

During our audit review, we did not become aware of any information that would indicate that the condensed interim consolidated financial statements do not comply with the IFRS principles for interim reporting as they apply to the EU in all material respects or that the interim group management report does not comply with the WpHG regulations as they apply to interim group management reports in all material respects.

Mannheim, 29 July 2014

MOORE STEPHENS TREUHAND KURPFALZ GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Matthias Ritzi Auditor	Stefan Hambsch Auditor

Financial calendar

1 – 3 September 2014	12th SCC_Small Cap Conference
31 October 2014	Publication of the Interim Statement for Quarter III
24 – 26 November 2014	German Equity Forum 2014

All dates are provisional.
The current financial calendar can be consulted at: www.snp-ag.com/eng/Investor-Relations/Financial-calendar.

Contact

Do you have questions or need more information? We are at your disposal:

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The legally binding document is the original German version, which shall prevail in any case of doubt.

Legal notice

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