

secunet



Partnerships

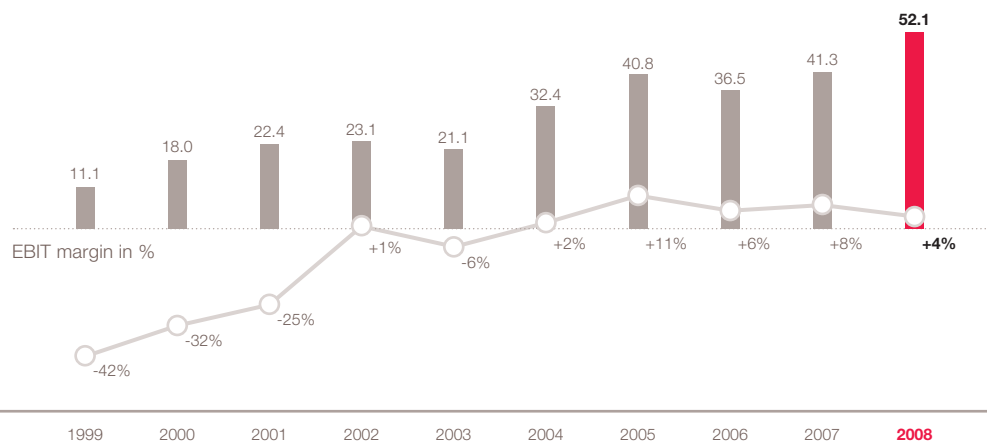
Annual Report 2008

Key Figures

in Euro m	2008	2007	Change in %
Sales	52.1	41.3	+26
EBIT	1.9	3.5	-46
EBITDA	2.7	4.4	-38
EBT	2.2	3.7	-40
Net income/loss year	1.7	2.7	-36
Earnings per share	0.27	0.42	-36
Balance sheet total	39.4	33.7	+17
Equity	23.5	21.7	+8
Liquid assets	15.9	10.9	+46
Liabilities	15.9	12.0	+33
Loans	0.0	0.0	-
Cash flow from operating activities	5.6	3.3	+67
Investments	0.9	1.1	-15
Free cash flow	4.7	2.3	+104
Orders	31.1	16.8	+85
Employees as of 31.12.	265	236	+12
Personnel costs	18.8	17.3	+9

Long-term development – sales and EBIT margin

Sales in Euro m



Organisation

Public Sector

Government

In the government business sector we are developing solutions which meet the special IT security requirements of authorities and institutions. Nationally and internationally we ensure that all the prescribed security standards in dealing with particularly sensitive data are observed. We thus make it possible for public administrative authorities to exploit the potential of e-government to the fullest extent. Our areas of activity include the areas of e-government, biometrics and official documents, healthcare, secure web solutions and security validation. In addition, we also maintain a BSI-accredited evaluation laboratory for IT conformity. As a provider of security solutions to the German Federal Government we have for many years enjoyed the confidence of these customers in the public sector.



High Security

Our *SINA* product family is the only IP-based encryption system for processing and transferring classified materials which is approved by the Federal Office for Information Security up to the TOP SECRET level of security. The specialists in our high-security business department provide support for our customers with regard to advisory services, integration and legally compliant electronic processing of classified data. We are familiar with the requirements of our government customers and have geared our *SINA* products to those standards. The *SINA* range of products includes *SINA Box*, *SINA Thin Client*, *SINA Virtual Workstation* and *SINA Virtual Desktop*.



Private Sector

Business Security

Since global networking was established by the Internet commercial espionage has taken on new forms. A simple e-mail is enough for valuable information to end up in the wrong hands. Staff in the Business Security department specialise in high-quality IT security solutions for private business. We can provide a comprehensive range of product solutions with regard to qualified signatures, single sign-on, user management, and public key infrastructures, as well as network and system security. We can also take on the operation of IT security. With our Managed Security-Services costs for our customers can always be calculated and their systems are always state-of-the-art.



Automotive

With the growing part played by software applications and electronics in vehicles some interesting new business models are opening up for vehicle manufacturers. However, the increasing use of digital components in on-board vehicle networks is accompanied by the growing need to protect them from manipulation and misuse. As a partner and adviser of many years' standing for vehicle manufacturers and component suppliers we can provide support for our customers in devising, implementing and testing innovative security solutions. With regard to IT matters we provide assistance with new technologies in vehicles, such as communication between the vehicle and the Internet, or authentication of the driver and the vehicle for downloading data where charges are applied.



Content

- Key Figures
- Organisation

4 Foreword

6 Report of the Supervisory Board

12 The secunet share

16 Corporate Governance

22 Consolidated Management Report

23 BUSINESS AND BASIC CONDITIONS

32 DEVELOPMENT OF EARNINGS

36 INVESTMENT

37 FINANCIAL AND ASSET SITUATION

38 EMPLOYEES

39 SUPPLEMENTARY REPORT – SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

39 RISK REPORT

41 FORECAST REPORT

46 Consolidated Financial Statements (IFRS)

46 CONSOLIDATED BALANCE SHEET

48 CONSOLIDATED INCOME STATEMENT

49 CONSOLIDATED CASH FLOW STATEMENT

50 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

51 NOTES

78 RESPONSIBILITY STATEMENT

79 REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

80 Financial Statements of secunet AG (HGB)

80 BALANCE SHEET

81 INCOME STATEMENT

82 DEVELOPMENT OF FIXED ASSETS

84 NOTES

91 EXECUTIVE BODIES

93 RESPONSIBILITY STATEMENT

94 REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

95 Service

95 SECUNET OFFICES

96 FINANCIAL CALENDAR

96 MULTI-YEAR OVERVIEW

97 INFORMATION/IMPRINT

secunet – IT Security beyond expectations

secunet Security Networks AG is among the leading specialists for IT security in Germany and Europe. We focus on complex projects, large infrastructures and high security. Our customers include companies, authorities and international organisations.

We see ourselves as a security partner for our customers, and in return for their trust we offer reliability and a sense of responsibility. We cultivate strategic, long-term partnerships as one of the cornerstones of our business success.

With our comprehensive know-how, we set benchmarks for IT security in the market. We deliver innovative solutions for the most demanding requirements, tailored to the needs of our customers. In doing so, we offer a service partnership that goes beyond our customers' expectations.

Our strong market position is built on many years of experience and expertise. At the same time, our claim is always to stay one step ahead of the competition in terms of technology and quality. Thanks to the creativity and motivation of our employees, we are able to meet this challenge in the market on a lasting basis for the benefit of our customers.

The profitability of our business, which means long-term, profitable growth, is the key to our durability. It reinforces the trust of our customers in secunet as a company, ensures long-term, challenging positions for our employees and creates sustainable added value for our shareholders.



Trust that runs deep

Large and complex IT infrastructures form the backbone of modern communications between public authorities, businesses and citizens. Security, and hence users' trust in these systems, plays a vital part in this. Our partners have placed their trust in us over many years, and that is the basis for the spirit of partnership in which we work with them.



Foreword of the chairman of the Executive Board

Dear Shareholders, customers, staff and friends of secunet,

secunet successfully negotiated the challenges it faced in 2008.

Sales growth exceeds expectations

The secunet Group generated sales of more than Euro 52m in financial year 2008, an increase of around Euro 11m or 26% year-on-year. We therefore clearly exceeded both the expectations of the capital market and our own growth forecasts.

Several major projects won

In 2008, secunet was awarded major projects with an overall volume of more than Euro 100m. These relate primarily to the field of high security and the *SINA* range of products. For example, we are involved in a number of projects to supply the German army, a major and long-standing customer, with *SINA* components to modernise its communications infrastructure. We have also been commissioned to undertake a massive infrastructure project in Germany; the accumulated volume over the ten-year duration of the project could be as much as Euro 90m.

Product portfolio expanded successfully

We consistently expanded our offering in 2008 to meet the growing and changing needs of our customers. The focus was on the field of high security and the *SINA* range of products, where we brought out several innovations. The *SINA Mobile Disk* secure mobile storage medium was presented to the public for the first time at CeBIT 2008 and met with a good response. It has been received very positively by the technical press and has attracted a great deal of interest from our customers. We have also met our customers' requirement for higher throughput rates for high security encryption with the *SINA Box 1000* and the *SINA L2* components. The *SINA L2* components are already being used in a number of projects.

Focus on partnerships

The focus of our relationships with our customers is on developing partnerships based on trust. In particular, we seek to forge long-term links that allow us to demonstrate our expertise, innovativeness and experience. We have been successful in this goal; our relationships with the majority of our customers have been carefully cultivated over many years. Worthy of particular mention is the security partnership between secunet and the German Federal Government. This partnership has now been in place for five years and provides a stable basis for our excellent cooperation with government bodies.

Project preparation leads to high costs

The award of several major projects in 2008 has secured a stable sales basis for secunet in the future. At the same time, however, preparing for major projects places a huge strain on the company. The time-consuming decision-making processes involved in the award of major infrastructure projects tie up human resources from all areas of the company, from sales staff to development specialists and consultants who provide support in technical negotiations. Consequently, a major project can easily take up several man-months. Moreover, the staff involved in project preparation are unable to work on ongoing projects, meaning that additional, external services have to be bought in. As a result of this, the significant costs incurred in preparing major projects in financial year 2008 prevented us from achieving the planned increase in earnings. We anticipate that we will be able to reduce these costs to a normal level over the medium term.



left to right:
Thomas Koelzer,
Dr Rainer Baumgart,
Thomas Pleines

Positive outlook for the future

We operate in a growth market that will continue to ensure high demand for our products going forward. IT is set to become even more important over the coming years as its influence spreads to more and more aspects of people's personal and professional lives. Accordingly, IT security will also remain the element that determines the long-term success of both new and existing applications. Furthermore, with web crime and economic espionage on the increase, companies are also very interested in high security solutions.

Authorities, government consumers and international organisations all have increasingly dense networks, and they have always relied on tried-and-tested high security solutions to protect confidential data. Their needs are set to become even more discerning, and we provide solutions in many of these areas. Our ability to find solutions for complex IT security and high security requirements will also be maintained thanks to our superbly qualified, vastly experienced and highly motivated staff.

There are many signs, therefore, that secunet can look to the future with confidence. This optimism is reinforced by the company's order book. We started financial year 2009 with Euro 31m in firm orders – a new record. The solid fundamentals and optimism point to continued success for secunet in the IT security business.

Yours sincerely

A handwritten signature in blue ink that reads "Rainer Baumgart". The signature is stylized and includes a long horizontal flourish at the end.

Dr Rainer Baumgart

Report of the Supervisory Board

Dear Shareholders,

In financial year 2008, the Supervisory Board of secunet Security Networks AG performed in full the duties assigned to it by law and by the company's Articles of Association. It regularly advised the Management Board on the management of the company and supervised its conduct of business. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the company. It received regular, prompt and comprehensive information from the Management Board, both in writing and verbally, on the business performance of secunet Security Networks AG and the consolidated group of companies, relevant issues regarding the company's strategic direction and the status of implementation of the strategy.

In exercising its supervisory and advisory function, the Supervisory Board took all necessary measures in those matters requiring that the Supervisory Board be informed or give its consent. In doing so, it supported the Management Board in the implementation of the company's strategy and of the associated measures. After thorough examination and consultation, the Supervisory Board voted on the reports and proposed decisions of the Management Board wherever this was required by the provisions of the law and of the Articles of Association.

The Chairman of the Supervisory Board was kept up to date on the business situation and key business transactions. He also discussed the strategic direction of the group, 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. In no case during financial year 2008 did the Supervisory Board see any 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 last financial year, taking place on 27 March, 29 May, 17 September and 21 November 2008. In the periods between the meetings, the Management Board kept the Supervisory Board informed about projects and plans of particular importance to the company by means of detailed written reports.

In all 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 key organisational and personnel changes.

In its financial statements review meeting on 27 March 2008, the Supervisory Board focused on the annual financial statements and consolidated financial statements for financial year 2007 and on preparations for the Annual General Meeting on 29 May 2008. The Supervisory Board examined in detail and approved the financial statement documents for financial year 2007 in the presence of the auditors. The Supervisory Board also approved the Supervisory Board report for financial year 2007 and the agenda for the Annual General Meeting on 29 May 2008.

The second meeting of the Supervisory Board took place on 29 May following the 2008 Annual General Meeting. The focus of this second meeting was a review of the Annual General Meeting. Also on the agenda for this second meeting were the Supervisory Board's self-evaluation and possible ways of improving the efficiency of the Supervisory Board's activities (examination of efficiency).

In its meeting of 17 September 2008, the Supervisory Board addressed secunet Security Networks AG's strategy for the coming years. This included discussing ways of further strengthening the company's market position in its home market of Germany and of expanding the international activities of the secunet Group.



Dr Karsten Ottenberg

Annual planning for 2009 and medium-term business planning for the period from 2009 to 2011 were the focus of the meeting on 21 November 2008. As part of its Corporate Governance function, the Supervisory Board also dealt with risk management and approved the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz). In the same meeting, the Supervisory Board also discussed the major projects that secunet Security Networks AG had been awarded during the financial year. The extensive project preparation and distribution expenses arising from these major projects were discussed.

All members of the Supervisory Board were present at the meetings of 29 May, 17 September and 21 November 2008, while one member sent apologies for non-attendance at the meeting of 27 March 2008. There were no extraordinary meetings of the Supervisory Board.

Meetings of the Chairman's Committee of the Supervisory Board

The Supervisory Board of secunet Security Networks AG has a three-member Chairman's Committee. The members of this committee are Dr Karsten Ottenberg, Chairman of the Supervisory Board; Dr Wilhelm Wick, Deputy Chairman of the Supervisory Board; and Dr Peter Zattler, Member of the Supervisory Board. At its meeting of 29 May 2008, the Chairman's Committee advised on Management Board personnel matters. All members attended the meeting of the Chairman's Committee.

Corporate Governance

The Supervisory Board attaches particular importance to the German Corporate Governance Code and its implementation. In the reporting year, secunet Security Networks AG complied with the recommendations of the German Corporate Governance Code with few exceptions. On 21 November 2008, the Management Board and Supervisory Board submitted their declaration of conformity for financial year 2008 regarding the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with Section 161 of the German Stock Corporation Act. The declaration of conformity has been made permanently available to shareholders on the company's website and is also contained in the Corporate Governance report that forms part of this 2008 Annual Report.

Financial statements and consolidated financial statements for 2008

The financial statements prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and the consolidated financial statements prepared under IFRS for financial year 2008, including the book-keeping system, and the consolidated management report for the group and the company were audited by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen branch. The Supervisory Board awarded the audit mandate in accordance with the resolution passed by the Annual General Meeting of 29 May 2008. The auditors issued an unqualified opinion in both cases.

The auditors also examined the report on relationships with affiliated companies prepared by the Management Board in accordance with Section 312 of the German Stock Corporation Act 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 and 3. there were no circumstances that would justify, in relation to the measures mentioned in the report, a materially different opinion from that held by the Management Board.”

The financial statement documents, 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 of 27 March 2009, the above financial statements and reports were comprehensively discussed and examined by the Supervisory Board in the presence of the auditors, who gave a report on the main findings of their audit.

Based on the results of its own examination, the Supervisory Board had no objections to the financial statements, the consolidated company and group management report, the report on relationships with affiliated companies including the final statement of the Management Board included herewith, or the auditors' report. The Supervisory Board therefore endorsed the findings of the audit and approved the financial statements of secunet Security Networks AG and the consolidated group as at 31 December 2008 compiled by the Management Board; the financial statements of secunet Security Networks AG are thus adopted.

The Supervisory Board would like to thank all employees of secunet Security Networks AG and the members of the Management Board for their successful work.

Essen, 27 March 2009
Supervisory Board



Dr Karsten Ottenberg



Teamwork produces tailored solutions

We join forces with our customers to devise, develop and implement tailored solutions designed around their specific needs and their system and process landscape. Teamwork with customers is our number one success factor in this area.



The secunet share

Financial crisis creates a challenging environment

The crisis that first hit the financial markets in 2007 had a huge impact on the capital markets in 2008. Although initially restricted to the US real estate market, it steadily escalated into a widespread economic and financial crisis. As a result, the financial industry was not the only sector to be affected. Instead, wave after wave of setbacks caused by what was by now a global financial crisis led to massive price fluctuations on the capital markets and in a number of cases even the disappearance of some participants from the marketplace. The crisis reached new heights in autumn 2008 following the collapse of US investment bank Lehman Brothers, causing share indices worldwide to plummet.

Stock markets suffered their sharpest drop for years in 2008, with share prices falling across the board. Germany's key DAX index was not the only one to come under enormous pressure: the second-tier MDAX, TecDAX and SDAX indices also experienced the weakest year in their history. All indices lost at least 40% of their value.

The highly volatile nature of the stock markets means an extremely bleak outlook for the capital markets at the start of 2009, while the state of the economy and the information available point to negative sentiment for the first few months of the year. Market analysts do not expect any recovery in the stock markets until the second half of the year – provided that the economy begins to stabilise.

secunet share more stable than peers

Despite positive fundamental business data, secunet Security Networks AG share was unable to escape the general negative trend. From a closing price of Euro 5.00 on the first day of trading, 2008 was characterised by sideways-moving prices interspersed with fluctuations. secunet stock ended the year at Euro 4.60, meaning that the company's share price and market capitalisation (Euro 32.5m at the start of the year versus Euro 29.9m at the end) fell by 8% over the course of 2008. While this performance is not satisfactory, secunet stock nevertheless fared much better than the capital market as a whole in terms of value lost. The benchmark Prime Technology All Share Index (Prime Tech) fell by 67% over the same period, while the DAX lost around 40%, the SDAX 46% and the TecDAX some 48%. The stocks in secunet's peer group also delivered worse performance. In this time of major price falls, therefore, the drop in secunet's share price was actually quite modest.

The uncertainty on the capital markets has led analysts to increase the risk premiums in their valuation models, thus lowering calculated price targets even where the economic situation remains unchanged. This also held true for secunet share. Nevertheless, analysts maintained their Buy recommendations in 2008.

Shareholder structure unchanged

Giesecke & Devrient GmbH, Munich, remains the majority shareholder of secunet Security Networks AG with a holding of 50% plus one share. Major shareholder RWTÜV AG still holds 26.4% of the share capital. This means that 23.6% of the company's shares are in free float. As at 31 December 2008 secunet held 30,498 of its own shares, which were originally intended for use in the share option programme.

Volatility remains high, but trading volume falls

The average trading volume fell in 2008 due to the relatively small proportion of secunet shares in free float and the overwhelming caution shown by investors. The average number of shares traded daily on XETRA and in floor trading on the Frankfurt stock exchange was 4,830, well down on the 2007 figure of 5,900. The low level of liquidity in an already highly speculative environment once again resulted in relatively large price fluctuations in 2008 despite only minimal and short-term changes in supply and demand.

High attendance at General Meeting

Some 79% of the company's share capital was represented at secunet Security Networks AG's Annual General Meeting at the Zollverein Coal Mine Industrial Complex World Heritage Site in Essen on 29 May 2008. Each of the agenda items received more than 99% approval.

Investors receive comprehensive information

Investor relations plays a key role at secunet Security Networks AG, which places huge emphasis on providing the public with up-to-date, comprehensive and consistent information. Transparency is a watchword.

secunet is committed to regular and open reporting designed to provide our shareholders with comprehensive information about the activities and business performance of secunet Security Networks AG. In the year under review the Management Board presented the company to a wide audience at Deutsche Börse's German Equity Forum in November and in numerous face-to-face meetings with interested investors and analysts.

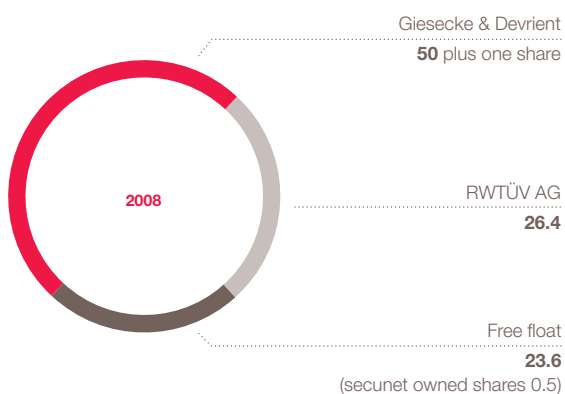
All information published by secunet is also posted on the company's website **www.secunet.com** as soon as possible. The website also contains financial reports and presentations and the current financial calendar. Shareholders and other interested parties can also contact Investor Relations by phone on +49-2 01 54 54 - 12 34 or via e-mail at **investor.relations@secunet.com** for further information.

secunet share information	
Reuters ticker symbol	YSSNG.DE
Bloomberg ticker symbol	YSN
German security identification number (WKN)	727650
ISIN	DE0007276503
Class of share	Ordinary bearer shares with no par value
Share capital in Euro	6,500,000
Share capital in units	6,500,000

2008 performance	secunet	Prime Tech
Price at start of year (02.01.2008)	Euro 5.00	298.95
Market capitalisation at start of year	Euro 32,500,000	
Price at end of year (30.12.2008)	Euro 4.60	98.94
Market capitalisation at end of year	Euro 29,900,000	
Performance	-8.0%	-66.9%
Average daily trading volume (XETRA and floor trading)	4,830 units	
Lowest closing price (08.12.2008)	3.10	
Highest closing price (06.05.2008)	5.71	

Shareholder structure

in %



2007 performance	secunet	Prime Tech
Price at start of year (02.01.2007)	Euro 8.33	345.14
Market capitalisation at start of year	Euro 54,145,000	
Price at end of year (28.12.2007)	Euro 4.80	317.51
Market capitalisation at end of year	Euro 31,200,000	
Performance	-42.4%	-8.0%
Average daily trading volume (XETRA and floor trading)	5,901 units	
Lowest closing price (22.11.2007)	Euro 4.37	
Highest closing price (30.04.2007)	Euro 9.30	

Price changes 2 January 2008 – 27 February 2009

Index, price 02.01.2008 = 100



Corporate Governance

Effective and transparent Corporate Governance is considered as very important at secunet Security Networks AG. The company's Management Board and Supervisory Board are convinced that good Corporate Governance is key to the success of the company. As part of this, the Management Board and Supervisory Board constantly monitor the implementation of the German Corporate Governance Code at secunet Security Networks AG on the basis of statutory requirements and the German Corporate Governance Code issued by the Government Commission.

In financial year 2008, the Management Board and Supervisory Board of secunet Security Networks AG carefully deliberated the recommendations and proposals of the German Corporate Governance Code, and particularly the new requirements introduced on 6 June 2008. The declaration of conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. It has been permanently published on our website and is constantly updated to reflect any amendments.

In accordance with item 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board give the following report:

Management and supervisory structure

As a German public company limited by shares, secunet Security Networks AG is subject to German company law and therefore has a dual management and supervisory structure consisting of a three-member Management Board and a six-member Supervisory Board.

Supervisory Board

The Supervisory Board supervises and advises the Management Board in the management of the company. At regular intervals, the Supervisory Board discusses business performance and planning, as well as strategy and its implementation. It discusses quarterly reports and approves the annual financial statements of secunet Security Networks AG and the consolidated group, taking into consideration the audit report prepared by the independent auditors and its own examination. Its tasks and responsibilities also include appointing members of the Management Board. Management Board decisions of fundamental importance, such as major acquisitions, disposals and financial measures, require the consent of the Supervisory Board.

The Supervisory Board has formed a Chairman's Committee. This is made up of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board and a further member of the Supervisory Board chosen by Supervisory Board members. The role of the Chairman's Committee is to govern Management Board personnel matters. In particular, the Chairman's Committee makes proposals for the appointment of Management Board members and determines the conditions of the employment contracts including the structure and level of Management Board members' remuneration.

No other committees have been formed by the Supervisory Board, as the Supervisory Board of secunet Security Networks AG consists of six members, which ensures that the plenary Supervisory Board works efficiently.

Management Board

The Management Board is responsible for managing the group. In doing so, it is obliged to act in the interests of the company and undertakes to increase the value of the company on a sustainable basis. The Management Board determines the principles of the company's policy. It is also responsible for developing the company's strategy, for planning and setting the company's budget, for allocating resources and for the control and management of the company's business divisions and business units. The Management Board is responsible for preparing the company's quarterly financial statements, the annual financial statements of secunet Security Networks AG and consolidated financial statements for the group.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, without delay and comprehensively of all issues important to the company as a whole with regard to strategy and strategy implementation, business performance, the financial and earnings situation and entrepreneurial risks.

Responsible risk management

Good Corporate Governance also means the company taking 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 the risk position is optimised. Details of risk management at secunet Security Networks AG are given in the management report.

Information for shareholders

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 shareholders of secunet Security Networks AG may exercise their rights, including voting rights, at the Annual General Meeting. The Annual General Meeting takes place in the first six months of the financial year. 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 documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

Shareholders are regularly notified about important dates by means of a financial calendar published in the Annual Report and 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, 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 & Corporate Governance.

At the beginning of 2008, secunet Security Networks AG gave itself and its employees a Code of Conduct summarising the company's business principles. These principles are a crucial part of how secunet Security Networks AG sees itself, and of the expectations it sets out 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. The employees of secunet Security Networks AG strive to achieve the goals of the company and the goals agreed within the scope of their duties in accordance 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 we report in detail on the remuneration of the Management Board members and of the Supervisory Board.

Notification of transactions under Section 15a WpHG (Directors' Dealings)

Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) requires members of the Supervisory and Management boards and comparable executives of secunet Security Networks AG to disclose transactions in secunet shares or related financial instruments where the sum total of such transactions exceeds Euro 5,000 within a single calendar year. Natural persons and legal entities closely related to the above persons are subject to the same obligation. Directors' Dealings' disclosures are published on our website under Investor Relations.

No Director's Dealings took place in 2008. There are therefore no transactions of this type to be disclosed.

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.

Declaration of conformity under Section 161 AktG

The Management Board and the Supervisory Board of secunet Security Networks AG hereby issue the following declaration of conformity regarding the recommendations of the Government Commission of the German Corporate Governance Code according to § 161 of the German Stock Corporation Act ("AktG"):

secunet Security Networks AG complies with the recommendations of the Government Commission of the German Corporate Governance Code as amended in the version respectively in force on 6 June 2008 and on 14 June 2007 and published by the German Ministry of Justice in the official part of the Electronic Federal Gazette, with the following exceptions:

3.8. para. 2: If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board and the Supervisory Board, a suitable deductible shall be agreed.

Explanation: The Management Board of secunet operates the business with the maximum possible sense of responsibility. The same applies to the Supervisory Board. A deductible would not bring about any additional improvement nor would it serve as an incentive.

5.1.2 para. 2 sentence 3: An age limit for members of the Management Board shall be specified.

Explanation: An age limit for the members of the secunet Management Board is currently not necessary due to their ages (years of birth: 1954, 1964 and 1966).

5.3.2.: The Supervisory Board shall 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, the foundation of a separate examination board would not increase the efficiency of the work of the Supervisory Board with regard to financial accounting, risk management, compliance or annual auditing.

5.3.3.: The Supervisory Board should form a nomination committee.

Explanation: The Supervisory Board of secunet Security Networks AG has only six members. All members were elected by the shareholders. An additional nomination committee has therefore not been set up.

5.4.7. para. 2: Members of the Supervisory Board shall receive fixed as well as performance-related compensation.

Explanation: The remuneration of the members of the Supervisory Board can be established in the articles of association or approved by the general assembly. The articles of association of secunet Security Networks AG do not provide for success-based remuneration of the members of the Supervisory Board. Furthermore, the general assembly has not approved any success-based remuneration of the members of the Supervisory Board.

5.4.7 para. 3: The compensation of the members of the Supervisory Board shall be reported individually in the Corporate Governance Report, subdivided according to components.

Explanation: As the members of the Supervisory Board receive only a fixed compensation, which is stated in the company's articles of association, reporting the compensation of the members of the Supervisory Board individually in the Corporate Governance Report is not necessary.

secunet Security Networks AG
Essen, 21 November 2008

Management Board

Supervisory Board



The highest security for the highest demands

Our customers process data of the very highest level of confidentiality using our Secure Inter-Network Architecture, *SINA*. This joint development between our High Security business unit and the German Federal Office for Information Security (BSI) is a good example of a successful public-private partnership.



Consolidated Management Report

Report on the Position of the Company and the Group

Content

23	1 BUSINESS AND BASIC CONDITIONS
23	1.1 GROUP STRUCTURE AND BUSINESS ACTIVITIES
23	1.1.1 BUSINESS ACTIVITIES AND BUSINESS UNITS
23	1.1.2 GROUP AND ORGANISATIONAL STRUCTURE, LOCATIONS
24	1.1.3 PRODUCTS AND SERVICES
24	1.1.4 KEY SALES MARKETS
24	1.1.5 MANAGEMENT AND CONTROL
25	1.1.6 REMUNERATION REPORT
27	1.1.7 INFORMATION AND EXPLANATORY REPORT PROVIDED BY THE MANAGEMENT BOARD IN LINE WITH SECTION 289 (4) AND SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)
28	1.1.8 MANAGEMENT BOARD REPORT IN LINE WITH SECTION 312 (3) OF THE AKTG
29	1.2 CORPORATE MANAGEMENT AND STRATEGY
29	1.2.1 INTERNAL CONTROL SYSTEM
29	1.2.2 STRATEGY
30	1.3 RESEARCH AND DEVELOPMENT
30	1.4 OVERVIEW OF BUSINESS PERFORMANCE
30	1.4.1 MACROECONOMIC ENVIRONMENT
30	1.4.2 PROSPECTS FOR THE SECTOR
32	2 RESULTS OF OPERATIONS
32	2.1 REVENUE PERFORMANCE
34	2.2 EARNINGS PERFORMANCE
36	2.3 ORDER BOOK
36	2.4 EARNINGS IN THE FOURTH QUARTER OF 2008
36	3 CAPITAL EXPENDITURE
37	4 FINANCIAL POSITION AND NET ASSETS
38	5 EMPLOYEES
39	6 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE
39	7 RISK REPORT
39	7.1 RISK MANAGEMENT OBJECTIVES AND METHODS
39	7.2 INDIVIDUAL RISKS
39	7.2.1 COMPETITIVE ENVIRONMENT
40	7.2.2 CUSTOMER STRUCTURE
40	7.2.3 DEVELOPMENT RISKS
40	7.2.4 SALES STRUCTURE RISK
41	8 FORECASTS

1 BUSINESS AND BASIC CONDITIONS

1.1 Group structure and business activities

1.1.1 Business activities and business units

secunet Security Networks AG (secunet) provides consulting services, products and solutions in the field of IT security. The company specialises in complex and high security solutions, in other words those areas of IT security in which applications such as high-grade cryptographic and electronic signature systems are developed and made available for professional use. Products are usually geared to the needs of large-scale infrastructures: customers generally receive customised solutions tailored to their specific requirements, even though these are created by modifying common applications.

1.1.2 Group and organisational structure, locations

The secunet Group includes secunet Security Networks AG in Germany together with the subsidiaries secunet SwissIT AG in Switzerland and secunet s.r.o. in the Czech Republic. The company has eight locations in Germany, in Berlin, Bonn, Dresden, Essen (head office), Frankfurt, Hamburg, Munich and Siegen, where consulting and development mandates are processed in close proximity to customers. secunet also has a training centre in Munich that provides training on *S/INA*, the Secure Inter-Network Architecture, aimed primarily at users and administrators.

secunet Germany has a target group-oriented organisational structure. The activities of the two divisions Public Sector and Private Sector are clearly geared to the existing target groups of government, authorities and international organisations on the one hand and private companies on the other. Each division is headed by a member of the Management Board. The focus within the divisions is on specialist areas: in the Public Sector division the core cryptotechnology competence and the main product line *S/INA* are managed in the High Security business unit, while the Government business unit handles all other products and services for government consumers. In the Private Sector division, specialist automotive applications are bundled in the eponymous Automotive business unit, while IT security solutions for private companies are provided by the Business Security business unit.

Giesecke & Devrient GmbH, Munich, is the majority shareholder with a holding of 50% plus one share and the parent company of secunet Security Networks AG. Giesecke & Devrient is a leading international supplier of banknote paper, banknote printing, currency automation systems, smart cards and complex system solutions in the fields of telecommunications, electronic payment, healthcare, identification, transport and IT security (public key infrastructure (PKI) technology).

1.1.3 Products and services

secunet acts as a solution provider and operates a product and project-based business. Its product portfolio comprises services, hardware and software. Services include specialist IT consulting, software development and the development and implementation of comprehensive security solutions. secunet also covers the entire hardware and software value chain from product design and development to sales and marketing. The company's core competence is the application of cryptographic procedures in system solutions.

secunet's four German business units primarily offer the following range of products and services:

- **High Security**
 - S/NA product line
 - Consulting and integration
- **Business Security**
 - Security consulting
 - Network security
 - Identity management
 - Managed security services
- **Government**
 - eGovernment
 - Biometrics and electronic ID documents (eID)
 - Health system
 - Secure web solutions
 - Security validation
- **Automotive**
 - Function enabling
 - Flash ware protection
 - Embedded security

1.1.4 Key sales markets

The target markets for secunet's products and services are public sector customers and the private sector. While the bulk of secunet sales are still generated in Germany, the proportion of revenue from abroad has increased in recent years and is set to grow even further. secunet's main international sales markets are the other European Union member states, and its sales activities are concentrated in these countries. The sales territory also extends to the Middle East and Asia due to the company's position as part of the Giesecke & Devrient Group and specific demand from countries in which secunet did not originally have a sales presence.

1.1.5 Management and control

As a German public company limited by shares, secunet Security Networks AG has a dual management and control structure. The Group is 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 section of the secunet AG Annual Report 2008.

1.1.6 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.

Remuneration of the Management Board

The Chairman's Committee of the Supervisory Board, comprising Supervisory Board Chairman Dr Karsten Ottenberg, Deputy Chairman Dr Wilhelm Wick and Supervisory Board member Dr Peter Zattler, is responsible for determining the remuneration of the Management Board.

In financial year 2008 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.
- Non-cash and other benefits essentially comprise the taxable values of company car usage and accident insurance premiums.
- The retirement pension contributions paid to members of the Management Board are set out in their individual contracts of employment.

Management Board contracts do not expressly provide for any severance payment in the event that the employment relationship is terminated prematurely.

There are no special provisions in Management Board contracts governing the procedure in the event of a change of control, in other words if a single shareholder or several acting jointly should acquire the majority of the voting rights in secunet Security Networks AG and exercise a controlling influence, or if secunet Security Networks AG should become a dependent company through the conclusion of an affiliation agreement as defined in Section 291 of the German Stock Corporation Act (*Aktiengesetz*, AktG) or through a merger between secunet Security Networks AG and other companies.

The total remuneration paid to members of the Management Board for their activities in financial year 2008 was kEuro 606.5 (previous year: kEuro 697.5) The following remuneration packages for financial year 2008 were defined for the individual members of the Management Board:

in Euro	Fixed remuneration	Variable remuneration	Non-cash benefits	Total
Dr Baumgart	150,000	51,680	26,625	228,305
Koelzer	135,000	41,680	11,347	188,027
Pleines	135,000	41,680	13,498	190,178
	420,000	135,040	51,470	606,510

Management Board members do not receive any additional remuneration for their activities in the subsidiaries.

The pension entitlements of the Management Board as at 31 December 2008 were as follows:

in Euro	According to IFRS		According to the German Commercial Code (HGB)	
	Present value	Current service cost	Provision (net present value under entry age method 6%)	Premium for accounting purposes (6%)
Dr Baumgart	190,441	8,858	129,439	119,107
Koelzer	67,818	10,048	47,801	16,497
Pleines	114,002	6,596	71,410	65,379

As at 31 December 2008, the members of the Management Board held 13,000 secunet shares (previous year: 13,000).

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.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is laid down in Section 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.

In addition to an attendance fee in the form of a lump-sum payment to cover their expenses, the members of the Supervisory Board receive a fixed remuneration of kEuro 4. The Chairman of the Supervisory Board receives kEuro 8, and the Deputy Chairman receives kEuro 6. The total remuneration paid to the Supervisory Board for financial year 2008 was kEuro 35 (previous year: kEuro 35).

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.

1.1.7 Information and explanatory report provided by the Management Board in line with Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB)

Die Angaben nach § 289 Abs. 4 und § 315 Abs. 4 HGB für das Geschäftsjahr 2008 erläutert der Vorstand der secunet Security Networks AG wie folgt:

1. The share capital of secunet Security Networks AG remains unchanged at Euro 6,500,000 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. With regard to the business model of secunet Security Networks AG, there may be restrictions on the assignment of secunet shares under the German Foreign Trade and Payments Act (*Außenwirtschaftsgesetz, AWG*). For example, Section 7 (2) 1. of the AWG stipulates that "legal transactions on the purchase of resident companies which [...] produce cryptographic systems admitted for the transmission of governmental classified information by the Federal Office for Information Security Technology [...]" may be restricted.

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. Provided that the necessary notices are given, shareholders' voting rights are not subject to restrictions either under the law or under the company's Articles of Association. Voting rights are not limited to a certain number of shares or votes. All shareholders who have proved their entitlement to attend the Annual General Meeting and exercise their right to vote by providing the company with appropriate documentation that relates to the time before the Annual General Meeting defined by law, and was received by the company within the statutory period prior to the Annual General Meeting at the address given in the invitation, are entitled to exercise their right to vote in respect of all shares they hold and for which they have provided appropriate documentation. Only the statutory bans on voting apply.

The Management Board is not aware of any agreements between shareholders that give rise to restrictions in respect of the assignment of voting rights or shares in the company.

3. To the Management Board's knowledge, around 23.6% of the company's shares are in free float. To the Management Board's knowledge, direct and indirect capital holdings exceeding 10% of voting rights are held by Giesecke & Devrient GmbH, Munich, which holds 50% plus one share, and by RWTÜV AG, Essen, which holds 26.4%.
4. secunet Security Networks AG has not issued any shares which 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 exclusively in line with statutory provisions, in particular Sections 84 and 85 of the 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.

The Articles of Association can be amended through a resolution of the Annual General Meeting. The amendment becomes effective upon entry in the Commercial Register. Resolutions of the Annual General Meeting are passed with a simple majority of votes cast unless the Articles of Association or mandatory legal provisions provide otherwise.
7. The Articles of Association of secunet Security Networks AG do not currently provide for a conditional capital increase or contain any Management Board authorisation to increase the share capital by issuing new shares against a capital contribution, which means there is also no authorised capital. Nor is there any authorisation to acquire treasury shares in accordance with Section 71 (1) 8. of the AktG. Furthermore, the Management Board of secunet Security Networks AG currently has no powers to issue or buy back shares.
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 the members of the Management Board or employees in the event of a takeover bid.

1.1.8 Management Board report in line with Section 312 (3) of the AktG

In line with Section 312 (3) of the AktG, the Management Board has prepared a report on the company's relationships with affiliated companies. The report contains the following closing declaration: "It is hereby declared that our company receives an appropriate consideration for each of the legal transactions listed. This assessment is based on the circumstances known to us at the time the reportable events took place. There were no further reportable legal transactions, measures or omissions in addition to the activities reported."

1.2 Corporate management and strategy

1.2.1 Internal control system

The Management Board of secunet Security Networks AG manages the secunet Group on the basis of key financial figures, primarily sales and profit ratios, and utilisation and productivity figures. 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 business unit heads, who have operational responsibility, to discuss any sales/marketing and project management measures that may be required.

1.2.2 Strategy

At the time this report was prepared, the secunet Group was primarily a national provider of IT security services specialising in high security and public sector consumers. The aim of secunet's strategy is still to further broaden the company's activities by using the skills gained in the area of high security. This is to be achieved both through diversification in terms of products and target customers and through internationalisation.

Specifically, this means:

- Further expanding the company's existing position as a supplier of high-quality IT security for official authorities in the core German market, thereby laying the foundations for stable business over the long term.
- Developing new target groups in the core German market. This primarily relates to private sector companies. secunet's Business Security business unit combines proven solutions from expert partners with the company's own excellent consulting and product knowledge, creating particularly high-grade products for specific requirements. Potential new customers will also be offered tailored solution concepts, an area in which secunet already has experience. This includes the *SINA* Business option from the *SINA* product line and the managed security services offering.
- Optimising the product portfolio by liaising with customers to ensure that future product development is in line with their wishes and by expanding the range of services relating to secunet products. At the same time, the company will seek to expand its sales and marketing channels in order to gain improved access to a wider target group, first and foremost through intensive cooperation with sales and marketing partners. The product range is also to be extended through cooperation with efficient product partners.
- Continuing the internationalisation strategy, both through the company's own sales and marketing activities and through partnerships with local providers, who offer good access to customers in the relevant countries. The company's international expansion is focused primarily on the High Security business unit's *SINA* product line and the Government business unit's biometrics and electronic ID documents products. One example is the biometric middleware application *secunet biomiddle*. This software product, which facilitates and simplifies communication between processes and applications, was, like *SINA*, developed in conjunction with the Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik, BSI).

1.3 Research and development

secunet only conducts its own research and development activities to a very limited extent. It is common practice for suppliers of government agencies, particularly in the high security field, to develop special solutions in line with the customer's specifications. secunet does not develop proprietary products for which there is not yet any concrete demand.

1.4 Overview of business performance

1.4.1 Macroeconomic environment

2008 was dominated by the financial crisis. Macroeconomic performance in the European Union tailed off markedly in the second half of the year as the problems facing the financial sector increasingly spilled over into the real economy.

The German economy recorded considerably slower growth in 2008 than in either of the two preceding years. Adjusted for inflation, gross domestic product (GDP) was 1.3% higher year-on-year, compared with rises of 2.5% in 2007 and 3.0% in 2006.

Survey results and monthly indicators suggest that economic activity has slowed further since the turn of the year. Indicators from the start of 2009 confirm that the global economy is now experiencing a marked and synchronised downturn. The outlook for global economic growth remains extremely uncertain due to the volatility of the financial markets, with downside risks still the predominant concern. The extent and duration of the global economic downturn will chiefly be determined by how quickly the financial sector recovers from the crisis. There is a great deal of uncertainty over the outlook for the economy, primarily as a result of the turmoil on the financial markets. The global economic weakness and very modest domestic demand are likely to persist over the coming quarters as the tensions on the financial markets continue to impact economic performance.

The outlook for the German economy deteriorated sharply following the ongoing worsening of the financial crisis in the autumn and the resultant further decline in the global economy. A considerable fall in real economic activity in Germany is expected for the six winter months of 2008/2009. The rescue packages implemented in many countries have created a broad basis for containing the global crisis of confidence. According to a Deutsche Bundesbank forecast, however, the negative factors are expected to remain significant for the rest of 2009. The German economy is unlikely to pick up until after the global economic recovery expected in 2010. In this basic scenario, which is extremely uncertain, the Deutsche Bundesbank expects inflation-adjusted GDP to fall by 0.8% in 2009 before rising by 1.2% in the following year.

1.4.2 Prospects for the sector

The prospects for the IT sector are measured by the BITKOM industry association (German Association for Information Technology, Telecommunications and New Media). The German information and communication technology (ICT) market has seen extremely dynamic growth in recent decades, with average annual growth rates of around 7% in the seventies and eighties and 9% in the nineties. Since then, growth has slowed markedly. The German ICT market grew by an average of 4.6% per annum between 1995 and 2004.

The German ICT market grew by 3.7% overall in 2008, with the market for IT services up 5.7% and the market for software up 4.2%. The stagnating IT hardware segment put a brake on market growth.

The metatrends of market convergence (more and more functions provided by fewer and fewer media and technologies), increasingly flexible organisations, the ubiquitous nature of ICT technologies and the unrestricted usability of digital information will continue to support the high demand for innovative ICT technologies and at the same time be driven by them. The strategic growth fields identified by BITKOM in this area include embedded systems, biometrics and digital rights management (DRM) and IT utility services.

The future prospects for the ICT market are rather modest at present. The BITKOM sector indicator of sales expectations is clearly negative, with more than 50% of firms anticipating falling or stagnating sales. Prospects are viewed differently in the various segments. While more than 50% of firms in the IT hardware segment expect sales to fall in 2009, 56% of IT services companies and 64% of software companies expect a rise in sales for the coming year. These trends are even more discernible in the staff planning indicator, with just 17% of IT hardware companies expecting to employ new staff, whereas 52% of software houses and 53% of IT service providers expect headcounts to grow.

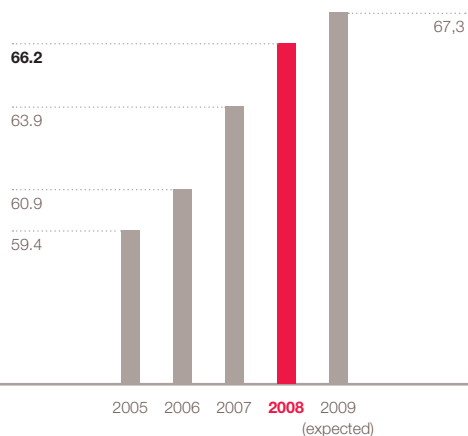
Here too, however, uncertainty still prevails. BITKOM forecasts growth of just 1.5% for the German ICT market in 2009. While a decline of 2.4% is anticipated for hardware, the association expects market growth of 2.0% for software and 3.7% for IT services. BITKOM expects market volume of some Euro 67bn in 2009, with Euro 15bn coming from software and Euro 34bn from IT services.

Security remains a key issue for the ICT market. As well as protection against computer viruses and phishing attacks, major socio-political issues such as the introduction of biometric identity documents and electronic healthcare cards are also at the centre of public concerns.

Specific statistics for the IT security market are not collected on a systematic basis, meaning that estimates for this market essentially have to be calculated indirectly. The IT security segment benefits from the performance of the sector as a whole. Security spending is directly dependent on the general level of spending on IT infrastructures.

Market volume IT-Sector*

in Euro bn



* IT-Hardware, Software, IT-Services
Source: BITKOM

The IT security market is also driven by the level of awareness of security failings and the need for protection in the organisations in question. Statutory security regulations also boost the demand for IT security. Forecasts point to significant growth in the market for security technology and electronic security systems.

With its focus on IT high security and government agencies as customers, secunet occupies a niche position in the information and telecommunications systems market. *SINA* is the only solution approved for highly confidential web-based communication between German government agencies, giving secunet a very strong competitive position in the *SINA* field and in the German government authorities market.

The company's longstanding experience and in-depth expertise in the area of IT security give it an equally strong position in both the public and private sector consulting markets. secunet has established a solid reputation in the specialist field of IT security for the automotive sector and developed a market position that offers good growth potential. There is also scope for further expansion of the company's position in the market for products aimed at private industry.

2 RESULTS OF OPERATIONS

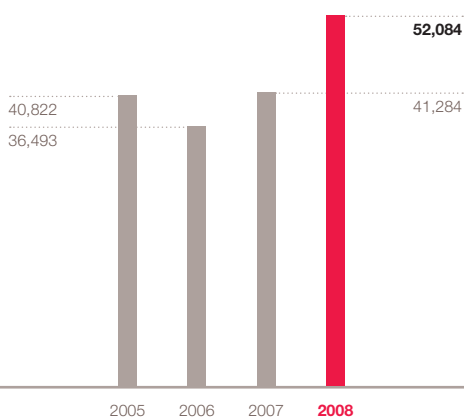
2.1 Revenue performance

In financial year 2008, secunet Group revenue increased from Euro 41.3m to Euro 52.1m, a rise of 26% or Euro 10.8m. The positive revenue growth trend of recent years is therefore continuing at an accelerated pace. Revenue growth for the five-year period from 2004 to 2008 averaged around 13% per annum.

The strong revenue growth can be seen as the successful result of increased sales activities. Growth was restricted to a small extent because the completion of some projects, which could have been completed and invoiced in 2008, was postponed by customers.

Sales revenue by years

in kEuro



The High Security business unit generated the largest proportion of group revenue, with a figure of Euro 28.7m representing 55% of the total. This is a clear indication of the overriding importance that the Secure Inter-Network Architecture (*SINA*) has for *secunet*'s business. *SINA* is currently the key growth driver: in 2008 alone, revenue in the High Security business unit grew by 59%.

The Government business unit generated 25%, or Euro 12.9m, of total revenue. This included revenue from the provision of consultancy on IT security issues to various authorities in Germany on the basis of the service level agreement with the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik, BSI), and from business with biometric solutions such as *secunet biomiddle*. This biometric middleware is selling very successfully both in Germany and abroad. The Government business unit also posted strong revenue growth for 2008, with a 24% increase year-on-year.

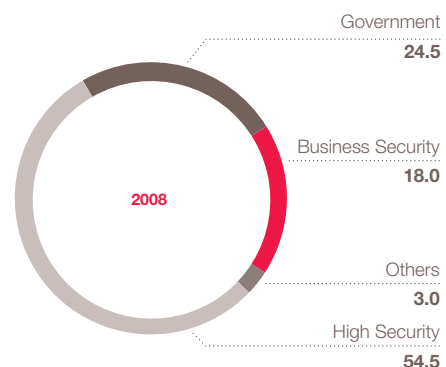
Overall, the *secunet* Group derived some 80% of its revenue from public sector customers. The year-earlier figure was 69%, so the Public Sector division plays a much bigger role than the Private Sector division in generating revenue.

Revenue fell in the Business Security business unit (decline of 16% from Euro 11.3m to Euro 9.5m) and the Automotive business unit (down 27% from Euro 2.1m to Euro 1.6m). This shows that *secunet*'s strengths in high security and e-government business cannot automatically be transferred to industry in the short term. Demand from private sector companies will, in the first instance, be driven primarily by customers' own awareness of their IT security requirements. Once these needs are recognised, there then has to be awareness of *secunet* as a provider of consultancy services, solutions and products. Even if these two factors are increasingly working in *secunet*'s favour, the prevailing financial and economic crisis is currently having a severely detrimental effect on demand, particularly in the Automotive business unit. While *secunet* was able to grow its revenue overall in 2008, the business units servicing the private sector are lagging behind.

Projects with the Giesecke & Devrient Group generated revenue of Euro 2.9m, an increase of 14% year-on-year. The steady growth in revenue from this source highlights the benefits of belonging to a multinational group.

Sales revenue by segments

in %



Meanwhile, the expansion of secunet's sales activities abroad is reflected in steady revenue growth outside Germany. Revenue from secunet products and services marketed abroad grew 25% from Euro 9.1m in 2007 to Euro 11.4m in 2008.

2.2 Earnings performance

Earnings before interest and tax (EBIT) did not follow the same positive trend as revenue, falling 46% to Euro 1.9m from the year-earlier figure of Euro 3.5m.

This was due to the extensive costs incurred in tendering for major projects and in contract negotiations. These are reflected both in higher marketing costs and in expenses for contractors hired as a replacement for employees on the operating side who were involved in drawing up bids (and in particular in bid preparation, pre-sales activities, feasibility studies and calculations). These expenses had an adverse effect on EBIT throughout the year.

An analysis of the individual expense items highlights these effects:

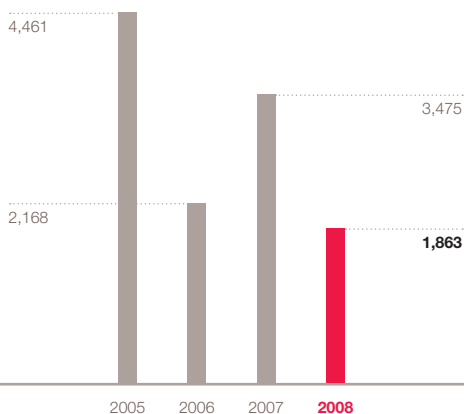
The biggest change, an increase of 86% or more than Euro 10m, was in the cost of purchased materials and services. This was due firstly to the impact of the procurement of hardware in connection with the fast-growing *S/NA* business (High Security business unit). It was also due to the increase in the cost of purchased services. Owing to high capacity utilisation, and in order to fill the gap in resources due to the involvement of employees on the production side in drawing up bids and preparing for projects, secunet made increasing use of third-party services.

Staff costs rose by 8.5% from Euro 17.3m to Euro 18.8m. This was mainly due to the increase in the number of staff employed by the secunet Group. Total salaries increased by 8.5% as a result. The higher number of employees also led to rise in total variable remuneration components.

Depreciation and amortisation fell slightly, down roughly kEuro 57, or 6.4%. This expense item largely relates to investments in workplace equipment.

EBIT by years

in kEuro



Other operating expenses increased by 11.7%, or around Euro 1m. This expense item largely comprises costs relating to the increase in headcount, such as recruitment, rent and other employment-related costs. There is therefore a strong correlation between operating expenses and the increase in employee numbers. This item also reflects the increase in marketing costs for the acquisition of major projects.

The EBIT contributions of the individual business units only partly correspond to their revenue contributions. The EBIT margin in the Business Security business unit was 3.4% (Euro 0.3m). The High Security business unit, which is the main revenue driver in the secunet Group, posted an EBIT margin of 4.2% (Euro 1.2m) compared with 11.8% (Euro 1.5m) for the Government business unit. The lower EBIT margin in the High Security business unit is due to its relatively high cost of purchased materials and services and to expenses relating to drawing up bids and preparing for major projects, which are also concentrated within this business unit. General and administrative expenses rose as a result of the expansion of business and increase in the number of employees. Costs in the Automotive business unit also increased. The overall result was that expenses recorded under "other segments" made a bigger impact on group EBIT than in the previous year. EBIT for the reporting year 2008 was Euro -1.3m compared with Euro -0.9m for 2007.

Interest income for the secunet Group was 53% higher in 2008 than in 2007. The increase was due to the further growth in cash holdings. After an unrealised foreign currency loss the previous year (kEuro -9), a small unrealised foreign currency gain was recorded in 2008 (kEuro +37). As a result, the overall financial result improved by kEuro 107 or 80%. Owing to this positive effect, the decline in earnings before tax, at -40%, was less than the fall in EBIT.

Tax expense fell year-on-year, more than halving from over Euro 0.9m to just under Euro 0.5m. One reason for this was the lower profit recorded by the group. The second was that, whereas deferred tax assets were remeasured in the previous year, no remeasurement was necessary in the reporting year. This meant that the previous year's one-time charge was not repeated in 2008.

As a result, the secunet Group's profit was 36% lower in 2008 than in the previous year, falling from Euro 2.7m to Euro 1.7m. Earnings per share from Euro 0.42 to Euro 0.27.

Meanwhile, secunet AG, reporting under German Commercial Code (Handelsgesetzbuch, HGB) accounting rules, posted earnings before tax of Euro 1.0m, compared with Euro 3.4m the previous year, on revenue of Euro 49.5m compared with Euro 38.4m the previous year (an increase of 28.9%). Net income was additionally impacted by write-downs of Euro 0.9m on loans to the Czech subsidiary and decreased from Euro 3.0m in 2007 to Euro 0.8m in the reporting year. Earnings per share in 2008 were Euro 0.12, compared with Euro 0.46 the previous year.

2.3 Order book

As at 31 December 2008, the order book stood at Euro 31.1m, 85% higher than the year-earlier figure (Euro 16.8m). The volume of firm orders recorded at the end of 2008 is the highest in secunet's history.

The high volume of orders reflects the major contracts that were won in 2008. In addition, existing service level agreements could possibly generate revenues of up to Euro 100m in the coming years. These service level agreements mainly related to consulting projects in e-government business and a major network infrastructure project for public sector consumers in Germany.

The order book experienced almost uninterrupted growth throughout 2008, going from Euro 19.2m at 31 March to Euro 18.9m at 30 June, Euro 22.2m at 30 September and Euro 31.1m at year-end. The healthy order situation even ensured that the usual fall in the volume of orders following high sales in the traditionally strong fourth quarter did not materialise.

2.4 Earnings in the fourth quarter of 2008

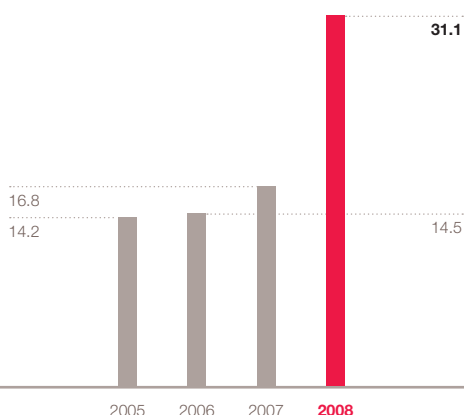
secunet posted group revenue of Euro 18.9m for the fourth quarter of 2008. This represents a 33% increase compared with the final quarter of the previous year. At the same time, costs increased 48% overall as the negative impact on earnings resulting from the preparation of bids continued from the first three quarters. As a result, there was no increase in earnings before interest and tax, which instead fell by 38%. After tax, the secunet Group posted a profit of Euro 1.2m for the fourth quarter of 2008, down 46% on the same quarter of the previous year. Earnings per share for the fourth quarter 2008 were Euro 0.18, compared with Euro 0.34 in the same quarter of the previous year.

3 CAPITAL EXPENDITURE

Capital expenditure in 2008 was Euro 0.9m, down 15% on the year-earlier figure (Euro 1.1m). The decrease in capital expenditure mainly concerned spending on intangible assets and property, plant and equipment, which was reduced from Euro 1.0m to Euro 0.8m. The spending was mainly on the procurement of new, and replacement of existing, hardware, software and other office equipment.

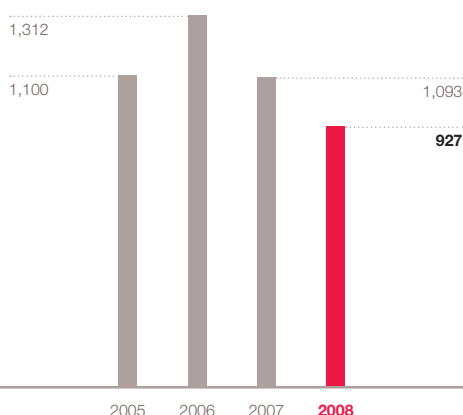
Orders as at 31 Dec

in Euro m



Investments

in kEuro



4 FINANCIAL POSITION AND NET ASSETS

The secunet Group's total assets increased from Euro 33.7m at 31 December 2007 to Euro 39.4m at 31 December 2008.

Assets	31 Dec 2008	31 Dec 2007
Cash and cash equivalents	40%	32%
Trade receivables	36%	39%
Intercompany receivables	2%	3%
Inventories	4%	5%
Property, plant and equipment	3%	4%
Intangible assets	1%	1%
Goodwill	7%	9%
Other financial assets	2%	2%
Deferred tax assets	4%	5%
Other assets	1%	0%
Total	100%	100%

Liabilities	31 Dec 2008	31 Dec 2007
Trade payables	23%	15%
Other current liabilities	2%	4%
Other provisions	8%	11%
Provisions for pensions	3%	3%
Equity	60%	64%
Other liabilities	4%	3%
Total	100%	100%

On the assets side of the balance sheet, cash and cash equivalents increased both in absolute terms (up 46% compared with the year-earlier figure) and in relative terms. This is mainly because the balance of receivables (trade and intercompany) and trade payables was sharply reduced, so that fewer financial resources were tied up here.

All other items on the assets side of the balance sheet were largely unchanged.

On the liabilities side of the balance sheet, the proportion of equity fell. The equity ratio was down by 4 percentage points, from 64% to 60%. Other provisions also fell.

Owing to the particularly high revenue in November and December, resulting mainly from product business, expenditure on materials was also very high. This was reflected in increased liabilities for goods received, which meant that trade payables rose sharply both in absolute terms and in relative (up 88% year-on-year) terms.

secunet did not take out any loans in either 2007 or 2008; all spending was financed with cash. Equally, it does not have any loans dating from earlier periods, so the debt/equity ratio remains 0%.

There is no separate commentary on the balance sheet structure of secunet Security Networks AG as the key balance sheet items largely correspond to those of the secunet Group.

Cash flows from operating activities increased by 67%, from Euro 3.3m the previous year to Euro 5.6m.

This improvement was mainly due to the fall in receivables as at end-2008 compared with 2007, which increased the cash position as at the reporting date by around Euro 2.5m. This trend was underpinned by the increase in payables, and in particular liabilities for goods received, of Euro 2.5m. This more than made up for the lower contributions from earnings compared with the previous year, resulting overall in a net cash inflow of around Euro 5.0m, which increased the group's cash position by the same amount.

5 EMPLOYEES

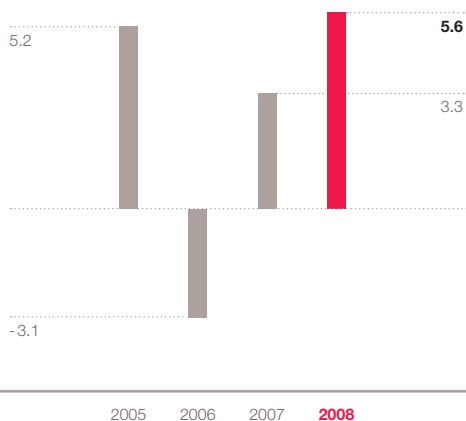
A crucial factor for the success of our business is the creativity, motivation and integrity of our employees. The commitment, flexibility and expertise of the people at secunet are among the company's key strengths.

As at the end of 2008, the number of secunet Group employees was 265, 29 people or around 12% more than at the end of 2007. The increase was mainly in employees on the production side – most of the positions filled were in the consultancy and development areas. This means that structures in production-related areas were optimised.

secunet's employees are highly qualified: around 70% have a university degree, while 13 have doctorates. All employees have extensive 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 all developments in the relevant field.

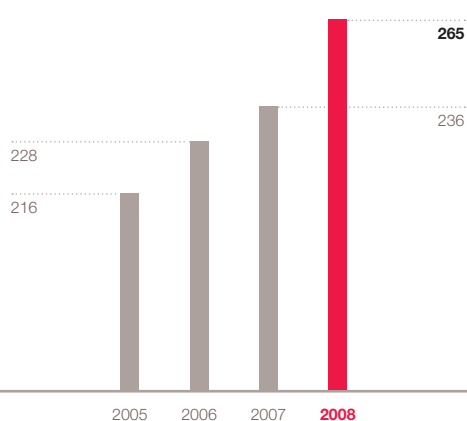
Cash flow from operating activity

in Euro m



Employees

as of 31 December



The company attaches great importance to cooperative management that takes the needs and skills of employees into account. Management by objectives (MbO) is firmly established as a management technique at secunet. It involves both top-down and bottom-up objectives. The top-down objectives are set by the management. Bottom-up objectives are derived from these and agreed between business unit heads and individual employees. An annual review takes place to check that the agreed objectives are being implemented, and a part of each employee's variable remuneration is calculated on this basis. The other part of the variable remuneration depends on the company's results.

secunet also acts as a training company.

6 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

7 RISK REPORT

7.1 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 business unit heads and the commercial director and holds regular, quarterly meetings. All developments that could pose a risk for the achievement of targets or even the continued existence of the company are examined in depth by the committee. The objective is to obtain information as early as possible about risks and their financial implications and at the same time, as part of the planning and control process, to identify and make use of existing opportunities and the earnings growth potential that they bring.

Company-specific risks are assessed on the basis of the associated potential loss (low, medium or high loss) and probability of occurrence. Proposals for remedial measures are then drawn up. The Management Board examines these measures and implements them promptly.

7.2 Individual risks

7.2.1 Competitive environment

Risks relating to the competitive environment arise where secunet's technological market leadership is jeopardised. The risk committee has therefore kept itself up to date regarding the state of technological development of secunet's products and regularly asked for the opinion of expert employees on whether and to what extent the company's technological advantage is threatened by competitors' product developments.

Competitive environment risks also arise where rival companies attack secunet's market position in business with government agencies. Competitors might, for instance, seek to secure a similar market position in business with government authorities (for example as a security partner to the German federal government). This would expose secunet to much greater competitive pressure in this target customer segment.

7.2.2 Customer structure

Customer structure risk is present to the extent that secunet still conducts the majority of its business with public sector authorities and organisations. A drop-off in demand from this customer group, for instance as the result of a budget freeze, can have a negative effect on sales and earnings. This risk has been discussed in depth by the risk committee. Investment in IT, and notably in IT security, is seen as particularly important for the smooth delivery of projects for the public sector, particularly in a world where IT plays 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.

In the current economic climate, secunet's particular customer structure may prove to be an opportunity. While private sector demand is falling sharply, we can expect the level of business from public sector customers to at least be sustained. In light of the 2009 parliamentary elections and the possibility of a new government, the consequences of a possible provisional budget have also been taken into account. This could mean public sectors temporarily cutting back on purchasing.

Nevertheless, so as to be better able to react to any possible downturn in demand from public sector customers in the medium term, or to reduce and compensate for the loss arising from such a downturn, secunet continues to place great emphasis on expanding its business with the private sector target group.

7.2.3 Development risks

The risks associated with developing new products that subsequently prove unsuccessful in the market are not regarded as being of primary significance for secunet. Its high security solutions are closely tailored to customers' requirements; secunet does not make off-the-peg products. Most of the products developed by secunet are in fact made to order and are financed accordingly by the customer. Notably, *secunet multisign*, the solution for the mass generation of qualified electronic signatures, was developed from the projects relating to the creation of various trust centres. Biometrics is another area where product innovations, such as the biometric middleware application *secunet biomiddle*, have resulted from issues raised in advisory discussions with customers.

7.2.4. Sales structure risk

Sales and marketing are seen as a risk for secunet because the company's business performance still depends heavily on revenue from new customers or from individual newly awarded projects. To this extent, efficient sales and marketing also represents an opportunity to boost the company's performance. At the same time, sales and earnings may be jeopardised if the sales force is too small or does not meet customers' needs. These risks are assessed regularly, and the risk committee always invites representatives from secunet locations or from the sales offices to its meetings to report on the sales and marketing situation.

No risks that threaten the continued existence of the company have currently been identified.

8 FORECASTS

IT security is still a growth market, and the main drivers of this growth remain in place, namely:

- the general need for basic protection for IT and communications installations,
- German and other European government plans for streamlining processes through the use of IT (e-government)
- the ever-increasing threat of attacks on the security of infrastructure and systems for instance from hackers, Trojan horses and bot networks – the trend here shows a marked change in the quality of IT attacks as they become increasingly professionalised (organised crime, cyber crime, cyber warfare, etc.)
- the high and growing dependence of companies, authorities and organisations on their IT systems (“critical infrastructures”): loss of service can have very serious consequences for their ability to conduct their business
- the increase in industrial espionage, which can also be a source of massive losses
- the equipping of new products and solutions with the necessary security systems
- the ground to be made up in many areas of IT where security has not been a priority for a number of years.

The last two items are already having a positive effect on secunet’s business performance. The main drivers of business at secunet Security Networks AG include the identification of security loopholes and the development of suitable processes, applications and products to combat existing and potential security risks. secunet also provides protection against industrial espionage and attacks on general IT security, however, and the development of the Business Security business unit, dedicated to meeting the needs of private sector companies, is a response to the growing importance of this area.

At the same time, even big private sector firms are very reluctant to invest large sums in IT security. Company IT security budgets are only very slowly approaching the amounts ideally needed to ensure effective defence against the looming threats. Investing in high security is often only recognised as a worthwhile expense once the damage has already been done – a phenomenon that is familiar from the world of insurance. As such, the work being done to convince companies of the benefits through high-quality, tailored advisory services and the raising of awareness of the real risks by the media and the appropriate institutions (mainly the Federal Office for Information Security (BSI) in the case of Germany) are key sources of support for secunet’s business volumes.

The impact of the financial crisis will be felt even more strongly in 2009 than in 2008. The macroeconomic environment is exerting an additional and significant influence on the plans of decision-makers in the business sphere. As a result, it may be that – despite the necessity of taking protective measures – planned infrastructure investments are postponed on financial grounds. Demand in the Private Sector division is therefore very hard to predict.

Conversely, the Public Sector division is expected to enjoy good sales performance once again. The current crisis should not jeopardise government plans for investment in IT security infrastructure.

In general, there is a close link between sales in IT security and in IT more widely. The BITKOM industry association still expects growth of 2.0% for software and 3.7% for IT services in Germany in 2009 – both areas in which secunet operates. This represents a substantial scaling back of growth expectations compared with the figures posted in recent years (2007: 5.4% and 7.8%, 2008: 4.2% and 5.7%). Given the speed of change in IT, it is unrealistic to make forecasts about the sector's prospects more than a year ahead.

In this ambivalent environment, secunet still has the potential to perform well:

- Major public sector infrastructure projects should ensure stable demand. In Germany, for example, these include the introduction of the electronic healthcare card. secunet is involved in many aspects of the preparations for this major project. There is particular potential in the use of secunet konnektor by users of the health telematics. There are also further opportunities in Germany in the shape of projects to modernise army and police communication systems. Another growth driver will be the introduction of electronic ID cards in Germany, which the government is planning from the end of 2009. In view of the political and administrative processes associated with implementation of these projects, it is hard to predict their timing and sales and order volumes.
- The growing need on the part of the German authorities for *SINA* components and the tapping of further international markets also harbour tremendous sales and earnings potential. The expansion of the *SINA* product range can make a long-term contribution here.
- secunet's international activities also continue to hold considerable potential. The first positive aspect concerns the procurement plans of national authorities in various countries that are interested in *SINA*. There are also opportunities in relation to biometrics and electronic ID documents, as *secunet biomiddle* can be successfully rolled out internationally. With the "IT Security Made in Germany (ITSMIG)" initiative, the Federal Ministry of the Interior and Federal Ministry of Economics are promoting the export activities of German IT security companies. Given the potential benefits to the sector, secunet is firmly committed to this and other initiatives.
- Generally speaking, the opportunities in private industry have not yet been exhausted. Globally active, internationally networked companies have a particular need for IT security due to the growing threat of industrial espionage or to special processes, and secunet can meet this very specific need.

For 2009, we are pursuing the clear goal of growing further and achieving adequate profitability once again.

We intend to reach this goal by implementing the following measures:

- Stabilising and expanding international business: In order to grow our potential and actual customer base, we are deepening contacts in markets where secunet is already established and tapping new markets. We are actively pursuing this route through a focused international sales force and with partners in European Union countries. Our international sales growth over recent years illustrates the success of these efforts. Nevertheless, we are maintaining our cautious view on growth prospects. IT security is a time-consuming business, involving long-term decision-making. Short-term successes are encouraging, but it would be unrealistic – especially in the current climate – to count on the growth continuing.

- Streamlining and optimising the sales structure in Germany: Since 2007, secunet's business units have been assigned sales capacity and set challenging qualitative and quantitative targets. This approach has already started to bear fruit, but there is also scope for optimisation at both Private Sector and Public Sector. We want to unlock the gains from that potential.
- Expanding and strengthening the *S/NA* product offering: secunet's main product remains its Secure Inter-Network Architecture *S/NA*. In this area, which in view of its importance is run as a separate business unit, High Security, we want to remain at the technological leading edge and build on our existing competitive advantage. In addition to the proven product lines, the extension of the product range also offers great market potential. Rising demand on the part of new and existing customers, translating into further volume growth, is opening up the potential to unlock benefits of scale.
- Broadening the product range: We are already achieving good results with our other products, such as the biometric multi-application platform *secunet biomiddle*. Further new products should emerge in response to our customers' needs and new challenges in IT security.
- Targeted acquisitions: The Management Board of secunet is continuing to closely monitor market consolidation and looking into attractive opportunities.

The secunet Group posted strong sales growth in 2008. We regard the general operating environment in the IT security market as still positive for 2009. Nevertheless, this confidence is limited by the pessimistic industry forecasts. The high level of uncertainty over the macroeconomic environment prevents us from being able to issue concrete guidance as to performance in 2009. The volatile nature of project business also makes it hard to forecast sales and earnings. We are optimistic regarding 2009 and 2010 and expect further sales growth and improved profitability. However, we will not be making specific forecasts for this challenging year.

Essen, 9 March 2009

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

Forward-looking statements

This report contains statements regarding the future performance of secunet Security Networks AG and economic and political developments. These statements are opinions that we have formed based on the information currently available to us. If the underlying assumptions are not met or other risks arise, actual events may differ from our expectations. We cannot therefore offer any guarantee as to the accuracy of these statements.

A person wearing a white long-sleeved shirt and a yellow safety vest is seen from the back, looking out over a ship's deck. In the distance, a helicopter is visible against a cloudy sky. The deck has white circular markings.

Focused on the same goal

We devise suitable solutions for complex IT security matters on behalf of and in conjunction with our customers. In-depth specialist knowledge, extensive expertise gathered over many projects and a shared drive to succeed enable us to achieve a “precision landing”.



Consolidated Financial Statements

Consolidated Balance Sheet of secunet Security Networks AG (IFRS)

Assets in Euro	Note	31 Dec 2008	31 Dec 2007
Current assets			
Cash and cash equivalents	(1)	15,893,029.65	10,908,588.36
Trade receivables	(2)	14,181,198.53	13,309,933.47
Intercompany receivables	(2)	855,746.86	906,062.79
Inventories		1,482,968.70	1,550,324.06
Other current assets	(2)	90,956.16	115,067.74
Current tax assets		103,552.43	0.00
Total current assets		32,607,452.33	26,789,976.42
Non-current assets			
Property, plant and equipment	(3)	1,330,371.97	1,311,684.18
Intangible assets	(3)	205,288.42	264,220.19
Goodwill	(3)	2,950,000.00	2,950,000.00
Non-current financial instruments	(4)	798,777.32	686,258.02
Deferred tax assets	(5)	1,494,500.47	1,722,468.03
Total non-current assets		6,778,938.18	6,934,630.42
Total assets		39,386,390.51	33,724,606.84

Liabilities in Euro	Note	31 Dec 2008	31 Dec 2007
Current liabilities			
Current portion of finance lease liabilities	(6)	0.00	21,029.15
Trade payables	(6)	9,226,774.26	4,898,409.90
Intercompany payables	(6)	73,244.50	0.00
Other provisions	(7)	3,127,891.73	3,632,995.00
Current tax liabilities		215,957.00	192,257.00
Other current liabilities	(6)	1,189,513.58	1,495,776.82
Deferred income		769,585.37	560,703.78
Total current liabilities		14,602,966.44	10,801,171.65
Non-current liabilities			
Deferred tax liabilities	(5)	24,025.18	24,602.77
Provisions for pensions	(7)	1,285,733.00	1,157,978.56
Total non-current liabilities		1,309,758.18	1,182,581.33
Equity			
Share capital	(8)	6,500,000.00	6,500,000.00
Capital reserves	(8)	21,922,005.80	21,922,005.80
Treasury shares	(8)	-103,739.83	-103,739.83
Net accumulated losses		-4,826,253.33	-6,555,663.17
Accumulated other comprehensive income/loss	(8)	-18,346.75	-21,748.94
Total equity		23,473,665.89	21,740,853.86
Total liabilities		39,386,390.51	33,724,606.84

Consolidated Income Statement of secunet Security Networks AG (IFRS)

in Euro	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Revenue	(9)	52,084,518.51	41,283,721.06
Other operating income	(10)	1,069,103.23	755,842.33
Cost of purchased materials and services	(11)	-22,345,515.08	-12,016,621.88
Staff costs	(12)	-18,767,226.57	-17,289,102.00
Depreciation and amortisation		-834,521.16	-891,961.76
Other operating expenses	(13)	-9,343,311.04	-8,367,290.70
Operating profit		1,863,047.89	3,474,587.05
Interest income	(14)	318,924.35	220,494.24
Interest expense	(14)	-12,873.94	-21,067.31
Foreign currency gains/losses		36,577.67	-8,995.04
Profit before tax		2,205,675.97	3,665,018.94
Income taxes	(15)	-476,266.13	-970,066.62
Profit for the period		1,729,409.84	2,694,952.32
Basic earnings per share		0.27	0.42
Diluted earnings per share		0.27	0.42
Average number of shares outstanding (undiluted)		6,469,502	6,468,720
Average number of shares outstanding (diluted)		6,469,502	6,468,720

Consolidated Cash Flow Statement of secunet Security Networks AG (IFRS)

in Euro	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flow from operating activities		
Earnings before tax (EBT)	2,205,675.97	3,665,018.94
Depreciation and amortisation	834,521.16	891,961.76
Change in provisions	-377,348.83	746,227.35
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	19,824.00	440.18
Interest result	-306,050.41	-199,426.93
Change in receivables, other assets and prepaid expenses	-833,034.62	-3,586,491.17
Change in payables and deferred income	4,306,898.06	1,829,516.11
Tax paid	-248,876.16	2,552.99
Net cash generated from operating activities	5,601,609.17	3,349,799.23
Cash flow from investing activities		
Purchases of intangible assets and of property, plant and equipment	-794,277.18	-981,901.23
Proceeds from sale of intangible assets and of property, plant and equipment	-7,879.00	11,056.08
Purchases of financial assets	-112,519.30	-121,886.39
Proceeds from sale of financial assets	-11,945.00	0.00
Cash used in investing activities	-926,620.48	-1,092,731.54
Cash flow from financing activities		
Interest received	318,924.35	220,494.24
Interest paid	-12,873.94	-21,067.31
Change in treasury shares	0.00	5,234.94
Cash generated from financing activities	306,050.41	204,661.87
Effects of exchange rate changes on cash and cash equivalents	3,402.19	16,408.18
Net increase/decrease in cash and cash equivalents	4,984,441.29	2,478,137.74
Cash and cash equivalents at the beginning of the period	10,908,588.36	8,430,450.62
Cash and cash equivalents at the end of the period	15,893,029.65	10,908,588.36

Consolidated Statement of Changes in Equity of secunet Security Networks AG (IFRS)

in Euro	Share capital	Capital reserves	Treasury shares	Net accumulated losses	Accumulated other comprehensive income/loss	Total
Equity at 31 Dec 2006	6,500,000.00	21,922,005.80	-108,974.77	-9,250,615.49	-38,157.12	19,024,258.42
Change in treasury shares			5,234.94			5,234.94
Currency translation differences					16,408.18	16,408.18
Profit for the period 1 Jan – 31 Dec 2007				2,694,952.32		2,694,952.32
Equity at 31 Dec 2007	6,500,000.00	21,922,005.80	-103,793.83	-6,555,663.17	-21,748.94	21,740,853.86
Change in treasury shares						0.00
Currency translation differences					3,402.19	3,402.19
Profit for the period 1 Jan – 31 Dec 2008				1,729,409.84		1,729,409.84
Equity at 31 Dec 2008	6,500,000.00	21,922,005.80	-103,739.83	-4,826,253.33	-18,346.75	23,473,665.89

Notes to the Consolidated Financial Statements of secunet Security Networks AG for financial year 2008 according to IFRS

Basis of preparation

secunet Security Networks Aktiengesellschaft (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.

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

The consolidated financial statements of secunet AG are presented in euro. All amounts are stated in Euro, unless otherwise indicated.

The consolidated financial statements and company and Group management report were released by the Management Board on 9 March 2009 following their preparation.

The present consolidated financial statements as at 31 December 2008 were prepared using the same accounting policies and the same methods of computation as in the previous year. Items in the balance sheet as at 31 December 2008 are classified by maturity; items in the income statement are classified by nature of expense. In order to improve the clarity of presentation, various items of the consolidated balance sheet and consolidated income statement have been summarised and explained in the notes.

The consolidated financial statements – as well as the annual financial statements of secunet AG – are filed with the operator of the electronic Federal Gazette and subsequently announced there. They are available for download on the website www.secunet.de. They may also be requested from secunet at the above address or inspected at the business premises of the company.

The consolidated financial statements of secunet AG are included in the consolidated financial statements of Giesecke & Devrient GmbH, Munich, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements of Giesecke & Devrient GmbH are filed with the operator of the electronic Federal Gazette.

Amended or new IFRS standards and the resulting recognition and measurement changes

Compared with the consolidated financial statements as at 31 December 2007, the following standards have been amended or are to be applied for the first time following the EU endorsement or entry into force of the standard:

- Amendments to IFRS 7 "Reclassification of Financial Assets"
- Amendments to IAS 39 "Reclassification of Financial Assets"
- IFRIC 11 "IFRS 2 Group and Treasury Share Transactions"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "IAS 19 – The Limit on an Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The amendments to IAS 7 and IAS 39 had no effect for secunet AG. The IFRIC 11, IFRIC 13 and IFRIC 14 standards are currently not relevant for secunet AG.

The following standards and interpretations had been published by IASB or IFRIC as at the reporting date, but their application will not be obligatory until a subsequent reporting period or they have so far not been endorsed by the EU:

- IAS 1 "Presentation of Financial Statements: A Revised Presentation"
- IAS 23 "Borrowing Costs"
- IAS 27 "Consolidated and Separate Financial Statements"
- Amendments to IAS 32 "Puttable Financial Instruments and Obligations Arising on Liquidation"
- Amendments to IAS 39 "Eligible Hedged Items"
- Amendments to IFRS 1 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to IFRS 2 "Vesting Conditions and Cancellations"
- IFRS 3 "Business Combinations"
- IFRS 8 "Operating Segments"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17 "Distribution of Non-cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"

secunet AG made use of the option of early adoption of standards and interpretations already implemented in EU law for IFRS 8 "Operating Segments". IFRS 8 replaces IAS 14 "Segment Reporting". It departs from the previous primary and secondary reporting format that differentiated between business segments and geographical segments and instead uses a single reporting format that identifies segments on the basis of information that the company's management uses to make operating decisions ("management approach"). At the start of 2007, secunet began to implement a "customer-driven corporate structure". secunet's business units were reorganised on that basis.

The Public Sector division comprises the Government and High Security business units, while the Private Sector division is made up of the Business Security and Automotive business units. In this connection, secunet has also begun to revise its internal reporting system. Further details may be found in the section headed "Segment Reporting".

secunet AG does not expect the application of standards and interpretations that have been published as at the balance sheet date but not yet endorsed by the EU to have any material impact on its net assets, financial position or results of operations in future.

Consolidated group and basis of consolidation

Consolidated group

In addition to secunet AG, all significant subsidiaries over which secunet has the power to govern the financial and operating policies are included in the consolidated financial statements. In the reporting year and in the previous year, there were no minority interests in equity or in profit or loss for the period.

At 31 December 2008, the consolidated group consisted of the parent company and two subsidiaries, as in the previous year.

- secunet SwissIT AG, Switzerland, Solothurn, 100% participation, equity of the company kCHF 59, net income for 2008 kCHF 11
- SECUNET s.r.o., Czech Republic, Prague, 100% participation, equity of the company kCZK -6,329, net income for 2008, kCZK 29

Secunet Inc., USA, Austin, Texas, 100% participation (shelf company) 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 policies are applied consistently to the financial statements of secunet and of the foreign subsidiaries included in the consolidated financial statements.

Basis of consolidation

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. 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.

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 included companies carried out in individual financial statements are reversed within the framework of consolidation.

Presentation currency

The Group's presentation currency is Euro.

Subsidiaries' annual financial statements prepared in foreign currency are translated in accordance with the functional currency concept. In the consolidated financial statements, the translation of balance sheet items of all foreign companies from the local currency into euro is at the average exchange rates prevailing at the balance sheet date, as the foreign companies included in the consolidated financial statements conduct their business independently in their local currencies. Differences versus the prior-year translation are recognised directly in equity under the item "Accumulated other comprehensive income/loss". Expense and income items are translated at average yearly exchange rates.

For the currency translation, 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 2008	1.4885	26.5911
Average	1.5817	24.9731

Financial instruments

The financial instruments shown in the balance sheet (financial assets and financial liabilities) within the meaning of IAS 32 and IAS 39 comprise certain financial assets, trade receivables, cash and cash equivalents, trade payables and certain other assets and liabilities arising from contractual agreements.

Financial assets or liabilities are initially recognised at the cost of acquisition, which corresponds to their fair value plus transaction costs. Measurement subsequent to initial recognition varies for the different categories of financial asset or liability:

- Receivables are measured at amortised cost. Where appropriate, identifiable risks are recognised through the establishment of a valuation allowance.
- Payables are measured at amortised cost.

Financial assets are derecognised when the company gives up control of the contractual rights of which the financial asset is comprised. Financial liabilities are derecognised when the obligation specified in the contract is discharged or 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.

Non-current financial instruments include premium reserve shares from reinsurance contracts, which are measured at fair value.

Cash and cash equivalents

The Group regards all highly liquid assets whose 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.

Inventories

Inventories, which consist almost exclusively of merchandise, are measured at the lower of cost or net realisable value.

Property, plant and equipment

Property, plant and equipment consists exclusively of office and operating equipment and is measured at historical cost less accumulated depreciation. When items of property, plant and equipment are disposed of or retired, their historical 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. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is over a period of three to ten years.

The assets' residual value 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 less accumulated amortisation calculated using the straight-line method. Acquired software is amortised over three years. The amortisation period and method are reviewed annually at the end of each financial year.

Costs incurred in preserving the original economic benefits of existing software systems are recognised as 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 subsidiary at the date of the acquisition.

Goodwill on acquisitions of subsidiaries is assigned to the category of intangible assets with indefinite useful lives. Under IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill is not amortised but is instead subjected to an annual impairment test and carried at cost less accumulated impairment losses.

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 not 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 unscheduled 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. Impairments 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.

The recoverable amount of a cash-generating unit is measured on the basis of its value in use, which is calculated from the present value of the future cash flows expected to be derived from the cash-generating unit. A pre-tax discount rate of 13.48% was used for this calculation. The medium-term projections are based on past experience and the management's expectations regarding the future development of the market. These projections assume increase in revenue and earnings in all business units. As the present value of future cash flows exceeded the carrying amounts of the business units, no impairment of goodwill was necessary.

There were no write-downs in the year under review.

Income taxes

Income tax expense is calculated on the basis of the profit for the year and takes into account deferred taxes. In accordance with IAS 12, 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. Deferred income tax assets also comprise tax reduction claims that arise from the expected use of existing loss carryforwards in subsequent years. Deferred income 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 income tax is calculated using the tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is recognised in the income statement as tax income or expense.

Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as financial 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. The lease instalments are divided into an interest 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 or due date of the obligation is not certain. The provisions are recognised in the amount of the best estimate of the settlement amount. Possible claims for reimbursement are not offset against the provisions.

Provisions for pensions

In accordance with IAS 19, provisions for pensions are 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.

Actuarial gains or losses are credited or charged to the income statement if they exceed 10% of the defined benefit obligation at the beginning of the period. In such a case, the actuarial gains or losses are recognised immediately in the income statement. Reported provisions for pensions are based on actuarial certificates issued by an independent actuary.

Contributions under defined contribution plans are recognised as expense.

Prepaid expenses and deferred income

Payments made or received for agreed future obligations are recognised at the time of the cash flow and written back to the income statement over the term of the agreement.

Equity

The capital reserves result from payments in connection with corporate actions. They are available for the purposes of offsetting losses incurred and capital increases from the company's own funds.

Treasury shares are shares in the parent company held by the parent company itself. The acquisition of treasury shares is shown in the consolidated financial statements as a change in equity. 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.

Currency translation differences from the currency translation of financial statements of foreign subsidiaries are recognised under "Accumulated other comprehensive income/loss".

Revenue recognition

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.

Revenue is shown net of 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.

According to IAS 18, revenue from services is recognised with reference to the stage of completion of the transaction provided the criteria under IAS 18.20 are met. The work already done for clients at the balance sheet date and not yet invoiced is valued at the market prices prevailing at the balance sheet date and recognised as revenue in the amount of the work already carried out in relation to the overall service to be performed. Loss-free valuation is used. The resulting balance sheet entry is recognised under current receivables. Any prepayments are deducted up to the amount of the balance sheet entry calculated.

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 essentially to the calculation of useful lives, receivables and the recognition and measurement of provisions and realisability of deferred tax assets. 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.

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 cheques, cash in hand and bank balances. The bank balances comprise a call deposit and short-term time deposits with Commerzbank Essen in the amount of kEuro 10,500. The rate of interest on these is between 1.9% and 2.43% p.a.

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

(2) Receivables and other assets

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

Trade receivables include an accrued amount of Euro 735,390.24 (previous year: EUR 1,176,746.24) for consultancy services rendered to customers but not yet invoiced as at 31 December 2008. All intercompany receivables also result from trade receivables.

The ageing of all trade receivables is as follows:

Overdue in days in Euro	2008	2007
Not impaired and not overdue	13,454,013.98	10,151,765.99
1–30	616,390.14	2,058,844.50
31–90	788,113.18	1,136,042.76
91–180	0.00	811,287.01
181–360	93,763.00	71,026.00
>360	84,666.09	0.00
Total	15,036,946.39	14,228,966.26

The valuation allowance for trade receivables was as follows:

in Euro	2008	2007
As at 1 Jan	12,970.00	24,813.00
Added	0.00	9,752.00
Released	-12,970.00	-21,595.00
As at 31 Dec	0.00	12,970.00

Other current assets mainly include advance payments of kEuro 46. The remaining amount is made up of travel expense advances to employees as well as other receivables due within 90 days. No impairments were made.

(3) Property, plant and equipment and intangible assets

Property, plant and equipment

The movement in property, plant and equipment, which consists exclusively of office and operating equipment, may be summarised as follows:

in Euro	2008	2007
Accumulated historical cost as at 1 Jan	5,632,508.06	5,927,692.19
Additions	740,733.83	707,676.59
Disposals	-477,534.57	-1,002,860.72
As at 31 Dec	5,895,707.32	5,632,508.06
Accumulated depreciation as at 1 Jan	4,320,823.88	4,534,627.28
Additions	714,167.04	779,394.06
Disposals	-469,655.57	-993,197.46
As at 31 Dec	4,565,335.35	4,320,823.88
Carrying amount as at 31 Dec	1,330,371.97	1,311,684.18

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 Euro	2008 Goodwill	2008 Software	2007 Goodwill	2007 Software
Accumulated historical cost as at 1 Jan	2,950,000.00	1,038,074.85	2,950,000.00	766,850.21
Additions	0.00	61,422.35	0.00	274,224.64
Disposals	0.00	-101,720.25	0.00	-3,000.00
As at 31 Dec	2,950,000.00	997,776.95	2,950,000.00	1,038,074.85
Accumulated depreciation as at 1 Jan	0.00	773,854.66	0.00	662,453.96
Additions	0.00	120,354.12	0.00	112,567.70
Disposals	0.00	-101,720.25	0.00	-1,167.00
As at 31 Dec	0.00	792,488.53	0.00	773,854.66
Carrying amount as at 31 Dec	2,950,000.00	205,288.42	2,950,000.00	264,220.19

Amortisation is recognised under "Depreciation and amortisation". There were no write-downs in the year under review.

There were no research and development costs requiring recognition of an asset in the last two years.

Goodwill

The breakdown of goodwill by segment is as follows:

Carrying amount of the goodwill in kEuro	2008	2007
Business Security	838	838
Government Solutions	773	773
High Security	1,339	1,339
	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.

In testing goodwill for impairment in accordance with IAS 36, the recoverable amount of the cash-generating unit is determined by its value in use. A unit's value in use is calculated from the present value of its future cash flows. A pre-tax discount rate of 13.48% was used for this calculation. Projections are based on past experience and the management's expectations regarding the future development of the market.

(4) Non-current financial instruments

The premium reserve shares from reinsurance contracts shown under non-current financial instrument amount to Euro 798,777.32 (previous year: Euro 674,313.02). These are for the reinsurance of the existing defined benefit obligations of 20 secunet employees from pension commitments assumed from previous employers. The existing reinsurance contracts are not plan assets under IAS 19.

(5) Deferred tax assets

In the reporting year there was a reassessment of the realisability of deferred tax assets from loss carryforwards. The deferred tax claim was calculated on the basis of projections for the two subsequent years using the minimum tax rate.

The loss carryforwards for corporate tax and trade tax, for which no deferred tax claims were recognised, stood at kEuro 3,788 and kEuro 1,913 respectively as at 31 December 2008 (previous year: kEuro 4,748 and kEuro 2,860 respectively). In addition, there were loss carryforwards at foreign companies of kEuro 1,082 (previous year: kEuro 970) for which no deferred taxes were recognised. Deferred tax claims not recognised were kEuro 1,216 (previous year: kEuro 1,201).

A tax rate of 31.76% was used to calculate domestic deferred taxes (previous year: 31.43%). 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 Euro	31 Dec 2008	31 Dec 2007
Deferred tax assets		
from provisions for pensions and similar liabilities	152,966.64	151,812.56
from loss carryforward/profit or loss for the period	1,328,899.38	1,544,151.19
from other matters	12,634.45	26,504.28
	1,494,500.47	1,722,468.03
Deferred tax liabilities		
from receivables	-15,086.95	-14,930.19
from other matters	-8,938.23	-9,672.58
	-24,025.18	-24,602.77
Total	1,470,475.29	1,697,865.26

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

Income statement expense/income in Euro	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Deferred tax assets		
from provisions for pensions and similar liabilities	1,154.08	-22,527.95
from loss carryforward/profit or loss for the period	-215,251.81	-549,647.85
from other matters	-13,869.83	30,157.62
	-227,967.56	-542,018.16
Deferred tax liabilities		
from receivables	-156.76	25,026.15
from other matters	734.35	19,498.33
	577.59	44,524.48
Total	-227,389.97	-497,493.20

(6) Liabilities

Up to 31 December 2004, 56 leasing agreements for company vehicles with a net acquisition cost of Euro 1,445,670.93 were entered into. The leasing agreements were classed as finance leases and had a term of four years. The lessor was Autop Deutschland GmbH & Co. KG, Meerbusch. These vehicles appeared on secunet's balance sheet. The last agreements expired in 2008.

Depreciation and amortisation are calculated on a straight-line basis over a term of four years. At the balance sheet date, vehicles with a carrying amount of Euro 0 (previous year: Euro 30,774.74) were recognised in the balance sheet.

in Euro	31 Dec 2008 Carrying amount	31 Dec 2008 Present value	31 Dec 2007 Carrying amount	31 Dec 2007 Present value
Up to 1 year	0.00	0.00	23,668.49	21,029.15
More than 1 year but less than 5 years	0.00	0.00	0.00	0.00
Total	0.00	0.00	23,668.49	21,029.15

Interest expense incurred during the year was Euro 2,639.24 (previous year: Euro 5,952.57).

Intercompany payables were trade payables.

Other current liabilities break down as shown below:

in Euro	31 Dec 2008	31 Dec 2007
Payable wage income tax and church tax	266,195.22	239,059.63
Payable social security contributions	3,314.86	3,212.56
Payable value-added tax	746,920.36	550,307.07
Liabilities towards employees	55,466.65	40,941.14
Other liabilities	117,616.49	662,256.42
Total	1,189,513.58	1,495,776.82

The maturities of the liabilities are as:

in Euro	Total		Residual term up to 1 year		Residual term 1 to 5 years		Residual term over 5 years	
	2008	2007	2008	2007	2008	2007	2008	2007
Trade payables	9,226,774.26	4,898,409.90	9,226,774.26	4,898,409.90	0.00	0.00	0.00	0.00
Intercompany payables	73,244.50	0.00	73,244.50	0.00	0.00	0.00	0.00	0.00
Finance lease liabilities	0.00	21,029.15	0.00	21,029.15	0.00	0.00	0.00	0.00
Other current liabilities	1,189,513.58	1,495,776.82	1,189,513.58	1,495,776.82	0.00	0.00	0.00	0.00

(7) Other provisions and provisions for pensions

Provisions for pensions and similar liabilities are formed on the basis of the company's individual contract commitments towards its employees. 20 employees who were employed at other companies in the past are entitled to a pension. New employees of secunet are not eligible for pensions. The pension entitlement is based on income at the time of retirement or leaving the company. Entitlement to an annual pension begins at the end of the first ten years of service after the age of 30 and increases for every further year of continued service at the company.

The actuarial certificates of 31 December 2008 are based on trend assumptions of 2.5% for salary growth (previous year: 2.5%), 1.5% p.a. for pension growth (previous year: 1.5% p.a.), an inflation rate of 1.5% p.a. (previous year: 1.5% p.a.) and an actuarial interest rate of 5.5% p.a. (previous year: 5.7% p.a.). The calculations were based on Dr Klaus Heubeck's 2005 mortality tables.

The defined benefit obligation as at 31 December 2008 was Euro 1,270,202. The difference between this and the balance sheet entry represents an actuarial gain of Euro 15,531. Where unrealised actuarial gains/losses exceed 10% of the defined benefit obligation, the amount in excess is immediately credited or charged to the income statement. In the reporting year, Euro 123 was credited to the income statement.

Changes to provisions for pensions in the reporting year were as follows:

in Euro	2008	2007
As at 1 Jan	1,157,978.56	1,369,370.00
Service cost	67,873.00	103,715.00
Interest cost	60,004.00	65,581.00
Adjustment for recognised actuarial losses/gains	-122.56	-286,032.44
Pension costs	127,754.44	-116,736.44
Transfer not recognised in profit and loss	0.00	-94,655.00
As at 31 Dec	1,285,733.00	1,157,978.56

In line with actuarial certificates, expenses arising from the commitments are distributed over the service life of employees and consist of the interest cost, the service cost and the actuarial gains recognised for the current year under staff costs.

The movement in the defined benefit obligation (DBO) over the last five years may be summarised as follows:

Year	Present value in Euro
2004	902,891
2005	1,310,402
2006	1,457,349
2007	1,052,709
2008	1,270,202

The provision was not used in 2008. Against the defined benefit obligation were premium reserve shares from reinsurance contracts in the amount of Euro 798,777, which do not represent plan assets under IAS 19.

Empirical adjustments to pension plan debts within the Group reached Euro -15,654 in 2008 (previous year: Euro -399,525.00).

Pension provisions of Euro 1,441,143 are expected as at 31 December 2009, based on annual expense of Euro 155,410.

In the reporting year, secunet paid contributions of kEuro 1,181 (previous year: kEuro 1,049) 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. These expenses are recognised under staff costs.

Other provisions all have a term of less than one year. Movement is shown in the table below:

in Euro	1 Jan 2008	Claimed	Released	Added	31 Dec 2008
Annual employee bonuses	2,232,037.00	-2,199,498.00	-32,970.00	2,294,066.21	2,293,635.21
Outstanding leave	388,558.00	-387,451.00	0.00	423,854.17	424,961.17
Professional association contributions	71,000.00	-55,687.82	-15,312.18	63,000.00	63,000.00
Other	941,400.00	-731,468.00	-59,032.00	195,395.35	346,295.35
Total	3,632,995.00	-3,374,104.82	-107,314.18	2,976,315.73	3,127,891.73

The amounts shown under "Other" mainly consist of provisions for project-related services not yet performed. The performance period depends on the particular customer project; the average period is 180 days.

There are no off-balance-sheet risks in addition to the risks on the balance sheet. For the risks on the balance sheet, the probable risk of utilisation corresponds to the maximum risk.

(8) Equity

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

As in the previous year, secunet AG holds 30,498 treasury shares. This corresponds to 0.469% of the share capital.

The share capital remains unchanged at Euro 6,500,000.00. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid. Calculated on a profit of Euro 1,729,409.84, basic earnings per share were Euro 0.27 (6,469,502 shares) in 2008, compared with Euro 0.42 (6,468,720 shares) in the previous year.

secunet's capital reserves were unchanged from the previous year, with Euro 1,902,005.80 of the total resulting from payments by the shareholder before the transformation of secunet into a public company limited by shares. The price premium paid in the initial public offering accounts for Euro 20,020,000.00 of the total.

Accumulated other comprehensive loss consists exclusively of currency translation differences from the currency translation of financial statements of foreign subsidiaries.

No dividend was paid for 2007. The Management did not propose that any dividend be paid for 2008.

Notes to the Income Statement

(9) Revenue

Domestic revenue totalled Euro 40,698,125.51 (previous year: Euro 32,141,443.80), while revenue generated abroad was Euro 11,386,393.00 (previous year: Euro 9,142,277.26).

(10) Other operating income

In the last two financial years, other operating income was made up of the following:

in Euro	2008	2007
Proceeds from administrative services and leasing	111,640.98	81,964.61
Income from the release of provisions	107,314.18	103,250.10
Income from the utilisation of provisions	730,425.01	379,071.51
Other	119,723.06	191,556.11
Total	1,069,103.23	755,842.33

(11) Cost of purchased materials and services

in Euro	2008	2007
Cost of purchased merchandise	18,655,737.27	9,158,247.49
Cost of purchased services	3,689,777.81	2,858,374.39
Total	22,345,515.08	12,016,621.88

(12) Staff costs

in Euro	2008	2007
Salaries	13,891,846.79	12,527,192.18
Annual employee bonuses	2,032,862.00	2,141,305.00
Overtime payments	4,180.35	80.32
Other salary costs	100,340.57	139,297.34
Salaries, total	16,029,229.71	14,807,874.84
Employer's social security contributions	2,529,497.23	2,510,515.60
Professional associations	63,000.00	76,438.27
Social security costs	2,592,497.23	2,586,953.87
Pension costs	127,754.00	-116,736.44
Financial assistance	17,745.63	11,009.73
Old age pension costs	145,499.63	-105,726.71
Staff costs	18,767,226.57	17,289,102.00

The Group employed an average of 255 staff in 2008, compared with 230 in the previous year (excluding the Management Board).

(13) Other operating expenses

Other operating expenses were as follows:

in Euro	2008	2007
Rental and lease expenses	1,849,431.14	1,811,942.20
Travel expenses	1,419,307.87	1,061,990.71
Advertising expenses	841,645.77	887,275.55
Vehicle costs	780,732.88	673,280.12
Other consulting, certificates and information	536,637.09	450,182.81
Additions to provisions	513,196.00	823,637.07
Incidental staff costs	423,905.13	361,546.24
IT costs	408,411.60	407,838.50
Postage, telephone and bank charges	375,363.35	329,109.81
Commission and licences	331,793.68	252,238.00
Servicing/maintenance	312,034.52	191,835.18
Contributions/fees	214,649.83	143,713.09
Audit/pension certificates	199,356.48	125,665.15
Other third-party services	153,225.31	140,324.70
Insurance	152,642.50	161,383.81
Technical consumables	108,161.02	81,994.82
Entertainment/representation	105,017.84	86,854.76
Legal advice	79,559.03	68,092.01
Outbound freight	68,095.77	34,860.07
Office supplies	62,127.01	70,254.09
Technical literature and prints	18,876.91	23,522.43
Derecognition of receivables	11,018.26	7,541.44
Other	378,122.05	172,208.14
Total	9,343,311.04	8,367,290.70

(14) Interest income/expense

The interest income of Euro 318,924.35 (previous year: Euro 220,494.24) derives from call and time deposits with banks.

The 2008 interest expense of EUR 12,873.94 (previous year: Euro 21,067.31) essentially comprises interest paid in respect of company car leasing and short-term financing costs for foreign companies.

(15) Income taxes

Actual taxes of Euro 248,876.16 (previous year: Euro 472,572.94) were incurred in the reporting year.

The income tax expense is derived from the theoretical tax expense, applying a tax rate of 31.76% (previous year: 40.02%) to the profit before tax. The tax expense arising from the application of the tax rate for secunet AG can be worked out as follows:

in Euro	2008	2007
Group profit before tax	2,205,675.97	3,665,018.94
Expected tax expense	-700,522.69	-1,466,740.58
Tax effect of change in tax rates	15,371.75	-283,063.00
Use of loss carryforwards	311,272.51	687,435.78
Other items	-102,387.70	92,301.18
Effective tax expense	-476,266.13	-970,066.62

Deferred taxes were calculated on the basis of applicable tax rates. The re-measurement of deferred tax assets and liabilities as at 31 December 2008 resulted in a one-time tax effect of Euro 15,371.75.

The effective tax rate in the reporting year, based on the Group profit before tax, was 21.6% (previous year: 26.47%).

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. Cash and cash equivalents consists 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

secunet adopted a new, customer-driven corporate structure in 2007. The Group is now divided into the Public Sector division, made up of the High Security and Government business units, and the Private Sector division, made up of the Business Security and Automotive business units.

The High Security, Government and Business Security business units are shown as separate segments for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13. The Automotive business unit does not meet any of the quantitative thresholds laid down in IFRS 8.13 and is therefore reported together with overheads under "Other segments".

Breakdown by segment

Segment report 2008 in kEuro	Business Security	Government	High Security	Other segments	Reconcilia- tion	secunet 2008
Segment revenue external	9,499	12,917	28,705	1,562	-598	52,085
Segment revenue internal	70	2	306	275	-653	0
Segment result (EBIT)	318	1,518	1,194	-1,348	181	1,863
Goodwill	838	773	1,339	0	0	2,950
Segment assets	3,291	4,922	9,606	17,661	-643	34,837
Segment liabilities	3,220	4,006	6,765	5,605	-3,923	15,673
Capital expenditure	239	164	254	195	75	927
Depreciation and amortisation	-120	-49	-158	-705	197	-835
Significant expenses						
Staff costs	-4,234	-5,177	-4,853	-4,503	0	-18,767
Cost of purchased materials and services	-2,053	-2,745	-18,156	-376	984	-22,346

Segment report 2007 in kEuro	Business Security	Government	High Security	Other segments	Reconcili- ation	secunet 2007
Segment revenue external	11,293	10,412	18,028	2,132	-581	41,284
Segment revenue internal	534	2	204	194	-934	0
Segment result (EBIT)	1,196	1,664	1,304	-863	174	3,475
Goodwill	838	773	1,339	0	0	2,950
Segment assets	5,842	3,385	7,291	13,290	-755	29,053
Segment liabilities	4,536	2,415	4,678	3,631	-3,493	11,767
Capital expenditure	244	211	309	70	270	1,104
Depreciation and amortisation	-91	-31	-114	-853	197	-892
Significant expenses						
Staff costs	-4,520	-4,596	-3,851	-4,322	0	-17,289
Cost of purchased materials and services	-2,565	-1,059	-9,402	-100	1,109	-12,017

The High Security business unit addresses the highly complex security requirements of authorities, the armed forces and international organisations. At the core of its product range is the Secure Inter-Network Architecture *S/INA*, developed in conjunction with the Federal Office for Information Security (BSI).

The Government business unit supports authorities in Germany and abroad in all areas relating to e-government and IT security. This includes biometric solutions and electronic ID (eID) documents, the electronic healthcare card (eHealth), security validation and secure web solutions. The business unit operates a BSI-certified evaluation laboratory for IT conformity.

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

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

Internal sales show the sales relationships between the Group companies. The transfer prices are essentially in line with the prices for third-party transactions.

Consolidation essentially involves the elimination of intra-group assets, liabilities, income and expenses. The accounting principles for the segments are identical to those used for the consolidated financial statements.

The segment assets and segment liabilities are reconciled with the assets and liabilities reported in the balance sheet as follows:

in kEuro	31 Dec 2008	31 Dec 2007
Segment assets	34,837	29,053
+ Current tax assets	104	0
+ Deferred tax assets	1,495	1,722
Assets reported in the balance sheet	36,436	30,775

in kEuro	31 Dec 2008	31 Dec 2007
Segment liabilities	15,673	11,767
+ Current tax liabilities	216	192
+ Deferred tax liabilities	24	25
Liabilities reported in the balance sheet	15,913	11,984

Capital Management

Our capital management is geared primarily to the provisions and requirements of company law. Where no special provisions dictate otherwise, the equity for tax purposes is the same as the equity for accounting purposes. In all other cases the equity for accounting purposes is adjusted in line with regulatory or contractual requirements.

Other disclosures

Financial instruments

Risks from financial instruments

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

Liquidity risks

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

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.

Other notes on financial instruments

During 2008, 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 values of current financial assets and liabilities represent an appropriate approximation of fair value for the purposes of IFRS.

The fair values of other non-current financial assets correspond to the carrying values. These are surrender values.

Additional notes on financial instruments

Measurement method pursuant to IAS 39

in Euro	Carrying amount 31 Dec 2008	Loans and receivables	Held to maturity	Leasing	Liabilities measured at amortised cost	Measured according to other standards
Assets						
Current assets						
Cash and cash equivalents	15,893,029.65	15,893,029.65			0.00	
Trade receivables	14,181,198.53	14,181,198.53			0.00	
Intercompany receivables	855,746.86	855,746.86			0.00	
Inventories	1,482,968.70				1,482,968.70	
Other current assets	90,956.16	90,956.16			0.00	
Current tax assets	103,552.43	103,552.43			0.00	
Non-current assets						
Property, plant and equipment	1,330,371.97				1,330,371.97	
Intangible assets	205,288.42				205,288.42	
Goodwill	2,950,000.00				2,950,000.00	
Other financial assets	798,777.32				798,777.32	
Deferred tax assets	1,494,500.47				1,494,500.47	
Total assets	39,386,390.51	31,124,483.63	0.00	0.00	8,261,906.88	
Liabilities						
Current liabilities						
Finance lease liabilities	0.00		0.00		0.00	
Trade payables	9,226,774.26			9,226,774.26	0.00	
Intercompany payables	73,244.50			73,244.50	0.00	
Other provisions	3,127,891.73				3,127,891.73	
Current tax liabilities	215,957.00				215,957.00	
Other current liabilities	1,189,513.58			1,189,513.58	0.00	
Deferred income	769,585.37				769,585.37	
Non-current liabilities						
Finance lease liabilities	0.00				0.00	
Deferred tax liabilities	24,025.18				24,025.18	
Provisions for pensions	1,285,733.00				1,285,733.00	
Total liabilities	15,912,724.62	0.00	0.00	10,489,532.34	5,423,192.28	

in Euro	Carrying amount 31 Dec 2007	Loans and receivables	Held to maturity	Leases	Liabilities measured at amortised cost	Measured according to other standards
Assets						
Current assets						
Cash and cash equivalents	10,098,588.36	10,098,588.36			0.00	
Trade receivables	13,309,933.47	13,309,933.47			0.00	
Intercompany receivables	906,062.79	906,062.79			0.00	
Inventories	1,550,324.06				1,550,324.06	
Other current assets	115,067.74	115,067.74			0.00	
Current tax assets	0.00				0.00	
Non-current assets						
Property, plant and equipment	1,311,684.18				1,311,684.18	
Intangible assets	264,220.19				264,220.19	
Goodwill	2,950,000.00				2,950,000.00	
Other financial assets	686,258.02				686,258.02	
Deferred tax assets	1,722,468.03				1,722,468.03	
Total	32,914,606.84	24,429,652.36	0.00	0.00	8,484,954.48	
Liabilities						
Current liabilities						
Finance lease liabilities	21,029.15		21,029.15		0.00	
Trade payables	4,898,409.90			4,898,409.90	0.00	
Intercompany payables	0.00				0.00	
Other provisions	3,632,995.00				3,632,995.00	
Deferred revenues	560,703.78				560,703.78	
Current tax liabilities	192,257.00				192,257.00	
Other current liabilities	1,495,776.82			1,495,776.82	0.00	
Deferred income	560,703.78				560,703.78	
Non-current liabilities						
Finance lease liabilities	0.00				0.00	
Deferred tax liabilities	24,602.77				24,602.77	
Provisions for pensions	1,157,978.56				1,157,978.56	
Total liabilities	12,544,456.76	0.00	21,029.15	6,394,186.72	6,129,240.89	

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

in Euro	2008	2007
Loans and receivables	310,703.61	231,885.14
Non-current financial instruments	19,458.40	45,251.19
Leases	2,639.34	5,952.15
Liabilities measured at amortised cost	-7,080.51	-21,067.31
Total	325,720.84	262,021.17

Other financial liabilities

The company's other financial liabilities resulted mainly from long-term tenancy agreements for office premises. In 2008, ten leasing agreements (previous year: 13) were entered into to replace expiring agreements, for company vehicles with a net acquisition cost of Euro 337,634.80 (previous year: Euro 425,852.31). These agreements are classed as operating leases and run for four years. The lessor is Mobility Concept GmbH, Unterhaching. These vehicles appear on the lessor's balance sheet. Lease payments of Euro 509,942.29 (previous year: Euro 418,890.19) were incurred in the reporting year.

Nominal value in Euro	2008	2007
Long-term rental commitments for various office premises	3,852,836.75	5,243,059.42
Lease commitments for office and operating equipment	788,223.85	1,076,534.18
Total	4,641,060.60	6,319,593.60

The maturities of the liabilities are as follows:

Nominal value in Euro	2008	2007
Up to 1 year	1,992,329.98	2,092,130.61
More than 1 year but less than 5 years	2,648,730.62	3,793,855.83
More than 5 years	0.00	433,607.16
Total	4,641,060.60	6,319,593.60

Corporate Governance

The declaration pursuant to section 161 AktG has been made in respect of secunet AG and made available to the shareholders.

Executive bodies

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

- Dr Rainer Baumgart, Chairman
- Graduate engineer Thomas Koelzer
- Graduate business economist (FH) Thomas Pleines

Auditors' fees

In 2008, fees paid to the statutory auditors BDO Deutsche Warentreuhand AG, Essen branch, in the amounts of kEuro 40 (previous year: kEuro 40) for auditing the consolidated financial statements, kEuro 59 (previous year: kEuro 23) for tax consulting services, kEuro 6 (previous year: kEuro 6) for other audits and kEuro 5 (previous year: kEuro 1) for other services were expensed.

Related party disclosures

Transactions with related persons

The individual amounts paid to members of the Management Board and Supervisory Board are set out in the remuneration report within the Group management report.

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

in TEuro	2008	2007
Management Board		
Short-term employee benefits	606.5	517.9
Post-employment benefits	0.0	-54.5
Total	606.5	463.4
Supervisory Board		
Short-term employee benefits	34.7	34.5

The changes to parameters described under point (7) led to the release in 2007 of provisions for pensions formed the previous year.

Transactions with related companies

secunet is a 50% plus one share subsidiary of Giesecke & Devrient GmbH, Munich. It is included in the consolidated financial statements of Giesecke & Devrient GmbH.

RWTÜV AG, which owns 26.37% of secunet, is another related company.

The following transactions were carried out in the specified period with companies in the Giesecke & Devrient GmbH Group:

1. Revenues resulting from services performed for related companies in the Giesecke & Devrient Group

in Euro	2008	2007
Giesecke & Devrient GmbH, Munich	1,542,886.05	2,376,953.81
Giesecke & Devrient Egypt Services, LLC., Egypt	1,183,120.54	5,881.37
Giesecke & Devrient (China) Information Technologies Co., Ltd., China	204,135.15	0.00
Papierfabrik Louisenthal GmbH, Gmund	17,697.99	50,316.46
Venyon GmbH, Munich	0.00	130,950.00
G&D s.a. Belgium	0,00	8,971.65
Huangshi WanDa Security Card Co. Ltd., Huangshi, China	0.00	8,816.78
Jiang Xi G&D Chip Card China	0.00	8,700.53
Total	2,947,839.73	2,590,590.60

All transactions were at market prices.

2. Services purchased from related companies in the Giesecke & Devrient Group

in Euro	2008	2007
Giesecke & Devrient GmbH, Munich	110,621.67	4,772.45
Giesecke & Devrient India Pvt. Ltd., Wembley, UK	22,012.58	25,473.07
Total	132,634.25	30,245.52

All transactions were at market prices.

3. Receivables from related companies in the Giesecke & Devrient Group

in Euro	2008	2007
Giesecke & Devrient GmbH, Munich	518,362.16	900,181.42
Giesecke & Devrient Egypt Services, LLC., Egypt	332,285.92	5,881.37
Papierfabrik Louisenenthal GmbH, Gmund	5,098.78	0.00
Total	855,746.86	906,062.79

4. Payables to related companies in the Giesecke & Devrient Group

in Euro	2008	2007
Giesecke & Devrient GmbH, Munich	73,244.50	0.00
Total	73,244.50	0.00

No transactions took place with companies that have a participating interest in Giesecke & Devrient GmbH.

There were no revenues from RWTÜV AG or its subsidiaries in the reporting period (previous year: no revenues), while expenses of kEuro 568 (previous year: kEuro 579) were incurred. All transactions were at market prices.

There were no receivables or payables with the RWTÜV Group at the balance sheet date (previous year: no receivables or payables).

Events after the balance sheet date

There were no significant events after the balance sheet date.

Essen, 9 March 2009

Management Board

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

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 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 Koelzer

Thomas Pleines

secunet Security Networks Aktiengesellschaft, Essen

Report of the independent auditors on the Consolidated Financial Statements

We have audited the consolidated financial statements – comprising the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements – of secunet Security Networks Aktiengesellschaft, Essen, and the company and group management report for the financial year from 1 January 2008 to 31 December 2008. 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, the provisions of German commercial law additionally applicable under Section 315a para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions in the Articles of Association. 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 Section 317 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 net assets, 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 group 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as applicable in the EU, the provisions of German commercial law additionally applicable under Section 315a para. 1 HGB and the supplementary provisions in the Articles of Association, and give a true and fair view of the net assets, 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, 9 March 2009

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rittmann	Fritz
Auditor	Auditor

Financial Statements of secunet AG

Balance Sheet of secunet Security Networks AG (HGB)

Assets in Euro	Note	31 Dec 2008	31 Dec 2007
A. Fixed assets			
I. Intangible fixed assets		2,216,384.00	2,468,477.00
II. Tangible fixed assets		1,315,893.00	1,256,570.00
III. Long-term financial assets		2,408,125.00	2,782,605.70
Total fixed assets	(1)	5,940,402.00	6,507,652.70
B. Current assets			
I. Inventories	(2)	2,248,582.42	2,725,545.95
II. Receivables and other assets	(3)	11,749,392.79	10,256,111.42
III. Securities	(4)	103,739.83	103,739.83
IV. Cash and cash equivalents	(5)	15,450,834.45	10,760,112.21
Total current assets		29,552,549.49	23,845,509.41
C. Prepaid expenses		46,122.91	68,270.17
Total assets		35,539,074.40	30,421,432.28
Liabilities in Euro	Note	31 Dec 2008	31 Dec 2007
A. Equity			
I. Subscribed capital		6,500,000.00	6,500,000.00
II. Capital reserves		21,656,305.42	21,656,305.42
III. Reserve for treasury shares		103,739.83	103,739.83
IV. Net accumulated losses		-7,876,063.40	-8,639,032.56
Total equity	(6)	20,383,981.85	19,621,012.69
B. Provisions	(7)	4,924,664.14	4,837,227.65
C. Liabilities	(9)	9,460,843.04	5,402,488.14
D. Deferred income		769,585.37	560,703.80
Total liabilities		35,539,074.40	30,421,432.28

Income Statement of secunet Security Networks AG (HGB)

in Euro	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Sales	(9)	49,502,438.41	38,420,698.78
Increase or decrease in work in progress		-441,356.00	271,600.00
Other operating income	(10)	1,050,808.47	667,658.83
Cost of materials	(11)	-21,451,482.62	-11,334,349.38
Personnel expenses	(12)	-17,511,090.21	-16,178,901.52
Amortisation and write-downs of intangible fixed assets, preciation and write-downs of tangible fixed assets	(13)	-976,470.62	-974,304.57
Other operating expenses	(14)	-8,676,970.98	-7,735,301.28
Financial result	(15)	-498,223.13	304,568.05
Result from ordinary activities		997,653.32	3,441,668.91
Taxes	(16)	-234,684.16	-482,727.83
Net income		762,969.16	2,958,941.08
Withdrawals from the reserve for treasury shares		0.00	5,234.94
Accumulated losses brought forward		-8,639,032.56	-11,603,208.58
Net accumulated losses		-7,876,063.40	-8,639,032.56

Statement of Fixed Assets of secunet Security Networks AG
in Financial Year 2008 (HGB)

in Euro	As at 1 Jan 2008	Purchase cost		As at 31 Dec 2008
		Additions	Disposals	
I. Intangible fixed assets				
Trademarks, similar rights and assets	366,911.80	0.00	0.00	366,911.80
Software	739,934.06	60,466.61	-101,198.92	699,201.75
Goodwill	2,950,000.00	0.00	0.00	2,950,000.00
Intangible fixed assets, total	4,056,845.86	60,466.61	-101,198.92	4,016,113.55
II. Tangible fixed assets				
Other plant and operating and office equipment	5,267,151.86	731,113.01	-210,412.43	5,787,852.44
Total tangible fixed assets	5,267,151.86	731,113.01	-210,412.43	5,787,852.44
III. Financial assets				
Shares in affiliated companies	556,539.96	0.00	0.00	556,539.96
Loans to affiliated companies	3,182,596.26	450,000.00	0.00	3,632,596.26
Other loans				
DEBRIV compensation claims	11,945.00	0.00	-11,945.00	0.00
Premium reserve shares from reinsurance contracts	674,313.02	124,464.30	0.00	798,777.32
Financial assets, total	4,425,394.24	574,464.30	-11,945.00	4,987,913.54
Total fixed assets	13,749,391.96	1,366,043.92	-323,556.35	14,791,879.53

	Accumulated depreciation			Carrying value		
	As at 1 Jan 2008	Additions	Disposals	As at 31 Dec 2008	As at 31 Dec 2008	As at 1 Jan 2007
	271,208.80	42,370.00	0.00	313,578.80	53,333.00	95,703.00
	579,800.06	73,569.61	-101,198.92	552,170.75	147,031.00	160,134.00
	737,360.00	196,620.00	0.00	933,980.00	2,016,020.00	2,212,640.00
	1,588,368.86	312,559.61	-101,198.92	1,799,729.55	2,216,384.00	2,468,477.00
	4,010,581.86	663,911.01	-202,533.43	4,471,959.44	1,315,893.00	1,256,570.00
	4,010,581.86	663,911.01	-202,533.43	4,471,959.44	1,315,893.00	1,256,570.00
	529,238.28	0.00	0.00	529,238.28	27,301.68	27,301.68
	1,113,550.26	937,000.00	0.00	2,050,550.26	1,582,046.00	2,069,046.00
	0.00	0.00	0.00	0.00	0.00	11,945.00
	0.00	0.00	0.00	0.00	798,777.32	674,313.02
	1,642,788.54	937,000.00	0.00	2,579,788.54	2,408,125.00	2,782,605.70
	7,241,739.26	1,913,470.62	-303,732.35	8,851,477.53	5,940,402.00	6,507,652.70

Notes to the Financial Statements of secunet Security Networks AG for Financial Year 2008 (according to HGB)

General principles

The financial statements of secunet AG have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch, 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 balance sheet item "Long-term financial assets" also includes the item "Premium reserve shares from reinsurance contracts". The analysis of expenses in the income statement uses classification based on the nature of expenses.

Recognition and measurement methods

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

Assets

Fixed assets

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

This item consists mainly of the goodwill arising from the acquisition of SECARTIS AG, which is being amortised over a customary useful life of 15 years in accordance with the tax legislation.

Tangible fixed assets are measured at purchase cost or cost of production and are depreciated on a straight-line or declining-balance basis over the expected useful life.

Where declining-balance depreciation is applied, this is at the maximum rate permitted under tax rules. A switch is made from declining-balance to straight-line depreciation in the year in which the straight-line depreciation amount is higher than the declining-balance depreciation amount. Low-value assets were until 31 December 2007 fully written down in the year of acquisition and booked out. From financial year 2008 onwards, they are depreciated over an assumed useful life of five years in accordance with the tax rules.

Shares in affiliated companies are recognised at purchase cost. Loans to affiliated companies and other loans are recognised at nominal value. Financial investments are written down to the market value where permanent impairment has taken place. Reinsurance contracts are measured at cash surrender value.

Current assets

Inventories are measured at purchase cost or production cost for tax purposes in accordance with R 33 of the German Income Tax Regulations (Einkommensteuerrichtlinien, EStR) or at their market value at the balance sheet date, if lower. The production cost of work in progress includes not only the directly allocable costs, but also an appropriate proportion of the shared costs of the necessary materials and production and general administrative expense. 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.

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, generally based on past experience.

The treasury shares recognised as securities classified as current assets are measured at purchase cost or the market value, if lower.

Cash and cash equivalents are measured at nominal value.

Liabilities

Provisions for pensions and similar liabilities are determined in accordance with the expert opinion of an actuary, applying an interest rate of 6%. They correspond to the net present value under entry age method in accordance with section 6a of the German Income Tax Act (Einkommensteuergesetz, EStG) of the liabilities under current pensions and prospective benefits at the balance sheet date.

Tax provisions and other provisions are created according to prudent business judgment, taking account of all identifiable and uncertain obligations.

The liabilities are recognised at the amount repayable.

Receivables and liabilities in other currencies that are not hedged are recognised at purchase cost or the market value as at the balance sheet date, if lower.

Notes to the Balance Sheet and Income Statement of secunet Security Networks AG

(1) Fixed assets

The breakdown of and changes in the fixed assets of secunet AG can be found in the statement of fixed assets.

(2) Inventories

in Euro	31 Dec 2008	31 Dec 2007
Work in progress	735,390.24	1,176,746.24
Merchandise	1,513,192.18	1,505,494.27
Prepayments on inventories	0.00	43,305.46
Total	2,248,582.42	2,725,545.97

(3) Receivables and other assets

in Euro	31 Dec 2008	31 Dec 2007
Trade receivables	10,184,048.59	8,807,816.24
Receivables from affiliated companies	1,437,563.63	1,422,269.89
of which trade receivables	(1,289,348.46)	(1,343,580.36)
Other assets	127,780.57	26,025.29
Total	11,749,392.79	10,256,111.42

As at the balance sheet date, and after offsetting against payables, there were receivables with secunet SwissIT of Euro 163,991.76. The receivables consisted of trade receivables of Euro 259,264.46, other receivables of Euro 50.00 and trade payables of Euro 95,322.70. Receivables of Euro 491,069.51 were recorded with secunet s.r.o., consisting of trade receivables of Euro 174,337.14 and other receivables of Euro 316,732.37. There were no payables with secunet s.r.o. at the balance sheet date.

All other trade receivables from affiliated companies were with Giesecke & Devrient GmbH and its subsidiaries.

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

(4) Securities

The securities consist of treasury shares. They are recognised at purchase cost. In all, the company held 30,498 treasury shares (previous year: 30,498) at the balance sheet date, equating to 0.469% of its share capital (previous year: 0.469%). The share option programme expired in the previous year, and so no shares were disposed of.

(5) Cash and cash equivalents

Cash and cash equivalents consisted of cash in hand and bank balances.

(6) Equity

The share capital is Euro 6,500,000.00, divided into 6,500,000 bearer shares without par value.

A reserve for treasury shares has been created in the amount of the treasury shares recognised under current assets (Euro 103,739.83).

The net accumulated losses include accumulated losses brought forward of Euro 8,639,032.56.

Giesecke & Devrient GmbH has owned a majority of secunet AG since 26 March 2004 (50% plus one share). secunet AG's former majority shareholder, RWTÜV AG, held a share of approximately 26.4% as at the balance sheet date.

Information on notifications regarding shareholdings:

1. Verena von Mitschke-Collande, Germany, notified us on 10 February 2009, in accordance with Section 21 para. 1 of the German Securities Trading Act (WpHG), that, as a member of the joint tenancy in common of heirs (Erbengemeinschaft) of Günther Siegfried Otto, her percentage of the voting rights of secunet Security Networks AG, Kronprinzenstraße 30, 45128 Essen, Germany, ISIN: DE0007276503, exceeded the thresholds of 5%, 10%, 25%, 50% and 75% on 26 March 2004 and as of that date stands at 78.88% (or 5,127,103 voting rights).

The percentage of voting rights attributable to Verena von Mitschke-Collande breaks down into 46.88% (or 3,047,201 voting rights) attributable under Section 22 para. 1 sentence 1 no. 1 WpHG via Giesecke & Devrient GmbH, Munich, and 32.00% (or 2,079,902 voting rights) attributable under Section 22 para. 2 WpHG via CUBIS COM Holding GmbH, Essen, and via RWTÜV AG, Essen.

2. Claudia Miller, USA, notified us on 10 February 2009, in accordance with Section 21 para. 1 WpHG, that, as a member of the joint tenancy in common of heirs (Erbengemeinschaft) of Günther Siegfried Otto, her percentage of the voting rights of secunet Security Networks AG, Kronprinzenstraße 30, 45128 Essen, Germany, ISIN: DE0007276503, exceeded the thresholds of 5%, 10%, 25%, 50% and 75% on 26 March 2004 and as of that date stands at 78.88% (or 5,127,103 voting rights).

The percentage of voting rights attributable to Claudia Miller breaks down into 46.88% (or 3,047,201 voting rights) attributable under Section 22 para. 1 sentence 1 no. 1 WpHG via Giesecke & Devrient GmbH, Munich, and 32.00% (or 2,079,902 voting rights) attributable under Section 22 para. 2 WpHG via CUBIS COM Holding GmbH, Essen, and via RWTÜV AG, Essen.

3. Claudia Miller, USA, notified us on 10 February 2009, in accordance with Section 21 para. 1 WpHG, that, following the (partial) division of the joint tenancy in common of heirs (Erbengemeinschaft) of Günther Siegfried Otto, her percentage of the voting rights of secunet Security Networks AG, Kronprinzenstraße 30, 45128 Essen, Germany, ISIN: DE0007276503, fell short of the thresholds of 75%, 50%, 25%, 10% and 5% at the end of 30 November 2006 and as of that date stands at 0.00% (or 0 voting rights).

4. Giesecke & Devrient Holding GmbH, Munich, Germany, notified us on 10 February 2009, in accordance with Section 21 para. 1 WpHG, that its percentage of the voting rights of secunet Security Networks AG, Kronprinzenstraße 30, 45128 Essen, Germany, ISIN: DE0007276503, exceeded the thresholds of 5%, 10%, 25%, 50% and 75% on 30 November 2006 and as of that date stands at 76.38% (or 4,964,958 voting rights).

The percentage of voting rights attributable to Giesecke & Devrient Holding GmbH breaks down into 50% plus one share (or 3,250,001 voting rights) attributable under Section 22 para. 1 sentence 1 no. 1 WpHG via Giesecke & Devrient GmbH, Munich, and 26.38% (or 1,714,957 voting rights) attributable under Section 22 para. 2 WpHG via RWTÜV AG, Essen.

(7) Provisions

in Euro	31 Dec 2008	31 Dec 2007
Provisions for pensions and similar obligations	804,100.00	674,961.00
Provisions for taxes	215,957.00	192,257.00
Other provisions	3,904,607.14	3,970,009.65
Total	4,924,664.14	4,837,227.65

Other provisions related mainly to HR obligations (Euro 2,598,677.00), outstanding invoices (Euro 718,423.64) and trailing costs (Euro 145,212.50).

(8) Liabilities

in Euro	31 Dec 2008	31 Dec 2007
Payments received on account of orders	50,378.00	22,598.19
Trade payables	8,312,476.30	4,540,550.15
Other liabilities	1,097,988.74	839,339.80
of which taxes	(1,013,115.58)	(789,366.70)
of which relating to social security and similar obligations	(3,314.86)	(3,212.56)
Total	9,460,843.04	5,402,488.14

All liabilities have a residual term of no more than one year.

(9) Sales

The sales were generated in the following regions:

in Euro	2008	2007
Domestic	41,221,421.55	32,112,686.26
International	8,281,016.86	6,308,012.52
Total	49,502,438.41	38,420,698.78

(10) Other operating income

Other operating income of Euro 1,050,808.47 consisted mainly of income from the utilisation and release of reserves – for various forms of expense – and ancillary income.

(11) Cost of materials

in Euro	2008	2007
Cost of purchased merchandise	18,619,280.73	9,135,344.24
Cost of purchased services	2,832,201.89	2,199,005.14
Total	21,451,482.62	11,334,349.38

(12) Personnel expenses

in Euro	2008	2007
Wages and salaries	15,013,925.74	13,767,163.74
Social security costs	2,350,279.84	2,252,888.80
Old age pension costs	129,139.00	147,839.25
Other employee benefit costs	17,745.63	11,009.73
Total	17,511,090.21	16,178,901.52

(13) Amortisation and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets

Depreciation, amortisation and write-downs are broken down by individual item in the statement of fixed assets.

(14) Other operating expenses

Other operating expenses of Euro 8,676,970.98 consisted mainly of advertising, travel, rent, lease, training, vehicle, administrative, IT, legal, consulting and audit expenses.

(15) Financial result

in Euro	2008	2007
Income from other securities and long-term loans	132,514.43	91,674.47
of which from affiliated companies	(124,688.62)	(91,674.47)
Other interest and similar income	310,703.61	217,598.74
Write-downs of long-term financial assets and securities classified as current assets	-937,000.00	-914.94
Interest and similar expenses	-4,441.17	-3,790.22
Total	-498,223.13	304,568.05

(16) Taxes

in Euro	2008	2007
Taxes on income	209,508.27	456,619.06
Other taxes	25,175.89	26,108.77
Total	234,684.16	482,727.83

Taxes on income related to financial year 2008 and to a change to trade tax for 2007.

Other notes

Employees

The average headcount over the year, including the three Management Board members, was 241 (previous year: 215, including three Management Board members).

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled Euro 4,509,897.72. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements, of which Euro 1,861,167.10 have less than one year to run and Euro 2,648,730.62 between one and five years. None of the total liabilities are towards affiliated companies.

Liability arrangements

On 5 June 2008, secunet AG issued a letter of comfort in respect of secunet SwissIT AG, Switzerland, limited to kEuro 307 and expiring on 31 March 2010. In respect of secunet s.r.o., Czech Republic, secunet AG issued a letter of comfort on 5 June 2008 in the amount of kEuro 477, expiring on 31 December 2009.

Relationships with affiliated companies

On the basis of a group relationship for the purposes of section 290 HGB, secunet AG is included in the IFRS consolidated financial statements of Giesecke & Devrient GmbH, Munich, for financial year 2008. The consolidated financial statements of Giesecke & Devrient GmbH are filed with the operator of the electronic Federal Gazette. secunet AG also produces its own IFRS consolidated financial statements.

Auditors' fees

In 2008, fees to the statutory auditors BDO Deutsche Warentreuhand AG, Essen branch, of kEuro 40 for auditing the financial statements, kEuro 59 for tax consulting services, kEuro 6 for other audits and kEuro 5 for other services were expensed.

Other

Management Board remuneration totalled kEuro 606.5 in financial year 2008 (previous year: kEuro 697.5). This broke down in fixed components of kEuro 420.0 (previous year: kEuro 442.8) and variable components of kEuro 135.0 (previous year: kEuro 203.5) and cash benefits of Euro 51.5 (previous year: Euro 51.2).

As at 31 December 2008, the members of the Management Board held a total of 13,000 secunet AG shares.

Supervisory Board remuneration in the financial year totalled kEuro 35 (previous year: kEuro 35).

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

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

The declaration pursuant to section 161 AktG has been made in respect of secunet AG and made available to the shareholders.

Executive bodies

Management Board

Dr Rainer Baumgart

Chairman

(secunet AG shares held: 11,000 units)

Graduate engineer Thomas Koelzer

(secunet AG shares held: 2,000 units)

Graduate business economist (FH) Thomas Pleines

(secunet AG shares held: none)

Supervisory Board

Dr Karsten Ottenberg

Munich

Chairman

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

No other directorships

Dr Wilhelm Wick

Essen

Vice-Chairman

Chairman of the Management Board of RWTÜV AG, Essen

Vice-Chairman of the Management Board of

RWTÜV e.V., Essen

Vice-Chairman of the Management Board of the

RWTÜV Foundation, Essen

Other directorships:

Cetecom GmbH, Essen

TÜV NORD AG, Hanover

TÜV Thüringen e.V., Erfurt

VAI Van Ameyde International B.V., Rijswijk/Netherlands

Graduate engineer Franz Markus Haniel

Munich

Member of the Advisory Council of

Giesecke & Devrient GmbH, Munich

Other directorships:

Franz Haniel & Cie. GmbH, Duisburg

METRO AG, Düsseldorf

Delton AG, Bad Homburg

Heraeus Holding GmbH, Hanau

BMW AG, Munich

Hans-Wolfgang Kunz

Munich

Member of the Management Board of

Giesecke & Devrient GmbH, Munich

Other directorships:

Giesecke & Devrient America, Inc., Dulles/USA

Giesecke & Devrient India Pvt. Ltd., Gurgaon/India

Giesecke & Devrient GB Ltd., Wembley, London/UK

G y D Ibérica S.A., Barcelona/Spain

Giesecke & Devrient International Finance S.A.,

Luxembourg

Giesecke & Devrient Systems Canada, Inc.,

Markham/Canada

Giesecke & Devrient Matsoukis Security Printing S.A.,

Athens/Greece

Dr Elmar Legge

Schermbeck

Member of the Management Board of RWTÜV e.V.,
Essen

Member of the Management Board of TÜV NORD AG,
Hanover

Member of the Management Board of GREIF-Stiftung,
Mülheim a. d. Ruhr

Member of the Management Board of the
RWTÜV Foundation, Essen

Other directorships:

AHV VWAG, Essen

Cetecom GmbH, Essen

DMT GmbH, Essen

TÜV NORD Mobilität GmbH & Co. KG, Hanover

TÜV Thüringen e.V., Erfurt

TÜV NORD PENSION TRUST e.V., Hanover

(since 12 December 2008)

VAI Van Ameyde International B.V., Rijswijk/Netherlands

Dr Peter Zattler

Grünwald

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

Other directorships:

Giesecke & Devrient International Finance S.A.,
Luxembourg

G y D Ibérica S.A., Barcelona/Spain

n.v. Giesecke & Devrient s.a., Zaventem/Belgium

Giesecke & Devrient Matsoukis Security Printing S.A.,
Athens/Greece

Shareholdings

secunet SwissIT AG

Switzerland, Solothurn

100% participation;

Equity of the company: kCHF 59

2008 net income: kCHF 11

secunet s.r.o.

Czech Republic, Prague

100% participation;

Equity of the company: kCZK -6,329

2008 net income: kCZK 29

Secunet Inc.

USA, Texas, Austin

100% participation (shelf company)

Essen, 9 March 2009

Dr Rainer Baumgart

Thomas Koelzer

Thomas Pleines

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 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 Koelzer

Thomas Pleines

secunet Security Networks Aktiengesellschaft, Essen

Report of the independent auditors on the 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 2008 to 31 December 2008. The company's legal representatives are responsible for the preparation of the annual financial statements and company and group management report in accordance with German commercial law and the supplementary provisions in the Articles of Association. 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 Section 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 net assets, 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 legal representatives, as well as evaluating the overall presentation of the annual financial statements and of the company and group management report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with legal requirements and the supplementary provisions in the Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the company 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, 9 March 2009

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rittmann	Fritz
Auditor	Auditor

secunet offices

National offices

Head Office, Essen

secunet Security Networks AG
 Kronprinzenstraße 30
 45128 Essen
 Phone: +49 - 201 - 54 54 - 0
 Fax: +49 - 201 - 54 54 - 13 24

Berlin

secunet Security Networks AG
 Alt-Moabit 91 c
 10559 Berlin
 Phone: +49 - 201 - 54 54 - 13 01
 Fax: +49 - 201 - 54 54 - 13 21

Bonn

secunet Security Networks AG
 Project office Bonn
 Godesberger Allee 127
 53175 Bonn
 Phone: +49 - 201 - 54 54 - 0

Dresden

secunet Security Networks AG
 Ammonstraße 74
 01067 Dresden
 Phone: +49 - 201 - 54 54 - 13 03
 Fax: +49 - 201 - 54 54 - 13 23

Frankfurt

secunet Security Networks AG
 Mergenthalerallee 77
 65760 Eschborn
 Phone: +49 - 201 - 54 54 - 13 05
 Fax: +49 - 201 - 54 54 - 13 25

Hamburg

secunet Security Networks AG
 Osterbekstraße 90 b
 22083 Hamburg
 Phone: +49 - 201 - 54 54 - 13 06
 Fax: +49 - 201 - 54 54 - 13 26

Munich

secunet Security Networks AG
 Konrad-Zuse-Platz 2–3
 81829 Munich
 Phone: +49 - 201 - 54 54 - 13 07
 Fax: +49 - 201 - 54 54 - 13 27

Siegen

secunet Security Networks AG
 Weidenauer Straße 223–225
 57076 Siegen
 Phone: +49 - 201 - 54 54 - 13 09
 Fax: +49 - 201 - 54 54 - 13 29

Training centre, Munich

secunet Security Networks AG
 Konrad-Zuse-Platz 2–3
 81829 Munich
 Phone: +49 - 201 - 54 54 - 13 08
 Fax: +49 - 201 - 54 54 - 13 28

International offices

Switzerland

secunet SwissIT AG
 Hauptbahnhofstraße 12
 4501 Solothurn
 Phone: +41 - 32 - 6 25 80 - 40
 Fax: +41 - 32 - 6 25 80 - 41

Czech Republic

secunet s.r.o.
 Jankovcova 2c
 17000 Prague 7
 Phone: +420 - 2 - 33 02 97 - 11
 Fax: +420 - 2 - 33 02 97 - 39



Financial Calendar

2009

4 February	Preliminary Figures Financial Year 2008
27 March	Annual Report 2008
31 March	Analysts' Conference
13 May	3-Month Report 2009
27 May	Annual General Meeting
12 August	Half-Year Financial Report 2009
6 November	9-Month Report 2009
November	German Equity Forum 2009

2010

January/February	Preliminary Figures Financial Year 2009
March	Annual Report 2009, Analysts' Conference
May	3-Month Report 2010
May/June	Annual General Meeting
August	Half-Year Financial Report 2010
November	9-Month Report 2010

Multi-Year Overview

in Euro m	2008	Q4-2008	Q3-2008	Q2-2008	Q1-2008	2007	2006	2005
Profit and Loss								
Sales	52.1	18.9	11.1	11.7	10.4	41.3	36.5	40.8
Cost of material	22.3	10.0	4.4	4.4	3.6	12	11.2	12.6
Personnel expenses	18.8	5.0	4.5	4.8	4.5	17.3	16.6	17.6
Depreciation	0.8	0.2	0.2	0.2	0.2	0.9	0.9	0.9
Other operating expenses	9.3	2.5	2.1	2.4	2.3	8.4	7.3	7.3
EBIT	1.9	1.6	-0.08	0.02	0.4	3.5	2.2	4.5
EBITDA	2.7	1.8	0.1	0.2	0.6	4.4	3.0	5.4
EBT	2.2	1.4	-0.09	0.3	0.6	3.7	2.4	4.6
Net profit/loss for the period	1.7	1.2	-0.08	0.2	0.4	2.7	2.2	4.3
Earnings per share for the period (in Euro) ¹	0.27	0.18	-0.01	0.03	0.06	0.41	0.33	0.66
Balance sheet ²⁾								
Balance sheet total	39.4	39.4	31.7	30.8	30.6	33.7	28.3	28.1
Equity	23.5	23.5	22.3	22.3	22.1	21.7	19	16.8
Equity ratio	60%	60%	70%	72%	72%	65%	67%	60%
Liquid funds	15.9	15.9	7.5	7.3	7.6	10.9	8.4	12.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of staff ²⁾	265	265	263	261	247	236	228	216
Order volume ²⁾	31.1	31.1	22.2	18.9	19.2	16.8	14.5	14.2

1) diluted

2) as of the end of the year/quarter

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.

Imprint

Issued by

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen
Germany

Contact

Investor Relations
secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen
Germany

Phone: +49 - 201 - 5454 - 12 34

Fax: +49 - 201 - 5454 - 12 35

E-mail: investor.relations@secunet.com

Internet: www.secunet.com

Concept and Design

IR-One AG & Co., Hamburg
www.ir-1.com

Text

secunet Security Networks AG

Printed by

Mediahaus Biering GmbH, Munich

Photograph information

secunet Security Networks AG

secunet

secunet Security Networks AG
Kronprinzenstraße 30
45128 Essen, Germany

Phone: +49 - 201 - 54 54 - 0
Fax: +49 - 201 - 54 54 - 10 00

E-mail: info@secunet.com
www.secunet.com