ALLGEIER

2014 ANNUAL REPORT

SALES (continuing operations in EUR million)

EBITDA (continuing operations in EUR million)

OVERVIEW OF THE COMPANY AND INDICATORS

With a growth strategy aimed at innovations and future trends along with an integrative business model, Allgeier combines the advantages of an international provider with the virtues of of a midsize entrepreneurial enterprise.

Three segments with different technical or industry-specific focal points work together for more than 3,000 companies in virtually all sectors. Allgeier provides a full range of IT services from onsite to nearshore to offshore with a highly flexible delivery model: A strong pillar in India ensures flexibility and the maximum scalability of the services as well as highly qualified expert knowledge in high-end software development. With over 5,300 salaried employees and more than 1,200 freelance experts, Allgeier is a one-stop shop offering a comprehensive portfolio of solutions and services to its customer. The fast-growing group headquartered in Munich has more than 90 branches in German-speaking regions, the remainder of Europe and India, Singapore, Mexico and the USA.

In financial year 2014, Allgeier generated consolidated sales of EUR 428 million (continuing operations). The company is listed in the General Standard of the regulated market at the Frankfurt Stock Exchange (WKN 508630, ISIN DE0005086300). Allgeier SE takes first place in the 2014 Lünendonk® list "Leading German midsize IT consulting and system integration firms". According to the Lünendonk® market segment study for 2014 "The market for recruiting, placement and management of IT freelancers in Germany", the Experts business area of Allgeier is among the top 3 IT personnel service providers in Germany.

@ **For further information and current news about the company, please visit www.allgeier.com.**

KEY GROUP FIGURES*	2010	2011	2012	2013	2014	CAGR
Revenues	245,9	316,1	369,2	414,8	428,2	14.9%
EBITDA	14,3	20,2	23,3	29,8	23,9	13.7%
of which operating units	17,2	24,9	31,6	35,8	28,3	13.3%
EBIT	8,7	11,3	10,7	16,5	11,1	6.3%
of which operating units	11,6	16,0	19,1	22,5	15,6	7.7%
EBT	8,1	9,0	7,9	12,5	6,2	-6.5%
Net income for the year	7,2	5,1	5,2	5,4	1,1	-37.5%
Total assets	204,1	242,1	289,6	289,3	329,8	
Equity	85,5	88,2	93,4	94,7	100,7	
Earnings per share outstanding ** (in EUR)	0,99	0,52	1,05	0,42	0,23	
Number of permanent employees as at December 31	1.014	2.243	3.886	4.319	5.309	51.3%
Number of freelance experts as at December 31	1.430	1.523	1.509	1.350	1.220	-3.9%
Total number of employees as at December 31	2.444	3.766	5.395	5.669	6.529	27.8%

*According to IFRS, in EUR million
2012 after retroactive adjustments

** discontinued and continuing operations

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Carl Georg Dürschmidt
Management Board

Manas Fuloria (PhD)
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Dr. Marcus Goedsche
Management Board

Hubert Rohrer
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Foreword by the Management Board

Dear Shareholders, Customers, Business Partners and Employees,

We continued developing as a group in the past 2014 financial year. The year was defined by highly varied developments that challenged us and, in the end, unfortunately led to a result that fails to meet our original targets for 2014.

We planned to drive the strategic further development and expansion of the business areas and divisions in 2014. This was accomplished – both in terms of organic further development of the individual business areas and through several acquisition transactions. In the course of focusing on the three business areas of Solutions, Experts and Projects/Software Development, we sold two divisions in 2014. Due to the development of individual business areas that has already been reported, we unfortunately failed to achieve the goal of 10 percent sales growth and the increase of the EBITDA margin to 7 percent at the overall group level.

Developments in the individual business areas varied widely:

- In the Experts business area, we began the year of 2014 facing the major challenge of finding new business to compensate for a major project which ran out at the end of 2013 after several years. We invested into internal resources for this purpose, especially in sales and business development. As a result, we were hard hit in the first half of the year by the employment market policy deliberations of the federal government that was newly elected in the autumn of 2013, with consequences that were more far-reaching than expected. This led to significant uncertainty in the market and major overreactions by our customers, especially in the 2nd quarter of 2014, at times felt by us through a noticeable decrease in demand. We utilisedthis situation in order to proactively position ourselves internally for the announced changes to the benefit of our customers. This meant further investments and efforts by our colleagues. Based on this background, we have great respect for our colleagues in the Experts business area who fought bravely for business recovery and achieved this in the 2nd half of the year. We lagged behind the original plan for the entire year and had to absorb a major decrease in results.
- Many areas of the Solutions business area showed that the direction we have taken is leading to the desired success and have achieved their targets. However, this does not apply for the business area as a whole since the targets could not be met in some areas. This applied to the companies that were sold and in part also the operations acquired in 2014 in addition to existing companies. The acquired companies required initial investments in the form of labour costs, sales development and product development. While the business area did grow as a result, it fell short of expectations overall and contributed to the situation of the group as a whole with a decrease in results just like the Experts segment.
- The Projects business area on the other hand grew beyond our expectations and achieved a major double-digit improvement in results compared to the prior year. We added an enormous number of new employees in the business area during 2014, including nearly 800 highly qualified software developers at our sites in India. The business area with its two divisions clearly serves as a pillar supporting the group's future development.

After selling two divisions with sales of more than 60 million, the group generated nearly EUR 430 million in sales from continuing operations in 2014 which corresponds to growth of 3 percent over the prior year. Added value however was increased by 8 percent. This shows that the group has the potential to significantly improve its profitability, even in a difficult year. Since the incurred costs were disproportionate to the development of sales, we were unable to show this in the consolidated earnings for 2014.

All of the work done in 2014 was beneficial. We will continue the activities in 2015 that were begun in order to effectively position the group for more growth and profitability. In addition to the work done in the various business areas, we also secured the group's financial basis for the future. At the end of 2014, we issued a new borrower's note loan of EUR 80 million to refinance the existing borrowings largely at very good terms and conditions, in addition to generating new financial power – both for investments in organic growth and for future acquisitions.

At this point we would once again like to express our great and sincere appreciation to all of our employees. We grew to a group of over 6,500 employees including the freelance experts in 2014. All colleagues supported the development of Allgeier and demonstrated that they stand by their company, even in a difficult year. We are proud of that. This establishes tremendous stability for our group and also constitutes a good starting basis for the ongoing 2015 year.

We are not working with a short-term focus, but primarily on lasting, long-term development for the coming years. In doing so, we are not allowing a year of mixed results to mislead us and will continue working on increasing the group's value over the long term with full commitment based on top market opportunities in 2015. Both the hardships in some areas and the great successes in others constitute a tremendous incentive for us. The market offers huge opportunities in our industry that need to be seized appropriately. We would also like to take this opportunity to thank our customers, business partners and shareholders for their trust in us and ask them to continue supporting us.

With kind regards,

Carl Georg Dürschmidt
Management Board

Manas Fuloria (PhD)
Management Board

Dr. Marcus Goedsche
Management Board

Hubert Rohrer
Management Board

Report of the Supervisory Board

Ladies and Gentlemen,

The Supervisory Board is reporting as follows regarding its activities in the past 2014 financial year:

The Supervisory Board fully met its obligations according to law and the bylaws, and regularly monitored and advised company management through the Management Board.

In addition to topics addressed continuously, such as current business development, the financial and liquidity position, the acquisition pipeline, human resource matters and compliance, the first half of 2014 from the perspective of the Supervisory Board mainly focused on the performance of certain divisions, especially in the Experts and Solutions segments, specific acquisition plans and the sale of group companies. In the second half of the year, the Supervisory Board also dealt increasingly with financing and the strategic direction of the Allgeier Group, with the objective of sustainable growth and improved profitability in the coming years.

The Supervisory Board met for six meetings in the 2014 financial year. All members of the Supervisory Board attended each meeting. The Supervisory Board also held several other discussions and votes in teleconferences, and passed additional resolutions using the circulation procedure. The members of the Management Board attended all meetings of the Supervisory Board. In the discussions and passing of resolutions on specific topics, in particular regarding the Management Board and its compensation, the Supervisory Board sat and passed resolutions without the Management Board. Between the meetings, the Management Board regularly informed the Supervisory Board or its Chairperson of key developments, by telephone and in part also during personal meetings, and coordinated decisions in advance with the Supervisory Board and/or the Chairperson. From the perspective of the Supervisory Board, the Management Board thereby fully met its reporting obligations and duty to inform the Supervisory Board in the past financial year. The Management Board fully informed the Supervisory Board on an ongoing basis about business developments, the position of the company and group companies as well as significant transactions, both within and outside the meetings of the Supervisory Board.

Key topics dealt with by the Supervisory Board in its work within and outside the meetings were, in particular:

- The ongoing, current business development of the individual divisions and the performance of the group, respectively in comparison to approved group planning.
- The ongoing financial and liquidity position.
- The performance of the group and specific areas with performance deviations.
- Financing and the group's capital structure.
- Specific acquisition projects.
- Questions regarding the group's strategic direction.
- Corporate governance and integration within the group.
- Management Board and compensation matters.
- Risk management and compliance.

In the consultations between the Management Board and Supervisory Board, and based on ongoing information from the Management Board, the Supervisory Board was able to confirm that the Management Board managed the affairs of the company properly and in compliance with legal requirements in the 2014 financial year. In the past financial year, the Management Board according to the development of the group continued to develop the organisation of Allgeier SE and the Allgeier Group. The Supervisory Board discussed the risk management system deployed in the company with the Management Board and auditors and found it adequate. Insofar as the approval of the Supervisory Board was required for specific company management activities, the respective information was submitted in a timely manner by the Management Board, reviewed by the Supervisory Board and approval was issued. The Supervisory Board is therefore able to confirm that the Management Board did everything required for the ongoing monitoring of the Management Board's activities. The Supervisory Board is confident that the management of the company by the Management Board meets the applicable legal requirements in all respects and that there is no cause for objections by the Supervisory Board. As it does every year, the Supervisory Board also reviewed and improved the efficiency of its own work. There were no changes to the Supervisory Board in the reporting period.

REPORT OF THE SUPERVISORY BOARD

Detlef Dinsel
Chairperson of the Supervisory Board

Christian Eggenberger
Supervisory Board

Thies Eggers
Supervisory Board

The Supervisory Board also examined the composition of the Management Board in the past financial year. In March of 2014, the Supervisory Board appointed Mr. Manas Fuloria (PhD) as an additional member of the Allgeier SE Management Board. Mr. Fuloria as CEO of the Nagarro Group is active in the Projects segment and reinforces the Management Board with his knowledge and international experience.

The annual financial statements of Allgeier SE and the consolidated financial statements as of December 31, 2014 as well as the Management Report for Allgeier SE and the group prepared by the Management Board were audited by LOHR + COMPANY GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf; an unqualified auditor's report was issued. The specified documents and the audit reports of LOHR + COMPANY GmbH were submitted to the Supervisory Board for review. The abovementioned documents and the auditor's report were examined and reviewed by the Supervisory Board in preparation for the meeting on April 21, 2015. In the meeting on April 28, 2015 the annual financial statements, consolidated financial statements and audit reports were discussed in detail in the presence of the auditor. In the course of the meeting, the auditor reported on key audit findings and noted that no material weaknesses were found in the internal control system and risk management system. Accordingly the Supervisory Board concludes that the annual financial statements and consolidated financial statements as well as the corresponding management reports were properly prepared according to the applicable rules for the respective statements, and that they provide a fair and accurate view of the net assets, financial position and results of operations of Allgeier SE. A review of the audit reports and the discussions with the auditor led to no complaints or objections from the Supervisory Board. Following a detailed examination, the Supervisory Board agrees with the audit results and approves the annual financial statements and consolidated financial statements for the 2014 fiscal year prepared by the Management Board. The annual financial statements are hereby approved.

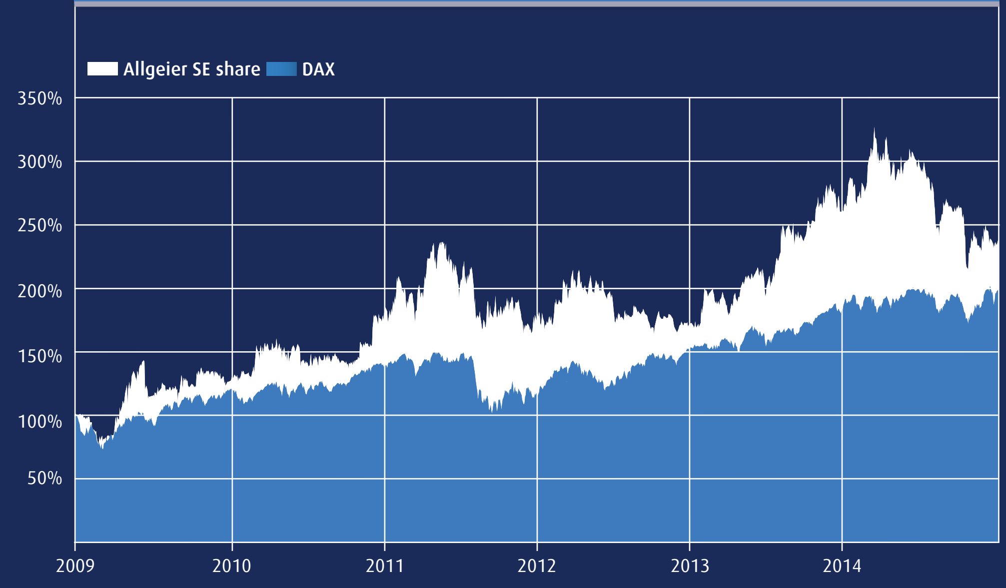
Furthermore, the Supervisory Board reviewed the proposal of the Management Board for the appropriation of the accumulated profit of Allgeier SE for the 2014 financial year, calling for the distribution of dividends at EUR 0.50 per share. After a careful weighing of interests, in particular the interests of the company to finance its business operations and the further growth of the Allgeier Group on the one hand and the interests of the shareholders in the distribution of dividends on the other hand, the Supervisory Board approves and supports the proposed resolution.

The Supervisory Board would like to thank company management and all employees of the Allgeier Group for their performance in the 2014 financial year.

Munich, April 21, 2015
The Supervisory Board of Allgeier SE

Detlef Dinsel
Chairperson of the Supervisory Board

PERFORMANCE ALLGEIER SE SHARE AND DAX FROM 2009 TO 2014



DIVIDEND PAYMENT (IN EUR)	2009	2010	2011	2012	2013	2014
Per share	0,60	0,50	0,50	0,50	0,50	0,50

KEY FIGURES PER SHARE 2013 VS. 2014	2013	2014	CHANGE IN %
Earnings per share (in EUR)	0,42	0,23	-45.2%
Dividend per share (in EUR)	0,50	0,50	-
XETRA high for the year (in EUR)	16,70	19,875	19.0%
XETRA low for the year (in EUR)	10,00	12,61	26.1%
XETRA end-of-year price (in EUR)	15,62	14,10	-9.7%
Number of shares (in units)	9.071.500	9.071.500	-
End-of-year market capitalisation (in EUR millions)	141,7	127,9	-9.7%
Average XETRA stock market turnover (in number of shares per day)	11.483	12.346	7.5%

Allgeier in the capital market – the 2014 stock market year

Record financial market sentiments – the government debt crisis settles

The mood on the stock markets dimmed noticeably in 2014. In many ways the stock market year was one of extremes. The Ukraine crisis led to nervousness and uncertainty in the stock markets and put tremendous pressure on the Russian economy. A major slump was also seen in the oil price and the European government debt crisis moved up on the agenda again. Yet the interest policy of the ECB led to record levels for the DAX. The German lead index therefore closed the market up slightly by only 2.7 percent at the end of the year. In the record-setting year of 2013 the DAX went up by 25.5 percent.

The DAX started the new stock market year at 9,598 points. In the first few months, the Ukraine crisis and ongoing conflicts in the Middle East were key factors leading to slow development. Only the interest rate decrease of the European Central Bank on June 5 to a record low allowed the DAX to exceed a level of 10,000 points. Yet the euphoria on the stock exchanges was short lived. The pronounced slump of the oil price in the second half of the year, conflicts in the Ukraine and the Middle East along with fears of an economic slowdown led to increasing nervousness on the stock exchanges and caused the leading index to temporarily drop to 8,355 points in the course of October 16, 2014. A forgiving end to the stock market year for investors was seen mainly thanks to the economic recovery in the USA and the low interest policy of the European Central Bank (ECB) with another interest rate decrease to a record low at the beginning of September. The DAX closed at 9,806 points on December 30 and therefore below the 10,000 point level that was hoped for.

The most important international stock exchanges were up at the close of the year. Interest rate decreases by the central banks constituted the leading growth driver here as well. Tokyo's Nikkei index closed up by more than 7 percent and the New York Dow Jones even saw slightly higher growth. Positive economic data and promising early indicators contributed to the positive mood on the US markets. The US gross domestic product reached the highest growth level for the past eleven years in the third quarter. Accordingly the Dow Jones broke the 18,000 point barrier for the first time in its history.

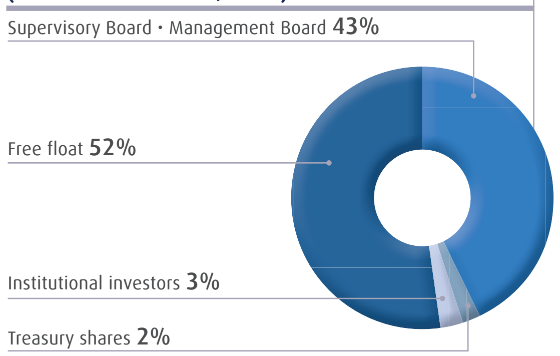
The Allgeier share

The Allgeier SE share is traded in the regulated market (ISIN DE0005086300, WKN 508630, AEI) and started trading on January 2, 2014 at an opening price of EUR 15.65. A healthy price increase to EUR 19.875 on March 7 was seen during the first quarter. This record level marked the high point of the year for the share. However, the high value could not be held and the value dropped significantly again towards the middle of the third quarter. The share reached an initial low on August 8 at EUR 14.235. This was followed by a brief recovery until the share suffered losses again at the start of the fourth quarter. It reached its low for the year on October 14 at EUR 12.61. The price recovered noticeably by the end of the year, so that trading of the Allgeier share closed at EUR 14.10 on December 30, 2014.

The yield on Allgeier shares in 2014 was -6.5 percent (share price development and the dividend of EUR 0.50 distributed in June). In the prior year, the yield on shares was 60.3 percent.

ALLGEIER SHARE	
Index	General Standard
ISIN	DE0005086300
WKN	508630
Number of shares	9.071.500
Share price (on April 8, 2015)	EUR 16.75
Market capitalisation (on April 8, 2015)	EUR 151.9 million

SHAREHOLDER STRUCTURE (AS OF: DECEMBER 31, 2014)*



*To the extent known to the company (partly estimated)

"With this transaction, Allgeier underscores the comprehensive strategy of focussing on high-growth business areas with above-average development potential and good future prospects."

Overview of the Allgeier 2014 year

Q1 2014

Allgeier shows stable development in Q1 2014

The development of the Allgeier SE group companies was stable in the first three months of the 2014 financial year (January 1, 2014 – March 31, 2014). The group decided to sell two business units and reports them as discontinued operations according to IFRS in the quarterly figures.

Sales in the first quarter (continuing operations) increased slightly in the first three months of 2014, to EUR 99.2 million (prior year: EUR 97.3 million). EBITDA from continuing operations was EUR 5.5 million during the period (prior year: EUR 4.9 million). EBIT (earnings before interest and taxes) increased as well, by 24 percent to EUR 2.6 million (prior year: EUR 2.1 million).

Acquisitions

On February 18, 2014 Xiopia GmbH acquired 75 percent of the shares in recompli GmbH (Recompli). Recompli is part of the engineering business operated by Skytec AG. The Allgeier Group strengthened the business area with this transaction and expanded its engagement with the major customer BMW.

Effective on February 26, 2014, the Austrian IT consulting firm HEXA Business Services Beratungs- und Dienstleistungs GmbH (Hexa) and Nagarro Austria GmbH based in Vienna bundled their strengths. With this merger, the Nagarro Group continues to expand its expertise as a provider of end-to-end software services. Hexa based in Vienna has 40 employees and is one of the leading cloud and outsourcing specialists in Austria. The company has realised numerous large software development and transformation projects in the last few years for multiple market-leading companies in Austria. By converging the joint service portfolio, Hexa and Nagarro offer a highly flexible and scalable mix of local, nearshore and offshore delivery options to their Austrian customers.

Also in February of 2014, Allgeier IT Solutions GmbH, Bremen, acquired the "smart.CAPTURE" software license, other intangible rights and the contractual relationships with all of the company's customers, including existing orders on hand, from DIGIDOK GmbH, Essen.

Management Board appointment

Mr. Manas Fuloria (PhD) was appointed to the Management Board of Allgeier SE effective on March 3, 2014. Mr. Fuloria is a co-founder and member of the Management Board of the Allgeier Group company Nagarro, Inc. He is an expert for technology management and corporate governance, earned his Master degree in this field at Stanford University in California and his doctorate at the Indian Institute of Technology, Delhi. Prior to his entrepreneurial activities, he was involved in the Technology and Operations Management group of the Harvard Business School and advised several Fortune 500 companies. Mr. Fuloria lives and works in Gurgaon, India.

Q2 2014

Development in Q2 2014

Consolidated sales from continuing operations fell slightly in the second quarter of 2014 compared to the previous year to EUR 100.5 million (prior year: EUR 102.9 million). EBITDA from continuing operations fell year-on-year to EUR 5.5 million (prior year: EUR 7.5 million). EBIT (earnings before interest and taxes) from continuing operations decreased accordingly to EUR 2.4 million (prior year: EUR 4.8 million).

Acquisitions

The software and consulting specialist eHealthOpen Ltd. (eHealthOpen) based in Birmingham (UK) became part of the group in May of 2014. Allgeier continues developing the healthcare sector with this transaction, expanding the portfolio with specialised industry software and consulting services for hospitals and medical fields. In the course of the transaction, Allgeier is bundling the healthcare business of the subsidiary Gemed which is being carried on under the new name of Allgeier Medical IT GmbH. eHealthOpen was founded in 2006 and focuses on consulting for companies and hospitals, supporting them in the planning of technical solutions in medicine and nursing, medical technology, medical informatics and biometrics as well as archive concepts and signature procedures in the area of patient information. eHealthOpen is also the host and organiser of the Schliersee Conference, which is considered the trendsetting event in the healthcare IT sector.

Dividends

In June of 2014, Allgeier SE distributed a dividend totalling EUR 4,412,460.50 to the shareholders from its accumulated profit of EUR 27,381,862.33 from financial year 2013. 8,824,921 shares were eligible for dividends. The dividend per share was EUR 0.50.

Q3 2014

Development in Q3 2014

In the third quarter of 2014, the group companies of Allgeier SE were able to increase their sales from continuing operations by 6 percent to EUR 109.6 million (prior year: EUR 103.7 million). EBITDA from continuing operations was EUR 8.3 million (prior year: EUR 8.8 million). Accordingly EBIT from continuing operations was EUR 5.1 million (prior year: EUR 6.1 million).

Acquisitions

The Allgeier Group concluded a contract to acquire the material assets, employees and customers of the software company Metasonic AG in Pfaffenhofen near Munich on August 1, 2014. Metasonic with the Metasonic® Suite offers software of the latest generation and a platform for dynamic process applications. The basis of Metasonic® Suite is subject-oriented business process management (S-BPM), making it possible to map process sequences meaningfully with one-to-one correspondence to reality in just one model (equally for business and IT). With this transaction, Allgeier underscores the comprehensive

THE ALLGEIER YEAR OF 2014

"Allgeier is thereby purposefully strengthening the development of own software products as well as new fields such as business process management, collaboration/SharePoint and medical IT."

strategy of focussing on high-growth business areas with above-average development potential and good future prospects. Allgeier is thereby purposefully strengthening the development of own software products as well as new fields such as business process management, collaboration/SharePoint and medical IT. EUR 0.9 million was paid for the acquired assets and rights in the third quarter of 2014.

Sale of DIDAS Business Services GmbH

July 3, 2014 was the closing date for the sale of the Allgeier subsidiary DIDAS Business Services GmbH based in Langenfeld (DIDAS) to Cancom SE, Munich as agreed in April of 2014. The purchase price of EUR 10 million was paid by Cancom SE in shares. With the sale of DIDAS, the Allgeier Group disposed of assets valued at EUR 19.4 million and liabilities in the amount of EUR 12.0 million. After deducting the net assets and other expenses directly applicable to the transaction, the Allgeier Group had a gain on disposal of EUR 1.8 million

Allgeier approves 2014 share repurchase programme

In its meeting on July 29, 2014 the Management Board decided to commence a share repurchase programme. The programme is initially running until April 30, 2015. This decision is based on the authorisation for the acquisition of treasury shares resolved by the shareholders' meeting on June 17, 2014 according to Section 71, Paragraph 1, No. 8 AktG.

On July 29, 2014 Allgeier SE held a total of 67,291 treasury shares (corresponding to 0.74 percent of share capital). The treasury shares acquired are intended in particular for the purpose of consideration in the purchase of companies or investments in companies.

By December 31, 2014 Allgeier SE acquired 27,491 shares with a total volume of EUR 405,507.45.

Q4 2014

Development in Q4 2014

In the fourth quarter, Allgeier SE was able to increase sales from continuing operations by seven percent to EUR 118.9 million (prior year: EUR 110.9 million). EBITDA was EUR 4.1 million (prior year: EUR 8.6 million). EBIT in the fourth quarter was EUR 0.5 million (prior year: EUR 3.6 million).

Acquisitions

In October of 2014 the Allgeier subsidiary mgm technology partners GmbH and SecureNet GmbH, both based in Munich, bundled their expertise in the field of web application security and mobile applications in the new mgm company "mgm security partners GmbH". The merger of SecureNet GmbH with mgm technology partners GmbH as the majority shareholder of the new company expands and strengthens Allgeier's mgm technology partners division with the expertise and performance of the specialist for the security of web-based and mobile software technology, which has been well positioned for 16 years.

On October 17, 2014 Allgeier IT Solutions GmbH took over 60 of the shares in the software producer Corisecio GmbH, Darmstadt. Corisecio is a leading provider of SharePoint security solutions. The basis of all Corisecio security products is the cloud-based, flexible open-source security platform which was developed in cooperation with the Federal Office for Security and Information Technology and is already being used successfully by several Fortune 500 companies. With this addition, Allgeier continues to expand its technology competence in important future and growth fields such as collaboration and IT security in the cloud.

Sale of the Allgeier Benelux business unit

On October 30, 2014 Allgeier sold another operation consisting of Allgeier Benelux (Allgeier N.V., Belgium, Allgeier Computer BV, Netherlands, Allgeier S.A., Luxembourg, Allgeier Ltd., Cyprus and Allgeier Ltd., Turkey) to the previous manager Stéphane Horta in the form of a management buyout. This is reported under discontinued operations. With this transaction, the Benelux units will further develop their profile and strengths independently in the future while continuing to work closely with Allgeier. A corresponding sales partnership for the Allgeier solutions has been concluded. Allgeier itself will also continue developing the Benelux market through a VAR partner network. The Allgeier Group expects minor positive proceeds from the disposal.

Extraordinary shareholders' meeting

An extraordinary shareholders' meeting was held in Munich on December 9, 2014. A resolution was passed regarding a profit and loss transfer agreement between Allgeier SE and its subsidiary Allgeier Experts SE.

Borrower's note loan

Allgeier successfully placed a new borrower's note loan in the amount of EUR 80 million in the market at the beginning of December 2014. The borrower's note was offered with term tranches of 5 and 7 years as well as fixed and variable interest with respect to to the placement.

It was placed with 18 investors, mainly consisting of private banks, state banks and savings banks in Germany and Austria. Existing loans in the amount of EUR 49.5 million were refinanced with the proceeds of the new borrower's note loan. With the new borrower's note loan, Allgeier has obtained secure financing over the medium and long term for the overall group at significantly better terms. The additional loan volume also provides added leeway to finance the company's growth, and for targeted acquisitions in future markets.

"With the new borrower's note loan, Allgeier has obtained secure financing over the medium and long term for the overall group at significantly better terms."

GROUP MANAGEMENT REPORT

Group management report

OF ALLGEIER SE 2014

GROUP MANAGEMENT REPORT

Group management report

1. FOUNDATIONS OF THE GROUP

1.1 BUSINESS MODEL OF THE ALLGEIER GROUP

ALLGEIER, MUNICH		
SOLUTIONS	**EXPERTS**	**PROJECTS**
Allgeier IT Solutions Group Bremen	Goetzfried Group Wiesbaden	mgm technology partners Group Munich
Allgeier Medical IT Schliersee	tecops Munich	Nagarro Group Munich
Metasonic Pfaffenhofen	TOPjects Munich	
Terna Group Innsbruck, Austria	U.N.P.-Software Group Düsseldorf	
BSR & Partner Hünenberg, Switzerland	Xiopia Group Munich	
Allgeier (Switzerland) Thalwil, Switzerland	Oxygen Istanbul, Turkey	

1.1.1 Business and structure of the Allgeier Group

At the end of the reporting period, the Allgeier Group had 58 fully consolidated companies. Business operations are managed in the three segments "Solutions", "Experts" and "Projects" which are structured in operational business units. Operational business units are subsidiaries and groups of subsidiaries with their own business operations.

Two companies were classified as "discontinued operations": July 3, 2014 was the closing date for the sale of the Allgeier subsidiary DIDAS Business Services GmbH based in Langenfeld (DIDAS) to Cancom SE, Munich as agreed in April of 2014. On October 30, 2014 Allgeier sold the Benelux Group (Allgeier N.V., Belgium, Allgeier Computer BV, Netherlands, Allgeier S.A., Luxembourg, Allgeier Ltd., Cyprus and Allgeier Ltd., Turkey) to the previous manager in the form of a management buyout. A company (and its subsidiary) over which the Allgeier Group exerts control with other companies was classified as an associated company. The organisation chart above provides an overview of the three segments with the respective operational business units.

1.1.2 Responsibilities of Allgeier SE

Allgeier SE is responsible for the management and strategy development of the group's segments:

- Strategic direction and ongoing strategy review for the group, the segments and associated companies with the objective of value-oriented business development
- Coordination and organisational structuring of the group
- Organisation of finances and financing the group's further development
- Identification, review and negotiation of potential, additional, suitable investments, domestic and foreign, based on the group strategy
- Negotiation and execution for purchasing and disposing of companies and investments
- Controlling, risk management and compliance
- Preparing valuation and accounting guidelines as well as preparing the consolidated financial statements according to IFRS
- Group planning and financing
- Managing and supporting the management of the group companies and divisions
- Integration of the various investments into the group
- Organisation and coordination of group-wide committees and processes
- Coordination of group-wide projects and sales activities
- Controlling group-wide communication (public relations, investor relations) and marketing

1.1.3 Business operations of the segments

Solutions segment

The companies in the Solutions segment design, realise and operate complete IT solutions for the implementation and support of critical customer business processes on the basis of standard business software products. For this purpose, the companies use own software products as well as the software products and platforms of renowned providers such as Microsoft, SAP, IBM, Oracle or Infor. The segment's employees combine in-depth technical knowledge with special industry know-how in order to analyse and optimise the business processes of customers for the implementation of an IT solution.

With their consulting, development, project planning, implementation and support services, the segment's companies provide IT solutions in the essential, core areas for business software such as:

- ERP: This area forms the original root of the Allgeier Group's Solutions business. ERP solutions are implemented for SME and enterprise customers with the own products syntona logic® and cierp3® as well as leading standard software solutions from international providers, especially Microsoft Dynamics Navision and AX, SAP and Infor/Lawson M3.
- Document management (DMS)/enterprise content management (ECM): Document-intensive customer business processes are supported with high efficiency using the own scanview® DMS software. The entire value chain is supported for processes ranging from the recognition, reading and processing of content to professional workflows to audit-compliant archiving. Depending on customer preferences, the solutions are integrated into the customer's IT infrastructure or offered as complete cloud solutions with hosting in own data centres. Special industry solutions such as multimedia functions of an electronic patient file and integrated picture archiving systems are key elements of the offering with a pronounced future orientation.
- Security: The topic of data security is still being disregarded with many solutions. Allgeier Solutions offers own software solutions, for example for the encryption of SharePoint platforms or e-mail traffic. The own JULIA MailOffice software is already being used by numerous ministries, public authorities and large companies.
- SharePoint: The Microsoft product is no longer being used solely for the organisation of joint document sharing and editing (collaboration), but to support entire business processes.

SOLUTION AND SERVICE PORTFOLIO		
SOLUTIONS	**EXPERTS**	**PROJECTS**
Software Solutions · Standard Software Solutions Microsoft, Infor, SAP, IBM, Oracle etc. · Own software solutions ERP, IT Security, ECM/DMS, BPM, Medical IT	Expert Staffing & Recruiting	High-End Software & Application Engineering · Nearshore/Offshore Development · Implementation · Management · Testing
Business Solutions · Cloud Solutions · Security & Compliance Solutions · Collaboration Solutions · Mobile Computing Solutions · Business Process Management	Contracting	Software Lifecycle Projects
	Supply of temporary workers	Application Management Services
	Placement Services	Process & IT Consulting · IT Architectures · E-Commerce & Portals · Mobile Enterprise · Business Intelligence/Big Data · Apps
	Third Party Management	
	Project Staffing	
	Outsourcing of Projects and Support Functions	

GROUP MANAGEMENT REPORT

- The integration of topics like data security, document management, CRM, business intelligence and process support into industry-specific SharePoint solutions constitutes a significant competitive advantage for customers and for Allgeier.
- Business process management (BPM): At their core, all business software solutions revolve around the IT-supported implementation and optimisation of business processes. In the interplay with numerous software products and with increasingly faster revision cycles for software and business processes, classic process tools often prove too rigid and not flexible enough. This costs a lot of money and increases costs or prevents the rapid implementation of adaptation and optimisation steps. With Metasonic® Suite, a business process management software of the latest generation and a platform for dynamic process applications, Allgeier is able to support customers in developing tailor-made software solutions in much shorter cycles.
- Cloud solutions: Allgeier Solutions builds and operates numerous cloud solutions for its customers in the areas identified above. The software solutions can be operated both in private cloud environments (company cloud) and in Allgeier data centres or public cloud environments. Data security and failsafe operation along with reliability and stability at high data volumes are top priorities. The offerings of Allgeier Solutions are used by many major international groups in addition to numerous SMEs.
- Mobile: User interfaces for a wide variety of mobile devices are becoming standard for modern business software to access processed data. Allgeier Solutions uses individual solutions for many areas in the mobile applications field.

Companies in the segment work for over 2,000 customers in Germany and internationally. They include large enterprises (such as 13 of the 30 DAX companies) along with numerous SMEs of various sizes. The customers are broadly distributed over a number of industries. Companies in the segment have specialised industry know-how in the fields of banking and insurance, industry, chemicals/pharmaceuticals and medicine.

The companies in the Solutions segment have 36 sites, of which 24 are in Germany and 12 in three other European countries (Switzerland, Austria and Poland). Furthermore, the segment's software developers work in close international partnership with the developers of the Projects segment in India and Romania.

Didas and the Benelux Group are reported as "discontinued operations" in the consolidated financial statements as of December 31, 2014. The closing for the sale of Didas to Cancom SE, Munich agreed in April of 2014 took place on July 3, 2014. The Benelux Group was sold to the former manager in the form of a management buyout on October 30, 2014.

Experts segment

With its companies, the Experts segment of the Allgeier Group is one of the leading providers of flexible personnel services in Germany, especially in the IT field. Under a common umbrella brand and joint presentation, the segment has positioned itself in the market as a full-range personnel service provider – complemented by in-depth project expertise – and sets itself apart from the competition with a differentiated portfolio and high quality standards. The services offered include the following in particular:

- Contracting: Brokering subcontractors and taking on projects that are implemented by subcontractors
- Providing IT professionals, experts and skilled workers through the supply of temporary workers
- Project business: IT and consulting projects requiring extensive personnel, managed services, project management

According to the current Lünendonk® market segment study for 2014 "The market for recruiting, placement and management of IT freelancers in Germany", the Experts business area of Allgeier is among the top 3 IT personnel service providers in Germany. The segment has over 300 customers, mainly consisting of large German enterprises of which 16 are listed as DAX-30 companies. Key sales markets for the segment are the IT and telecommunications sectors, the public sector, banking and insurance. The companies in the Experts segment have 30 sites, of which 26 are in Germany, one in Switzerland and three in Turkey.

Projects segment

The Projects segment handles the international, individual software development business. Members of the segment are the mgm technology partners Group and the Nagarro Group.

mgm technology partners specialises in the development of individual software solutions, especially in the field of high-availability, secure online applications, and the implementation of corresponding projects from planning the software architecture to its development to implementation and customer support. Key target markets include the public sector, insurance, trade (e-commerce) and the energy supply industry. The subsidiary mgm consulting partners advises the management level of companies from the strategy to the implemented solution – mainly in the energy, insurance and IT sectors. Management consulting services focus on the areas of strategy and change, organisation and process consulting, strategic IT management, risk management and program management. The subsidiary mgm security partners as a specialist for secure web applications has more than 20 years of expertise in the development of modern, highly scalable and secure web-based and mobile software technologies.

Nagarro addresses the tremendous growth in demand for software development expertise to create individual and agile software solutions for customers on the basis that tailor-made IT solutions are increasingly becoming a distinguishing feature among international competitors. Nagarro specialises in the development, testing, implementation, maintenance and management of complex, business-critical software for large enterprises and software producers. The business area is active internationally – often for companies that are leaders in their industry. North America, Scandinavia and the DACH region are the most important markets. A strong pillar in India ensures flexibility and the maximum scalability of the services as well as highly qualified expert knowledge in the field of software development. Nagarro as a global IT service provider offers a full range of IT services in all facets from onsite to nearshore to offshore. Projects in this area mainly encompass the development of custom software for a variety of business processes and customer requirements where standard software solutions are not available.

The Projects segment has more than 300 national and international customers, including 5 of the German DAX-30 companies and numerous leading globally active corporate groups. The industrial, IT and telecommunication sectors, trade and logistics as well as the public sector are the segment's key sales markets. Companies in the Projects segment have more than 30 locations on three continents in total, 15 of which are in Germany, seven in seven other European countries (Austria, Great Britain, Denmark, France, Romania, Czechia and Sweden), three in the USA, one in Mexico, one in Singapore and three in India. 2,398 of the 2,941 total employees in the segment worked outside Germany at the end of 2014.

1.2 MANAGEMENT SYSTEM

The business of the Allgeier Group is managed in a tiered organisation. Company management is structured in the following levels:

- Group level: Controlled by the Management Board of Allgeier SE
- Division level: Controlled by division management
- Company level: Controlled by company management of the individual companies

At each level, business operations are controlled based on performance figures such as the contribution margin, profitability and accounting ratios, which are established for each financial year in the course of corporate planning. During the year, corporate planning is generally supplemented by additional quarterly forecasts. Corporate planning serves as the yardstick for controlling business activities at the level of the individual companies and for monthly reporting between the companies, divisions and Allgeier SE. Reporting calls for a monthly budget/actual comparison. Quarterly business review meetings are held between the Management Board of Allgeier SE and the management of the various divisions. Business development, the development of the business environment and market, the strategy and measures that may be required are discussed. In case of deviations, corresponding measures for the management of business operations are decided at the quarterly business review meetings – and if necessary more often through meetings and telephone calls – and put into effect on the various levels. Reporting of the Management Board to the Supervisory Board is based on corporate planning and the financial parameters mentioned above.

1.3 RESEARCH AND DEVELOPMENT

The Allgeier Group pursues the further development of its existing own products with a focus on meeting key technology trends and serving future markets. Here the employees of the various segments work together closely, especially in Solutions and Projects. For most own software projects of the Solutions segment, further development takes place in close cooperation with colleagues in India and Romania. Expenses in the reporting period include costs for the further development of products as well as product maintenance totalling EUR 1.9 million (prior year: EUR 1.3 million).

The Allgeier Group also participates in research and development services for numerous customer projects, especially in the Projects segment, thereby obtaining know-how which is not reflected as such in research and development numbers. Various complex and demanding services such as development are provided in the Experts segment as well. However, since the corresponding services are normally provided on behalf of customers, the resulting added value does not fall under research and development for the Allgeier Group itself.

The research and development services disclosed as such are mainly provided in the Solutions and Projects segments.

2. ECONOMIC REPORT

2.1 MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

2.1.1 Macroeconomic conditions: Stable growth

At 78 percent (prior year: 82 percent) of sales (continuing operations), Germany was once again the most important market for Allgeier in 2014, notwithstanding the ongoing internationalisation of business activities. It was followed by the USA with 7 percent (prior year: 5 percent) and Switzerland with 6 percent (prior year: 6 percent) of consolidated sales in financial year 2014.

The growth of the German economy was stronger again in 2014 according to the Federal Statistical Office. After a strong start to the year and a weak phase in the middle, growth was able to stabilise towards the end of the year. The calendar-adjusted gross domestic product grew by 1.6 percent in 2014 after just 0.4 percent in the prior year (2012: 0.7 percent).

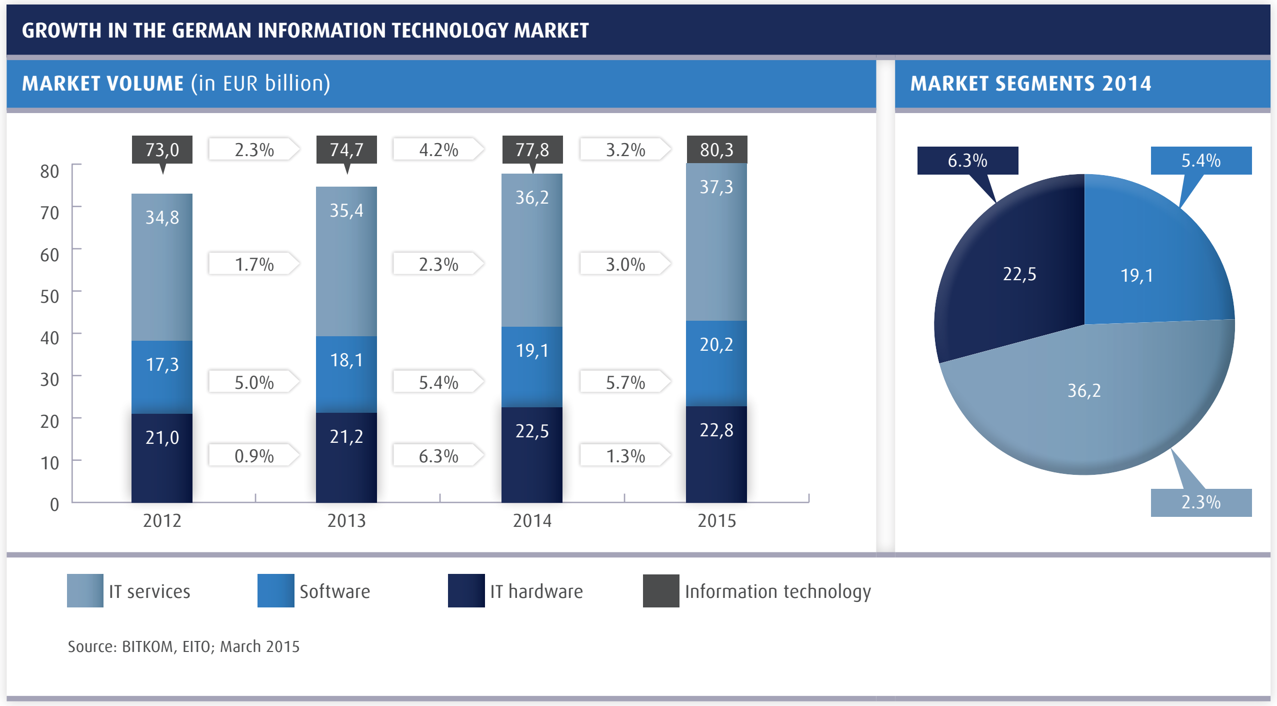
The global economic environment also continued to improve slightly in the course of 2014. A 3.3 percent increase in the global GDP is predicted by the International Monetary Fund (IMF) for 2014.

In the United States, now the second-most important market worldwide for the Allgeier Group with 7 percent of total sales, the group was able to boost sales in the past financial year by about 35 percent. The economic recovery in the USA continues. Continued brightening of the employment market situation and the steady growth in total economic output along with fiscal and monetary policies that are more friendly to the economy largely accounted for the steady improvement in dynamics. After the GDP grew by 2.2 percent, the OECD expects growth of 3.1 percent for 2015.

Switzerland as the third most important market for Allgeier with 6 percent of sales will see a further recovery of economic growth according to OECD estimates. Weakening consumption led to a noticeable slowdown in growth. The OECD however considers a turnaround possible due to improving consumer confidence, rising real wages and the ongoing increase in employment. It expects the GDP to grow by 1.5 percent in 2015 (2014: 1.5 percent).

The Allgeier Group was able to more than double its sales in Austria during the past financial year. At 4 percent of total sales (prior year: 2 percent), the country is also among the Allgeier Group's important markets. Economic growth in Austria continues to be restrained because of weak foreign demand and decreasing confidence domestically. From the perspective of the OECD however, the solid fundamental data, favourable financing conditions and the gradual improvement of the foreign trade environment speak for a steady economic recovery. According to the OECD forecast, Austria's GDP is expected to grow by 0.9 percent in 2015 after a mere 0.5 percent in 2014.

In summary, it can be noted that the situation in the core markets of the Allgeier Group continues to be defined by the effects of the European debt crisis and economic weakness, especially in certain countries in the Eurozone. At the same time however, the ongoing economic recovery in the most important markets of the Allgeier companies (especially in the USA) and the above-average growth of these markets compared to the Eurozone give us cause for cautious optimism.



2.1.2 Industry conditions: Growth above average again

The ITC sector as a whole (information technology, telecommunications and consumer electronics) grew again after a slight decrease in 2013. According to a current survey from March of 2015 conducted by the industry association BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien), sales of products and services for the overall industry are expected to increase slightly in 2015 by 1.5 percent to EUR 153.3 billion. This is mainly due to the significant growth in the information technology market (4.2 percent).

The IT market which is of special relevance to Allgeier grew to 77.8 billion in 2014 according to BITKOM. This means the IT sector grew faster than the economy as a whole last year. The software business exhibits significantly higher than average growth with an increase of 5.4 percent to EUR 19.1 billion in the past year. Sales of IT services such as consulting and outsourcing increased as well, by 2.3 percent to EUR 36.2 billion. The market for IT hardware also grew significantly by 6.3 percent to EUR 22.5 billion in the past year.

2.2 BUSINESS DEVELOPMENT 2014

Overall the group generated slight sales growth of 3 percent in 2014, therefore failing to meet the original plan. It is pleasing that added value nevertheless increased by 8 percent, which shows that the profitability of customer orders was improved overall, competitive and price pressure notwithstanding. The significant decrease in results for the past 2014 year is ultimately due to the development of costs in the group's operating divisions. In the divisions that reduced overall sales with sales decreases, the costs were not lowered in line with the significant sales decreases in part but in fact increased in order to reverse the sales reductions and achieve future growth by boosting sales and marketing activities. This positive development began in the second half of 2014 and will continue in 2015.

The development of the group as a whole in 2014 becomes more clearly comprehensible when developments in the individual segments are examined. Business development in the 2014 financial year varied widely between the segments due to market and structural influences, and was defined by the following developments:

GROUP MANAGEMENT REPORT

- Some of the companies in the Solutions segment benefited from the friendly market situation and customer willingness to invest. The segment was however significantly affected by the process of focusing on high-growth future business that was begun in the prior year. For one thing, two business units were sold with Didas and the Benelux Group. Both units are reported as discontinued operations in the annual financial statements according to IFRS. For another, the segment invested significant resources into bundling the business of promising future business units (Banking and Insurance, Medical IT, Productivity Solutions, Security, Metasonic) along with their further development. Some further restructuring was implemented as well.
- In the Experts segment, the start into the 2014 financial year was defined by the challenge that a major, multi-year project had ended. It had contributed sales in the double-digit millions in prior years. Planning for the 2014 financial year called for largely compensating this loss of sales in 2014 and 2015, and included corresponding investments to boost sales and develop specific regional and topical business units. This planned development was partly thwarted in the first half of 2014 by the announcement of employment market policy plans by the new federal government and the resulting customer uncertainty. The customer orientation phase caused a decrease in demand along with temporary project freezes and delays. This situation improved again in the summer of 2014, so that the second half of 2014 brought a recovery compared to the first six months. However, the decrease in the sales of the Experts segment for 2014 overall was more severe than planned. The colleagues in the segment did take advantage of the discussion regarding the future legal requirements for the personnel services business and repositioned themselves internally in the course of 2014. This restructuring is an investment in the future and results in significantly greater productivity and security regarding compliance for the segment's companies and customers. Now our companies are in an even better position to advise their customers in regards to the right working models and to offer secure professional solutions. We view this as a future competitive advantage that, in addition to the quality of employees and the pricing structure, will result in differentiation from other and especially smaller, less professional competitors.
- Nagarro and mgm in the Projects segment both performed extremely well in 2014. Major customer projects were secured and will significantly broaden the business basis even beyond 2014. Employee numbers increased significantly in the segment, especially outside Germany. Total sales and results grew in the double digits for 2014. The importance of the segment in the group has therefore increased further.

Key figures

Consolidated sales from continuing operations according to IFRS in the Allgeier Group increased to EUR 428.2 million in the 2014 financial year (January 1, 2014 to December 31, 2014) (prior year: EUR 414.8 million), which corresponds to 3 percent growth across all business areas. This shows that the Allgeier Group was able to benefit from the good fundamental market situation in the Experts segment notwithstanding the business challenges, and managed to achieve significant, disproportionately high growth in part outside the Experts segment. Disproportionately high earnings on customer orders are positive as well. This is shown by the added value (defined as the total operating performance less the selling and labour costs assigned directly to sales) from business operations, which increased disproportionately by 8 percent to EUR 109.3 million (prior year: EUR 101.2 million). This corresponds to a gross margin of 25.6 percent (prior year: 24.4 percent).

On the cost side, the higher costs for the further expansion in the Experts segment notwithstanding the sales decrease were disproportionately high. This reflects our confidence that the business is going to recover after the market situation was influenced by special factors in the second quarter of 2014, especially in the Experts segment. Operating EBITDA (the company defines operating EBITDA as EBITDA before certain extraordinary effects and effects applicable to other periods; beyond the IFRS definition as such, influences on results that occurred only in the respective financial year as special effects or cannot be assigned to operational business development for the financial year upon actual examination are defined as extraordinary or applicable to other periods) decreased by 10 percent to EUR 25.7 million (prior year: EUR 28.5 million). The influence of the situation in the Experts segment is described in more detail below in Section 2.3.4.2 "Experts segment". Furthermore, the Solutions segment incurred higher costs compared to the development of sales in 2014 (more about this in Section 2.3.4.1 "Solutions segment"). The expected profitability of the group measured by EBITDA development was not achieved overall in 2014. This was due to the poor development of the Experts segment in 2014 and some operations in the Solutions segment that are not yet profitable.

The costs designated as extraordinary were also higher in the 2014 financial year compared to the prior year and contributed to the decrease in results. This included for example the items influenced by currency fluctuations, such as recognising liabilities in foreign currencies like the US dollar and the effects of hedging transactions, for example regarding the Indian rupee. Currency hedges concluded for the relationship between the euro and US dollar had the opposite effect. The internal company influences of one-time effects and from prior periods totalled to the negative amount of EUR -1.8 million in the 2014 financial year (prior year: EUR 1.3 million). Accordingly consolidated EBIT from continuing operations was EUR 23.9 million (prior year: EUR 29.8 million). Net income from continuing operations was EUR 1.1 million (prior year: EUR 5.4 million). From discontinued and continuing operations, the group generated results for the period in the amount of EUR 0.1 million (prior year: EUR 4.0 million).

The group's expectations for the 2014 financial year were therefore not met overall.

From the sale of the discontinued business units Didas and the Benelux Group, the group generated purchase prices (including assumed liabilities) of EUR 11.8 million and a gain on disposal of EUR 2.5 million.

Performance indicators

For the various performance indicators to control the company at the group level (see below, 2.4 "Financial and non-financial performance indicators"), the Allgeier Group had set the following targets for 2014:

Consolidated sales from continuing operations were expected to increase by around 10 percent overall, with growth partly realised through the business operations of the group companies and partly the full-year effect of the investments made in the 2013 year under review. Smaller acquisitions and purchases of business operations as asset deals were to contribute to growth as well. Since our growth expectations differed for the three segments, differentiated forecasts were issued for the development of the individual segments in 2014:

- Our growth target for the Solutions segment was disproportionately high compared to the group as a whole. The Solutions segment (continuing operations) actually achieved sales growth of 6 percent to EUR 88.6 million (prior year: EUR 83.9 million). While sales growth in the segment was therefore disproportionately high compared to the group's overall growth (3 percent), it was below the expectation of 10 percent growth in absolute terms.
- We had expected disproportionately low growth for the Experts segment, especially since a major project ended at the close of the 2013 financial year. The Experts segment generated sales of EUR 228.6 million in 2014 (prior year: EUR 245.3 million), corresponding to a 7 percent decrease. The reasons are described above and were already reported in the course of the 2014 financial year, in the ad-hoc report of July 29, 2014 and the semi-annual financial report of June 30, 2014 (also see 2.3.4.2 "Experts segment" below). The development of sales in the Experts segment therefore fell short of our expectations for minor growth for the overall 2014 year, notwithstanding the recovery in the second half of 2014.
- We expected sales to increase approximately at the level of the group as a whole in the Projects segment (software development). The Projects segment generated significant, disproportionately high sales growth of 26 percent to EUR 114.8 million in 2014 thanks to the positive organic business development in the corresponding group companies (prior year: EUR 91.3 million). Developments therefore clearly exceeded our expectations.

  Overall we significantly exceeded our sales targets in the Projects segment, did not fully reach them in the Solutions segment and fell far short in the Experts segment. Therefore the group as a whole did not realise its goal of achieving 10 percent sales growth from continuing operations in 2014.

Regarding profitability measured by EBITDA growth, we stated our expectation for disproportionately high growth in last year's forecast report. Growth in the Projects and Solutions segments in particular was to contribute to an increase in the EBITDA margin to around 7 percent for the group as a whole.

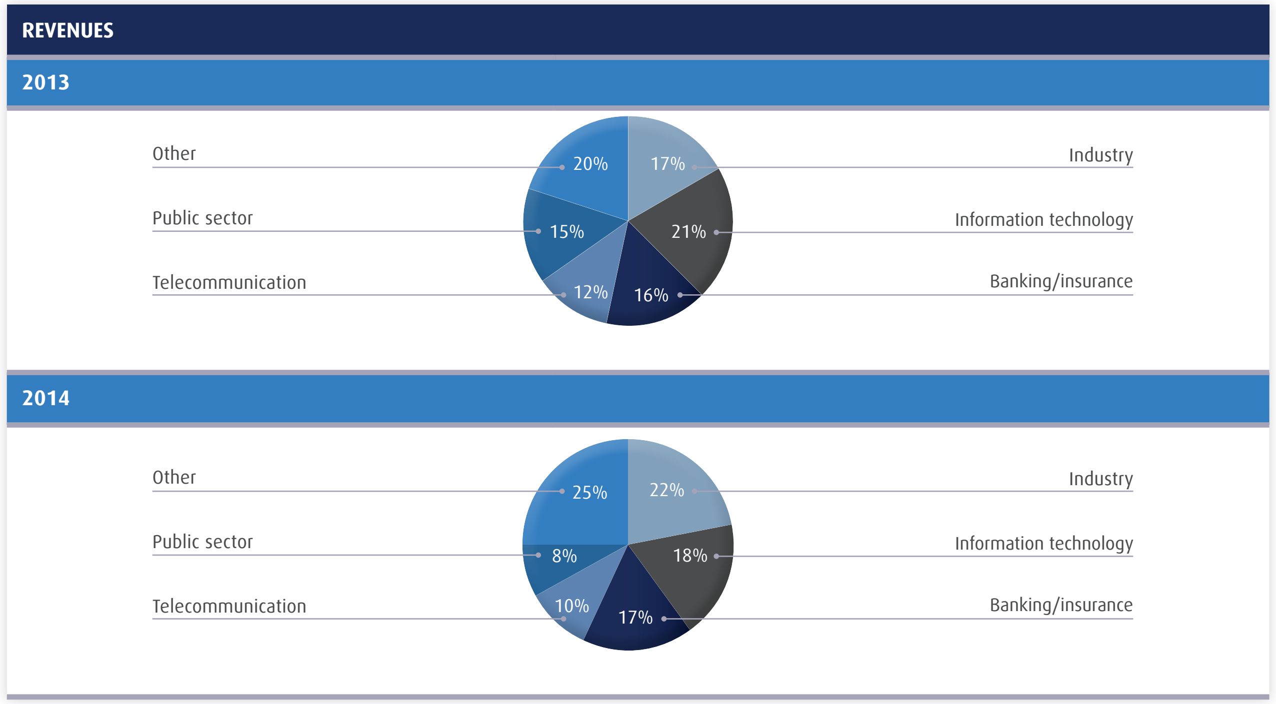
- In the Solutions segment on the other hand, EBITDA decreased from EUR 7.6 million in 2013 to EUR 4.9 million in the year under review. In addition to the poorer performance of some business units, the decrease was mainly due to costs for developing a business area the group acquired in August of 2014. The calculated negative impact on results (EBITDA) of the acquired business area is EUR 1.4 million. Overall the development of profitability for the segment was therefore below our expectations.
- We predicted a slight decrease in the EBITDA margin for the Experts segment. Because of the previously described business situation, EBITDA decreased disproportionately to EUR 10.3 million (prior year: EUR 16.3 million).
- The expectation was met in the Projects segment – EBITDA increased from EUR 11.9 million in the prior year to EUR 13.1 million in financial year 2014.
- The group-wide growth expectation in regards to profitability was not met. The EBITDA margin (continuing operations) for the group was 5.6 percent. This means the growth targets for EBITDA and the further profitability indicators below EBITDA were not met in 2014.

In regards to the performance indicator of net indebtedness from continuing operations, we expected net indebtedness without further acquisitions to remain approximately at the 2013 year-end level. We pointed out that acquisition activities in the 2014 financial year would be significant for the development of new debt, with purchase prices as well as their payment playing a role along with the liquidity situation and profitability of the acquired companies and the acquisition date. Net indebtedness on December 31, 2014 was EUR 27.3 million and therefore decreased slightly compared to the prior year (EUR 28.9 million) notwithstanding the acquisitions made. The borrower's note loan totalling EUR 70 million at the end of financial year 2013 was partly replaced by a new borrower's note loan in the amount of EUR 80 million in December of 2014. Out of the new borrower's note loan, EUR 50 million has been used to date for refinancing and redeeming the former borrower's note loan. The additional amount of EUR 30 million increases the company's available liquidity. Since this amount was available as cash and cash equivalents as of December 31, 2014 it did not increase net debt. The outstanding borrower's note loans now total approximately EUR 100 million.

Acquisitions

Allgeier purposefully strengthened the product portfolio in important growth markets and continued to expand its technology expertise with several smaller acquisitions in the past financial year. With the new group companies, Allgeier underscores the comprehensive strategy of focussing on high-growth business areas with above-average development potential and good future prospects. This is why Allgeier among other things is selectively strengthening the development of its own software products by expanding areas such as Business Process Management, Productivity Solutions/SharePoint, Security and Medical IT. Allgeier considers the further development of its own intellectual property a competitive factor for current and future success.

- Xiopia GmbH acquired the shares in recompli GmbH, Grasbrunn (recompli) in February of 2014. recompli is a provider of engineering services for the automobile and information technology sectors, and complements the project services in the Experts segment.
- In February of 2014, the Austrian IT consulting company HEXA Business Services Beratungs- und Dienstleistungs GmbH (Hexa) strengthened the activities of the Nagarro Group in Austria. Hexa based in Vienna is a software and consulting firm specialising in cloud and outsourcing topics with a very good customer network in Austria. By converging the joint service portfolios, Hexa and Nagarro offer a highly flexible and scalable mix of local, nearshore and offshore delivery options to their Austrian customers. Hexa has already been renamed to Nagarro GmbH for this purpose.
- With the acquisition of the "smart.CAPTURE" software solution in February of 2014, Allgeier IT Solutions GmbH, Bremen, reinforced its software expertise in the field of DMS software. The character recognition software is used to provide comprehensive, efficient and economical solutions in the field of digital incoming mail and invoice processing.
- Allgeier Medical IT GmbH was created in May of 2014 with the acquisition of the software and consulting specialist eHealthOpen Ltd. based in Birmingham (UK) and Schliersee as well as the appointment of its founder and general manager Heino Kuhlemann. The group is bundling its offering of specialised software solutions for the healthcare sector in this company. eHealthOpen was founded in 2006 and has an extensive network in the field of healthcare companies and hospitals. It supports them with the planning of technical solutions in medicine and nursing, medical technology, medical informatics and biometrics as well as archive concepts and signature procedures in the patient information field. eHealthOpen is also the host and organiser of the Schliersee Conference, which is considered the trendsetting event in the healthcare IT sector.
- Allgeier acquired the business operations of the software company Metasonic in Pfaffenhofen near Munich in August of 2014. Metasonic is a software producer that, with Metasonic® Suite, has developed software of the latest generation and a platform for dynamic process applications. The basis of Metasonic® Suite, which has been awarded the coveted "Cool Vendor" status for business process management software by the international IT research and consulting firm Gartner, is subject-oriented business process management (S-BPM). This BPM approach is significantly more efficient and agile, allowing customers to control their complex business processes with impressive simplicity.
- In October of 2014 mgm technology partners GmbH acquired the majority of shares in SecureNet GmbH (now mgm security partners GmbH) based in Munich, significantly expanding its expertise in the field of security for web applications and mobile apps as well as gaining 30 highly specialised and sought-after specialists.
- Allgeier IT Solutions GmbH acquired a majority investment in the encryption specialist Corisecio GmbH (Corisecio), Darmstadt in October of 2014.
  Corisecio is a leading provider of SharePoint security solutions, further expanding the technology expertise of Allgeier in the Solutions segment in key future and growth fields such as collaboration and IT security in the cloud.



Expansion of the Management Board

Allgeier SE once again reinforced its Management Board in the 2014 financial year. Effective on March 3, 2014 Mr. Manas Fuloria (PhD) was appointed as an additional member of the Allgeier SE Management Board. Manas Fuloria, born in 1972, is the co-founder and CEO of Nagarro. He has in-depth experience in the field of international software development, and is an expert for technology management and corporate governance with a Master degree from Stanford University in California, USA and a doctorate from the Indian Institute of Technology, Delhi, India. Prior to his entrepreneurial activities, he was involved in the Technology and Operations Management group of the Harvard Business School and advised several Fortune 500 companies. Mr. Fuloria lives and works in Gurgaon, India.

Capital market and financing

Based on the authorisation issued by the shareholders' meeting on June 17, 2014, Allgeier approved a share repurchase programme on July 29, 2014 with an initial term until April 30, 2015. The treasury shares acquired are intended in particular for the purpose of consideration in the purchase of companies or investments in companies. 27,491 shares were acquired by the balance sheet date at an average price of EUR 14.80.

Allgeier successfully placed a new borrower's note loan in the amount of EUR 80 million in December of 2014, with terms of 5 and 7 years and both fixed and variable interest. High investor demand resulted in a significant over-subscription for the transaction. It was placed with 18 investors, mainly consisting of private banks, state banks and savings banks in Germany and Austria. Most of the investors had already subscribed to the previous borrower's note. Tranches in the amount of EUR 49.5 million of the original borrower's note loan from the spring of 2012 were redeemed and refinanced early with proceeds from the new borrower's note loan (thereof EUR 38.0 before December 31, 2014 and EUR 11.5 million in Q1 2015).

Customers

The Allgeier Group continued to expand its customer base and strengthened existing customer relationships in the past financial year. The group companies work for globally active corporate groups (such as 19 of the 90 DAX companies) as well as numerous SMEs and public-sector customers. In the past financial year, the number of customers with annual turnover in excess of EUR 1 million could once again be increased: Allgeier generated annual sales over EUR 1 million respectively with a total of 68 customers. The group has companies and institutions in many different sectors among its customers. The sectors in which the Allgeier Group generated the highest sales in 2014 are:

- Industry including the automobile industry: Industrial companies at 22 percent (prior year: 17 percent) are the leading sector according to sales and Allgeier has been very well established here for years. Higher sales with new and existing customers in the Projects segment made the biggest contribution to growth. The group's customers include large automobile manufacturers and key companies in the supplier industry as well as leading companies in various industrial sectors such as aviation and aerospace, chemicals and pharmaceuticals, metal and electrical, construction, wood and consumer goods. Long-time industrial customers also include companies in the energy supply sector, including internationally active energy producers and a number of regional suppliers.
- Information technology: The group's activities for large international IT companies declined slightly in the past financial year. This was mainly due to lower sales with customers in the Experts segment (see 2.3.4.2 "Experts segment" below). IT companies with about 18 percent of sales from continuing operations (prior year: 21 percent) make up the second-largest industry segment in the Allgeier Group.
- Banking and insurance: The companies in the finance and insurance sector with around 17 percent of revenues from continuing operations are the group's third-largest customer segment in terms of sales (prior year: 16 percent). Allgeier counts a number of the largest German insurance groups as well as banks and financial services companies among its customers in this category.
- Telecommunication: This sector constitutes the fourth-largest industry segment according to sales in 2014. Here the group generated 10 percent of sales from continuing operations (prior year: 12 percent). The slight decrease was mainly due to developments in the Experts segment (see 2.3.4.2 below).
- Public sector: The Allgeier Group works for public-sector enterprises and corporations at all levels in virtually all of Germany as well as Switzerland. 8 percent of consolidated sales from continuing operations are generated with public-sector customers (prior year: 15 percent). The decrease compared to the prior year is mainly due to lower sales in the Experts segment (also see 2.3.4.2 "Experts segment" below). The major project in the Experts segment that was concluded at the end of 2013 – as reported several times – was for a public-sector customer.
- Other sectors: With a share of around 25percent of consolidated sales from continuing operations (prior year: 20 percent), the customers in other sectors jointly make up the largest customer segment. Key industries such as service providers, health, retail and logistics, media, publishing and entertainment are combined in this segment. This shows that Allgeier increased the industry diversification within its customer base in 2014.

2.3 POSITION

2.3.1 Results of operations

In the past 2014 financial year (January 1, 2014) to December 31, 2014) the Allgeier Group increased its sales from continuing operations by 3 percent to EUR 428 million (prior year: EUR 415 million). The companies belonging to the group in the comparative years contributed one percent or EUR 3 million to the sales increase, and the companies acquired by the Allgeier Group in the comparative years contributed sales of EUR 10 million. EBITDA from continuing operations decreased by 20 percent to EUR 23.9 million (prior year: EUR 29.8 million). EUR 5.9 million (-36 percent) of this decrease is accounted for by the Experts segment and EUR 2.7 million (-35 percent) by the Solutions segment. The increase in results of the Projects segment by EUR 1.1 million (+10 percent) and the result of the holding companies which improved by EUR 1.5 million compared to the prior year thanks to lower costs were only partly able to compensate for the Experts and Solutions segments. The decrease was also influenced by one-time effects and influences from prior periods totalling EUR -1.8 million (prior year: EUR +1.3 million). Key special items include expenses due to exchange rate fluctuations and currency hedges as well as one-time costs related to group financing. After adjusting EBITDA for one-time effects and items from other periods, the consolidated EBITDA from continuing operations was EUR 25.7 million (prior year: EUR 28.5 million).

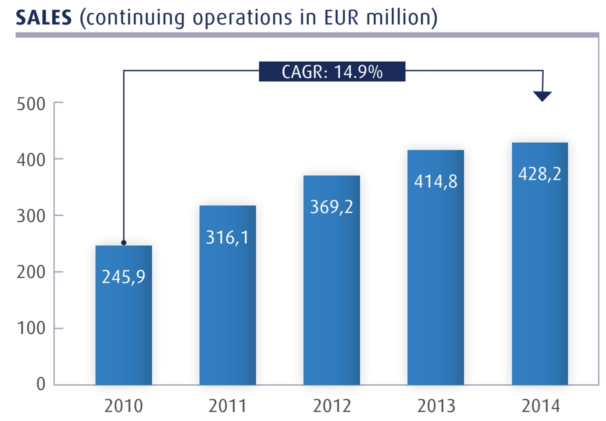
When EBITDA of EUR 0.1 million from discontinued operations is added (prior year: EUR 0.3 million), the Allgeier Group generated total EBITDA (discontinued and continuing operations) of EUR 24.0 million in 2014 (prior year: EUR 30.1 million). Amortisation and depreciation decreased from EUR 14.5 million in the prior year to EUR 13.4 million in the year under review. A large proportion of amortisation and depreciation at EUR 8.2 million (prior year: EUR 9.5 million) is a one-time effect due to the capitalisation of customer relationships and other intangible assets in the course of acquiring subsidiaries. After amortisation and depreciation, the Allgeier Group in 2014 generated total EBIT of EUR 10.5 million (prior year: EUR 15.6 million). Without amortisation and depreciation due to acquisitions and the one-time effects and items from other periods mentioned above, the consolidated EBIT was EUR 20.5 million (prior year: EUR 23.8 million).

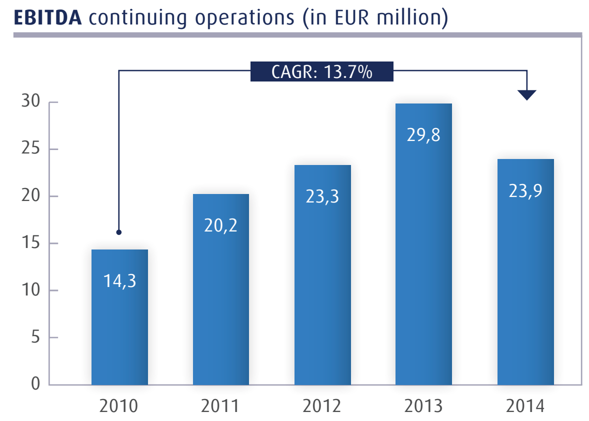
Financial income and expenses at EUR 0.5 million and EUR 5.0 million respectively were at the level of the prior year. While interest expenses decreased in 2014 due to lower refinancing costs and the expenditures from compounding non-current liabilities, the realised capital losses on the shares of Cancom SE received as consideration for the sale of Didas caused a one-time increase of interest expenses in the amount of EUR 1.1 million. The at-equity investment in the GDE Group resulted in a loss of EUR 0.6 million (prior year: EUR +0.2 million). After interest and the share in the loss of the at-equity investment, the Allgeier Group overall generated earnings before taxes of EUR 5.5 million (prior year: EUR 11,4 million). When income tax expense of EUR 5.4 million (prior year: EUR 7.4 million) is deducted, the net income for the 2014 financial year is EUR 0.1 million (prior year: EUR 4,0 million). The high income tax expense in relation to earnings before tax is due to expenses related to acquisitions which are not deductible for tax purposes, unasessed taxes on loss carry-forwards and tax expenses applicable to other periods.

The Allgeier Group generated results of EUR 2.5 million from the sale of Didas and the Benelux Group. Including this income, the Allgeier Group's net income in the 2014 financial year was EUR 2.6 million (prior year: EUR 3.7 million). Of this net income, EUR 2.1 million (prior year: EUR 3.5 million) was allocated to the shareholders of Allgeier SE and EUR 0.5 million (prior year: EUR 0.1 million) to minority shareholders.

The earnings per share outstanding for the Allgeier Group as a whole were EUR 0.23 (prior year: EUR 0.42). After adjusting for amortisation and depreciation due to acquisitions and normalised taxes, the earnings per share outstanding from continuing operations in the year under review were EUR 1.05 (prior year: EUR 1.69).

New acquisitions are consolidated in the entire management report and the graphics starting on the purchase data according to IFRS.





The CAGR (Compound Annual Growth Rate) represents the average annual growth.

GROUP MANAGEMENT REPORT

2.3.2 Financial position

The Allgeier Group was able to continue improving its balance sheet ratios in the 2014 financial year, solidifying the financial basis which has been strong for years. In the year under review, the financial position was defined by the acquisitions, the sale of subsidiaries and the increase in debt by issuing a new borrower's note loan as well as taking out a long-term bank loan. With the receipt of the loan proceeds, interest-bearing liabilities as of December 31, 2014 increased to EUR 125 million (prior year: EUR 76 million) and, on the other hand, cash and cash equivalents increased to EUR 98 million (prior year: EUR 47 million). The cash and cash equivalents secure the financial basis of the Allgeier Group and provide freedom for its continued growth. In addition to the cash and cash equivalents, the Allgeier Group has access to credit lines and factoring totalling EUR 31 million to compensate for seasonal liquidity fluctuations. Availment of these as of December 31, 2014 totalled around EUR 18 million.

In the 2014 financial year, the group generated a cash inflow of EUR 27.4 million from business operations (continuing and discontinued business) before working capital changes (prior year: EUR 28.6 million). The capital demand to cover working capital fluctuations affected by reporting dates at EUR 14.9 million was slightly higher compared to the prior year at EUR 11.4 million. Including funds tied up in working capital, the cash flow from operating activities was EUR 12.5 million (prior year: EUR 17.2 million).

Cash outflows for the group's investment activities in the 2014 financial year were EUR 7.7 million (prior year: EUR 4.4 million). This includes the amounts paid out for investments in the acquisition of subsidiaries and business unit at EUR 12.0 million (prior year: EUR 5.5 million), the increase in loans to the affiliated GDE Group at EUR 2.4 million (prior year: EUR 1.2 million) and payouts for operating investments of EUR 2.6 million (prior year: EUR 4.8 million). In return the group received payments from the sale of Didas and the Benelux Group in the amount of EUR 6.4 million and the sale of securities in the amount of EUR 2,7 million (prior year: EUR 2.3 million).

Net cash inflows from financing activities in the 2014 financial year were EUR 42.7 million (prior year: net outflows of EUR 1.1 million) The Allgeier Group was able to place an additional borrower's note loan in the amount of EUR 80.0 million in the year under review, using part of the proceeds to redeem EUR 38.0 million of the existing borrower's note loan. The group also took out a bank loan of EUR 9.3 million (prior year: EUR 1.1 million) and repaid other borrowings of EUR 1.3 million (prior year: EUR 0.3 million). The Allgeier Group paid out EUR 0.4 million for the acquisition of treasury shares in the course of the financial year (prior year: EUR 0.5 million). Dividends of EUR 4.6 million were distributed to the shareholders of Allgeier SE and co-partners of a group company (prior year: EUR 4.2 million). In the 2014 financial year, the Allgeier Group paid net interest of EUR 2.4 million (prior year: EUR 2.7 million).

Based on the cash flows from operating, investment and financing activities as well as the item to correct currency differences in cash and cash equivalents, the group generated a total cash surplus of EUR 48.3 million in financial year 2014 (prior year: EUR 11.0 million). Cash and cash equivalents increased from EUR 49.6 million in the prior year to EUR 97.9 million on December 31, 2014 due to the cash flows.

Tier 1 liquidity (cash and cash equivalents/current liabilities) increased to 96 percent on December 31, 2014 (prior year: 46 percent). Tier 2 liquidity (cash and cash equivalents plus trade receivables/current liabilities) was 164 percent (prior year: 118 percent).

With respect to financial management, the Allgeier Group controls liquidity with the objective of always maintaining adequate liquidity to meet the payment obligations and have sufficient financing for the organic growth of the Allgeier Group and the acquisition of new group companies. Financial management also ensures that the balance sheet ratios agreed in the loan agreements are maintained and that no contractually agreed performance figures are violated. As a key performance figure, the Allgeier Group tracks the development of net financial debt which is calculated as the balance of non-current and current financial liabilities on the one hand and cash and cash equivalents on the other hand. The group had net financial debt of EUR 27.3 million on December 31, 2014 (prior year: EUR 28.9 million). These liabilities were reduced by EUR 1.6 million in the financial year.

2.3.3 Net asset position

The development of the Allgeier Group's net asset position is fundamentally defined by acquisition activities and the associated addition of new group companies, by the disposal of subsidiaries and by measures implemented for structuring the financing and equity of the Allgeier Group. Operational business activities and customer payment behaviour as well as payment to suppliers also influenced the net asset position on the reporting date.

The Allgeier Group acquired 8 new subsidiaries and business units in the financial year. With these companies, the Allgeier Group obtained assets of EUR 10.8 million and liabilities of EUR 4.5 million as well as goodwill of EUR 2.4 million. On the other hand, EUR 3.2 million was paid out for the acquisition of these companies. Another EUR 8.8 million was paid out in relation to companies acquired in prior years. The enterprise acquisitions were financed from the group's liquidity.

To present the adjusted earnings per share outstanding, the Allgeier Group corrects the reported operating earnings before interest and taxes (EBIT) for amortisation on intangible assets capitalised in the context of enterprise acquisitions (effects of purchase price allocations) and for income and expenses from purchase price adjustments through profit or loss as well as other one-time effects and items related to other periods. Under consideration of the adjustments and application of a tax rate of 35 percent, the group's earnings per share outstanding from continuing operations were EUR 1.18 in 2014 (prior year: EUR 1.52).

(in EUR million)	2013	2014
Operating earnings before interest and tax (EBIT as reported)	16,5	11,1
Amortisation on intangible assets from enterprise acquisitions	6,9	7,9
Value adjustment of goodwill	2,2	0,0
Purchase price adjustments through profit or loss	-0,8	0,0
Other one-time effects and items from other periods	-0,6	1,7
Financial result	-4,2	-4,3
Capital losses on third-party shares received as consideration for the sale of Didas, included in the financial result	0,0	1,1
Result of at-equity investments	0,2	-0,6
Adjusted earnings before tax	20,3	17,0
Tax rate	35%	35%
liabilities	-7,1	-6,0
Adjusted results for the period	13,2	11,1
Shares of non-controlling shareholders	-0,5	-0,6
Earnings to determine the adjusted earnings per share outstanding	12,7	10,4
Number of shares outstanding in units	8. 352.747	8. 847.833
Adjusted earnings per share in euros (undiluted)	1,52	1,18

The other one-time effects and items from other periods include the following:

- Proceeds from the release of provisions
- Gains and losses from the sale of long-term assets
- Gains and losses from changes to the impairment of receivables
- Proceeds from collecting receivables previously written off
- Other income and expenses related to prior years
- Gains and losses from foreign currency exchange rate differences
- Gains and losses from the use of instruments to hedge foreign currency exchange rate risks from future cash flows
- Gains and losses on securities held for the purpose of financial planning
- External costs for acquisition projects that did not lead to closings
- External incidental acquisition costs for enterprise acquisitions that could not be capitalised as part of the purchase price according to IFRS
- Other operating expenses related to financing for the Allgeier Group
- Donations
- Personnel expenses including gratuities and the continued payment of salaries for employees dismissed in the course of restructuring
- Other extraordinary income and expenses recorded on the books of the group companies

The Allgeier Group sold Didas and the Benelux Group in financial year 2014. With the sale of these two units, the group divested assets of EUR 21.7 million and liabilities of EUR 13.9 million.

The Allgeier Group had a gain on disposal from these sales in the amount of EUR 2.5 million and received consideration of EUR 10.0 million in the form of shares in the buyer of Didas, and in the amount of EUR 1.8 million in the form of the transfer of liabilities to the buyer of the Benelux Group.

Total assets increased in the financial year, to EUR 329.8 million on the reporting date of December 31, 2014 (December 31, 2013: EUR 289.3 million). In addition to the effects of changes in scope of consolidation, a key factor is the placement of a new borrower's note loan as described under the financial position, which resulted in an increase of both financial liabilities and cash and cash equivalents as well as extending the balance sheet overall.

On the assets side, non-current assets increased by EUR 12.3 million from EUR 130.9 million in the prior year to EUR 143.2 million in the year under review.

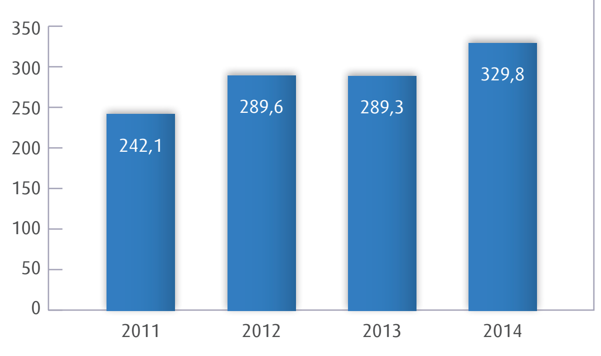
With non-current assets, intangible assets increased by EUR 4.8 million to EUR 122.7 million (prior year: EUR 117.9 million) and other non-current financial assets rose to EUR 5.9 million (prior year: EUR 0.6 million). The change in intangible assets is due to goodwill additions in the amount of EUR 2.4 million and exchange rate adjustments totalling EUR 4.0 million, while other intangible assets fell to EUR 18.0 million (prior year: EUR 19.6 million). The increase in other non-current assets resulted from the loan granted to the buyer of the Benelux Group at EUR 1.5 million and loans granted to the at-equity investment at EUR 3.2 million. Deferred tax assets increased to EUR 3.0 million because tax assets on loss carryforwards were recognised (prior year: EUR 1,3 million). The investment ratio calculated as the quotient of non-current assets and total assets is 43.4 percent in the financial year (prior year: 45.2 percent).

Current assets increased by EUR 28.2 million from EUR 158.4 million at the end of financial year 2013 to EUR 186.6 million in financial year 2014. Trade receivables fell to EUR 69.7 million (prior year: 73.3 million) while cash and cash equivalents due to cash inflows from the new borrower's note loan increased by EUR 51.3 million from EUR 46.7 million to EUR 98.0 million. The total assets of Didas reported under current assets in the prior year at EUR 18.6 million were derecognised in financial year 2014 with the sale of the company. Days sales outstanding remained at the prior year level of 48 days.

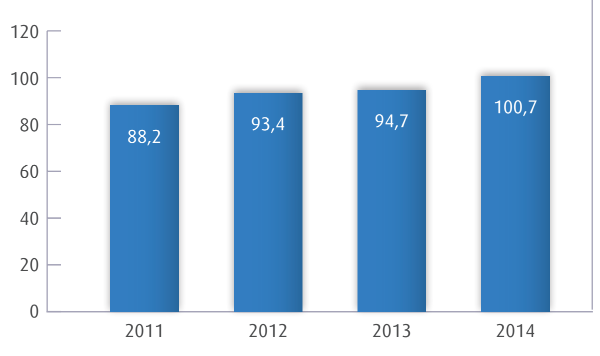
On the liabilities and equity side, consolidated equity increased by EUR 5.9 million from EUR 94.7 million on December 31, 2013 to EUR 100.7 million and liabilities went up by EUR 34.6 million from EUR 194.6 million to EUR 229.2 million on December 31, 2014. The equity ratio fell in financial year 2014 due to the balance sheet extension, from 32.7 percent at the 2013 year-end to 30.5 percent on December 31, 2014.

The positive change in equity was due to the positive net income of EUR 2.6 million, currency differences of EUR 5.6 million recorded directly in equity and equity increases related to the acquisition of subsidiaries at EUR 3.3 million. Equity was reduced by the dividends distributed to the shareholders of Allgeier SE and minority shareholders of a subsidiary totalling EUR 4.6 million, the neutral change

TOTAL ASSETS, DECEMBER 31 (in EUR million)



EQUITY, DECEMBER 31 (in EUR million)



in actuarial gains and losses of EUR 0.6 million and the purchase of treasury shares at EUR 0.4 million.

Non-current liabilities increased from EUR 92.7 million at the 2013 year-end, by EUR 33.99 million to EUR 126.6 million at the end of 2014. With the issue of the new non-current borrower's note loan in the amount of EUR 80 million, part of the old borrower's note loan at EUR 38 million was redeemed in 2014. The loan granted to the Nagarro Group in the amount of EUR 9.3 million increased the non-current liabilities to banks. Non-current financial liabilities were also reclassified as current financial liabilities due to their remaining terms to maturity in the course of time, so that non-current financial liabilities ultimately increased from EUR 70.8 million at the end of 2013 to EUR 110.3 million on December 31, 2014. Within non-current liabilities, other non-current liabilities were reduced from EUR 21.9 million to EUR 16.3 million through reclassification as current.

Current liabilities at EUR 102.5 million remained close to the prior year level of EUR 101.9 million. Within current liabilities, financial liabilities increased by EUR 10.2 million to EUR 15.0 million while other current liabilities rose by EUR 1.6 million from EUR 86.0 million in the prior year to EUR 87.6 million at the end of the period under review. The total assets of Didas reported under current liabilities in the prior year at EUR 11.2 million were derecognised in financial year 2014 with the sale of the company. The debt ratio calculated as the quotient of liabilities and total assets increased slightly, from 67.3 percent in 2013 to 69.5 percent in 2014..

2.3.4 Segments

The disclosures and explanations that follow include sales and results from transactions concluded between the segments.

2.3.4.1 Solutions segment

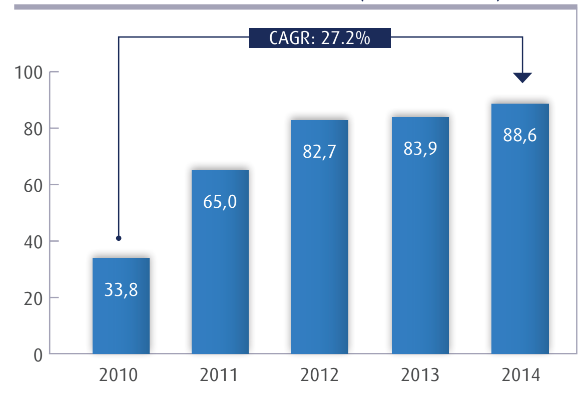
The Solutions segment contributed 21 percent to consolidated sales in the reporting period (prior year: 20 percent). The segment consists of six operational business units that contributed to the overall results of the segments with various growth rates and contribution margins.

The segment generated sales growth of 6 percent to EUR 88.6 million in 2014 (prior year: EUR 83.9 million). Added value (defined as the total operating performance less the selling and labour costs assigned directly to sales) increased accordingly by 5 percent to EUR 29.3 million (prior year: EUR 27.8 million). This corresponds to a gross margin of 33.1 percent (prior year: 32.9 percent).

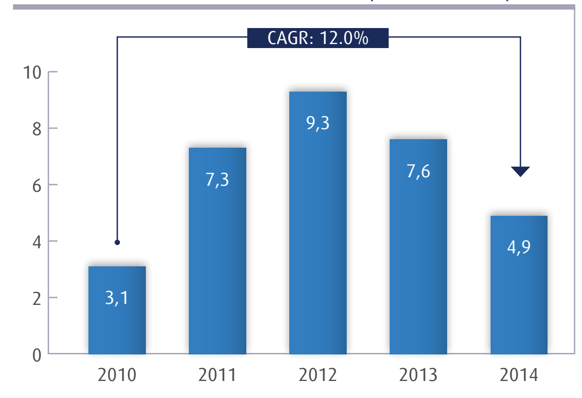
Operating EBITDA adjusted for extraordinary items and effects of other periods fell by 15 percent to EUR 5.3 million (prior year: EUR 6.3 million). This decrease is due to a large extent to the initial losses of EUR 1.4 million from the Metasonic business operations acquired in 2014. Furthermore, license sales for some companies by the end of the year were lower than planned.

The EBITDA of the Solutions segment (not adjusted for special items) was EUR 4.9 million (prior year: EUR 7.6 million). The special items which mainly consist of exchange rate differences from foreign currency conversion and personnel measures were negative in the 2014 financial year

SALES OF THE SOLUTIONS SEGMENT (in EUR million)



EBITDA OF THE SOLUTIONS SEGMENT (in EUR million)



at EUR -0.4 million. By comparison, the special items of EUR 1.3 million in the prior year were positive due to the release of provisions as well as income from subsequent purchase price adjustments for enterprise acquisitions. Amortisation and depreciation for the segment amounted to EUR 4.7 million in the year under review and, due to value adjustments on goodwill in the prior year, was EUR 2.2 million lower than the prior year value of EUR 6.9 million. EBIT for the segment fell accordingly from EUR 0.7 million in 2013 to EUR 0.2 million in the year under review. The segment's annual profit before taxes was EUR 0.0 million (prior year: EUR 0.9 million).

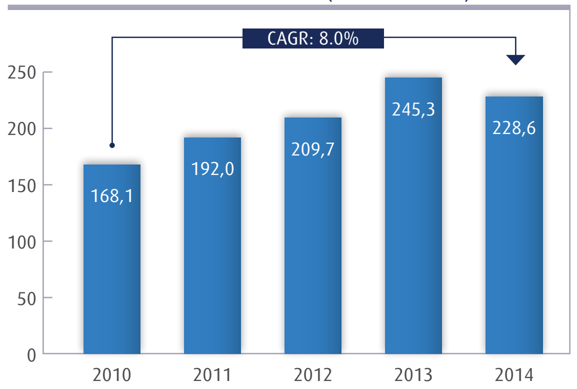
2.3.4.2 Experts segment

The Experts segment is the largest in the Allgeier Group based on sales. The segment consists of six operational business units and contributes 53 percent of the sales (prior year: 59 percent) generated by the Allgeier Group (from continuing operations). The Experts segment generated sales of EUR 228.6 million in 2014 (prior year: EUR 245.3 million) which corresponds to a decrease of 7 percent. This was mainly because a major project was concluded at the end of 2013 and due to the influence of employment market uncertainty in the first half of 2014, which affected the entire personnel services sector. The announcement of the grand coalition's plans to change regulations for the supply of temporary workers as well as the issues that also affect freelancers, and the partly anticipatory reaction of public authorities and the market, have led to significant restraint among many customers in placing orders and some overreaction among a few major customers. Overall the resulting market uncertainty, notwithstanding a stable economy, had a major detrimental effect on business development in the first six months and led to lower sales compared to the prior year. Value added decreased accordingly compared to the prior year, by 7 percent to EUR 38.5 million (prior year: EUR 41.5 million). This corresponds to a gross margin of 16.9 percent (prior year: 16.9 percent).

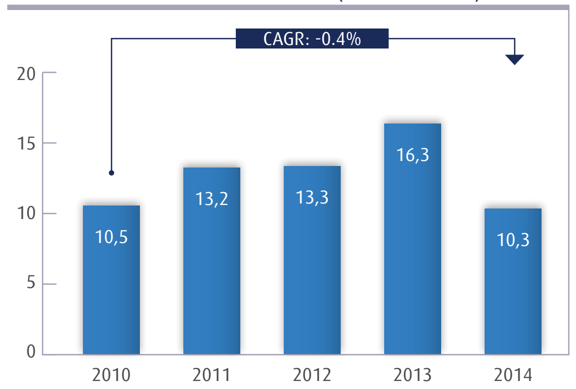
Operating EBITDA adjusted for extraordinary items decreased disproportionately by 32 percent to EUR 10.3 million (prior year: EUR 15.1 million). A major reason for this is that the segment companies did not adjust their fixed costs according to the decrease in sales, but consciously continued to invest in marketing and improved internal structures in anticipation of a future growth in business. Business already started to recover in the second half of 2014. Compared to prior years, a disproportionate number of new customers could already be recruited in the course of 2014.

Without adjusting for extraordinary items, the Experts segment generated an EBITDA of EUR 10.3 million in financial year 2014 (prior year: EUR 16.3 million). EBIT fell accordingly from EUR 13.8 million in the prior year to EUR 6.5 million in the reporting period. The segment generated results for the period before taxes in the amount of EUR 4.0 million compared to EUR 11.4 million in the prior year.

SALES OF THE EXPERTS SEGMENT (in EUR million)



EBITDA OF THE EXPERTS SEGMENT (in EUR million)



GROUP MANAGEMENT REPORT

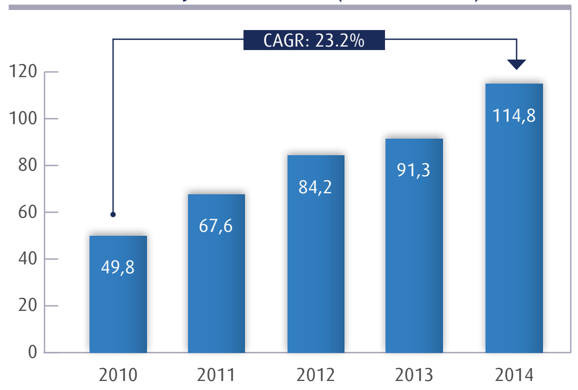
2.3.4.3 Projects segment

The Projects segment once again achieved strong and stable growth in the year under review. With two operational business units, the segment was able to increase its contribution to consolidated sales (continuing operations) from 22 percent to 27 percent. The Projects segment increased its sales by 26 percent to EUR 114.8 million in the financial year (prior year: EUR 91.3 million). Valued added increased by 29 percent to EUR 41.8 million (prior year: EUR 32.4 million). This corresponds to a gross margin of 36.1 percent (prior year: 35.6 percent). Operating EBITDA adjusted for extraordinary items increased by 22 percent to EUR 15.3 million (prior year: EUR 12.5 million).

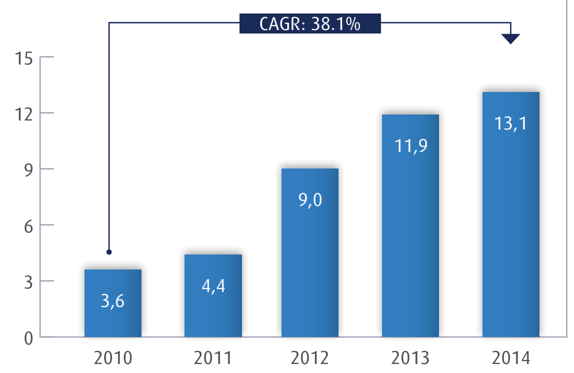
Due to the international positioning of the segment, with major sites especially in India and the USA, the results are subject to exchange rate influences and the conversion of the respective national currencies to euros. Exchange rate differences through profit or loss from the recognition of liabilities with a nominal value in US dollars and hedging transactions concluded to cover the relation of the US dollar and euro to the Indian rupee amounted to EUR -1.7 million (prior year: EUR +0.0 million). An adjustment is made for this extraordinary item. Including other adjustments to results of EUR -0.5 million (prior year: EUR -0.6 million), the Projects segment in financial year 2014 generated expenses of EUR 2.2 million that cannot be allocated directly to operational business development (prior year: EUR 0.6 million). EBITDA (not adjusted for these special items) was EUR 13.1 million in the year under review compared to EUR 11.9 million in the prior year. Amortisation and depreciation increased to EUR 4.2 million in the year under review (prior year: EUR 3.9 million), so that the segment generated EBIT of EUR 8.9 million after amortisation and depreciation (prior year: EUR 8.1 million).

The segment's financial result was EUR -1.0 million (prior year: EUR -3.5 million). Key reasons for the improvement were the decrease in interest expenses from compounding non-current liabilities, and equity measures which converted previously interest-bearing liabilities of the segment to the group into capital reserves. The segment's results for the period before taxes increased by 72 percent from EUR 4.6 million to EUR 7.8 million in the year under review.

SALES OF THE PROJECTS SEGMENT (in EUR million)



EBITDA OF THE PROJECTS SEGMENT (in EUR million)



2.4 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

2.4.1 Financial performance indicators

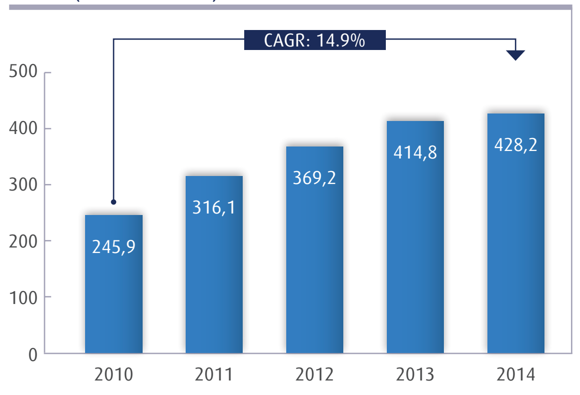
At the group level, the following financial performance indicators in particular take centre stage for the management of the company:

Sales growth

Allgeier is active in the growing information technology market. Overall this market has been growing slightly faster than the economy as a whole worldwide for years, in some areas even significantly above average. The market has also been undergoing a consolidation process for years, which is driven by innovation and customer requirements. We therefore believe it is crucial to keep pace with the market through above-average growth, to also lead the market at least in some areas and to take the correct steps to pick up speed for the coming years. This makes growth a key issue.

The sales growth of the group (continuing operations) over the past years is as follows:

SALES (in EUR million)



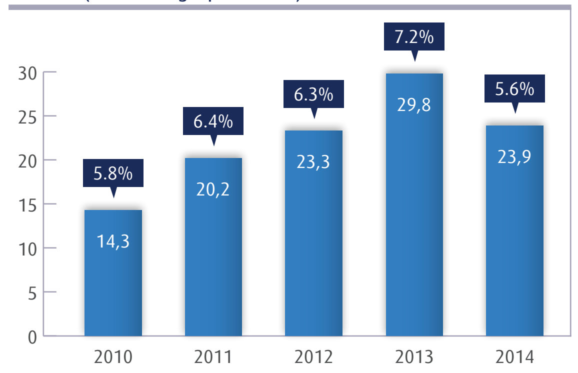
Profitability

The goal to effectively increase the value of the company assumes profitability in addition to growth. A sustained increase in margins is a success factor that leads to a balance between opportunities and risks, and is also an indicator for added value and the quality of the work performed. The EBITDA margins that can be generated play a crucial role in planning at all levels of the group.

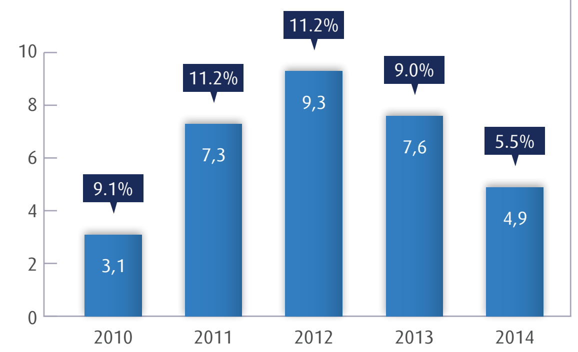
EBITDA and the EBITDA margin for the group and individual segments developed as follows:

EBITDA (IN EUR MILLION)/EBITDA MARGIN

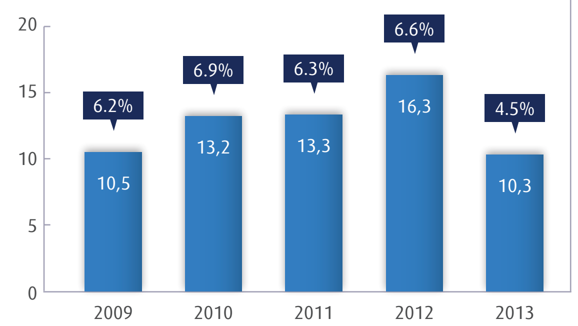
GROUP (continuing operations)



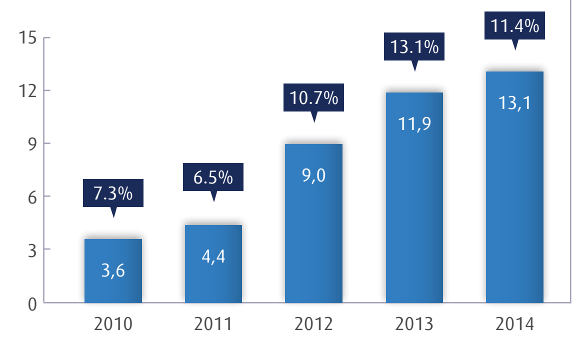
SOLUTIONS SEGMENT (continuing operations)



EXPERTS SEGMENT (in EUR million)



PROJECTS SEGMENT (in EUR million)



GROUP MANAGEMENT REPORT

Net debt

Using the capital of the shareholders and external financing diligently means the group's indebtedness has to be carefully controlled as well. A balance between equity and debt along with the confidence of investors and capital markets in the company are essential success factors in the history of Allgeier's growth. Some financing agreements also call for meeting certain net debt levels. This is also why planning and controlling the overall net debt plays a crucial role in corporate planning and in financing decisions. Net debt is calculated as financial liabilities less cash and cash equivalents. The net liabilities of the group as a whole (continuing operations) decreased in the past year to EUR 27.3 million (prior year: EUR 28.9 million). While cash and cash equivalents increased from EUR 46.7 million in the prior year to EUR 98.0 million on December 31, 2014, financial liabilities went up from EUR 75.5 million to EUR 125.2 million. Net debt increased in proportion to EBITDA due to the development of EBITDA in 2014. This indicator was at 1.14 on December 31, 2014 (prior year: 0.97).

Growth through acquisitions

Another indicator of our development is the ability to take advantage of market consolidation through acquisitions. This speeds up growth as well as the possible alignment or focusing of business activities. Allgeier has more than ten years of experience with the realisation of acquisitions. We have positioned ourselves in the market as a known potential buyer of SMEs, both domestic and foreign, proving that we can successfully integrate companies in a sustainability process and develop their growth. Over the years, we have continuously improved the process of recording all acquisition candidates submitted or actively sought by us, from selection to the concrete realisation of specific transactions. This process is supported by software tools and, in the meantime, not handled solely by Allgeier SE but with the involvement of the group's divisions and business units.

Our goal is to continue growing through acquisitions in the future. The transactions in recent years were as follows:

TRANSACTIONS	
2010	BSR & Partner AG, Zug, Switzerland Terna Holding GmbH, Innsbruck, Austria
2011	1eEurope (Switzerland) AG, Thalwil, Switzerland Nagarro Inc., San Jose, USA GEMED Gesellschaft für medizinisches Datenmanagement GmbH, Ulm MCE Computer Peripherie GmbH, Ottobrunn Crealogix ERP AG, Villingen-Schwenningen BSH Systemhaus GmbH, Westerstede Bitaro GmbH, Munich INTRAPREND Gesellschaft für Intranet Anwendungsentwicklung mbH, Wiesbaden
2012	AX Solutions GmbH, Braunschweig Skytec AG, Oberhaching b+m Informatik AG, Melsdorf b+m Informatik GmbH, Hamburg tecops personal GmbH, Munich Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey SF Software & Friends GmbH, Leipzig
2013	OPUS Solution AG, Root Längenbold, Switzerland German Doctor Exchange GmbH, Bonn WK EDV GmbH, Neuburg an der Donau innocate solutions GmbH, Düsseldorf
2014	recompli GmbH, Grasbrunn DIGIDOK GmbH, Essen (Asset Deal) Hexa Business Services GmbH, Vienna, Austria (now: Nagarro GmbH, Vienna, Austria) eHealthOpen Ltd., Birmingham, UK, Schliersee Metasonic AG, Pfaffenhofen SecureNet GmbH, Munich (now: mgm security partners, Munich) Corisecio GmbH, Darmstadt

2.4.2 Non-financial performance indicators

Employee satisfaction
Our employees are our most valuable asset. Their know-how and motivation drive our business. It is they who enjoy the trust of our customers. Competing for new employees means the company has to be sufficiently attractive. The combination of many different needs, education levels and expectations increasingly demands intelligent and flexible organisation and diversification. Here the various models for involving employees in customer projects play an important role as well: Service agreements, contracts of work and labour, the supply of temporary workers, project outsourcing, onshore, nearshore and offshore models etc. The development of existing employees and recruiting new employees are key success factors for the group. Accordingly employee satisfaction within the group is very important.

2.5 HUMAN RESOURCES

Allgeier counts on dedicated and loyal employees.
Highly qualified and motivated employees are a key success factor for our group's development. Every company in the group depends to a large extent on the technical knowledge, loyalty and dedication of its employees. They are always in contact with customers, providing the agreed consulting and other services as well as developing innovative solutions that meet complex requirements. The strategy of the Allgeier Group continues to depend on employee dedication as well as the ability to recruit new employees and retain them in the group in competitive markets.

Continuously promoting and further developing the willingness to perform and abilities of our staff is therefore a key objective of our human resource policies. Allgeier made good progress this year by harmonising measures for employee recruitment and retention within the divisions. We significantly expanded our international presence in the last few years, gaining access to more than 2,000 extremely well trained software developers at our sites in India. In our core D-A-CH market, we are increasingly seeing bottlenecks in regards to highly qualified experts at the central sites. This is another reason why we are continuously investing in our employees in order to ensure sustained growth and retain valuable knowledge within the company. In the future this will be associated with a further increase of investments in employee training and qualification.

The attractiveness of our company – both for existing staff and for suitable applicants – continues to gain importance as a competitive success factor. Since the IT sector is highly dynamic, ongoing technical training for staff is crucial in competing for the best employees. Always staying on the ball technically is also crucial in order to meet rising customer requirements and help shape important innovations within the industry. Conversely our employees at the various group companies benefit from the growth and the increasing size and stability of the group. This makes the existing jobs in the group more secure and also creates new positions. Challenging new orders from high-performance customers provide interesting technical opportunities and chances for individual development.

Organic growth: Number of permanent staff significantly increased
At the end of the 2014 financial year, the Allgeier Group had a total of 6,529 employees and freelance experts in continuing operations (prior year: 5,669), of which 5,309 were employees and 1,220 were freelance experts (prior year: 4,319 employees and 1,350 freelance experts). At the end of the year, the Allgeier Group had a total of 3,865 domestic employees and freelance experts (prior year: 3,906) and 2,664 foreign employees and freelance experts (prior year: 1,763). 59.2 percent of all employees and freelance experts worked in Germany at the end of the financial year (prior year: 68.9 percent). Overall Allgeier therefore increased the number of employees and freelance experts by 860 compared to the prior year, and the number of employees by 990. This increase is mainly due to organic growth: Without the employees gained through the acquisition of new companies, the group companies have 895 more employees than in the prior year, i.e. the number of jobs (employees) increased by nearly 900 which corresponds to 16 percent more jobs compared to the prior year.

3. OVERALL ECONOMIC POSITION

2014 was once again a year of many changes for Allgeier. This applied in particular to our Experts business area, which lagged significantly behind the targets originally set in the autumn of 2013 for the year of 2014. In the first half of the year, employment market policy and legal announcements of the federal government that was newly elected in the autumn of 2013 led to temporary uncertainty in the market, resulting in a noticeable reluctance by customers to place orders. New requirements for the business in this segment simultaneously became apparent for the future. We took advantage of this in order to prepare ourselves,

The number of employees in the Allgeier Group (continuing operations) developed as follows in the last five years:

NUMBER OF EMPLOYEES ON DECEMBER 31	2010	2011	2012	2013	2014
Number of permanent employees	1.014	2.243	3.886	4.319	5.309
Number of freelancers	1.430	1.523	1.509	1.350	1.220
Total number of employees	2.444	3.766	5.395	5.669	6.529

and have already developed and implemented the required changes to our internal organisation in the Experts segment during 2014. By creating future-proof solutions for our customers, we are able to perform to their expectations and meet our customers' technical needs with legal certainty. These steps have already proven effective through the recovery realised in the second half of 2014.

We intensively worked on a restructuring of the Solutions business area in 2014 as well. On the one hand, divisions were linked more closely and their focus was aligned. On the other hand, the sale of two divisions and the acquisition of others significantly shifted the focus of the business towards development and services related to software solutions, laying the foundation for new growth.

Our group generated significant and sustainable growth in the Projects segment during 2014. The two companies in this segment, the mgm technology partners Group and the Nagarro Group, were able to achieve major, sustained double-digit growth with high profitability in their very competitive markets. This segment was the group's growth driver in 2014.

In the 2014 financial year, the Allgeier Group generated slight growth of 3 percent from continuing operations on the bottom line. The valued added through business operations (gross margin) increased by 8 percent.

In terms of EBITDA, profitability at the group level (continuing operations) decreased significantly by 20 percent in the financial year compared to the prior year due to influences in the Experts segment as well as the Solutions segment, notwithstanding the significant increase in the results of the Projects segment.

Net debt was reduced to EUR 27.3 million while simultaneously refinancing part of the existing borrower's note loan (prior year: EUR 28.9 million). The loan terms and conditions were significantly improved for the future.

The employee basis of the group companies was noticeably strengthened in 2014. The number of employees increased to 5,300 which corresponds to the organic development of nearly 900 new jobs. Overall the total number of employees and average number of freelance experts employed during the year grew to more than 6,500 as of December 31, 2014. This also constitutes an investment for the future, which initially led to higher costs and reduced results in 2014. Cooperation within the group will have to be further intensified in the future, with an ongoing focus on high-growth fields with above-average development potential. In doing so, we will continue taking advantage of our ability to use market consolidation for the targeted expansion and faster development of the segments through value-added acquisitions.

4. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

In January of 2015, mgm technology partners took over MOS-Tangram AG in Boswil, Switzerland, including the German subsidiary based in Bamberg. With MOS-Tangram, mgm is gaining a team of qualified software developers in the e-commerce field and a software solution for distance selling.

The Allgeier Group invested in the young software company Talentry GmbH (Talentry) based in Munich by way of a capital increase and the acquisition of existing shares in March of 2015. The additional funds are primarily intended to be used for rapid market development and the further development of an innovative recruiting solution. Talentry is an innovative provider for digital employee recommendation programmes. The Talentry software is already being used successfully by a number of major international customers.

No material effects on the group's net assets, financial position and results of operations are expected from the two investments above in 2015.

GROUP MANAGEMENT REPORT

5. OUTLOOK, OPPORTUNITIES AND RISK REPORT

5.1 OUTLOOK

Expected overall economic development

The organic growth of the group companies largely depends on the economic environment and, in particular, the development of the software and IT service market in Germany and other relevant markets. After an increase in Germany's gross domestic product (GDP) of 1.6 percent in 2014, the growth of the German economy will remain stable in the current 2015 financial year according to the annual economic report of the federal government. In particular based on healthy domestic demand, the federal government expects improved economic conditions and therefore an increase in GDP by 1.5 percent in the current year. According to OECD forecasts, the economy will also continue to recover in other markets that are important for Allgeier in the course of the year – such as Switzerland, the USA and Austria. The IMF predicts an increase in worldwide GDP by 3.5 percent for 2015. Weaker prospects in China, Russia, Japan and the Eurozone prevent higher growth rates.

Expectations for the IT sector

According to the forecast of the "Bundesverband Informationswirtschaft, Telekommunikation und neue Medien" (BITKOM), the German ITC market is expected to grow by 1.8 percent in 2015 (2014: 2.1 percent) to EUR 145.7 billion. The information technology market, which is of particular relevance for Allgeier, is expected to once again exhibit above-average growth of 3.2 percent to EUR 80.3 billion. This growth is mainly driven by the market for software, where disproportionately high growth continues to be expected at a predicted rate of 5.7 percent.

The ongoing digitalisation of the economy, which is leading to fundamental changes in market conditions, is the key growth driver for the IT market. This is based on market trends and technologies such as cloud computing and big data, where Allgeier has successfully established itself already and continues to purposefully develop and strengthen its position. The most important market trends in 2015 according to the industry association BITKOM are cloud computing, IT security and big data analytics, which means solutions for the analysis and evaluation of large data volumes in business processes. Allgeier benefits from the disproportionately strong growth of these high-tech trends. According to a BITKOM survey in Germany from November of 2014, the market for cloud computing with business customers is expected to grow by 46 percent to around EUR 6.4 billion in the current year. The global market for big data technologies and services is expected to grow to 41.5 billion dollars by 2018 according to a study conducted by the International Data Corporation (IDC) last autumn. Analysts are therefore predicting annual growth of 26.4 percent – six times higher than the expectation for the IT market overall.

The Management Board expects the dependency on IT in an increasingly globalised world to continue increasing. In the sunrise sectors identified above, the predicted growth rates are much higher than the industry average. IT is subject to rapid change as well – fields that were current until now are being superseded and replaced by others. Thanks to its favourable position in key growth and innovation fields, Allgeier finds the structural growth opportunities in the IT services and software field convincing.

Expectations of the Allgeier Group

The overall development of the Allgeier Group is defined by the expectations for the overall economic environment and the IT market discussed above, both in Germany and in other relevant markets. Based on the current and sustained positive economic situation in Germany, we believe the position for further organic growth is favourable notwithstanding the developments in Greece and the conflict in the Ukraine. The importance of high-quality, high-performance IT solutions is a key factor for the competitiveness and efficient operation of most industrial enterprises as well as public sector institutions. New dimensions are being reached with some aspects of digitalisation and novel business areas are emerging in the information technology field, ranging from the use of data to the digitalisation of industrial environments known as Industry 4.0. In the assessment of Allgeier SE, this will support ongoing above average development in large parts of the industry. Global markets and global service providers as drivers of technology development are going to result in further internationalisation. Another aspect is the shortage of highly qualified IT specialists in the economically strongest markets along with price pressure from global players. This demands an interplay of international know-how and capacities with a local presence in proximity to the customer. Allgeier will continue focusing the business models and optimising the internal organisation in the 2015 financial year.

Our expectations for specific performance indicators are as follows: Consolidated sales from continuing operations will grow between 10 and 15 percent overall according to plans for 2015. This growth is largely organic, since there were no major acquisitions in 2014 which would have an impact on the group in 2015 due to consolidation for the entire year. Planning does not encompass further acquisitions or other changes to the service portfolio due to the sale of divisions. All three segments will contribute to the planned growth. The Projects and Solutions segments which have both planned for higher double-digit growth will be the main drivers. A further recovery is expected in the Experts segment but the organic sales level of 2013 will not quite be reached again this year. In addition to the planned growth, the Allgeier Group is working on gaining market share and on growth in all three segments through acquisitions.

The group's profitability measured according to EBITDA growth from continuing operations will increase disproportionately in financial year 2015 compared to 2014, in the magnitude of a double-digit percentage. The group believes that EBITDA in the Solutions and Projects segments will increase disproportionately in 2015. EBITDA growth in the Experts segment will be disproportionately low compared to sales. Overall planning for the group as a whole calls for an increase in the EBITDA margin (before extraordinary effects and items applicable to other periods) by around 100 basis points from nearly 6 percent to around 7 percent. The Allgeier Group expects only a minor increase in the net debt of continuing operations in 2015 compared to the 2014 year-end level with no further acquisitions. This assumption is based on the expectation that cash flow from operating activities will increase with the expected improvement in results, but will be more than offset by the payout of most of the outstanding earn-outs from prior acquisitions at approximately EUR 13 million. The main elements of the existing indebtedness are the new borrower's note loan in the amount of EUR 80 million, as well as the remaining tranches of the old borrower's note loan at approximately EUR 20 million after the repayment of the original three-year tranche of approximately EUR 11 million which is due at the beginning of March 2015. Additional repayments on the borrower's note loan are not due until the 2017 and 2019 financial years. Acquisition activities in 2015 will be crucial for the development of net debt. With the new borrower's note loan, the group obtained additional cash and cash equivalents of EUR 30 million in December of 2014 compared to the original borrower's note. This amount is primarily intended for further acquisitions. Net debt may therefore increase in 2015 compared to the predicted development without acquisitions.

Overall the Management Board expects sustained further sales growth from continuing operations in financial year 2015, which will be well into the double-digit percentage range in the Projects and Solutions segments while single-digit growth in the Experts segments will still keep growth in the single-digit range overall. The EBITDA margin (before extraordinary effects and items applicable to other periods) will increase in the range of one percentage point. Furthermore, targeted acquisitions in 2015 are intended to support and accelerate the positioning and growth of the group and the individual segments in the market. Allgeier will finance the planned investments with own funds as well as debt. Existing and new financing will be reviewed on an ongoing basis for this purpose and adapted as required. This also includes the possibility of examining equity-based financing.

Increased integration and focus on growth markets

The principle for 2015 remains: The lasting development of our group and the company's value is our leading objective. The group is intended to become more attractive to employees and customers, with improved performance. As a major midsize player, we see ourselves as a reliable partner with close proximity to the customer, but with the potential to also offer these qualities in major projects with long terms and increasingly also at the international level. IT has long since become more than a national issue. The ability to perform on the international stage and operate at eye level in regards to technology are assumed, while local proximity is usually desired.

Our concrete goal for 2015 is to continue focusing within the three segments. This goes hand in hand with the organisational further development of the divisions within the segments. Portfolio changes, especially through acquisitions, are also intended to drive the group's further development more so than in 2014.

In the Solutions segment we are focusing on the fields of ERP Solutions, DMS Solutions, Banking and Insurance Solutions, Productivity Solutions and Medical IT. We are selling our own software products in all fields and also offering consulting services and implementation know-how for the software solutions of leading international providers.

Our goal in the Experts segment is to continue the recovery begun in the second half of the year while further expanding our position as one of the market leaders in Germany. In particular, the investments already made in 2014 and also in 2015 to develop marketing and the organisation structure are expected to start bearing fruit in 2015. Clear positioning and separation of the business areas under the umbrella of Allgeier Experts SE leads to an improved service offering and, in conjunction with the reinforcement of personnel and structural improvements, is intended to result in more business with existing customers and the recruitment of new customers.

GROUP MANAGEMENT REPORT

In the Projects segment, we develop business-critical software and IT solutions for our customers and support these for many years, which specifically includes further development and subsequent adaptation to new customer requirements. In our assessment, the increasing dependency on tailor-made IT solutions continues to offer significant opportunities for growth in 2015 and we intend to take even better advantage of these. A unique selling proposition compared to other IT and software service providers in Germany is our strong international capability through flexible nearshore and offshore capacities along with the accompanying know-how for serving large customers in the key markets in Europe and the USA. We intend to continue the rapid expansion of this business in Germany but especially also internationally.

Targeted acquisitions are expressly part of the growth strategy in all three segments. In summary, we are able to say that we intend to continue pursuing the strategy already commenced in 2013 and 2014 during the 2015 year, and to further refine it in some aspects compared to 2014.

5.2 RISK MANAGEMENT

5.2.1 Risk management system

The Allgeier Group is exposed to a variety of risks with respect to its business activities. We define risks in the broadest sense as the possibility that we may not reach our financial, operational or strategic goals as planned. Identifying risks and eliminating or mitigating them through suitable management measures is essential to ensure the long-term success of the company. We use tiered risk management and control systems at the level of the Management Board and group controlling of Allgeier SE, and at the level of the divisions and group companies, helping us identify risks and developments that threaten the survival of our company early on. We have combined the elements of a top-down and bottom-up approach. Our risk management and control systems are subject to ongoing further development and adaptation to changing requirements for the group and the environment in which it operates. The Supervisory Board of Allgeier SE reviews the effectiveness of the risk management system at least once a year.

At the level of the group companies, the respective executives and general managers act independently and under their personal responsibility on the basis of their specific business. We have implemented controlling systems and established a management organisation in the individual companies to ensure a high degree of transparency, so that we receive very timely information about the development of the companies. Group management also accompanies and reviews the work of the various executives and general mangers through the corresponding governing bodies such as supervisory boards and shareholders' meetings. The rules of procedure for the management bodies of group companies define clear information and approval requirements. There is also an intensive and regular exchange of information between the management bodies of the various group companies and with group management. In addition to monthly reporting and controlling, quarterly business review meetings are held between the Management Board of Allgeier SE and the management of the various divisions. Business development including established key performance indicators (KPIs), market development and strategy as well as any measures to meet planning targets are discussed in detail at these meetings. Group-wide governing bodies that meet regularly, such as the Management Committee, and an annual finance meeting supplement the regular exchange of information.

Corporate controlling and risk management have been implemented at the level of Allgeier SE. We regularly review its function and efficiency, with adaptations to account for changing conditions. Systemically this is based on integrated planning, controlling and reporting tools that ensure the ongoing business management analysis of the divisions and individual companies up to the group level. Among other things, the system incorporates all key group figures monthly at the holding level. We record and review group liquidity and the liquidity planning of all group companies weekly. Furthermore, we obtain economic performance data and trends, i.e. for sales, orders on hand, incoming orders and the number of employees, in part broken down to the project level, from the individual companies as part of an established routine. These are recorded in a business intelligence system which we use to evaluate the data.

Annual corporate planning in the sense of the budget for the following financial year – consisting of the income statement, budgeted balanced sheet and financial plan – that is approved by the Supervisory Board of Allgeier SE is performed on the basis of bottom-up planning for the divisions and individual companies. This is presented by each division in planning meetings with group management. The budget is supplemented by two-year planning for the following years. We perform a monthly target-actual analysis as well as a comparison to the respective prior-year period, which makes it possible for us to adequately manage both the individual companies and the group. The analysis results are discussed in the quarterly meetings with the management of the various divisions, possible deviations are examined and decisions are reached on corresponding measures where applicable. We have defined an escalation process for significant planning deviations, calling for an immediate, more detailed examination and the initiation of reorganisation steps. After the end of the first quarter of the following financial year, we review the overall planning figures and establish a possible need for adjustments in terms of a forecast.

We also conduct a risk assessment as an additional risk management tool. For this purpose we regularly request individual risk reports from the responsible executives and general managers of the group companies using a professional software tool. These are prepared on the basis of a standardised catalogue of risks according to the various risk classes, including the probability of occurrence and amount of loss. Group-wide uniform methods are used so that it is possible to compare the risk assessments across the three segments. In concrete terms the group therefore has a software-based risk matrix.

Compliance is a topic that is closely linked to risk management. According to the great importance of this issue, both in Germany and internationally, compliance in the Allgeier Group is the monitored by both the Management Board and the Supervisory Board. A comprehensive code of conduct, the Allgeier Compliance Basic Guideline, applies for the entire Allgeier Group and has been implemented in all subsidiaries. This handbook establishes minimum standards. The divisions and group companies may only deviate from these standards in terms of stricter individual rules and procedures. Most group companies have their own handbooks which go beyond the basic guidelines and are individually adapted to the business of the respective company or division. The implementation of and compliance with the basic guideline are ensured in particular through mandatory semi-annual reporting and review by the appointed Compliance Officer of Allgeier SE.

In reviewing and realising enterprise acquisitions or other transactions, the Management Board of Allgeier SE operates subject to the strict duties of care for decisions of particular importance to the Allgeier Group. The Management Board also utilises the expertise and experience of internal advisers regularly, such as members of the Supervisory Board or select persons from within the group, as well as external consultants such as banks, consultants, auditors, tax advisers and lawyers. We conduct an adequate due diligence assessment before conducting transactions. Corresponding contract provisions are implemented to protect against specific risks.

Risks are managed and limited by obtaining insurance coverage when we consider this necessary and expedient in view of the economic benefit. The Allgeier Group has concluded insurance contracts for the significant business risks, in particular group-wide third-party liability and D&O insurance.

The Management Board of Allgeier SE with the support of group controlling regularly evaluates the available information and initiates timely measures to counteract developments as needed. Targeted projects for analysis and the initiation of corresponding measures are carried out in certain cases. The Management Board also reports regularly about the group's current development as well as specific events and decisions to the Supervisory Board of Allgeier SE and involves it in decisions that are of special importance for the group.

5.2.2 Internal control and risk management system in reference to the group accounting process

Through the characteristics of its internal control and risk management system that follow, Allgeier SE for all group companies ensures that the accounting process captures, processes and recognises relevant circumstances fully and accurately in the account records, and that accounting complies with legal requirements. This also ensures that accounting is able to provide the information required for the purpose of controlling and to meet the internal and external reporting obligations reliably and in a timely manner at all times, and that the existing assets cannot be diverted. The key characteristics of the internal control system and risk management system in regards to our accounting process are as follows:

- Material processes relevant to accounting are subject to regular analytical reviews.
- A defined organisation, controlling and monitoring structure has been established.
- Tasks and responsibilities related to the accounting process are clearly assigned.
- The IT systems used in accounting are protected against unauthorised access.
- Standard software products are mainly used in the IT systems relevant for accounting.
- All persons involved in the accounting process meet high quality standards.
- The integrity and accuracy of accounting data are reviewed regularly on the basis of samples and plausibility checks through manual controls.
- All processes of high relevance to accounting are subject to the principle of dual control.
- The relevant risks are covered.

- Among other things, the Supervisory Board examines material accounting and risk management issues.
- A systematic analysis and the control of risk factors as well as risks that could threaten the company's survival are performed through the planning, reporting, controlling and early warning system used in the group.
- Adequate documentation is assured.
- Intercompany balances as well as any unrealised profits on assets are eliminated. Fully capturing these items is assured by the account structure of the companies and additionally by a reporting procedure.

5.3 RISKS

Significant risks that can have a material, detrimental impact on the group's net assets, financial position and results of operations and therefore also the share price are discussed below. This listing of risks is not exclusive. In addition to those named, our group may be exposed to additional risks that can impair the business operations of our group companies. Potential other risks exist which we do not include in the following since they were identified as immaterial.

5.3.1 Market and strategic risks

5.3.1.1 Economic environment

Our market environment is greatly influenced by global and local macroeconomic factors such as the overall economic development in our core markets in Europe and the USA. In particular, the economic situation of our customers which largely also depends on economic developments in the markets relevant for them influences their order placement behaviour in regards to IT spending, and therefore indirectly our business. The same applies to public-sector households, which are influenced in addition by aspects such as government debt and the indebtedness of public households. Our business which mainly consists of providing services for industrial enterprises and trading companies but also public-sector customers is therefore influenced directly and indirectly by general, economic developments to which our customers are exposed and which affect them in different ways. A restrained, volatile or even recessive development of the markets, based for the European market in particular on the government debt crisis in the Eurozone, may cause individual customers to stop placing orders or reduce budgets for IT services. This can have a negative impact on our net assets, financial position and results of operations.

5.3.1.2 Industry-specific market development

There are also other factors in the IT sector that have a significant influence on our business development, such as the dynamic development of technology trends, stiff competition and price pressure as well as a shortage of personnel. The technology transformation in the IT sector is highly significant and progressing rapidly, which can mean both opportunities and risks. Not keeping up or counting on technologies and market segments too long, when they will be overtaken by new trends in the future, can therefore result in major disadvantages and may even threaten survival. Both the worldwide and the German IT market are constantly changing and subject to accompanying consolidation. Large customers in particular, with major requirements and large order volumes, are striving to consolidate their suppliers. This is done on the one hand to improve performance and quality but on the other hand also to significantly reduce costs. Competition within the industry gets tougher as a result, confronting us with the challenge of standing up to cost pressure and competition while even benefiting as the case may be. Some of our competitors are much larger with higher sales than us, and have more extensive resources. Smaller competitors are in part more specialised than us. It is possible that competitors may be able to respond to new market opportunities more effectively and quickly in some cases. For us the scenarios described above may lead to declining sales, falling margins or a negative impact on our market share. On the other hand, we expect that the trend among our customers in favour of outsourcing IT services to a high-performance, flexible partner will continue to intensify. The cost reduction efforts of large corporate groups in particular will however also mean that some IT services will continue to be awarded to lower-cost companies in the emerging markets, especially India. With more than 2,000 highly qualified software developers at nearshore and offshore sites, Allgeier is however in a position to benefit from this development as well. Nevertheless, the realisation of the identified risks can have a negative influence on our business, net assets, financial position and results of operations.

5.3.2 Operational risks

5.3.2.1 Personnel

Dedicated employees committed to entrepreneurial action are a key success factor for our company. This applies to the members of company management, other managers and all employees and holders of know-how within the group companies. In management we are confronted with the risk related to promoting new talent in-house for further growth or recruiting reinforcements externally as the case may be. Replacement solutions need to be developed in a timely manner for the alternation of generations. Finding IT specialists and employees with other skills such as sales in sufficient numbers and with excellent qualifications is an ongoing task for human resources in general. This

is particularly challenging in the boom regions where we are active. Retaining these persons over the long time is essential for us as well. A lack of managers and IT specialists can negatively affect our business development and therefore also our net assets, financial position and results of operations.

5.3.2.2 Customers

Maintaining the relationships with our customers through excellent work and ongoing, good and competent support as well as acquiring new customer orders are key success factors. As a group we have the possibility to offer customers the greatest possible technical and regional coverage through cooperation between several group companies in addition to the expertise and long-term reliability of the individual companies. Nevertheless there is a risk that we may lose key customers, for example due to economic difficulties on the customer side or because of competing offers, or that projects can only be continued with a reduced scope. Next to a large number of midsize customers, we also work for international corporate groups with large projects (with more than 60 customers, we generate annual sales exceeding EUR 1 million). It has already been shown in prior years that eliminating parts of such large projects can have significant effects on the respective group company. However, experience has also shown that the group as a whole can handle such a scenario and replace the loss with new business relatively quickly. Should we fail to accomplish this or be unable to do so quickly enough, this can have a negative impact on our net assets, financial position and results of operations.

5.3.2.3 Products, technology and know-how

IT trends and technology leadership present opportunities and risks as well. The timely recognition of and response to these trends is of immense importance to maintain our competitiveness. Technology transformations and changing requirements, for example in terms of IT security and data privacy, demand continuous innovations with corresponding speed. This also applies for the further development of our own software products. For these there are additional liability and warranty risks in case they do not work properly or as stipulated under contract. Here Allgeier counts on the know-how of its employees and exercises great care in product and solution development. The resources in other geographical locations such as India also help to ensure high performance and excellent quality. In some cases the companies have to rely on partner companies or subcontractors. Should we be unable to adequately respond to changing requirements, our business, net assets, financial position and results of operations may be negatively affected.

5.3.2.4 Contracts and projects

With respect to business operations, our group companies in certain cases assume contractual liability and warranties in contracts with their customers, e.g. with respect to fixed price calculations for project orders or to maintain certain service levels. Good company organisation including project and risk management is crucial in this regard. Concrete legal risks can be partly covered by insurance or claims against third parties. However, the possibility of rework or increased expenditures in some cases cannot be excluded. This can have a negative impact on financial results for the corresponding order or may lead to losses. Liability risks from projects cannot be fully excluded either. Corresponding provisions are recognised by the respective companies insofar as concrete risks arise from contractual liability. The realisation of such contractual and project risks may have a negative impact on our business, net assets, financial position and results of operations.

5.3.2.5 Mergers and acquisitions

In addition to the organic further development of the group companies, our strategy also encompasses strengthening the group through additional acquisitions. Every transaction is associated with significant investments and costs, and bears the risk that the acquired company may not develop as planned or that negative past consequences are assumed notwithstanding due diligence. There is a risk that assets including goodwill that are recognised based on the transaction may have to be written off due to unforeseen developments, which can have a significant impact on annual profit. There is also a risk that the newly acquired company may contributed losses to consolidated earnings, and that a restructuring may be required that would tie up resources and funds which then could not be used for the further development of the group. Financing risks also exist when a transaction is financed partly by debt. This can have a negative impact on our business, net assets, financial position and results of operations. The same applies correspondingly to decisions to dispose of parts of the business. As a rule these decisions are made to take an altered strategic direction for the group or to give up business that does not adequately contribute to the group's future development. Such transactions may also result in contractual risks. The decision to sell a company or part thereof is subject to strategic risks as well. For example, the decision may be made too late or negatively affect the perception of the group in the market or among customers. Finally, structural measures internal to the group such as mergers and integration projects are associated with risks that can have a negative impact on our business, net assets, financial position and results of operations, especially when the planned success is not achieved or not realised as expected, slowing down growth or causing employees to leave the company.

5.3.3 Financial risks

5.3.3.1 Liquidity and credit risks

On the one hand, the Allgeier Group continues to hold a high level of cash and cash equivalents in the amount of EUR 98.0 million as of December 31, 2014 (prior year: EUR 46.7 million). On the other hand, financial liabilities exist in the amount of EUR 125.2 million (prior year: EUR 75.5 million), consisting primarily of liabilities for the borrower's note loan that was taken out. Redemption of these loans at maturity will either require refinancing which is yet to be concluded or must be covered by company funds. There is a risk that redemption at maturity with own funds is not fully possible and adequate refinancing cannot be obtained in time.

The financial liabilities also result in interest and contractual risks due to possible early redemption obligations. There are also risks of compliance with balance sheet and income statement indicators and ratios as well as other requirements, which can lead to the termination of loans and make borrowings come due immediately in case of non-compliance. The worsening of the group’s rating due to negative business developments can significantly influence the group’s financing capabilities and the terms that can be obtained as well. For further details please consult the more detailed description of liquidity risks in the notes to the consolidated financial statements. The group manages its financial risks with the help of accounting ratios as well as ongoing income and balance sheet forecasts, focusing in particular on the short and medium-term development of liquidity. Planned acquisitions of group companies are only carried out when financing these companies does not lead to liquidity and credit risks. The effects of planned acquisitions on the liquidity and credit situation are simulated and tested for feasibility in the course of integrated financial planning. Nevertheless, the unforeseen poorer development of an acquired company can be problematic in regards to financing and compliance with contractually agreed financial covenants.

We conduct talks and negotiations on an ongoing basis to evaluate and examine additional financing for acquisitions and the growth of the group. To the extent new equity or debt is required for our future growth, we depend on the development of the financial and capital markets as well as the ability to access new debt or equity financing.

The future cash flows and the group's liquidity situation can also be negatively influenced by altered customer payment habits, e.g. longer payment terms or default. The default risk for some subsidiaries is covered by insurance. The realisation of one or more of the identified risks can have a significant negative influence on our business, net assets, financial position and results of operations.

5.3.3.2 Hedging policy and financial instruments

The Allgeier Group is exposed to price, interest rate and currency fluctuations with respect to its business activities. The potential for exchange rate risks increases in parallel with ongoing internationalisation. We continuously monitor and evaluate these risks. In some cases we have limited or avoided them through hedging transactions, even though the hedging relationships do not always meet the requirements for hedge accounting according to IAS 39. Specific currency risks between the US dollar and Indian rupee in the Projects segment are covered by forward contracts with a total volume of USD 2 million in order to enable effective planning of business operations. Specific currency risks for financing liabilities in foreign currencies are also hedged at the level of Allgeier SE, for example foreign exchange futures for the conversion of USD 12 million into euros in order to hedge USD payments that will be made in 2015.

An implemented liquidity planning and controlling tool along with cash management systems make possible bottlenecks transparent in a timely manner so that appropriate steps can be taken. Cash and cash equivalents as well as working capital financing in the form of credit lines totalling EUR 5.6 million are available to finance the working capital requirements of the operating companies. A lack of hedging and losses on existing hedging instruments could have negative effects on our business, net assets, financial position and results of operations.

5.3.4 Legal and regulatory risks

5.3.4.1 Legal risks

Business operations are associated with legal risks arising from contracts with customers. These include liability and warranty risks as well as the risk of exceeding costs for specific projects (see Section 5.3.2.4 above). Depending on the type of project, risks may arise from data privacy violations, data loss and damages for business interruptions on the customer side. The violation of contractual obligations in the context of mergers and acquisitions can result in legal disputes. Depending on the jurisdiction where disputes arise, the risk may be elevated due to local conditions. Design of contract issues, e.g. for outsourcing or contracts for work and labour, may lead to legal risks in some cases independently of the underlying regulatory matters if the requirements for such contracts are not adequately considered and implemented. Should we be unable to adequately address the legal risks, this can have a negative impact on our business, net assets, financial position and results of operations.

5.3.4.2 Regulatory and compliance risks

Changes to laws or their interpretation may affect the sales and profitability of the group companies. Should legal conditions change in Germany, e.g. in the areas of taxation and social insurance, employment law, service contracts and contracts for work and labour, this may lead to higher costs or elevated liability risks for the companies. The political debate which resumed in 2014 regarding part-time work and employment on the basis of contracts for work and labour comes to mind here in particular. The time limit on the supply of temporary workers which is currently being discussed has to be evaluated critically in respect to IT projects, since these projects are of a long-term nature in many cases. Individual solutions are already being coordinated with customers in certain cases. Effects on the industry as a whole over the medium term cannot be adequately predicted as of today. The regulatory requirements of employing freelance IT experts as subcontractors are also subject to discussions and changes which are difficult to predict on a case-by-case basis. Regulatory gaps mean there is insufficient legal certainty here in some cases. While the respective group companies, especially in the Experts segment, examine the respective requirements with due diligence and follow all announced changes, even very far-reaching measures and precautions cannot fully and entirely exclude all resulting regulatory and compliance risks.

Regulatory risks in other countries, such as other European states, the USA and India are gaining relevance and increasingly being considered in future business activities due to the international expansion of our business, which is reflected by the increase in foreign sales to EUR 94 million in 2014 (continuing operations). In concrete cases there are tax issues related to the exchange of goods and services and their settlement with respect to transfer pricing. These risks mainly relate to the Projects segment due to the international orientation of its business activities. There are also risks associated with financing group companies and the related rules for the declaration of loans and the deductibility of interest on such financing instruments. Should we be unable to adequately respond to these requirements, our business, net assets, financial position and results of operations may be negatively affected.

5.3.5 Overview of the group's risk position

The most relevant risks for the Allgeier Group were presented in the four preceding sections "5.3.1 Market and strategic risks", "5.3.2 Operational risks", "5.3.3 Financial risks" and "5.3.4 Legal and regulatory risks". In view of the probability of occurrence and possible effects, we consider the risks resulting from the economic environment and market development to be the most significant at this time. We believe we are adequately taking the group's risk situation into account with our risk and control systems, which are continuously reviewed and adapted. Overall the risk landscape for Allgeier has not changed significantly in the past financial year compared to the prior year. At this point we have not identified any risks that, alone or if they materialise together, could endanger the continued survival of our group. Therefore the Management Board is convinced that Allgeier can continue to successfully master the challenges resulting from the above-mentioned risks.

5.4 OPPORTUNITIES

Aside from the risks described above, the Allgeier Group beyond business development already included in concrete planning has additional opportunities to improve the service offering and its competitive position. The Management Board sees these in the following aspects in particular:

Acquisitions

Corporate planning for the 2015 financial year does not include any concrete acquisitions since these usually cannot be planned in advance on a case-by-case basis. Nevertheless acquisitions are intended to constitute an integral element of further company development. Corresponding to the risks from acquisitions described above, these also constitute a significant opportunity to speed up growth and pursue the further, targeted and strategic expansion of the group. Accordingly other portfolio changes such as the sale of individual divisions may also harbour opportunities for the realignment of the group.

Employees

As the group grows, the factors that make our company attractive for new employees are improved as well. Increased international cooperation and working on complex, challenging projects with the associated more extensive know-how make working for Allgeier increasingly attractive for new employees. The prospect of being able to actively help shape future value creation and success primarily attracts managers who represent a significant enrichment of our teams and strengthen the group. This also applies to the colleagues gained through acquisitions. In this context, it will also be essential to establish and/or further develop the right incentive systems in the group.

Technologies and markets

The possibility of developing or expanding technology know-how, especially for trend technologies, constitutes another opportunity that gains importance with the ongoing development of the group. The IT sector is subject to significant changes that mean tremendous opportunities in addition to the previously described risks. Entirely new business areas are going to develop with great growth opportunities and possibilities for differentiation from competitors. Once again acquisitions in addition to organic growth can play a crucial role in dynamic further development. The same applies to entry in new market segments and their development – regionally and in regards to industries. Once again new opportunities are created here by growth and acquisitions.

Processes and systems

Finally, we also see opportunities for our future development in the continuous improvement of our internal organisation and cooperation through the improvement of the systems and defined processes that are used. Coming from an environment that is very much defined by midsize companies, investments in uniform systems only become expedient and affordable with increasing size. This can support the realisation of synergies and shared potential or make it possible and meaningful in the first place. The continuous improvement of internal company processes is closely related. This applies to internal cooperation within the group, for example by sharing know-how and available resources or in customer relationships, and to the more efficient implementation of customer projects and the quality of our work.

6. COMPENSATION REPORT

6.1 COMPENSATION FOR MEMBERS OF THE MANAGEMENT BOARD

The compensation for members of the Management Board is based on the group's economic and financial development, taking into account the responsibilities and performance of the respective Management Board member. It offers incentives for successful company management aimed at sustainability. The Management Board compensation system is approved and reviewed at regular intervals by the Supervisory Board.

In the 2014 financial year, the compensation for members of the Management Board consisted of the following elements: (i) a fixed annual salary and (ii) variable compensation in the form of a bonus linked to consolidated earnings. One-twelfth of the fixed annual salary is paid out as a monthly salary. Caps on variable compensation are established for all members of the Management Board.

The Management Board also receives common fringe benefits such as the use of a company car and health or pension insurance subsidies as permitted by law.

In 2014 a member of the Management Board received its compensation for part of the year through a related company under a management supply contract. The resulting expenditure is reported under other operating expenses.

Compensation for the Management Board in 2014 totalled EUR 1,642 thousand (prior year: EUR 1.643 thousand).

The total compensation (including compensation agreed under a management supply contract) without stock options consisted of (i) fixed annual salaries totalling EUR 1,042 thousand (prior year: EUR 814 thousand) and (ii) variable compensation totalling EUR 600 thousand (prior year: EUR 829 thousand).

The members of the Management Board hold a total of 380,000 stock options which were issued in 2012. They can first be exercised no sooner than after four years. Adjustments to the measurement of the stock options in the 2014 financial year resulted in personnel expenses of EUR 4 thousand (prior year: EUR 11 thousand).

The disclosure of Management Board compensation broken down by members for the reporting periods up to December 31, 2015 is omitted according to the resolution of the shareholders' meeting on June 21, 2011.

6.2 COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

Compensation for the Supervisory Board was established by the shareholders' meeting on June 21, 2011 and is regulated by Section 13 of the company's bylaws. Supervisory Board compensation is based on the tasks and responsibilities of the Supervisory Board and the company's economic and financial development. The compensation of the Supervisory Board consists of (i) fixed compensation (fixed annual salary and attendance fees) and (ii) variable compensation depending on consolidated earnings, subject to a cap. A higher fixed salary is paid to the Chairperson of the Supervisory Board. Compensation for the Supervisory Board in 2014 totalled EUR 327 thousand (prior year: EUR 435 thousand). The total compensation is composed of (i) fixed compensation including attendance fees totalling EUR 108 thousand (prior year: EUR 108 thousand) and (ii) variable compensation totalling EUR 219 thousand (prior year: EUR 327 thousand) thousand). The disclosure of Supervisory Board compensation broken down by members for the reporting periods up to December 31, 2015 is omitted according to the resolution of the shareholders' meeting on June 21, 2011.

In the 2014 financial year, members of the Supervisory Board did not provide any consulting services (prior year: EUR 3 thousand).

7. TAKEOVER-RELATED INFORMATION (ACCORDING TO SECTION 289, PARAGRAPH 4 AND SECTION 315, PARAGRAPH 4 OF THE GERMAN COMMERCIAL CODE (HGB)) AND EXPLANATORY REPORT (PART OF THE GROUP MANAGEMENT REPORT)

7.1 COMPOSITION OF SUBSCRIBED CAPITAL

The subscribed capital of Allgeier SE on the reporting date of December 31, 2014 at EUR 9,071,500 (prior year: EUR 9,071,500) was divided into 9,071,500 no-par bearer shares. The calculated value per share based on capital stock is EUR 1.00. All of the company's no-par shares are of the same class. The shares are fully paid up.

There is only one class of shares. All shares have the same rights and obligations. In particular, each share has one vote in the shareholders' meeting. Shares held by the company constitute an exception since the company has no rights in regards to these shares. The company's shares are listed in the regulated market of the Frankfurt Stock Exchange (General Standard). Rights and obligations associated with the company's shares are defined in the bylaws and, in addition, the SE-VO and SE Implementation Act as well as the German Stock Corporation Act (AktG).

7.2 RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES

The Management Board is not aware of any restrictions on voting rights or the transfer of shares.

7.3 SHAREHOLDINGS EXCEEDING 10 PERCENT OF THE VOTING RIGHTS

The following persons hold direct or indirect investments that exceed 10 % of the voting rights of Allgeier SE – measured according to the total number of voting rights at 9,071,500:

The Chairperson of the Supervisory Board, Mr. Detlef Dinsel, Germany, directly and indirectly holds an investment of 11.42 percent.

Lantano Beteiligungen GmbH, Munich, directly holds an investment of 27.57 percent. The Chairperson of the Management Board, Mr. Carl Georg Dürschmidt, Germany, indirectly holds an investment of 27.57 percent through the full allocation of voting rights held by Lantano Beteiligungen GmbH. The voting rights of Lantano Beteiligungen GmbH are also allocated in full to the family members Ms. Dr. Christa Kleine-Dürschmidt, Ms. Laura Dürschmidt and Ms. Linda Dürschmidt so that these also indirectly hold an investment of 27.57 percent through Lantano Beteiligungen GmbH. Ms. Dr. Kleine-Dürschmidt also holds an additional indirect investment, and therefore reported a total investment of 29.99 percent including the voting rights allocated through Lantano Beteiligungen GmbH.

Other direct or indirect investments that exceed 10 percent of the voting rights were not reported to the company and are not otherwise known.

7.4 SHARES WITH SPECIAL RIGHTS THAT CONFER CONTROL

The company has no shares that confer special rights, especially rights of control over the company, for their owners compared to the remaining shareholders.

7.5 TYPE OF VOTING RIGHTS CONTROL, WHEN EMPLOYEES HOLD AN INTEREST IN SHARE CAPITAL AND DO NOT MAKE USE OF THEIR CONTROL RIGHTS DIRECTLY

The Management Board is not aware of any employee investments in the company's capital where employees do not exercise the control rights for their investment directly.

7.6 LEGAL REGULATIONS AND PROVISIONS OF THE BYLAWS REGARDING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND CHANGES TO THE BYLAWS

The requirements for appointing and dismissing members of the Management Board and amending the bylaws are defined in the provisions of the bylaws, the SE-VO, the SE Implementation Act and the German Stock Corporation Act. According to Section 6.1 of our bylaws and Article 39 of the SE-VO, the Management Board consists of one or more persons; the number of members of the Management Board is determined by the Supervisory Board.

According to Section 6.1 of the bylaws and Section 84 of the German Stock Corporation Act (AktG), the Supervisory Board can appoint a Chairperson of the Management Board. If a required member of the Management Board is missing, the courts pursuant to Section 85 of the German Stock Corporation Act (AktG) shall appoint the member in urgent cases by application of a shareholder. According to Article 39 of the SE-VO and Section 84 of the German Stock Corporation Act (AktG), the Supervisory Board can revoke the appointment of members of the Management Board and the Chairperson for an important reason. According to Article 46 of the SE-VO and Section 6.2 of our bylaws, members of the Management Board are appointed for a maximum of six years. Repeat appointments are permitted according to Article 46 of the SE-VO and Section 6.1 of our bylaws. The Supervisory Board appoints the members of the Management Board by resolution with a simple majority of the votes cast.

Amendments to the bylaws require a resolution by the shareholders' meeting. According to Article 59 of the SE-VO, Section 51 of the SE Implementation Act and Section 18.2 of the bylaws, a resolution to amend the bylaws, insofar as there are no mandatory legal regulations to the contrary, requires a majority of two-thirds of the votes cast or the simple majority of the votes cast insofar as at least half of the share capital is represented. The bylaws therefore make use of the option pursuant to Section 51 of the SE Implementation Act. A larger majority is prescribed in Section 51 of the SE Implementation Act, e.g. for changing the object of the company or for relocating the registered office to another member state. The Supervisory Board is authorised pursuant to Section 14.2 of our bylaws and Section 179 of the German Stock Corporation Act (AktG) to pass amendments to the bylaws that only affect the wording.

7.7 AUTHORISATION OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

7.7.1 Authorised capital

The Management Board with the approval of the Supervisory Board is authorised to increase the share capital of the company one or more times until June 16, 2019 by a total of up to EUR 2,267,875 by issuing up to 2,267,875 new no-par shares in exchange for cash contributions or contributions in kind (Authorised Capital I).

The Management Board with the approval of the Supervisory Board is also authorised to increase the share capital of the company one or more times until June 20, 2016 by a total of up to EUR 2,267,875 by issuing up to 2,267,875 new no-par shares in exchange for cash contributions or contributions in kind (Authorised Capital II).

For the authorised capital in both cases, the Management Board with the approval of the Supervisory Board can also exclude statutory shareholder subscription rights for the following cases:

a) For a rights issue for odd lot amounts resulting from the subscription ratio.

b) For a capital increase in exchange for contributions in kind to purchase companies or investments in companies when the purchase is in the interest of the company.

c) For a capital increase in exchange for cash contributions, for a proportion of authorised capital in the amount of up to EUR 453,575 insofar as the issue price of the new shares does not fall significantly below the stock market price.

On December 31, 2014 Allgeier SE had authorised capital with a total nominal value of EUR 4,535,750. Further details are regulated by Section 4 of the bylaws.

7.7.2 Conditional capital

By resolution of the shareholders' meeting on June 18, 2013, the share capital of the company is conditionally increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par bearer shares (Conditional Capital 2013). The conditional capital 2013 is intended for serving convertible bonds, warrant bonds and/or income bonds or participation rights with conversion or option rights, which may be issued by the company itself or a company in which it holds a direct or indirect majority, until June 17, 2018. Allgeier SE has not issued any corresponding conversion or option rights to date.

The company’s share capital is conditionally increased by up to EUR 460,000 (conditional capital 2010). The conditional capital 2010 is intended for serving option rights according to the stock option plan 2010. By resolution of the shareholders' meeting on June 17, 2014 the conditional capital originally created by resolution of the shareholders' meeting on June 17, 2010 in the amount of EUR 750,000 was revoked in the amount of EUR 290,000 since this had not been utilised. The authorisation to issue subscription rights for the company’s no-par shares from the conditional capital 2010 expires on June 16, 2015.

By resolution of the shareholders' meeting on June 17, 2014 the share capital of the company is also conditionally increased by up to EUR 440,000 by issuing up to 440,000 new no-par bearer shares (Conditional Capital 2014). The conditional capital 2014 is intended for exercising option rights under the stock option plan 2014 that can be issued by the company until June 16, 2019.

7.7.3 Purchase of treasury shares

Finally, the Management Board by resolution of the shareholders' meeting on June 17, 2014 is authorised to acquire the company's own shares until June 16, 2019 with a volume of up to 907,150 shares (10 percent of the capital stock) subject to the condition that these together with other treasury shares already acquired and still held by the company or allocated to the company pursuant to Section 71a ff. of the German Stock Corporation Act (AktG) do not exceed 10 percent of the share capital. The company's own shares can be purchased through the stock exchange or a public offer to buy. With the approval of the Supervisory Board, the Management Board is authorised to use the treasury shares acquired pursuant to Section 71, Paragraph 1, No. 8 of the Stock Corporation Act (AktG) for all purposes permitted by law, in particular (i) to resell them, (ii) to use them as compensation for a third-party contribution in kind to the company, (iii) to use them for exercising conversion or option rights, (iv) to use them for issuing shares to employees or retract them with no further resolution of the shareholders' meeting.

On July 29, 2014 the Management Board decided to repurchase up to 800,000 shares based on the preceding authorisation by April 30, 2015. The main objective of the stock repurchase is to use the shares as compensation for the purchase of companies or parts (assets) of companies or investments in companies.

On the reporting date of December 31, 2014 Allgeier SE and a subsidiary held a total of 151,199 treasury shares (prior year: 246,579 shares, corresponding to about 1.67 percent of the capital stock (prior year: approx. 2.7percent).

7.8 IMPORTANT AGREEMENTS OF THE COMPANY THAT ARE CONDITIONAL ON A CHANGE OF CONTROL DUE TO A TAKEOVER OFFER

Some credit agreements contain provisions linking legal consequences to a majority takeover or control exceeding 50 percent or a disposal of material company assets.

7.9 COMPENSATION AGREEMENT OF THE COMPANY CONCLUDED WITH THE MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN CASE OF A TAKEOVER OFFER

In case of a change in control, that is if a third party gains control of the company in terms of Section 29, Paragraph 2, Section 30 of the Securities Acquisition and Takeover Act (WpÜG), a member of the Management Board has the right to terminate the employment contract. Exercising the right results in a gratuity claim limited to one year's compensation. Allgeier SE has not entered into any other compensation agreements with members of the Management Board or employees in case of a takeover offer.

8. CORPORATE GOVERNANCE STATEMENT ACCORDING TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

The corporate governance statement pursuant to Section 289a of the German Commercial Code (HGB) is part of the management report. However, the information it contains is not included in the audit according to Section 317, Paragraph 2, Sentence 3 HGB. The corporate governance statement pursuant to Section 289a of the German Commercial Code (HGB) is found below in the corporate governance report (Section B.1.9).

B. CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE REPORT

In the following, we are reporting on corporate governance and its principal characteristics in the Allgeier Group, including the statement of compliance with the German corporate governance codex, the compensation report and other disclosures according to the provisions of the German Commercial Code (HGB). Good corporate governance is indispensable for sustained entrepreneurial success. The applicable standards for the corporate governance of Allgeier SE are the regulations of Directive (EC) no. 2157/2001 of October 8, 2001 on the statute of the European Union (SE) (SE directive or SE-VO) as well as the SE Implementation Act and the SE Investment Act, the German Stock Corporation Act (AktG), the provisions of the company's bylaws and the rules of procedure for the Management Board and Supervisory Board as well as the provisions of the German Corporate Governance Codex, insofar as we follow its recommendations.

1.1 Corporate charta of the Societas Europaea (SE)

Since the entry in the commercial register on May 3, 2012, Allgeier Holding Aktiengesellschaft is a European company, the Societas Europaea (SE). As a European company, Allgeier SE in addition to the provisions of the German Stock Corporation Act (AktG) is subject to the special European and German regulations for the European company. The essential characteristics of the previous corporate charta, in particular the dual management system consisting of a Management Board and Supervisory Board, were retained.

Cooperation between the Management Board and Supervisory Board is aligned with the interests of the company and the shareholders in the successful further development of the Allgeier Group's existing business and the ongoing increase in the group's value through further acquisitions. That being said, the group's strategic direction is also subject to regular reviews and adjustments as required. The Management Board and Supervisory Board work together closely in the interest of the company.

1.2 Supervisory Board

The Supervisory Board of Allgeier SE consists of three members. The current Supervisory Board was elected in the shareholders' meeting on June 18, 2013. For the Supervisory Board of Allgeier SE, the term in office ends with the end of the regular shareholders' meeting for the 2017 financial year but no later than six years after being elected.

The Supervisory Board advises the Management Board in the management of the company and monitors its activities. Due to the number of members, the Supervisory Board has not formed any committees. In addition to the responsibilities established by law, such as appointing the members of the Management Board and establishing the compensation system for members of the Management Board, controlling the company's economic development including planning for future financial years, reviewing risk management and the internal control system as well as reviewing and approving the annual financial statements and the proposed appropriation of accumulated profits, the Supervisory Board mainly deals with matters that require the approval of the Supervisory Board according to the rules of procedure for the Management Board.

Deliberations and decisions regarding proposed acquisitions constitute a focal point of the Supervisory Board's activities. The Supervisory Board is also involved in all decisions that are of fundamental importance for the company, such as strategic further development or important specific matters. For this purpose there is a regular exchange of information between the Management Board and members of the Supervisory Board and especially its Chairperson. The details of cooperation between the Supervisory Board members are established in a code of procedure for the Supervisory Board. The Supervisory Board has set various goals for itself pursuant to Section 5.4.1 of the German Corporate Governance Codex: The primary objective is to ensure that the Supervisory Board properly meets its advisory and monitoring obligations in the proposed composition and that the members have the required knowledge, skills and experience in order to meet their responsibilities optimally and responsibly. For Allgeier SE, whose bylaws call for a Supervisory Board consisting of three members, this means in concrete terms that the following qualifications in particular should be present in the Supervisory Board if possible: the qualification as an independent finance expert expressly required by law, the ability to evaluate companies in the service sector (not limited to just the IT business), the ability to evaluate acquisition opportunities domestically and abroad along with corresponding transaction experience, and experience with the organisation and procedures of a fast-growing group in a holding structure. Due to the ongoing internationalisation of the Allgeier Group, the Supervisory Board shall have a sufficient number of members with international experience. Furthermore, the composition of the Supervisory Board must make it possible for the Supervisory Board to work efficiently and for its members to have adequate capacities for this responsible task.

The Supervisory Board shall have an adequate number of independent members. The Supervisory Board deems that a member is not independent if, for example, the member is in a personal or business relationship with Allgeier SE that may lead to a significant and not only temporary conflict of interests. Due to the current number of three Supervisory Board members, the Supervisory Board shall have at least one independent member pursuant to Section 5.4.2 of the German Corporate Governance Codex. Furthermore, the Supervisory Board shall not have more than two former members of the Management Board. Finally, Supervisory Board members shall not be members of governing bodies or act in an advisory capacity for major competitors of the company.

Another objective of the Supervisory Board is that, when several candidates with similar, suitable technical qualifications are being considered for future appointments, those candidates are to be preferred that correspondingly enrich the composition in view of their gender, nationality or other characteristics in favour of the desired diversity pursuant to Section 5.4.1, Paragraph 2 of the German Corporate Governance Codex. However, the Supervisory Board in principle does not consider rigid quotas to be an adequate tool. Nevertheless, the Supervisory Board welcomes the legal obligation to establish targets for increasing the proportion of women on the Supervisory Board and Management Board. In regards to the specification of an age limit, the company deviates from the recommendations of the German Corporate Governance Codex since a fixed age limit can constitute an undesirable exclusion criterion.

The Supervisory Board has implemented the objectives it set for itself as described below:

In its resolution regarding the nominations, the Supervisory Board in addition to the applicable legal requirements and the provisions of the German Corporate Governance Codex and rules of procedure for the Supervisory Board took its established objectives into account in particular. The Supervisory Board is composed of Mr. Detlef Dinsel, Mr. Thies Eggers and Mr. Christian Eggenberger. Mr. Dinsel and Mr. Eggers are Germans and Mr. Eggenberger is a Swiss citizen. They are members of different occupational groups and have been active internationally for many years, especially in the service sector and the M&A business.

The recommendation of the German Corporate Governance Codex was also observed, according to which the Supervisory Board should not have more than two former members of the Management Board; currently the Supervisory Board only has one former member of the Management Board who held this office more than 6 years ago.

For further details regarding the composition of the Supervisory Board, see the consolidated notes under G. Other disclosures IV. Bodies of the parent company. Information on the concrete activities is found in the report of the Supervisory Board.

1.3 Management Board

The Management Board is responsible for the management and leadership of the company. It manages the company under its own responsibility. In the past financial year, the Management Board of Allgeier SE consisted of four members, Mr. Carl Georg Dürschmidt (Chairperson), Mr. Manas Fuloria (since March 3, 2014), Mr. Dr. Marcus Goedsche and Mr. Hubert Rohrer.

Mr. Carl Georg Dürschmidt and Mr. Dr. Marcus Goedsche have individual signing authority. Mr. Manas Fuloria and Mr. Hubert Rohrer have joint signing authority. In its function as the governing body of the Allgeier Group, the Management Board is responsible in particular for the strategy to support the group's further development and works towards the objective of lasting value creation and increasing the value of the group. The principle of joint responsibility applies, i.e. the members of the Management Board are jointly responsible for corporate governance as a whole. Based on the corporate structure of the Allgeier Group and the specific position of Allgeier SE as the holding company with the associated tasks, there was no strict assignment of duties within the Management Board in the past financial year the way this is commonly seen in companies with a classic management structure. Nevertheless, the tasks and responsibilities within the Management Board are assigned according to corresponding focal points and technical qualifications. The Management Board did not form any committees due to its size.

Key decisions, for example concerning proposed acquisitions, are made by the entire Management Board.

Details regarding cooperation within the Management Board and with the Supervisory Board are established in the rules of procedure for the Management Board. Next to Section 9 of the Allgeier SE bylaws, the rules of procedure for the Management Board also contain a catalogue of transactions for which the Management Board requires the consent of the Supervisory Board. The Management Board works closely with the managers at Allgeier Management AG and Allgeier Group Executives AG as well as external consultants. Another level of company management within the Allgeier Group is formed by the executives and general managers as well as the supervisory bodies of the various operational group companies. With respect to the role of a shareholder or in the function of supervisory bodies for the group companies, the Management Board of Allgeier SE carries out a controlling, coordination and management function to the extent permitted by law.

For further details regarding the composition of the Management Board, see the consolidated notes under G. Other disclosures IV. Bodies of the parent company.

1.4 Shareholders' meeting

Our shareholders exercise their rights in the shareholders' meeting. The regular annual shareholders' meeting for a past financial year is held within the first six months of the following financial year, in which the Management Board and Supervisory Board answer to the shareholders regarding the past financial year. Each share confers one vote for voting on resolutions. We support voting by our shareholders by providing a voting rights representative, who exercises voting rights solely according to the directives of the respective shareholder.

The shareholders' meeting elects the members of the Supervisory Board. It decides on the appropriation of accumulated profits, relieving the Management Board and Supervisory Board, and appointing the auditor. Furthermore, the shareholders' meeting is responsible for passing resolutions for amending the bylaws, corporate actions, company agreements and the compensation of the Supervisory Board.

1.5 Shareholdings of the Management Board and Supervisory Board

On December 31, 2014 the members of the Management Board directly and indirectly held a total of 2,587,155 shares of Allgeier SE (prior year: 2,550,780). On December 31, 2014 the members of the Supervisory Board directly and indirectly held a total of 1,321,313 shares of Allgeier SE (prior year: 1,264,993).

1.6 Directors' dealings

Reportable transactions with Allgeier SE shares pursuant to Section 15a of the Securities Trading Act (WpHG) by a member of the Management Board or Supervisory Board, or a person associated with a member, were properly reported in the past financial year.

1.7 Comprehensive and transparent communication

We inform shareholders, shareholder representatives, analysts, media and the interested public, regularly and in a timely manner, regarding the company's current business development and position. The various groups of persons are treated equally in doing so. With the annual report, semi-annual financial report and two interim business reports, we report on current business developments as well as the financial position and results of operations four times a year, in particular to our shareholders. In order to ensure that the financial reports are prepared with due diligence, we publish them within the statutory terms.

We also use our website extensively in order to inform our shareholders and all other persons associated with the company, for example by publishing a financial calendar, ad-hoc releases, analyst presentations and press releases in addition to our financial reports.

1.8 Accounting and audits

The individual financial statements of Allgeier SE are prepared according to the German Commercial Code (HGB), the consolidated financial statements of Allgeier SE according to the International Financial Reporting Standards (IFRS). The individual financial statements and consolidated financial statements were audited by the audit firm LOHR + COMPANY GmbH, Düsseldorf.

1.9 Corporate governance statement pursuant to Section 289a of the German Commercial Code (HGB) (part of the group management report)

The corporate governance statement pursuant to Section 289a of the German Commercial Code (HGB) is part of the management report. However, the information it contains is not included in the audit according to Section 317, Paragraph 2, Sentence 3 HGB.

1.9.1 Statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)

Statement of the Management Board and Supervisory Board of Allgeier SE on the GermanCorporate Governance Codex pursuant to Section 161 of the German Stock Corporation Act (AktG): Since issuing the last statement of compliance in March of 2014, Allgeier SE has complied with the recommendations of the "Government Commission German Corporate Governance Codex" published by the Federal Ministry of Justice in the version dated May 13, 2013 as well as the recommendation of the German Corporate Governance Codex in the version dated May June 24, 2014 since their publication, with the exception of Section 3.8, Paragraph 3 (deductible amount for D&O insurance for the Supervisory Board), Section 4.2.3, Paragraph 4, Sentence 1 and 3 (gratuity cap), Section 4.2.4 (individual disclosure of management board compensation), Section 4.2.5, Paragraph 3, Sentence 1 and 2 (individual disclosure of management board compensation according to sample table), Section 5.1.2, Paragraph 2, Sentence 3 and Section 5.4.1, Paragraph 2, Sentence 1 (established age limit), Section 5.4.6, Paragraph 3 (disclosing the compensation of supervisory board members), Section 6.3, Sentence 1 (disclosure of shareholdings exceeding 1%) and Section 7.1.2, Sentence 4 (accessibility of the consolidated financial statements and interim reports). Allgeier SE shall continue complying with these recommendations in the future, with the following deviations:

1.9.1.1 Codex Section 3.8, Paragraph 3
"A corresponding deductible shall be defined in D&O insurance for the Supervisory Board."

A deductible according to the legal requirements is defined in the D&O insurance for the Management Board. For the Supervisory Board, such a deductible is not prescribed by law. There is leeway to assess the appropriateness of such a provision, taking into account the differences in the character and scope of the responsibilities of the Management Board and Supervisory Board. The company shall monitor further developments regarding the appropriateness of the D&O insurance and deductibles going forward and review possible needs for changes.

1.9.1.2 Codex Section 4.2.3, Paragraph 4, Sentence 1 and 3
"When concluding contracts for members of the management board, provisions shall be put in place to ensure that payments to a management board member when management board activities end early, including fringe benefits, do not exceed twice the value of the annual compensation (gratuity cap) and do not compensate for more than the remaining term of the employment contract. ... The overall compensation in the past financial year and, if applicable, also the expected overall compensation for the current financial year shall be used for the calculation of the gratuity cap."

It is the opinion of the Supervisory Board that appropriate contracts can be drafted without a general gratuity cap depending on the term and other parameters. The premature termination of contracts with members of the Management Board that are concluded for a fixed term with no provision for orderly cancellation has to be evaluated and negotiated based on the circumstances on a case-by-case basis. In evaluating the appropriateness of terms and conditions for terminating a contract prematurely, the question of a gratuity cap is merely one of several aspects that need to be dutifully examined by the Supervisory Board. The Supervisory Board reserves the right to examine and design each aspect individually, since establishing a general cap does not relieve it from this duty to review and evaluate each case.

1.9.1.3 Codex Section 4.2.4
By way of precaution, the Management Board and Supervisory Board point out that the shareholders' meeting decided not to disclose the compensation of the Management Board individually and by naming each member of the Management Board. In keeping with the applicable legal regulations, disclosure takes place annually in the annual report for the Management Board as a whole, broken down into fixed and variable compensation.

1.9.1.4 Codex Section 4.2.5, Paragraph 3, Sentence 1 and 2
"Furthermore, the compensation report shall present the following for each member of the management board for financial years beginning on or after December 31, 2013:

- Benefits granted in the year under review, including fringe benefits; for variable compensation, supplemented by the possible maximum and minimum compensation.
- Amounts received in and/or for the period under review including fixed compensation, short-term variable compensation and long-term variable compensation, differentiated by the respective years of receipt.
- For retirement and other pension benefits, the cost of benefits in and/or for the period under review.

The sample tables in the annex are to be used for this information."

The shareholders' meeting decided not to disclose the compensation of the Management Board individually and by naming each member of the Management Board. Disclosure complies with the applicable legal regulations and the recommendations of the Corporate Governance Codex for the Management Board as a whole.

1.9.1.5 Codex Section 5.1.2, Paragraph 2, Sentence 3 and Section 5.4.1, Paragraph 2, Sentence 1
"An age limit shall be established for members of the management board." "The supervisory board shall establish concrete objectives for this composition, that ... take an age limit to be established for supervisory board members ... into account."

CORPORATE GOVERNANCE

In making decisions to fill Management Board positions and for nominations of Supervisory Board members, evaluating the personal and technical suitability of the candidates for the company is crucial. This evaluation must be performed on a case-by-case basis after an extensive examination of suitability and taking into account all relevant persons. There is no justification for establishing a general age limit which merely constitutes one criterion. In fact, a rigid age limit could constitute an unwanted criterion excluding qualified Management Board or Supervisory Board members.

1.9.1.6 Codex Section 5.4.6 Paragraph 3
"The compensation for members of the supervisory board shall be disclosed individually in the notes or the management report, broken down into its elements. Compensation paid by the company to members of the supervisory board or benefits granted for personally provided services, in particular consulting and brokerage services, shall also be disclosed individually."

In keeping with the way the disclosure of Management Board compensation is handled, the company also does not consider the individual disclosure of Supervisory Board compensation appropriate and necessary for the size of the company and the Supervisory Board. The provisions for Supervisory Board compensation in the bylaws and the disclosure of overall compensation and its structure as well as the compensation for other services in the annual report result in adequate transparency.

1.9.1.7 Codex Section 6.3, Paragraph 1
"Beyond the statutory obligation to promptly disclose and publish transactions with the company's shares, the ownership of the company's shares or related financial instruments by the Management Board and Supervisory Board shall be disclosed if it exceeds 1 %, directly or indirectly, of the shares issued by the company."

The total number of shares respectively held by the Management Board and Supervisory Board is disclosed separately in the annual report. Furthermore, the company is of the opinion that adequate transparency is assured by the statutory reporting and disclosure obligations for directors' dealings and upon reaching, exceeding or falling below the statutory reporting thresholds.

1.9.1.7 Codex Section 7.1.2, Sentence 4
"The consolidated financial statements shall be available to the public within 90 days after the end of the financial year, the interim reports within 45 days after the end of the reporting period."

The company emphasises the accuracy and integrity of the respective financial statements and reports. Providing the shareholders with the respective financial statements and reports as quickly as possible is an objective of the company. Nevertheless, the company reserves the right to utilise the statutory time limits for publication in each case if this is required in order to properly prepare and review the financial statements and reports.

1.9.2 Information on company management practices
The company management practices are discussed in greater detail in the corporate governance report above.

1.9.3 Procedures of the Management Board and Supervisory Board
The procedures of the Management Board and Supervisory Board are described in the corporate governance report under points 1.2 Supervisory Board and 1.3 Management Board. The Management Board and Supervisory Board did not form any committees.

2. COMPENSATION REPORT (part of the group management report)

The compensation report information is found in the group management report (Section A.6).

3. TAKEOVER-RELATED INFORMATION (according to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code (HGB)) AND EXPLANATORY REPORT (part of the group management report)

The takeover-related information (according to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code (HGB)) and the explanatory report are found in the group management report (Section A.7).

Munich, April 2, 2015

Carl Georg Dürschmidt Management Board	Manas Fuloria (PhD) Management Board	Dr. Marcus Goedsche Management Board	Hubert Rohrer Management Board

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2014 FINANCIAL YEAR

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET OF ALLGEIER SE, MUNICH, DECEMBER 31, 2014

CONSOLIDATED BALANCE SHEET (in EUR thousand)

ASSETS	Notes	December 31, 2014	December 31, 2013
Intangible assets	1	122.731	117.937
Property, plant and equipment	2	11.360	10.792
At-equity investments	3	0	78
Other financial investments		24	23
Other non-current financial assets	4	5.928	571
Other non-current assets	5	129	154
Deferred tax assets	6	3.025	1.359
Non-current assets		**143.197**	**130.915**
Inventories	7	3.112	3.062
Trade receivables	8	69.729	73.268
Other current financial assets	4	8.109	9.106
Other current assets	5	6.166	5.862
Income tax receivables		1.512	1.876
Cash and cash equivalents	9	97.993	46.653
Assets held for disposal		0	18.576
Current assets		**186.620**	**158.403**
Assets		**329.818**	**289.318**

CONSOLIDATED BALANCE SHEET (in EUR thousand)

EQUITY AND LIABILITIES	Notes	December 31, 2014	December 31, 2013
Subscribed capital	10	9.072	9.072
Capital reserves	11	16.929	16.925
Retained earnings	12	102	102
Own shares	13	-1.379	-1.971
Profit carried forward	14	65.311	66.575
Results for the period		2.065	3.539
Changes in equity recognised directly in equity	15	4.498	-1.927
Equity share of shareholders of the parent company		**96.598**	**92.315**
Equity share of shareholders with non-controlling interest	16	4.064	2.429
Equity		**100.663**	**94.744**
Non-current financial liabilities	17	110.290	70.831
Pension provisions	18	1.913	1.256
Other non-current provisions	21	1.120	766
Other non-current financial liabilities	19	5.549	12.030
Other non-current liabilities	20	29	119
Deferred tax liabilities	6	7.736	7.702
Non-current liabilities		**126.637**	**92.704**
Current financial liabilities	17	14.957	4.716
Other current provisions	21	10.469	11.387
Trade payables		28.128	29.404
Other current financial liabilities	19	32.486	28.770
Other liabilities	20	9.944	9.537
Income tax liabilities		6.534	6.859
Liabilities held for disposal		0	11.198
Current liabilities		**102.518**	**101.871**
Liabilities		**329.818**	**289.318**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, JANUARY 1 TO DECEMBER 31, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR thousand)

		Total		Discontinued operations		Continuing operations	
Income statement	**Notes**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenues		456.456	477.643	28.234	62.867	428.222	414.776
Changes in inventory of finished goods and work in progress		2.024	515	2.208	-175	-184	690
Other capitalised company-produced assets		0	57	0	57	0	0
Other operating income	23	8.299	9.152	1.223	1.336	7.076	7.816
Material costs	24	187.678	225.133	17.117	37.023	170.561	188.110
Personnel expenses	25	202.511	185.717	10.747	19.578	191.763	166.139
Other operating expenses	26	52.639	46.468	3.762	7.257	48.878	39.211
Earnings before interest, taxes, depreciation and amortisation		**23.951**	**30.051**	**39**	**227**	**23.912**	**29.823**
Depreciation and amortisation	27	13.410	14.479	614	1.183	12.796	13.296
Earnings before interest and tax (EBIT)		**10.540**	**15.571**	**-575**	**-956**	**11.116**	**16.528**
Financial income	28	548	530	2	8	546	522
Financial expenses	29	5.012	4.960	164	204	4.848	4.756
Result of at-equity investments	30	-594	248	0	0	-594	248
Earnings before tax		**5.483**	**11.389**	**-738**	**-1.152**	**6.221**	**12.541**
Income tax results	31	-5.390	-7.399	-290	-278	-5.100	-7.121
Net income		**93**	**3.990**	**-1.028**	**-1.430**	**1.121**	**5.420**
Discontinued operations:							
Earnings from discontinued operations before tax		2.490	-327	2.490	-327	0	0
Income tax results	31	60	0	60	0	0	0
Earnings from discontinued operations		**2.550**	**-327**	**2.550**	**-327**	**0**	**0**
Net earnings from continuing and discontinued operations:							
Earnings before tax		**7.973**	**11.062**	**1.753**	**-1.480**	**6.221**	**12.541**
Income tax results		-5.330	-7.399	-230	-278	-5.100	-7.121
Net income		**2.644**	**3.662**	**1.523**	**-1.758**	**1.121**	**5.420**
Attribution of total comprehensive income:							
to parent company shareholders		2.065	3.539	1.587	-1.389	478	4.929
to non-controlling interests		579	123	-64	-368	643	491
Other comprehensive income							
Items that are not reclassified to the income statement:							
Actuarial gains (losses)		-299	-129	0	0	-299	-129
Purchase of shares from non-controlling shareholders above carrying amount		0	0	0	0	0	0
Purchase of shares from non-controlling shareholders below carrying amount		0	696	0	0	0	696
Proportional acquisition of subsidiaries using treasury shares		1.090	0	0	0	1.090	0
Tax effects		96	42	0	0	96	42
		887	**609**	**0**	**0**	**887**	**609**
Items that can be reclassified to the income statement:							
Currency differences:							
Currency differences before recycling		5.250	-3.719	-314	311	5.563	-4.030
Gains reclassified to the income statement		-297	0	-297	0	0	0
Currency differences after recycling		5.547	-3.719	-16	311	5.563	-4.030
Cash flow hedge		0	-6	0	0	0	-6
Securities:							
Securities before recycling		0	-24	0	0	0	-24
Losses reclassified to the income statement		48	0	0	0	48	0
Securities after recycling		-48	-24	0	0	-48	-24
Tax effects		14	36	0	0	14	36
		5.513	**-3.714**	**-16**	**311**	**5.529**	**-4.024**
Other comprehensive income		**6.400**	**-3.105**	**-16**	**311**	**6.417**	**-3.415**
Net income		**9.044**	**558**	**1.506**	**-1.447**	**7.537**	**2.005**
Attribution of total comprehensive income:							
to parent company shareholders		8.450	476	1.594	-1.055	6.857	1.531
to non-controlling interests		593	82	-87	-392	681	474
Undiluted earnings per share:							
Average number of shares outstanding weighted pro rata temporis		8.847.833	8.352.747	8.847.833	8.352.747	8.847.833	8.352.747
Net income per share in EUR	32	0,23	0,42	0,18	-0,17	0,05	0,59
Earnings of the period per share before profits from discontinuation in Euros		-0,05	0,46	-0,11	-0,13	0,05	0,59
Diluted earnings per share:							
Average number of shares outstanding weighted pro rata temporis		9.003.059	8.437.081	9.003.059	8.437.081	9.003.059	8.437.081
Net income per share in EUR	32	0,23	0,42	0,18	-0,16	0,05	0,58
Earnings of the period per share before profits from discontinuation in Euros		-0,05	0,46	-0,11	-0,13	0,05	0,58

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS FOR ALLGEIER SE, MUNICH

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2013

		Acquisition and production costs							Depreciation, amortisation and value adjustments								Book values	
	Notes	01.01.2013	Currency differences	Additions to the scope of consolidation	Additions	Disposals	Disposals from the scope of consolidation	31.12.2013	01.01.2013	Currency differences	Amortisation and depreciation, continuing operations	Value adjustments, continuing operations	Amortisation and depreciation, discontinued operations	Disposals	Disposals from the scope of consolidation	31.12.2013	31.12.2013	31.12.2012
Intangible assets	1																	
Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets		43.259	-413	3.504	627	-6.545	-2.978	37.454	-18.266	152	-7.871	-15	-601	6.508	2.236	-17.855	19.599	24.993
of which purchased		43.259	-413	3.504	627	-6.545	-2.978	37.454	-18.266	152	-7.871	-15	-601	6.508	2.236	-17.855	19.599	24.993
Goodwill		110.429	-1.656	3.013	0	-1.824	-2.455	107.507	-6.988	0	0	-2.180	0	0	0	-9.169	98.338	103.441
Intangible assets		**153.689**	**-2.070**	**6.517**	**627**	**-8.369**	**-5.433**	**144.961**	**-25.255**	**152**	**-7.871**	**-2.195**	**-601**	**6.508**	**2.236**	**-27.024**	**117.937**	**128.434**
Property, plant and equipment	2																	
Property, property rights and buildings including constructions on third-party property		3.670	-335	0	1.031	0	0	4.367	-1.220	6	-79	0	0	0	0	-1.294	3.073	2.450
Financial leasing		2.153	-321	0	617	-382	0	2.066	-839	131	-598	0	-42	382	0	-966	1.100	1.313
Other plant, operating and office equipment		14.467	-238	843	3.229	-365	-2.477	15.459	-7.529	89	-2.554	0	-540	82	1.612	-8.839	6.620	6.938
Property, plant and equipment		**20.290**	**-894**	**843**	**4.877**	**-747**	**-2.477**	**21.892**	**-9.589**	**226**	**-3.231**	**0**	**-583**	**464**	**1.612**	**-11.100**	**10.792**	**10.701**
Other financial investments																		
Investments		24	0	0	0	0	0	23	0	0	0	0	0	0	0	0	23	24
Other financial investments		**24**	**0**	**0**	**0**	**0**	**0**	**23**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**23**	**24**
Total		**174.002**	**-2.964**	**7.360**	**5.505**	**-9.117**	**-7.910**	**166.876**	**-34.843**	**379**	**-11.101**	**-2.195**	**-1.183**	**6.973**	**3.848**	**-38.124**	**128.752**	**139.159**

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

		Acquisition and production costs							Depreciation, amortisation and value adjustments							Book values	
	Notes	01.01.2014	Currency differences	Additions to the scope of consolidation	Additions	Disposals	Disposals from the scope of consolidation	31.12.2014	01.01.2014	Currency differences	Amortisation and depreciation, continuing operations	Amortisation and depreciation, discontinued Allgeier B.V.	Disposals	Disposals from the scope of consolidation	31.12.2014	31.12.2014	31.12.2013
Intangible assets	1																
Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets		37.454	560	6.671	689	-3.935	0	41.438	-17.855	-349	-9.198	-6	3.931	13	-23.464	17.973	19.599
of which purchased		37.454	560	6.671	689	-3.935	0	41.438	-17.855	-349	-9.198	-6	3.931	13	-23.464	17.973	19.599
Goodwill		107.507	3.982	2.438	0	0	0	113.927	-9.169	0	0	0	0	0	-9.169	104.758	98.338
Intangible assets		**144.961**	**4.541**	**9.109**	**689**	**-3.935**	**0**	**155.364**	**-27.024**	**-349**	**-9.198**	**-6**	**3.931**	**13**	**-32.633**	**122.731**	**117.937**
Property, plant and equipment	2																
Property, property rights and buildings including constructions on third-party property		4.367	255	0	362	0	0	4.984	-1.294	-7	-82	0	0	0	-1.382	3.601	3.073
Financial leasing		2.066	225	0	1.238	-648	-71	2.811	-966	-101	-775	-20	635	41	-1.185	1.625	1.100
Other plant, operating and office equipment		15.459	189	187	2.464	-1.789	-1.275	15.236	-8.839	-118	-2.731	-149	1.694	1.041	-9.103	6.133	6.620
Property, plant and equipment		**21.892**	**670**	**187**	**4.064**	**-2.437**	**-1.346**	**23.030**	**-11.100**	**-226**	**-3.588**	**-169**	**2.330**	**1.082**	**-11.670**	**11.360**	**10.792**
Other financial investments																	
Investments		23	0	11	0	0	0	34	0	0	-10	0	0	0	-10	24	23
Other financial investments		**23**	**0**	**11**	**0**	**0**	**0**	**34**	**0**	**0**	**-10**	**0**	**0**	**0**	**-10**	**24**	**23**
Total		**166.876**	**5.212**	**9.307**	**4.753**	**-6.372**	**-1.346**	**178.429**	**-38.124**	**-574**	**-12.796**	**-175**	**6.261**	**1.094**	**-44.314**	**134.115**	**128.752**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALLGEIER SE, MUNICH, DECEMBER 31, 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in EUR thousand)

	Subscribed capital	Capital reserve	Retained earnings	Own shares	Profit carried forward	Results for the period	Changes in equity not affecting income	Equity share of shareholders of the parent company	Equity share of shareholders with non-controlling interest	Equity
Balance on January 1, 2012	**9.072**	**13.327**	**102**	**-5.491**	**61.967**	**8.791**	**1.137**	**88.906**	**4.503**	**93.409**
Transfer of previous year's net income to profit carried forward	0	0	0	0	8.791	-8.791	0	0	0	0
Adjustment of the stock option exercise price	0	14	0	0	0	0	0	14	0	14
Addition of Allgeier SE treasury shares	0	0	0	-546	0	0	0	-546	0	-546
Disposal of Allgeier SE treasury shares	0	3.583	0	4.067	0	0	0	7.650	0	7.650
Purchase of shares of non-controlling shareholders of BSR	0	0	0	0	0	0	696	696	-2.157	-1.461
Addition to equity share of non-controlling interests arising from the purchase of Germandoc	0	0	0	0	0	0	0	0	0	0
Disposal of equity share of non-controlling interests arising from the deconsolidation of the GDE Group	0	0	0	0	0	0	0	0	0	0
Cash flow hedge	0	0	0	0	0	0	29	29	0	29
Valuation reserve bonds	0	0	0	0	0	0	-24	-24	0	-24
Actuarial gains (losses)	0	0	0	0	0	0	-87	-87	0	-87
Dividends	0	0	0	0	-4.184	0	0	-4.184	0	-4.184
Net income	0	0	0	0	0	3.539	0	3.539	123	3.662
Currency differences	0	0	0	0	0	0	-3.679	-3.679	-41	-3.719
Balance as at December 31, 2013	**9.072**	**16.925**	**102**	**-1.971**	**66.575**	**3.539**	**-1.927**	**92.315**	**2.429**	**94.744**
Transfer of previous year's net income to profit carried forward	0	0	0	0	3.539	-3.539	0	0	0	0
Adjustment of the stock option exercise price	0	4	0	0	0	0	0	4	0	4
Addition of Allgeier SE treasury shares	0	0	0	-407	0	0	0	-407	0	-407
Issue of Allgeier SE treasury shares as partial payment of earn-out liabilities	0	0	0	999	0	0	1.090	2.089	0	2.089
Offsetting revaluation reserve bonds with profit carried forward	0	0	0	0	34	0	-34	0	0	0
Offsetting actuarial gains and losses from the disposal of DIDAS with profit carried forward	0	0	0	0	-424	0	424	0	0	0
Actuarial gains (losses)	0	0	0	0	0	0	-627	-627	0	-627
Disposal of the shares of non-controlling shareholders of Allgeier Benelux	0	0	0	0	0	0	0	0	467	467
Addition to equity share of non-controlling shareholders arising from the purchase of SecureNet Munich and Corisecio	0	0	0	0	0	0	0	0	746	746
Dividends	0	0	0	0	-4.412	0	0	-4.412	-171	-4.583
Net income	0	0	0	0	0	2.065	0	2.065	579	2.644
Currency differences	0	0	0	0	0	0	5.572	5.572	15	5.586
Balance on December 31, 2014	**9.072**	**16.929**	**102**	**-1.379**	**65.311**	**2.065**	**4.498**	**96.598**	**4.064**	**100.663**

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF ALLGEIER SE, MUNICH, JANUARY 1 – DECEMBER 31, 2014

CONSOLIDATED CASH FLOW STATEMENT (in EUR thousand)

		Total		Discontinued operations		Continuing operations	
	Notes	2014	2013	2014	2013	2014	2013
Earnings before interest and tax (EBIT)		10.540	15.571	-575	-956	11.116	16.528
Depreciation of fixed assets		13.410	14.479	614	1.183	12.796	13.296
Expenses from the disposal of non-current assets		112	320	0	0	112	320
Change in non-current provisions		-468	22	177	-17	-645	39
Non-cash change in provisions		9.355	7.085	-510	535	9.865	6.550
Other non-cash expenses and income		3.600	-700	1.055	1.959	2.544	-2.659
Income tax paid		-9.162	-8.171	-232	11	-8.930	-8.181
Cash flow from operating activities before changes in working capital		**27.387**	**28.606**	**528**	**2.714**	**26.858**	**25.892**
Cash flow from changes in working capital		-14.868	-11.405	-2.294	-866	-12.574	-10.538
Cash flow from operating activities		**12.518**	**17.202**	**-1.765**	**1.848**	**14.284**	**15.354**
Payments for investments in non-current assets		-2.635	-4.877	-94	-964	-2.541	-3.912
Payments received from the disposal of non-current assets		116	35	0	5	116	30
Payments made for the purchase of subsidiaries		-1.908	-2.308	0	0	-1.908	-2.308
Payments made for purchase price shares for companies not acquired in the financial year		-8.786	-3.087	0	0	-8.786	-3.087
Payments made for the purchase of assets and rights		-1.275	0	0	0	-1.275	0
Payout of borrowings in at-equity investments		-2.400	-1.181	0	0	-2.400	-1.181
Payments received from the sale of subsidiaries		7.784	4.833	0	0	7.784	4.833
Decrease in cash and cash equivalents from the sale of subsidiaries with a loss of control		-1.355	0	-1.355	0	0	0
Payments for the sale of subsidiaries with a loss of control		0	-127	0	0	0	-127
Payments received from the sale of bank loans		2.739	2.327	0	0	2.739	2.327
Cash flow from investing activities		**-7.720**	**-4.384**	**-1.449**	**-959**	**-6.271**	**-3.425**
Addition of treasury shares		-407	-546	0	0	-407	-546
Sale of treasury shares		0	7.650	0	0	0	7.650
Drawing down of borrower's note loans		80.000	0	0	0	80.000	0
Repayment of borrower's note loans		-38.000	0	0	0	-38.000	0
Drawing down of bank borrowings		9.337	1.131	0	0	9.337	1.131
Repayment of bank borrowings		-465	-346	0	0	-465	-346
Repayment of other borrowings		-854	0	0	0	-854	0
Cash flows from financing the group companies sold		0	0	-121	2.002	121	-2.002
Interest received		388	501	2	8	386	493
Interest paid		-2.760	-3.206	-145	-166	-2.615	-3.040
Dividends		-4.412	-4.184	-100	0	-4.312	-4.184
Payments made arising from the purchase of shares of non-controlling interests		0	-2.127	0	0	0	-2.127
Payments balance with shareholders with non-controlling interests		-171	0	0	0	-171	0
Cash flow from financing activities		**42.656**	**-1.127**	**-364**	**1.844**	**43.020**	**-2.971**
Total cash flow		**47.454**	**11.690**	**-3.578**	**2.733**	**51.032**	**8.958**
Change in cash and cash equivalents attributable to exchange rates		874	-731	0	-5	874	-727
Total changes to cash and cash equivalents		**48.328**	**10.959**	**-3.578**	**2.728**	**51.906**	**8.231**
Cash and cash equivalents at the start of the period		49.562	38.603	3.578	850	45.984	37.753
Cash and cash equivalents at the end of the period	E.	97.890	49.562	0	3.578	97.890	45.984

CONSOLIDATED NOTES

Consolidated notes

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2014 FINANCIAL YEAR

CONSOLIDATED NOTES

Consolidated notes of Allgeier SE according to IFRS for the 2014 financial year

A. GENERAL INFORMATION

I. Information about the group and Allgeier SE

The Allgeier Group is a corporate group offering IT services, IT solutions and products as well as personnel services to make process and cost structures more flexible. Allgeier SE is the group's parent company. Its registered office is Wehrlestraße 12, 81679 Munich, Germany. It is entered in the commercial register of the Munich District Court under HRB 198543. Allgeier SE acquires, holds and disposes of companies in the information technology and service sectors as well as related fields. Furthermore, Allgeier SE provides consulting services and other business management services for companies.

II. Accounting and valuation principles

The consolidated financial statements of Allgeier SE were prepared according to the international financial reporting standards (IFRS) as they apply in the European Union and according to the commercial law regulations pursuant to Section 315a of the German Commercial Code (HGB). The consolidated financial statements prepared according to the principles of IFRS meet the requirements for the exemption from preparing consolidated financial statements according to Section 290 HGB. They consist of the balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. The consolidated financial statements of Allgeier SE are based on the going concern assumption.

The derivatives and purchase price liabilities from enterprise acquisitions recognised in the financial assets and liabilities are valued at fair value. All other assets and liabilities are valued at amortised cost.

The applied accounting and valuation methods remain unchanged from the prior year. Unless otherwise specified, all figures in the consolidated financial statements are in EUR thousand. In the tables, deviations of +/- EUR 1 thousand are possible due to rounding . The figures reported in the consolidated financial statements for the financial year are presented with comparative figures from the prior year.

In the consolidated statement of income and accumulated earnings and the cash flow statement, DIDAS sold in 2013 and the Benelux Group sold in 2014 are reported under discontinued operations. Since the prior-year values of the Benelux Group have also been reclassified to discontinued operations, both discontinued operations and continuing operations are no longer comparable to the consolidated financial statements of the prior year.

III. Accounting regulations applicable for the first time in the current financial year

The application of the following standards and interpretations revised or newly issued by the IASB has been mandatory since the 2014 financial year:

STANDARD/INTERPRETATION	TITLE OF THE STANDARD/INTERPRETATION OR AMENDMENT
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

Insofar as the changes may in principle be of importance for the Allgeier Group, the changes are discussed in the following:

IFRS 10 – Consolidated Financial Statements

This standard comprehensively redefines the term of control. When a company controls another company, the parent company has to consolidated the subsidiary. According to the new concept, control is given when the potential parent company has decision-making authority over the potential subsidiary based on voting rights or other rights, participates in positive or negative variable returns from the subsidiary and can influence these returns through its decision-making authority. The new control concept did not lead to any changes in the scope of consolidation for the Allgeier Group upon the first-time application of IFRS 10.

IFRS 11 – Joint Arrangements

IFRS 11 establishes new rules for the recognition of joint arrangements. According to the new concept, it is necessary to decide between a joint operation and joint venture. A joint operation is when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. The individual rights and obligations are recognised in the consolidated financial statements on a pro-rata basis. In a joint venture on the other hand, the jointly controlling parties have rights to the net assets. This right is disclosed in the consolidated financial statements using the at-equity method. The first-time application of IFRS 11 did not lead to any changes in regards to the current treatment.

IFRS 12 – Disclosure of Interests in Other Entities

This standard regulates the significantly expanded disclosure obligations in regards to shares in other companies compared to the disclosures previously required according to IAS 27, IAS 28 and IAS 31. The Allgeier Group met the expanded disclosure obligations.

CONSOLIDATED NOTES

Amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

A new mandatory disclosure for the goodwill impairment test according to IAS 36 was introduced for 2013 in the course of an amendment to IFRS 13: The realisable amount of the cash-generating units had to be disclosed, regardless of whether an Impairment was actually recorded. Since this note disclosure was introduced unintentionally, it was eliminated again for 2014 with this amendment from May of 2013. On the other hand, this amendment now requires additional disclosures when an impairment was actually recorded and the realisable amount was determined on the basis of fair value.

That being said, the mandatory application of amended standards or interpretations had no effects on the net assets, financial position and results of operations of the Allgeier Group.

IV. Standards and interpretations that have not been applied early

The IASB and IFRIC have issued the following standards, interpretations and amendments to existing standards, the application of which was not yet mandatory for the 2014 financial year according to EU regulations:

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/ INTERPRETATION OR AMENDMENT	FIRST-TIME APPLICATION PER EU
EU endorsement already issued		
IFRIC 21	Levies	17.06.2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions -	01.07.2014
Improvements to IFRS 2010 - 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	01.01.2015
Improvements to IFRS 2011 - 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	01.01.2015
EU endorsement pending		
IFRS 9	Financial Instruments	01.01.2018
IFRS 14	Regulatory Deferral Accounts	01.01.2016
IFRS 15	Revenue from Contracts with Customers	01.01.2017
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01.01.2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception -	01.01.2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Ventures	01.01.2016
Amendments to IAS 1	Disclosure Initiative	01.01.2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants -	01.01.2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	01.01.2016
Improvements to IFRS 2012 - 2014	Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34	01.01.2016

Insofar as the changes may be of importance for the Allgeier Group in the future, the changes are discussed in the following:

IFRS 9 - Financial Instruments

IFRS 9 issued in July of 2014 replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model for expected credit defaults to calculate the decrease in value for financial assets, as well as the new general recognition requirements for hedging transactions. It also assumes the guidelines for the recognition and derecognition of financial instruments from IAS 39. Subject to implementation in EU law, IFRS 9 first applies to financial years beginning on or after January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, in what amount and at what time revenues are recorded. It replaces existing guidelines for recognising revenues, including IAS 18 Revenues, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. The standard also establishes comprehensive disclosure requirements regarding the type, amount and time sequence of revenues and cash flows as well as the related uncertainties. Subject to implementation in EU law, the new standard first applies to financial years beginning on or after January 1, 2017. Early application is permitted.

For the new or amended standards and interpretations that only have to be applied in later financial years, the Allgeier Group is not planning early application. These amended standards and interpretations are not expected to have any material impact on the Allgeier Group.

V. Consolidation principles

The consolidated financial statements of Allgeier SE include and fully consolidate Allgeier SE and all subsidiaries controlled by Allgeier SE, directly or indirectly, and all subsidiaries in which Allgeier SE directly or indirectly holds the majority of voting rights. With these subsidiaries, Allgeier SE can determine financial and business policies in addition to obtaining the economic benefit of the subsidiaries. Affiliated companies over which Allgeier SE can only assert significant influence and companies controlled by Allgeier SE together with other shareholders are included in the consolidated financial statements using the equity method. Shares in companies not exceeding 20% of the voting rights are recognised at the present value of the investment.

The reporting date for the individual financial statements of Allgeier SE and its subsidiaries is consistently December 31, 2014. For the subsidiaries in India with a deviating reporting date due to legal regulations, interim financial statements dated December 31 are prepared for the purpose of the consolidated financial statements.

The companies newly acquired by the group are consolidated using the acquisition method. The assets, liabilities and contingent liabilities of the acquired companies are identified on the respective acquisition dates and, with the uncovering of hidden reserves and burdens, recognised at fair value with the applicable deferred taxes. The shares of non-controlling shareholders are recognised at the proportion of the fair value of the assets and liabilities allocated to them. Any remaining surplus between the acquisition costs for enterprise acquisitions and the fair values of the assets, liabilities and shares of non-controlling shareholders is capitalised as goodwill. Incidental acquisition costs for legal and consulting services, due diligence and brokerage commissions are recorded as other operating expenses through profit or loss.

The newly acquired companies are consolidated effective in the month that control over the company is obtained. Starting on said date, the expenses and income of the acquired companies are included in the consolidated financial statements. Receivables and liabilities as well as income and expenses between the group companies are eliminated. Gains and losses on the disposal of assets within the group are eliminated as well. Deferred taxes are recognised on consolidation processes through profit or loss.

CONSOLIDATED NOTES

Subsidiaries are deconsolidated as soon as the parent-subsidiary relationship ceases to exist and control over a company is no longer given. The assets and liabilities of subsidiaries are derecognised in the month of deconsolidation.

The assets and liabilities of subsidiaries available for sale are consolidated in one line on the group's balance sheet and reported as assets and liabilities held for sale. The statement of comprehensive income as well as other elements of the consolidated financial statements are presented separately by continuing and discontinued operations.

VI. Scope of consolidation

On December 31, 2014 the scope of consolidation of Allgeier SE consisted of 58 fully consolidated companies (prior year: 56) and 3 companies recognised using the at-equity method (prior year: 2). The company reported as available for sale in the prior year was soled in the 2014 financial year. The number of consolidated companies developed as follows:

GROUP COMPANIES (number)	**FULLY CONSOLIDATED**	**CONSOLIDATED AS AVAILABLE FOR SALE**	**CONSOLIDATED AT EQUITY**	**TOTAL**
Number on December 31, 2013	**55**	**1**	**2**	**58**
Acquisitions	6	0	0	6
Disposals	-5	-1	0	-6
Establishments	8	0	1	9
Mergers and liquidations	-6	0	0	-6
Number on December 31, 2014	**58**	**0**	**3**	**61**

The changes in the scope of consolidation have a material influence on the net assets, financial position and results of operations of the Allgeier Group and limit the comparability of the consolidated financial statements with the consolidated financial statements of the prior year.

Purchase of DIGIDOK GmbH, Essen

On February 10, 2014 Allgeier IT Solutions GmbH, Bremen acquired the assets and contractual relationships as well as three employees of DIGIDOK GmbH, Essen ("DIGIDOK"), thereby taking over the company's business operations. DIGIDOK is a specialised developer of software for digital input and document management, and offers a standard software for capturing documents and files under the name "smart CAPTURE". With the purchase of DIGIDOK, Allgeier Solutions GmbH is widening its lead in the field of digital document management and, in conjunction with existing solutions, enhancing the optimisation of its offering of document workflow solutions.

As the purchase price for the assets and contractual relationships that were taken over, Allgeier IT Solutions GmbH paid a fixed amount of EUR 380 thousand. The parties also agreed on a variable purchase price of up to 30% on certain software licensing and maintenance proceeds generated with the "smart CAPTURE" software in the years 2014 through 2016. Based on 2014 sales and sales planning for 2015 and 2016, the variable purchase price is EUR 103 thousand (EUR 106 thousand before discounting), which was allocated to intangible assets. Incidental costs of EUR 5 thousand were incurred with respect to the purchase and reported on the income statement under other operating expenses.

Of the DIGIDOK assets that were taken over, EUR 479 thousand is reported on the consolidated balance sheet of Allgeier SE under intangible assets and EUR 4 thousand under property, plant, and equipment.

Purchase of recompli GmbH, Grasbrunn

On February 18, 2014 Xiopia GmbH, Unterföhring acquired 75% of the shares in recompli GmbH, Grasbrunn near Munich ("recompli"). recompli is a provider of engineering services for automotive and information technologies. The company's activities complement the engineering business operated by the Xiopia subsidiary Skytec AG, Unterföhring. The Allgeier Group strengthened this business area with the transaction and intensified its relationship with a major customer.

The purchase price for the acquired shares is EUR 575 thousand. It is comprised of a fixed purchase price component of EUR 400 thousand and an earn-out determined by reaching a certain annual EBIT in 2014 in the amount of EUR 175 thousand. The maximum amount was reached in 2014 and will be paid out in 2015. In regards to the 25% of the shares remaining with the original shareholders, the parties agreed on call options for the buyer and put options for the seller with exercise conditions that are largely identical. The options permit both sides to buy or sell the remaining shares beginning on January 1, 2017. The purchase price of the option, which has no cap, is determined based on the results for the two preceding financial years and established multipliers. Based on the company's planning and the assumption that the option will be exercised in 2017, the value of the option is EUR 1,434 thousand (EUR 1,241 thousand after thousand). Based on the agreed option, the Allgeier Group is consolidating 100% of the shares in recompli and reporting the value of the option as a purchase price liability. Legal and other consulting costs of EUR 9 thousand were incurred with respect to the purchase. These costs were reported on the income statement under other operating expenses.

The first-time consolidation of recompli took place on February 28, 2014. On this reporting date the company had assets and liabilities with a fair value of EUR 1,816 thousand net, which were included in the consolidated balance sheet. This means the net assets are equal to the purchase price.

BOOK VALUES AND TRANSFERRED PRESENT VALUES OF THE NET ASSETS OF RECOMPLI ON FEBRUARY 28, 2014 (in EUR thousand)

	Book values	**Allocation**	**Present values**
Intangible assets	3	2.024	2.027
Property, plant and equipment	3	0	3
Inventories	27	0	27
Trade receivables	449	0	449
Other assets	36	0	36
Cash and cash equivalents	217	0	217
Deferred expenses	1	0	1
Acquired assets	**736**	**2.024**	**2.760**
Deferred tax liabilities	0	607	607
Trade payables	5	0	5
Tax provisions	132	0	132
Other provisions	39	0	39
Other liabilities	161	0	161
Acquired liabilities	**337**	**607**	**944**
Net assets	**399**	**1.417**	**1.816**

The book values of the recompli net assets are based on interim commercial law financial statements as of February 28, 2014. With respect to the purchase price allocation, customer relationships in the amount of EUR 2,024 thousand were identified and capitalised and deferred tax liabilities of EUR 607 thousand were recognised on this amount. Trade receivables encompass the gross amounts of the contractual receivables. The receivables were fully paid in financial year 2014.

In the period of March 2014 to December 2014, recompli generated sales of EUR 3,462 thousand and earnings before interest, tax, depreciation and amortisation of EUR 580 thousand.

CONSOLIDATED NOTES

Purchase of HEXA Business Services- Beratungs- und Dienstleistungs GmbH, Vienna, Austria

Nagarro Austria Beteiligungs GmbH, Vienna, Austria with the purchase and assignment contract dated February 26, 2014 and the amendment dated November 14, 2014 acquired 100% of the shares in HEXA Business Services Beratungs- und Dienstleistungs GmbH, Vienna, Austria ("HEXA'). HEXA is one of the leading cloud and outsourcing specialists in Austria. The company has realised numerous large software development and transformation projects in the last few years for multiple market-leading companies in Austria. In the period from March of 2014 to December of 2014, HEXA generated sales of EUR 4,796 thousand and a loss before depreciation and amortisation, interest and taxes of EUR 335 thousand. With this merger, the Nagarro Group continued to develop its expertise as a provider of end-to-end software services in the Austrian market. HEXA has been operating as Nagarro GmbH since January 14, 2015.

The purchase price for the acquired shares consists of a fixed purchase price of EUR 1,157 thousand and a variable component limited to a maximum of EUR 1,500 thousand. The earn-out is 30% of the contribution margin from certain sales for the period from March 1, 2014 to December 31, 2015. This period is extended by another year if the entire earn-out is not reached by the end of 2015. The Allgeier Group assumes that the variable purchase price will be paid out and has recognised the full earn-out at EUR 1,395 thousand (after discounting) as a purchase price liability and a total purchase price of EUR 2,552 thousand. Incidental acquisition costs for consulting and notary fees were incurred in the amount of EUR 55 thousand and recorded under other operating expenses.

The first-time consolidation of HEXA was performed on the reporting date of February 28, 2014. HEXA prepared interim financial statements under commercial law on this reporting date, disclosing assets of EUR 1,023 thousand and liabilities of EUR 511 thousand. With respect to the purchase price allocation, customer relationships in the amount of EUR 510 thousand were also capitalised as intangible assets, goodwill of EUR 32 thousand recognised on the commercial law balance sheet was eliminated and deferred taxes in the amount of EUR 81 thousand were recognised. Trade receivables encompass the gross amounts of the contractual receivables. No impairments were required. The total net assets of HEXA on the date of first-time consolidation were EUR 909 thousand.

BOOK VALUES AND TRANSFERRED PRESENT VALUES OF THE NET ASSETS OF HEXA ON FEBRUARY 28, 2014 (in EUR thousand)

	Book values	Allocation	Present values
Intangible assets	15	510	525
Goodwill	32	-32	0
Property, plant and equipment	60	0	60
Inventories	0	0	0
Trade receivables	474	0	474
Other assets	227	0	227
Cash and cash equivalents	213	0	213
Deferred expenses	2	0	2
Acquired assets	**1.023**	**478**	**1.501**
Deferred tax liabilities	0	81	81
Loans of buyers of the company	0	0	0
Trade payables	197	0	197
Tax provisions	33	0	33
Other provisions	95	0	95
Other liabilities	114	0	114
Deferred income	72	0	72
Acquired liabilities	**511**	**81**	**592**
Net assets	**512**	**397**	**909**

The difference between the purchase price and the net assets of HEXA was EUR 1,643 thousand, which was capitalised as goodwill. The goodwill for HEXA is based on the increased sales activities of the Nagarro Group in Austria and synergies from combining the services offered by HEXA and the Nagarro Group. Due to the integration of HEXA with the Nagarro Group, HEXA becomes part of the Nagarro Group cash generating unit.

Purchase of eHealthOpen Ltd., Birmingham, England

Allgeier Medical IT GmbH, Schliersee ("Allgeier Medical IT") (until July 2, 2014 GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm) with tithe purchase and transfer agreement dated May 27, 2014 acquired 100% of the shares in eHealthOpen Ltd, Birmingham, England ("eHealthOpen"). The company's business activities consist of providing medical informatics services and consulting. Recorded in the company register for England and Wales, the company has a branch in Schliersee, Germany. In the period from June of 2014 to December of 2014, eHealthOpen generated sales of EUR 162 thousand and earnings before interest, tax, depreciation and amortisation of minus EUR 3 thousand. With the purchase of eHealthOpen, the Allgeier Group strengthens its business area with IT solutions and services for the medical sector.

As the purchase price for the acquired shares, the parties agreed on a fixed amount of EUR 500 thousand and a variable purchase price component totalling EUR 300 thousand, which comes due in three equal instalments in the years 2015 through 2017 provided that the seller of the company is active as a general manager of the buyer on the due date. The variable purchase price component is reported under personnel expenses on the income statement when it comes due. Consulting fees of EUR 2 thousand were incurred with respect to the purchase of eHealthOpen and recorded as other operating expenses.

The first-time consolidation of eHealthOpen took place on May 31, 2014. On this reporting date, the company had net assets of EUR 36 thousand.

PRESENT VALUE OF THE NET ASSETS OF EHEALTHOPEN ON MAY 31, 2014 (in EUR thousand)

	Present values
Property, plant and equipment	18
Trade receivables	52
Other assets	12
Cash and cash equivalents	24
Acquired assets	**106**
Trade payables	2
Current bank liabilities	9
Tax provisions	7
Other provisions	16
Other liabilities	36
Acquired liabilities	**70**
Net assets	**36**

The difference between the purchase price totalling EUR 500 thousand and the net assets of EUR 36 thousand was EUR 464 thousand, which was capitalised as goodwill. The goodwill for eHealthOpen is justified by the convergence of Allgeier Medical IT sales activities with those of eHealthOpen and the opening of distribution channels for the Allgeier Medical IT Group. Due to the integration of eHealthOpen with Allgeier Medical IT, eHealthOpen becomes part of the Allgeier Medical IT cash generating unit.

Purchase of Metasonic AG, Pfaffenhofen

With the purchase and transfer agreement dated August 1, 2014 Blitz 14-63 GmbH, Munich took over the business operations of Metasonic AG, Pfaffenhofen. The buyer acquired the rights to the "Metasonic Suite" software, the physical modelling tool "Metasonic Touch", brands, know-how and the customer base as well as material long-term assets and specific receivables of the company. Various contractual relationships and employees of Metasonic AG were taken over as well. With Metasonic Suite, Metasonic AG offers software for dynamic process applications on a subject-oriented programming basis. Customers can control complex business processes easily and efficiently with this solution. With Metasonic, the Allgeier Group is expanding its offering of own software products and continuing the expansion of Business Process Management.

As the purchase price for the assets and contractual relationships that were taken over, the parties agreed on a fixed amount of EUR 895 thousand and a variable purchase price component at 50% of net license sales generated through defined customer projects in the period from August 2014 through December 2016. Expected sales from these projects result in a calculated earn-out of EUR 510 thousand. (EUR 523 thousand before discounting). The earn-out was allocated to the capitalisation of the Metasonic software and a corresponding purchase price liability was recognised.

With the takeover of the Metasonic AG business operations, the Allgeier Group took over the following assets and liabilities on July 31, 2014:

PRESENT VALUE OF THE NET ASSETS OF METASONIC AG ON JULY 31, 2014 (in EUR thousand)

	Present values
Intangible assets	1.422
Property, plant and equipment	45
Trade receivables	100
Acquired assets	**1.567**
Other liabilities	162
Net assets	**1.405**

Trade receivables encompass receivables taken over in the amount of EUR 697 thousand, of which EUR 597 thousand was classified as non-collectible and written off.

Immediately after the purchase of the Metasonic AG business operations, Blitz 14-63 GmbH was renamed to Metasonic GmbH and its registered office moved from Munich to Pfaffenhofen. In the period from August 2014 to December 2014, Metasonic GmbH ("Metasonic") generated sales of EUR 956 thousand and earnings before interest, tax, depreciation and amortisation of minus EUR 1,353 thousand.

CONSOLIDATED NOTES

Purchase of SecureNet GmbH Intranet und Internet Solutions, Munich

With the purchase and assignment contract dated October 9, 2014 mgm technology partners GmbH, Munich ("mgm tp"), an 80% subsidiary of Allgeier SE, purchased 70% of the shares in SecureNet GmbH Intranet and Internet Solutions, Munich ("SecureNet Munich"). It also purchased 23.33% of the 90% shareholding in SecureNet Dresden GmbH, Dresden ("SecureNet Dresden") previously held by SecureNet Munich. After these two transactions, mgm tp economically owns 70% of the shares in SecureNet Dresden (23.33% directly, 46.67% indirectly allocated). Therefore a 56% shareholding in SecureNet Munich and SecureNet Dresden is allocated to Allgeier SE. SecureNet specialises in the security of web applications and mobile apps, provides consulting services for customers in this environment and develops individual web-based solutions. In the period from October 2014 to December 2014, SecureNet generated consolidated sales of EUR 877 thousand and earnings before interest, tax, depreciation and amortisation of EUR 36 thousand. With the purchase of these companies, mgm technology partners expands and strengthens is offering for the development of modern, highly scalable and secure web applications. After the purchase, SecureNet Munich was renamed to mgm security partners GmbH ("mgm sp Munich") and its Dresden subsidiary to mgm security partners Dresden GmbH ("mgm sp Dresden).

As the purchase price for the acquired shares, the parties agreed on a fixed amount of EUR 1,160 thousand, compensation of EUR 63 thousand for cash overages of the companies and a variable purchase price component totalling EUR 495 thousand. The variable purchase price component comes due if the sellers of SecureNet Munich and other current employees of the SecureNet Group remain active in the companies at least until the end of 2015. The variable purchase price component is reported under personnel expenses on the income statement when it comes due. With the purchase of SecureNet Munich, other operating expenses of EUR 17 thousand were incurred for notary and consulting fees.

The first-time consolidation of SecureNet Munich took place on September 30, 2014. On this reporting date, the consolidated net assets of the company were established at EUR 1,621 thousand and transferred to the Allgeier Group.

BOOK VALUES AND TRANSFERRED PRESENT VALUES OF THE NET ASSETS OF SECURENET MUNICH ON SEPTEMBER 30, 2014 (in EUR thousand)

	Book values	Allocation	Present values
Intangible assets	5	1.646	1.651
Property, plant and equipment	54	0	54
Inventories	263	0	263
Trade receivables	438	0	438
Other assets	660	0	660
Cash and cash equivalents	556	0	556
Deferred expenses	4	0	4
Acquired assets	**1.980**	**1.646**	**3.626**
Deferred tax liabilities	0	494	494
Trade payables	16	0	16
Tax provisions	118	0	118
Other provisions	324	0	324
Other liabilities	1.053	0	1.053
Acquired liabilities	**1.511**	**494**	**2.005**
Net assets	**469**	**1.152**	**1.621**

The book values for the net assets of SecureNet Munich and SecureNet Dresden were taken from the interim financial statement according to commercial law prepared for September 30, 2014. With respect to the purchase price allocation, customer relationships in the amount of EUR 1,372 thousand and orders on hand in the amount of EUR 274 thousand were capitalised and deferred tax liabilities of EUR 494 thousand were recognised on this amount. The trade receivables capitalised on September 30, 2014 were collected in full during the remaining 2014 financial year.

The difference between the purchase price totalling EUR 1,223 thousand and the net assets at EUR 1,621 thousand plus the EUR 728 thousand share of non-controlling shareholders in net assets was EUR 330 thousand, which was capitalised as goodwill. The goodwill is justified based on synergies in the sales activities and the use of joint distribution channels of the mgm tp Group.

Purchase of Corisecio GmbH, Darmstadt

Allgeier IT Solutions GmbH, Bremen concluded an agreement on October 17, 2014 for an investment in Corisecio GmbH, Darmstadt ("Corisecio"). Allgeier IT Solutions GmbH obligated itself to underwrite a capital increase in the amount of EUR 37,500 thousand and make a payment of EUR 562,500 thousand into the company's capital reserve after the closing conditions are met. With the capital increase, the Allgeier Group receives a 60% investment in the company's capital stock. The closing conditions were met on December 22, 2014 and the capital increase was performed on January 14, 2015. With the participation agreement, the Allgeier Group gained control of Corisecio and performed the first-time consolidation on October 31, 2014.

Corisecio is a provider of security solutions for SharePoint. Its solution products complement the Allgeier Productivity Solutions business area. In the period from November 2014 to December 2014, Corisecio generated earnings before interest, tax, depreciation and amortisation (EBITDA) of minus EUR 75 thousand. Costs of EUR 32 thousand for due diligence and legal advice were incurred in the course of the purchase and recorded as other operating expenses.

With the first-time consolidation of Corisecio, the Allgeier Group received assets of EUR 734 thousand and liabilities of EUR 709 thousand. The "Document Encryption" and "Encryption for SharePoint" software programmes were identified and capitalised as derivative assets at EUR 577 thousand and deferred tax liabilities of EUR 607 thousand were recognised on this amount. The difference between the assets and liabilities corresponds to the capital share of the non-controlling shareholder.

BOOK VALUES AND TRANSFERRED PRESENT VALUES OF THE NET ASSETS OF CORISECIO ON OCTOBER 31, 2014 (in EUR thousand)

	Book values	Allocation	Present values
Intangible assets	2	577	579
Property, plant and equipment	3	0	3
Other assets	116	0	116
Cash and cash equivalents	33	0	33
Deferred expenses	3	0	3
Acquired assets	**157**	**577**	**734**
Deferred tax liabilities	0	173	173
Trade payables	81	0	81
Current bank liabilities	100	0	100
Bank loans	137	0	137
Other provisions	6	0	6
Other liabilities	182	0	182
Deferred income	30	0	30
Acquired liabilities	**536**	**173**	**709**
Net assets	**-379**	**404**	**25**

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Sale of DIDAS Business Services GmbH, Langenfeld

With the purchase and contribution agreement dated April 10, 2014 Allgeier IT Solutions AG sold all shares in DIDAS Business Services GmbH, Langenfeld ("DIDAS") to CANCOM SE, Munich ("CANCOM"). After the closing conditions were met on July 3, 2014 and control of the company passed to the buyer, the Allgeier Group performed the full consolidation of the company's net assets. Allgeier IT Solutions AG received a purchase price of EUR 10,000 thousand as consideration for the sale of the shares, which was paid with 263,783 shares of CANCOM at an established price of EUR 37.91 per share.

The purchase price is partly offset by the disposal of assets and liabilities of EUR 7,308 thousand net and expenses directly related to the sale in the amount of EUR 850. thousand. After deducting the net assets and expenses, the Allgeier Group was left with earnings before tax from the sale of DIDAS in the amount of EUR 1,842 thousand.

The following assets and liabilities were disposed of with the sale of DIDAS:

ASSETS AND LIABILITIES OF DIDAS (in EUR thousand)

	01.07.2014	31.12.2013
Intangible assets	2.915	3.186
Property, plant and equipment	788	865
Other non-current financial assets	4	4
Other non-current assets	292	300
Deferred tax assets	493	371
Non-current assets	**4.491**	**4.726**
Inventories	4.015	1.235
Trade receivables	8.809	8.034
Other current financial assets	69	96
Other current assets	694	829
Income tax receivables	7	1
Cash and cash equivalents	1.262	3.656
Current assets	**14.856**	**13.851**
Total assets	**19.347**	**18.576**
Pension provisions	1.231	1.036
Other non-current liabilities	421	557
Non-current liabilities	**1.653**	**1.593**
Other current provisions	2.008	2.642
Trade payables	1.862	2.843
Other current financial liabilities	4.290	2.280
Other liabilities	1.460	1.140
Income tax liabilities	766	701
Current liabilities	**10.386**	**9.605**
Total liabilities	**12.039**	**11.198**
Net assets	**7.308**	**7.378**

All shares in CANCOM were sold during the 2014 financial year. From this sale, the Allgeier Group received EUR 8,860 thousand. The remaining amount of EUR 1,140 thousand was recognised under financial expenses.

Sales of Allgeier N.V., Zaventem, Belgium and Allgeier Computer BV, Oosterhout, Netherlands, including its subsidiaries ("Benelux Group")

With the transfer agreement dated October 30, 2014 Allgeier IT Solutions AG sold all shares held by it in Allgeier N.V. Zaventem, Belgium and Allgeier Computer BV, Oosterhout, Netherlands. The deconsolidation of all companies including the subsidiaries Allgeier N.V., Allgeier Ltd., Nicosia, Cyprus, Allgeier S.A., Luxembourg and ALLGEIER BİLGİ İŞLEM SİSTEMLERİ DANIŞMANLIK VE TİCARET LİMİTED ŞİRKETİ, Istanbul, Turkey was performed on October 31, 2014. A purchase price of EUR 2 was agreed as consideration for the shares that were sold. The buyer also took over loan liabilities that existed prior to the date of sale between the Allgeier Group and companies in the group that was sold, in the amount of EUR 1.8 million. This amount was granted as a loan that is repayable starting on January 1, 2015 in monthly instalments of EUR 25 thousand each. The loan bears interest at the 12-month EURIBOR plus a margin of 3 percentage points. The purchase price of EUR 1.8 million is partly offset by net debt of EUR 423 thousand and expenses directly related to the sale in the amount of EUR 520 thousand plus the share of non-controlling shareholders in net assets at EUR 467 thousand. With this transaction, income was also generated from the recycling of currency differences totalling EUR 257 thousand (excluding the share of non-controlling shareholders at EUR 40 thousand). Overall the Allgeier Group generated earnings before tax from the sale in the amount of EUR 648 thousand.

The following assets and liabilities were transferred with the sale of Allgeier N.V. and Allgeier Computer BV:

ASSETS AND LIABILITIES OF ALLGEIER N.V. AND ALLGEIER COMPUTER BV (in EUR thousand)

	31.10.2014
Intangible assets	18
Property, plant and equipment	268
Other non-current financial assets	11
Other non-current assets	38
Deferred tax assets	16
Non-current assets	**350**
Inventories	41
Trade receivables	1.291
Other current financial assets	304
Other current assets	251
Income tax receivables	39
Cash and cash equivalents	93
Current assets	**2.018**
Total assets	**2.369**
Other non-current financial liabilities	37
Deferred tax liabilities	16
Non-current liabilities	**53**
Other current provisions	350
Trade payables	502
Other current financial liabilities	616
Other liabilities	436
Income tax liabilities	-11
Current liabilities	**1.893**
Total liabilities	**1.946**
Net assets	**423**

Establishments

The following companies were founded in financial year 2014:

- Blitz 14-63 GmbH, Munich
- Allgeier IT Solutions Sp. Zo.o., Breslau, Poland
- Goetzfried Professionals GmbH, Wiesbaden
- Nagarro Software A/S, Hellerup, Denmark
- Nagarro Software Ltd., London, Great Britain
- U.N.P.-HRSolutions GmbH, Düsseldorf
- Allgeier Fünfte Beteiligungs GmbH, Munich
- Allgeier Sechste Beteiligungs GmbH, Munich
- GDE Services GmbH, Bonn (at-equity consolidation)

Mergers and liquidations

In the 2014 financial year, the following companies were merged with other companies of the Allgeier Group or liquidated due to the elimination of business:

- OPUS Solutions AG, Root, Switzerland, merged with Terna Switzerland AG, Root, Switzerland
- DL Beteiligungen GmbH, Munich, merged with Allgeier Management AG, Munich
- Softcon MBO GmbH, Munich, merged with Allgeier Nagarro Holding GmbH, Munich
- Synchronization Inc., San Jose, USA, merged with Nagarro Inc., San Jose, USA
- Koolseek Inc., San Jose, USA, merged with Nagarro Inc., San Jose, USA
- Goetzfried AG, Allgeier IT Solutions GmbH u.a. GbR, Wiesbaden (liquidation)

Profit and loss transfer agreements

Profit and loss transfer agreements were in effect on December 31, 2014 between the following companies:

- Allgeier SE, Munich as the controlling company and Allgeier IT Solutions AG, Munich
- Allgeier SE, Munich as the controlling company Allgeier Experts SE, Wiesbaden
- Allgeier IT Solutions AG, Munich as the controlling company and Allgeier IT Solutions GmbH, Bremen
- Allgeier IT Solutions AG, Munich as the controlling company and Allgeier Sechste Beteiligungs GmbH, Munich (effective January 1, 2015)
- Allgeier IT Solutions GmbH, Bremen as the controlling company and BSH IT Solutions GmbH, Bremen
- Allgeier IT Solutions GmbH, Bremen as the controlling company and and b+m Informatik AG, Melsdorf
- Allgeier Experts SE, Wiesbaden as the controlling company and Xiopia GmbH, Unterföhring
- Allgeier Experts SE, Wiesbaden as the controlling company and Goetzfried AG, Wiesbaden
- Allgeier Experts SE, Wiesbaden as the controlling company and TOPjects GmbH, Munich
- Allgeier Experts SE, Wiesbaden as the controlling company and Allgeier Dritte Beteiligungs GmbH, Munich
- Allgeier Experts SE, Wiesbaden as the controlling company and Allgeier Fünfte Beteiligungs GmbH, Munich (effective January 1, 2015)
- U.N.P.-Software GmbH, Düsseldorf as the controlling company and U.N.P.-HRSolutions GmbH, Düsseldorf
- Goetzfried AG, Wiesbaden as the controlling company and Goetzfried Professionals GmbH, Wiesbaden
- Allgeier Project Solutions GmbH, Munich as the controlling company and Allgeier Project MBO GmbH, Munich
- Allgeier Nagarro Holding GmbH, Munich as the controlling company and Nagarro AG, Munich

Group taxation pursuant to Austrian law is in effect between the following companies:

- Terna GmbH Zentrum für Businesssoftware, Innsbruck, Austria and Terna Holding GmbH, Innsbruck, Austria as well as Terna Switzerland AG, Root, Switzerland
- Nagarro Austria Beteiligungs GmbH, Vienna, Austria and Nagarro GmbH, Vienna, Austria (effective January 1, 2015)

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Pro forma results of the consolidated companies

If the companies acquired in the 2014 financial year had already been consolidated effective January 1, 2014 and the companies acquired in the 2013 financial year had been consolidated effective January 1, 2013, the Allgeier Group's revenue and results would be as follows:

REVENUE AND EARNINGS (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Revenues	431.770	426.557	28.234	62.867	460.004	489.424
Earnings before interest, taxes, depreciation and amortisation	24.003	30.594	39	227	24.042	30.821
Earnings before tax	6.390	12.984	-738	-1.152	5.652	11.832

Subsidiaries with non-controlling interests

The table that follows shows the financial figures for the subsidiaries of the Allgeier Group in which Allgeier SE does not hold all of the shares.

FINANCIAL FIGURES OF THE SUBSIDIARIES (in EUR thousand)	mgm tp Munich (1)		mgm sp Munich	mgm cp Hamburg		Oxygen		Corisecio
	2014	2013	2014	2014	2013	2014	2013	2014
Percentage of non-controlling shares	20%	20%	44%	44%	44%	10%	10%	40%
Non-current assets	9.602	8.265	1.578	6	4	275	311	560
Current assets	13.310	10.403	1.657	1.754	1.668	1.146	1.053	144
Non-current liabilities	1.338	1.221	457	0	0	34	46	174
Current liabilities	7.511	6.487	1.222	1.222	1.077	45	47	604
Net assets	**14.062**	**10.960**	**1.556**	**538**	**594**	**1.341**	**1.272**	**-74**
Book value of non-controlling shares	**3.945**	**2.718**	**701**	**161**	**178**	**134**	**90**	**-14**
Revenues	41.221	36.708	877	7.086	7.289	1.413	1.464	20
Earnings before interest and tax (EBIT)	4.353	2.964	-97	761	579	-40	81	-101
Earnings before tax	4.280	2.839	-93	758	567	31	138	-106
Net income	**2.866**	**1.944**	**-65**	**513**	**383**	**14**	**104**	**-99**
Other comprehensive income	**-84**	**-187**	**0**	**0**	**0**	**55**	**-303**	**0**
Comprehensive income	**2.782**	**1.757**	**-65**	**513**	**383**	**69**	**-200**	**-99**
Cash flow from operating activities	5.299	3.066	166	550	162	21	80	-79
Cash flow from investing activities	-1.986	-1.309	3	-6	-5	-39	-24	-3
Cash flow from financing activities	-1.664	-80	4	-572	-12	72	57	67
of which dividends to non-controlling shares	-171	0	0	-569	0	0	0	0
Change in cash and cash equivalents attributable to exchange rates	-5	-22	0	0	0	37	-194	0
Net increase (decrease) in cash and cash equivalents	**1.644**	**1.655**	**173**	**-28**	**146**	**90**	**-80**	**-15**

(1) mgm tp Munich including its subsidiaries

In the controlling company of the mgm Group, mgm technology partners GmbH, Munich, Allgeier SE holds 80%. In turn, mgm technology partners GmbH holds 70% of mgm consulting partners GmbH, Hamburg and mgm security partners München GmbH. Accordingly 56% of the shares in these two companies are allocated to Allgeier SE.

VII. Events after the balance sheet date and before finalising the balance sheet

With the share purchase contract dated January 29, 2015, mgm technology partners GmbH, Munich acquired all shares in MOS-Tangram AG based in Boswil AG, Switzerland. The company holds 100% of MOS-Tangram GmbH, Bamberg. MOS-Tangram develops the specialised inventory management solution “MOS-CHOICE” for online, retail and distance selling. With this solution, mgm tp completes its e-commerce profile. CHF 40 thousand was agreed as the purchase price for the company. The first-time consolidation of MOS-Tangram in the Allgeier Group is expected on January 31, 2015. In the individual financial statements under national law as of December 31, 2014 the two companies reported consolidated assets of around EUR 1.1 million and consolidated liabilities totalling around EUR 0.8 million. The final determination and measurement of assets and liabilities with their fair values as of January 31, 2015 could not be performed by the time these consolidated financial statements were published.

With investment and shareholder agreements dated March 12, 2015 Allgeier IT Solutions AG purchased 49.90% of the shares in the young software company Talentry GmbH (“Talentry”), Munich. The purchase at about 20% was realised through an increase of EUR 14,900 thousand in the company’s subscribed capital plus the obligation to pay a premium totalling EUR 1,025 thousand to the company’s capital reserve. The remaining shares at about 29.9% of capital stock were purchased by Allgeier IT Solutions AG for a price of EUR 1,050 thousand from the existing shareholders. Talentry develops and distributes a cloud-based enterprise software solution for employee recruitment using the contacts and social networks of the existing and participating employees (employees recruiting employees). The Allgeier Group expects to consolidate the company as an at-equity investment effective April 1, 2015. Allgeier is participating in the young company in the start-up and expansion phase. In 2014 the company generated low revenues of EUR 79 thousand and reported a loss of EUR 185 thousand. The company’s net assets on December 31, 2014 were EUR -3 thousand. Allgeier has an option to purchase additional shares up to 5.1% from the existing shareholders in the future.

VIII. Currency translation

The group companies record transactions in foreign currencies at the exchange rate on the date of the initial transaction. Exchange gains and losses resulting from subsequent payments and valuations at later dates are recorded through profit or loss.

For Allgeier SE and all subsidiaries, the functional currency is identical with the respective national currency. Annual financial statements prepared in foreign currencies are converted to euros during the preparation of the consolidated financial statements. The exchange rate on the financial statement date is used for assets and liabilities, while the average exchange rate for the year is used for income and expenses. Currency translation differences between the exchange rate on the financial statement date and the balance sheet date of the prior year as well as differences between equity components translated at the the average rate for the income statement and historical rates are reported in equity under other comprehensive income.

In the consolidated statement of changes in fixed assets, the acquisition and replacement costs are valued at historical exchange rates. Differences arising from converting the historical rates to the exchange rate on the financial statement date are reported in separate columns as currency differences. In the schedule of provisions, currency translation differences between the exchange rate on the financial statement date for the year under review and the prior year are also reported in a separate column.

The annual financial statements prepared in foreign currencies were converted to euros in the financial year as follows:

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EXCHANGE RATES

	Average rates per 1 EUR		Period-end rates per 1 EUR	
	2014	**2013**	**31.12.2014**	**31.12.2013**
CHF (Swiss francs)	1,213	1,23	1,203	1,226
CZK (Czech crown)	27,526	26,004	27,688	27,4
RON (new Romanian lei)	4,434	4,411	4,475	4,459
SEK (Swedish crown)	9,135	8,661	9,48	8,923
INR (Indian rupee)	80,625	78,345	77,293	85,039
USD (US dollar)	1,321	1,33	1,215	1,377
MXN (Mexican peso)	17,647	17,063	17,939	17,985
TRY (Turkish lira)	2,897	2,563	2,822	2,944
AED (VAE dirham)	4,853	4,885	4,464	5,055
SGD (Singapore dollar)	1,676	1,667	1,608	1,746
DKK (Danish crown)	7,454	7,457	7,444	7,459
GBP (British pound)	0,803	0,85	0,782	0,835
PLN (Polish zloty)	4,19	4,205	4,296	4,145

Income statements of companies acquired in a financial year are converted at the average exchange rate for the pro-rata period starting on the date of first-time consolidation.

IX. Balance sheet

Intangible assets

Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets are valued at the cost of acquisition or production using the acquisition cost method. Orders on hand, customer lists and products acquired with respect to mergers are recognised by the Allgeier Group at fair value. Orders on hand are written off as the corresponding customer orders are fulfilled. Brands and domains are written off over a term of 15 years. All remaining licenses, industrial property rights and similar rights, as well as licenses for such rights and assets are subject to regular amortisation over 3 to 6 years. Interest on debt is not included in the cost of production. Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets are capitalised if it is likely that the company will obtain a future economic benefit from the asset and the acquisition or production cost of the asset can be reliably determined. On every balance sheet date, the group reviews whether an unplanned decrease in value on the assets has to be recorded.

Goodwill with respect to mergers is recognised according to the acquisition cost method and treated as non-depreciable non-current assets. The goodwill is subject to an annual impairment test. If a lower value is determined, an impairment is recorded on the goodwill. Impairment tests are performed in addition when there are specific indications of a reduction in value.

Property, plant and equipment

Fixed assets are recognised according to the acquisition cost method, at the cost of acquisition or production less accumulated depreciation. For company-produced assets, the cost of production includes costs that can be directly assigned, pro-rata overhead costs and depreciation. Interest on debt is also included in the cost of production for buildings. Repair

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and maintenance costs are expensed directly. Straight-line depreciation is recorded over the expected, estimated useful life of the assets. The book values of capital assets are subject to an impairment test as soon as this is indicated. Property, property rights and buildings including constructions on third-party property are valued according to the acquisition cost model. Straight-line depreciation on buildings is recognised over a maximum useful life of 50 years. Other plant, operating and office equipment is subject to straight-line depreciation over a period of 3 to 15 years.

Finance lease agreements are capitalised at their value in use if the requirements for financial leasing are met. For finance leases, economic ownership of the leased assets is deemed to be held by the lessee, insofar as the lessee bears the material opportunities and risks associated with ownership of the leased asset. In this case the leased asset is capitalised when the leasing agreement is concluded, at the present value of the lease payments plus incidental costs borne by the lessee. The leased asset's value in use is written off according to the terms of comparable assets. Payment obligations resulting from future lease payments are recognised as non-current and current liabilities. The lease payments are allocated to financing costs and the redemption of the residual debt. In addition to financial leasing agreements, the group has entered into leasing agreements that meet the criteria for operating leasing and are not capitalised. This includes in particular leasing agreements for company vehicles, usually with a term of 3 years and the subsequent return of the leased assets to the lessor at the end of the lease term. The leasing costs from operating leasing are recorded as other operating expenses. The future obligations arising from these agreements are reported under other financial liabilities.

At-equity investments

Investments in associated companies are recognised according to the equity method. According to the equity method, the pro-rata annual profit leads to a corresponding increase or decrease in the book value of the investment in the consolidated financial statements. Pro-rata losses are offset against the book value and beyond that against borrowings that replace equity. Goodwill related to associated companies is included in the book value of the investment and not subject to regular amortisation, but is subject to an annual impairment test according to IAS 36.

Other financial investments

Other financial investments are recognised at the cost of acquisition using the acquisition cost method.

Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences between values for tax and financial reporting purposes and for consolidation measures affecting profit or loss. Deferred tax assets also include tax reduction claims resulting from the expected utilisation of loss carryforwards in subsequent years where said utilisation is assured with sufficient certainty.

Deferred taxes are calculated at the applicable or expected tax rates at the time of realisation according to the current legal situation in the respective countries. The deferred taxes are calculated at country-specific rates on the asset and liability differences as well as realisable loss carryforwards. The country-specific tax rates are as follows:

COUNTRY	TAX RATE
Germany	30%
Austria	25%
Switzerland	16% / 19%
India	34%
USA	40%
Sweden	25%
Turkey	20%

Offsetting deferred tax assets and liabilities is performed to the extent they can be offset in the relationship with a tax authority. Deferred tax assets and liabilities are reported under non-current assets and con-current liabilities.

Inventories

Inventories are valued at the lower of the cost of acquisition or production and the net realisable value. The weighted average method is used to establish the cost of acquisition. Impairments are recorded if the cost of acquisition or net realisable value has decreased on the reporting date. Production costs include all direct material and manufacturing costs as well as material and manufacturing overhead costs. General administrative and selling expenses as well as debt interest, insofar as the requirements of IAS 23 are not met, are not included in inventories. Incomplete services are valued according to the degree of completion based on the specific contract provisions, at the direct costs plus pro-rata production overhead costs.

Trade receivables

Trade receivables are valued at amortised cost. This corresponds to the nominal value of the receivables less individual allowances for doubtful accounts. Impairments on receivables are recognised when there are indications of default or the receivables have been overdue for an extended period of time. No lump-sum allowances for doubtful accounts are recognised. Trade receivables are written off if payment is no longer expected.

Other financial assets

Other financial assets are recognised at nominal value less individual allowances for doubtful accounts. Individual allowances for doubtful accounts are recognised when payment default is likely.

The Allgeier Group uses foreign exchange futures and interest rate swaps as derivative financial instruments to reduce exchange rate risks. These hedging transactions are recognised at market value. Positive market values result in the recognition of a financial asset and negative market values in the recognition of a financial liability. Gains and losses due to changes in present value are recorded through profit or loss unless the specific regulations for hedge accounting apply. Derivatives are recorded on the respective trading day.

Other assets and income tax receivables

Other assets are recognised at their nominal values.

Cash and cash equivalents

Cash and cash equivalents include cash balances, bank balances and current deposits with original terms of less than three months. They are valued at their nominal values.

Own shares

Own shares are reported as negative values under equity. The purchase or sale of own shares does not affect profit or loss. All consideration received or paid is recorded directly in equity.

Pension provisions

Pension provisions are recognised for defined benefit obligations under pension plans for active or former employees of the group. Defined benefit obligations are valued by a recognised actuary using the projected unit credit method under consideration of future wage, salary and pension trends. The calculation according to actuarial principles is based on the 2005 G mortality tables according to Heubeck, the individual pension commitments and, as a rule, the following general parameters:

	31.12.2014	31.12.2013
Calculated interest rate	2.15%	3.50%
Increase in the current pension	1.50%	1.50%
Wage dynamics in case of income-related benefits	2.00%	2.00%
Fluctuation	0.00%	0.00%

Reinsurance contracts were included in part in order to cover the pension commitments. Insofar as the reinsurance coverage is pledged to the beneficiary, the present value of insurance policies is offset against the pension provisions.

The service cost (current and subsequent service cost, gains or losses due to plan changes or reductions) and interest expenses or interest income on the net obligation (pension obligations less present value of the plan assets) are reported on the income statement. To determine the interest income on plan assets – regardless whether this is later offset against the interest expenses on the pension obligations or reported under interest income – only a typical interest yield on the plan assets at the discount rate of the fair value of entitlements at the start of the year is allowable.

Revaluations due to actuarial gains and losses as well as income on the plan assets (excluding interest on the net obligation) are recorded directly in other comprehensive income, directly in equity, and are not subsequently reclassified to the income statement. The actuarial gains and losses include the differences between the planned and actual fair value of entitlements at year-end and the effects of changes in the valuation parameters.

Obligations for defined contribution plans are expensed directly after the corresponding job performance of the employees.

Other provisions

Other provisions are recognised when there is a legal or factual obligation to a third party due to a past event, which is expected to result in a future transfer of assets, and this future transfer of assets can be estimated reliably. The provisions are recognised for all identifiable risks and contingent liabilities at the expected amounts. Provisions are not offset against recourse claims. Warranty provisions are recognised based on past and/or estimated future claims. The cost for the recognition of provisions is reported on the income statement after deducting expected reimbursements.

Financial liabilities

Interest-bearing loans are recognised at the amount received on the date the loan is taken out. Transaction costs are recorded under financial liabilities. Subsequently the financial liabilities are valued at amortised cost, with transaction costs distributed over the term using the effective interest method. Borrowing costs are expensed directly in the period in which they are incurred.

Trade payables

Trade payables are initially recognised at the cost of acquisition. Subsequently they are valued at amortised cost.

Other financial liabilities

Other financial liabilities are initially recognised at the cost of acquisition. Subsequently they are valued at amortised cost. The other financial liabilities include conditional liabilities from enterprise acquisitions that are recognised and subsequently valued at fair value. The non-current portion of other financial liabilities is recognised at the present value of the expected future payments. Market interest rates according to the term are used.

Other liabilities

Other liabilities are initially recognised at the cost of acquisition. Subsequently they are valued at amortised cost.

Financial instruments

Financial instruments are contracts that encompass financial assets, financial liabilities and equity instruments.

The financial assets include financial investments, loans and receivables, derivatives with a positive present value and cash in hand. Financial assets are classified as “financial assets valued at fair value” and “financial assets not valued at fair value” according to their characteristics and the purpose for which they were acquired.

The financial liabilities include liabilities to financial institutions, trade payables, liabilities under financial leasing and other financial liabilities. Financial liabilities are classified as “financial liabilities valued at fair value” and “financial liabilities not valued at fair value” according to their characteristics. The fair value option of classifying financial instruments under fair value through profit or loss when they are first recognised is not used by the Allgeier Group.

Financial assets valued at amortised cost are non-derivative financial assets with payments that are fixed or can be determined, and not listed in an active market. After they are first recognised, such financial assets with respect to subsequent valuation are valued at amortised cost less possible decreases in value. A decrease in value is recorded under other operating expenses and a reversal under other operating income. On every reporting date, the group conducts a review for indications of the need for impairments. If there are indications that the present value of the expected future cash flows is less than the book value, the impairment loss is the difference between the book value of the financial asset and the present value of its expected future cash flows. The book value of the assets is reduced using an impairment account and the impairment loss is recorded through profit or loss. If the impairment loss is increased or reduced in one of the following reporting periods due to an event that occurs after the impairment is recorded, the previous impairment loss is increased or decreased through profit or loss by adjusting the impairment account. The financial assets valued at fair value through profit or loss include derivatives that are classified as valued at fair value through profit or loss when they are recognised. Subsequently these financial assets are valued according to the assignment to this category.

CONSOLIDATED NOTES

Financial assets valued at amortised cost are non-derivative financial assets with payments that are fixed or can be determined. They are recognised and subsequently valued using the effective interest method. When liabilities are taken off the books, the resulting gains are recorded under other operating income. The financial liabilities valued at fair value through profit or loss include conditional purchase price liabilities from enterprise acquisitions that are classified as valued at fair value through profit or loss when they are recognised. Subsequently these financial liabilities are valued according to the assignment to this category. Effects from the revaluation of conditional purchase price liabilities are recorded through profit or loss.

X. Income statement

The income statement was prepared using the total expenditure format.

Revenues and other income are realised after performance, when the material risks and opportunities are transferred to the beneficiary and it is sufficiently likely that the group will obtain the economic benefit of performance. Revenues are reduced by rebates, customer discounts and bonuses granted to customers.

Product revenues are realised when the opportunities and risks associated with ownership of the products sold are transferred to the buyer. This is usually the case upon delivery of the product. Service revenues are recorded depending on the contract provisions under consideration of the services provided. This is usually done on the basis of days and hours worked. In case of fixed price contracts, service revenues are recorded based on the degree of order completion and under consideration of realised partial performance. Furthermore, licensing revenues are recorded in the applicable period according to contract provisions.

As compensation for services provided, the Allgeier Group grants managers share-based payments in the form of equity instruments (stock options). Expenses for the job performance of employees who are granted the options to purchase shares of Allgeier SE in exchange are determined according to the fair value of the options on the day they are granted, including market-specific performance conditions. Other performance and market-neutral exercise terms and conditions that lead to the options not being exercised are not included in the fair value calculation. With the exception of subsequent adjustments to the exercise price, market-neutral exercise terms and conditions are taken into account in the assumption of the expected number of options that can be exercised. The calculated total value of the stock options was recorded under personnel expenses on the date of issue since the options do not expire. The offsetting entry is made directly in equity (capital reserve). At the end of each reporting period, the number of options that can be exercised based on market-neutral exercise terms and conditions has to be reviewed. Adjustments are made for subsequent deviations from the initial valuation and recorded on the income statement and in equity. New shares are issued when the options are exercised. Cash that is received, less transaction costs that can be directly assigned, is recorded in subscribed capital (nominal amount) and the capital reserve.

Operating expenses are recorded at the time of performance.
Borrowing costs are expensed in the period in which they are incurred.
Income taxes are determined according to the tax law provisions of the countries where the respective group company is active.

XI. Estimates and assumptions

Estimates and assumptions were made in preparing the consolidated financial statements that affect the amount and disclosure of the reported assets and liabilities as well as the disclosure of income and expenses. Even though these estimates and assumptions were made in all conscience, the actual values can deviate. The estimates and assumptions are always being reviewed. Required adjustments are recorded prospectively.

The estimates and assumptions mainly relate to the valuation of conditional purchase price components for enterprise acquisitions, recording the impairment of current assets, the calculation of income tax liabilities and the valuation of provisions. To the extent the estimates and assumptions are significant so that a material adjustment could be required in financial year 2015, this is explained in the notes to the balance sheet. From today's perspective, material adjustments to the assets and liabilities reported on the consolidated balance sheet are not expected in the following financial year.

B. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Intangible assets

Intangible assets developed as follows:

INTANGIBLE ASSETS (in EUR thousand)

	Orders on hand	Customer lists	Products	Websites	Software, licenses & rights	Goodwill	Total
Book value on December 31, 2012	**374**	**19.145**	**2.650**	**156**	**2.668**	**103.441**	**128.434**
Changes 2013:							
Addition to the scope of consolidation	811	2.186	182	0	325	3.013	6.517
Additions	0	0	0	0	627	0	627
Disposals at book values	0	-4	0	0	-32	0	-36
Disposals of at-equity investments	0	0	0	0	-11	-1.824	-1.835
Currency differences	-8	-230	2	-4	-22	-1.656	-1.918
Regular amortisation and depreciation, continuing operations	-379	-5.459	-1.099	-33	-899	0	-7.869
Regular amortisation and depreciation, discontinued operations	0	-457	0	0	-144	0	-601
Extraordinary amortisation and depreciation	0	-15	0	0	0	-2.180	-2.195
Disposals, discontinued operations	0	-446	0	0	-286	-2.455	-3.187
Book value on December 31, 2013	**798**	**14.720**	**1.735**	**119**	**2.226**	**98.339**	**117.937**
Changes 2014:							
Addition to the scope of consolidation	964	3.216	577	0	1.914	2.437	9.108
Additions	0	10	0	6	673	0	689
Disposals at book values	0	0	0	0	-4	0	-4
Currency differences	0	177	2	7	25	3.982	4.193
Regular amortisation and depreciation, continuing operations	-1.319	-5.660	-1.017	-39	-1.163	0	-9.198
Regular amortisation and depreciation of Allgeier BV which was sold	0	0	0	0	-6	0	-6
Disposals from the scope of consolidation	0	0	0	0	12	0	12
Book value on December 31, 2014	**443**	**12.463**	**1.297**	**93**	**3.677**	**104.758**	**122.731**

The intangible assets include the software, licenses and rights required for business operations as well as orders on hand, customer lists, products, websites and goodwill identified for companies acquired with respect to enterprise acquisitions.

In the 2014 financial year, orders on hand were acquired in the amount of EUR 964 thousand (prior year: EUR 811 thousand). The orders on hand were valued at their expected net amount determined as the order value for the orders less full costs. Orders on hand are written off when the underlying orders are realised and invoiced.

In the 2014 financial year, customer lists were acquired in the amount of EUR 3,216 thousand (prior year: EUR 2,186 thousand). To value the customer lists, the historicised sales by regular customers and other customers were examined and analysed to determine what sales with regular customers can be expected to be generated in the next five years. These sales were recognised under customer lists at their expected net amounts on a full cost basis less discounts for possible drops in earnings, risks due to the lapse of time and customer dependencies, and less amounts already included as orders on hand. The customer lists are subject to straight-line amortisation over a useful life of five years.

In the 2014 financial year, products were acquired in the amount of EUR 577 thousand (prior year: EUR 182 thousand). The acquired products are valued based on sales planning and the expected net amount for the products less risk discounts due to ageing and technical obsolescence. A planning period of five years was used for valuation. The products are subject to straight-line amortisation over four years.

Websites are subject to regular straight-line amortisation over five years.

Goodwill results from positive differences between the purchase costs of enterprise acquisitions and the fair value of the assets, liabilities and contingent liabilities of the acquired companies on the acquisition date. In the 2014 financial year, goodwill was acquired with respect to enterprise acquisitions in the amount of EUR 1,643 thousand for HEXA, EUR 464 thousand for eHealthOpen, and for SecureNet München in the amount of EUR 330 thousand. The translation of goodwill of the Nagarro Group, BSR, Allgeier Switzerland and Oxygen obtained by the Allgeier Group in foreign currencies led to a total increase in goodwill by EUR 3,982 thousand. The currency differences were recorded in the statement of comprehensive income under other comprehensive income.

Goodwill is subject to regular annual impairment tests and, insofar as there are indications of impairment, also on a case-by-case basis. The Allgeier Group uses the value in use method based on the planning calculations and alternatively on the basis of a consistent growth rate for impairment testing. If market prices are available in specific cases, these are used for valuation.

For valuation purposes, the value in use method is based on the three-year plan of the cash generating units ("CGUs"). For subsequent years, the method carries forward the cash flows of the third detailed planning year for all years lying further in the future. The cash flows are discounted as a perpetuity with a capitalisation rate of interest after taxes of 2.86% (prior year: 4.09%). With an assumed tax rate of 30%, the calculated capitalisation rate of interest before taxes is 4.09% (prior year: 5.84%). In the planning phase after the third planning year, the interest rates are reduced by a growth allowance of 1 percentage point respectively. The interest rate takes debt and equity ratios into account, which are derived from a group of comparative companies that is unchanged compared to the prior year.

The following parameters are incorporated in calculating the capitalisation rate of interest:

CAPITALISATION RATE OF INTEREST	2014	2013
Interest rate for 10-year bonds	0.97%	2.58%
Equity ratio comparison group	65.54%	67.81%
Debt ratio comparison group	34.46%	32.19%
5-year beta factor Allgeier SE	0,4975	0,4603
Tax rate	30.00%	30.00%
Interest rate on debt capital	2.47%	3.46%
Risk premium for equity	5.00%	5.00%

Corporate planning of the Nagarro Group calls for an average annual growth rate of 19.0% in the next three years and an average growth rate of 35.3% for the underlying cash flow. As a rule the Nagarro Group has grown much faster than the market in the past, so that growth significantly above the market continues to be expected for the years of the detailed planning period. Corporate planning of the Nagarro Group results in a value in use of EUR 644 million (prior year: EUR 194 million). Tecops is planning an average annual growth rate of 7.1%. Accordingly the value in use for Tecops is EUR 98 million (prior year: EUR 84 thousand).

In addition to determining the value in use of the CGUs on the basis of three-year planning, an alternative valuation is prepared assuming growth of 2% in all future years based on results for the year under review adjusted for extraordinary items. This calculation is used in particular when budgets for the prior years were not met and there are indications that the three-year planning figures for the following years may not be met either.

In case of goodwill where the underlying acquisition of all or significant parts of the company is no more than one year ago, the purchase price for the shares which represents the market price is used as the assessment base.

The goodwill of the individual cash-generating units developed as follows:

GOODWILL (in EUR thousand)	Consolidated 31.12.2014	Currency differences	Disposal/ transfer posting	First-time consolidation	Consolidated 31.12.2013
Nagarro Group	36.803	3.828	2.457	1.643	28.875
tecops	19.078	0	0	0	19.078
Goetzfried	9.121	0	0	0	9.121
Terna Group	8.813	0	0	0	8.813
Xiopia	7.625	0	0	0	7.625
TOPjects	5.461	0	0	0	5.461
mgm tp Munich	3.498	0	0	0	3.498
b+m AG	3.449	0	0	0	3.449
BSR	3.336	62	0	0	3.274
Nagarro AG (formerly: SOFTCON AG)	0	0	-2.457	0	2.457
UNP	2.012	0	0	0	2.012
Allgeier Switzerland	1.667	31	0	0	1.636
Oxygen	1.465	61	0	0	1.404
Innocate	1.189	0	0	0	1.189
mgm cp Hamburg	239	0	0	0	239
Allgeier Medical IT (formerly: GEMED)	672	0	0	464	208
mgm sp Munich	330	0	0	330	0
	104.758	**3.982**	**0**	**2.437**	**98.339**

Due to the integration of Nagarro AG into the Nagarro Group, the goodwill of Nagarro AG was reclassified to the Nagarro Group.

All intangible assets were acquired through purchase transactions.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

2. Property, plant and equipment

The development of property, plant and equipment was as follows:

PROPERTY, PLANT AND EQUIPMENT (in EUR thousand)	Property, property rights and buildings	Other plant, operating and office equipment	Financial leasing	Total
Book value on December 31, 2012	**2.450**	**6.938**	**1.313**	**10.701**
Changes 2013:				
Addition to the scope of consolidation	0	843	0	843
Additions	1.031	3.229	617	4.877
Disposals at book values	0	-283	0	-283
Currency differences	-329	-149	-190	-668
Regular amortisation and depreciation, continuing operations	-79	-2.554	-598	-3.231
Regular amortisation and depreciation, discontinued operations	0	-540	-42	-582
Disposals, discontinued operations	0	-865	0	-865
Book value on December 31, 2013	**3.073**	**6.619**	**1.100**	**10.792**
Changes 2014:				
Addition to the scope of consolidation	0	187	0	187
Additions	362	2.464	1.238	4.064
Disposals at book values	0	-94	-13	-107
Currency differences	248	72	125	445
Regular amortisation and depreciation, continuing operations	-82	-2.731	-775	-3.588
Regular amortisation and depreciation of Allgeier BV which was sold	0	-149	-20	-169
Disposals from the scope of consolidation	0	-235	-30	-265
Book value on December 31, 2014	**3.601**	**6.133**	**1.625**	**11.359**

The Indian subsidiaries of the Allgeier Group use financing leases as instruments to finance operating and office equipment, software licenses and vehicles. On December 31, 2014 the value in use of the existing finance lease agreements was EUR 1,625 thousand (prior year: EUR 1,100 thousand). In the 2014 financial year, new leasing agreements with usage rights were added in the amount of EUR 1,238 thousand (prior year: EUR 617 thousand). The newly concluded and existing agreements have terms between 36 and 60 months. At the end of the term, the leased assets can generally be purchased or returned.

The minimum lease payments for the remaining terms of the financial leases and the present values recognised as liabilities are as follows:

MINIMUM LEASE PAYMENTS & PASSIVATED PRESENT VALUES (in EUR thousand)	**31.12.2014**	**31.12.2013**
Minimum lease payments:		
Due within a year	813	631
Due between 1 and 5 years	826	478
Total	**1.639**	**1.109**
Present value of the minimum lease payments:		
with remaining period up to 1 year	745	585
with remaining term between 1 and 5 years	787	458
Total	**1.532**	**1.043**

Minimum lease payments were translated at the period-end exchange rate on December 31, 2014.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

3. At-equity investments

The Allgeier Group recognises the GDE Holding GmbH subgroup, consisting of GDE Holding GmbH, German Doctor Exchange GmbH and GDE Services GmbH ("GDE Group") using the equity method. The Allgeier Group holds 50% of the voting rights in the associated company and has a claim to 50% of the GDE Group's net assets.

Through the operating company German Doctor Exchange GmbH headquartered in Bonn, the GDE Group operates the recruitment, brokerage and vocational training of medical practioners. Medical specialists, in particular doctors, are recruited abroad, trained and matched with hospitals. In particular, this training covers the special requirements for working in German hospitals and the particularities of the German healthcare system. GDE Services GmbH, Bonn which was founded in financial year 2014 brokers insurance and other contracts for personnel in training by German Doctor Exchange. The training phase for the medical practitioners is about one year. Subsequently the medical practitioners are placed with hospitals in return for a brokerage fee. This is also when the amortisation of the prefinanced training costs by the medical practitioners commences. In financial years 2014 and 2013, the training and other costs of the company did not yet generate any revenues.

GDE GROUP (in EUR thousand)	**2014**	**2013**
Revenues	10	7
Regular amortisation and depreciation	52	15
Interest income	75	3
Interest expenses	188	34
Income tax expenses	185	-55
Net income	-1.402	-154
Shares of non-controlling shareholders	215	11
Net income allocated to the shareholders of GDE Holding (100%)	-1.187	-143
Allgeier Group share of results for the period (50%)	**-593**	**-72**

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The at-equity book value of the GDE Group breaks down as follows:

GDE GROUP (in EUR thousand)	**31.12.2014**	**31.12.2013**
Non-current assets	475	252
Current assets net of cash and cash equivalents	32	44
Cash and cash equivalents	387	129
Non-current liabilities	-3.979	-2.250
Current financial liabilities	-292	-56
Other current liabilities	-23	-118
Net assets 100%	**-3.400**	**-1.999**
Less pro-rata net assets of non-controlling shareholders	226	12
Net assets of the shareholders of the parent company 100%	**-3.174**	**-1.987**
Share of the group in net assets 50%	-1.587	-994
Goodwill	**1.072**	**1.072**
Value of the joint venture	**-515**	**78**
Losses exceeding the participation rate	**515**	**0**
Book value of joint ventures	**0**	**78**

On December 31, 2014 the book value value of the associated company is recorded at zero. The loss that goes beyond the participation rate for the 2014 financial year is offset against the long-term loan issued to the GDE Group by Allgeier SE.

The book value of the at-equity investment in the Allgeier Group developed as follows:

BOOK VALUE OF AT-EQUITY INVESTMENT ALLGEIER GROUP (in EUR thousand)	**2014**	**2013**
Balance on January 1	**78**	**0**
Additions	0	150
Pro-rata annual result	-78	-72
Balance on December 31	**0**	**78**

For financing the GDE Group, the Allgeier Group has access to the required financial resources in the form of borrowings. Borrowings including accumulated interest on December 31, 2014 totalled EUR 3,674 thousand. The borrowings are fully subordinate and bear interest at 5% p.a. These the value of these borrowings was adjusted in financial year 2014 at EUR 515 thousand. Economically this is part of the Allgeier Group's financial engagement and constitutes a potential asset loss set-off in the amount of the book value. For the 2015 financial year, the Allgeier Group expects that the borrowings will have to be increased by up to EUR 1.5 million. Repayment of the borrowings is expected to begin in 2016.

4. Other financial assets

The other financial assets break down as follows:

OTHER FINANCIAL ASSETS (in EUR thousand)	**31.12.2014**			**31.12.2013**		
	Total	**of which non-current**	**of which current**	**Total**	**of which non-current**	**of which current**
Receivables from at-equity investments	3.227	3.159	68	1.181	0	1.181
Receivables from factoring	3.465	0	3.465	3.086	0	3.086
Loan receivables from the sale of the Benelux Group	1.800	1.500	300	0	0	0
Security deposits	1.120	972	148	572	466	106
Derivative financial instruments	933	0	933	123	0	123
Receivables against employees	678	0	678	489	12	477
Other loan receivables	535	9	526	113	0	113
Security to suppliers	501	0	501	248	0	248
Creditors with debit balances	43	0	43	42	0	42
Securities	0	0	0	2.739	0	2.739
Other	1.736	289	1.447	1.085	93	992
	14.038	**5.929**	**8.109**	**9.678**	**571**	**9.107**

The purchase price including the assumed liabilities for the Benelux Group sold in financial year 2014 was granted as a loan in the amount of EUR 1,800 thousand. Starting in January of 2015, the loan is to be paid in monthly instalments of EUR 25 thousand. The loan bears interest based on the 12-month EURIBOR plus a margin of 3 percentage points. Interest is payable respectively at the end of a year. The other loan receivables are interest-bearing as well and mainly subject to agreements with fixed interest rates between 3% and 5% p.a.

5. Other assets

The other assets break down as follows:

OTHER ASSETS (in EUR thousand)	**31.12.2014**			**31.12.2013**		
	Total	**of which non-current**	**of which current**	**Total**	**of which non-current**	**of which current**
Accruals and deferrals	5.190	97	5.093	4.690	122	4.568
VAT receivables	824	0	824	1.049	0	1.049
Active reinsurances	32	32	0	31	31	0
Other	249	0	249	245	0	245
	6.295	**129**	**6.166**	**6.015**	**153**	**5.862**

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

6. Deferred taxes

Deferred tax assets and liabilities recognised on temporary differences between values for tax and financial reporting purposes, consolidation measures affecting profit or loss, existing loss carryforwards and impairments of loans between group companies apply the following balance sheet items and items on the income statement as follows:

DEFERRED TAXES (in EUR thousand)

	31.12.2014			31.12.2013		
	Deferred tax assets	Deferred tax liabilities	Profit and loss	Deferred tax assets	Deferred tax liabilities	Profit and loss
Intangible assets	477	5.100	2.002	372	5.782	1.697
Property, plant and equipment	296	213	129	177	223	110
Remaining assets	302	290	48	188	125	-111
Pension provisions	403	9	44	293	13	78
Other provisions	1.005	63	267	713	33	-127
Other financial liabilities	215	0	-77	356	22	317
Offsetting	-182	-182	0	-739	-739	0
Temporary differences and profit and loss consolidations	**2.516**	**5.493**	**2.413**	**1.360**	**5.459**	**1.964**
Loss carryforwards	1.420	0	509	911	0	440
Offsetting	-911	-911	0	-911	-911	0
Loss carryforwards	**509**	**-911**	**509**	**0**	**-911**	**440**
Value adjustment of inter-company loans	0	3.154	0	0	3.154	0
Offsetting	0	0	0	0	0	0
Impairment of loans to group companies	0	3.154	0	0	3.154	0
Continuing operations	**3.025**	**7.736**	**2.922**	**1.360**	**7.702**	**2.404**

On December 31, 2014 the Allgeier Group had corporate tax loss carryforwards of EUR 13,573 thousand (prior year: EUR 11,991 thousand) and commercial tax loss carryforwards of EUR 10,904 thousand (prior year: EUR 8,583 thousand). This results in deferred tax claims for the group totalling EUR 3,828 thousand (prior year: EUR 3,192 thousand). Of the deferred tax claims, EUR 1,420 thousand (prior year: EUR 911 thousand) was recognised as deferred tax assets and EUR 2,408 thousand (prior year: EUR 2,281 thousand) was not recognised since utilisation is uncertain. The impairment of a loan internal to the group required deferred tax liabilities totalling EUR 3,154 thousand (prior year: EUR 3,154 thousand).

Of the deferred tax assets, EUR 2,467 thousand (prior year: EUR 1,132 thousand) is current, and of the deferred tax liabilities, EUR 5,413 thousand (prior year: EUR 4,849 thousand) is current.

7. Inventories

Inventories break down as follows:

INVENTORIES (in EUR thousand)

	31.12.2014	31.12.2013
Raw material, auxiliary and working materials	21	48
Unfinished products, incomplete services	2.360	2.281
Finished products and goods	713	672
Advance payments made	18	61
	3.112	**3.062**

The cost of acquisition and production of inventories recognised as of December 31, 2014 is EUR 3,164 thousand (prior year: EUR 3,441 thousand). Decreases in the value of inventory were recorded in the amount of EUR 52 thousand (prior year: EUR 379 thousand). Inventories impaired in prior years were recorded as material costs with their disposal in the financial year. Write-ups on inventories impaired in the prior year were not required. The net realisable value of inventories for which the impairments were recorded is EUR 200 thousand (prior year: EUR 306 thousand). In financial year 2014, inventories in the amount of EUR 318,695 thousand (prior year: EUR 310,541 thousand) were expensed in continuing operations. The amount of inventories expensed in discontinued operations was EUR 23,802 thousand (prior year: EUR 49,137 thousand).

8. Trade receivables

Trade receivables break down as follows:

TRADE RECEIVABLES (in EUR thousand)

	31.12.2014	31.12.2013
Receivables from customers	71.069	74.777
Impairment of receivables from customers	-1.340	-1.509
	69.729	**73.268**

All trade receivables usually have terms between 30 and 90 days. Allowances for doubtful accounts were recorded at 50% for receivables overdue more than 180 days and 100% for receivables overdue more than one year. These impairments are usually on the amounts reduced by income tax. More recent customer receivables were also impaired in whole or in part as soon as indications of default were identified. Receivables covered by bad debt insurance were impaired at the maximum amount of the deductible. Receivables of EUR 287 thousand (prior year: EUR 273 thousand) were not impaired since the contract terms and conditions were renegotiated; otherwise, impairments would have had to be recorded for these receivables. Trade receivables are non-interest-bearing.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The delay structure of trade receivables is as follows:

DELAY STRUCTURE (in EUR thousand)								
	As at 31.12.2014	Not overdue	Overdue in days					
			<30	30-60	61-90	91-180	181-360	>360
Customer receivables not impaired	69.173	51.034	12.918	2.966	768	738	176	573
Gross amount of the value-adjusted trade receivables	1.896	324	1	11	27	97	605	831
Impairments	-1.340	-272	-1	-11	-24	-68	-310	-654
Book value	**69.729**	**51.086**	**12.918**	**2.966**	**771**	**767**	**471**	**750**
	As at 31.12.2013	Not overdue	Overdue in days					
			<30	30-60	61-90	91-180	181-360	>360
Customer receivables not impaired	69.773	53.558	10.305	3.032	1.180	731	711	256
Gross amount of the impaired trade receivables	5.004	2.690	242	197	62	145	443	1.225
Impairments	-1.509	-26	-6	-38	-48	-111	-253	-1.027
Book value	**73.268**	**56.222**	**10.541**	**3.191**	**1.194**	**765**	**901**	**454**

Impairments of trade receivables developed as follows:

IMPAIRMENT (in EUR thousand)	2014	2013
Balance on January 1	1.509	1.250
Addition to the scope of consolidation	0	46
Additions having an effect on the expenses	929	840
Consumption and liquidation	-849	-609
Currency differences	7	-2
Disposals, discontinued operations	0	-16
Disposals from the scope of consolidation	-256	0
Balance on December 31	**1.340**	**1.509**

The theoretical maximum default risk for trade receivables is the recognised gross value of EUR 71,069 thousand (prior year: EUR 74,777 thousand). This risk is reduced by collateral, credit insurance and other credit rating improvements.

The Allgeier Group uses factoring of customer receivables to finance working capital fluctuations. A total factoring volume of EUR 25,000 thousand is available. On December 31, 2014, EUR 18,280 thousand (prior year: EUR 15,643 thousand) of this volume was utilised. Of the receivables that are submitted, up to 90% can be paid to the subsidiaries immediately.

The remaining amounts are paid out after the invoice is settled by the customer. The portion of receivables retained by the factor is reported under other financial assets. On December 31, 2014 this totalled EUR 3,464 thousand (prior year: EUR 3,086 thousand). With respect to the factoring agreement, current and future claims of the subsidiaries from business relationships with banks regarding the pledged accounts with the banks in charge of the accounts are pledged to the factor. On December 31, 2014 the total balance of the pledged accounts was EUR 12,405 thousand (prior year: EUR 5,916 thousand. After the entire default risk of the receivables that are sold is transferred to the buyer, they are classified as off-balance sheet items by the Allgeier Group. Interest on the financed receivables is calculated at EURIBOR plus a margin of up to 2.95%.

9. Cash and cash equivalents

Cash and cash equivalents break down as follows:

CASH AND CASH EQUIVALENTS (in EUR thousand)	31.12.2014	31.12.2013
Bank balance	97.955	46.608
Cash balance	38	45
	97.993	**46.653**

Bank balances include term deposits and current account balances. They are highly liquid and available as means of payment on short notice. The demand funds are not subject to the risk of fluctuations in value, or only to an immaterial extent.

10. Subscribed capital

On December 31, 2014 Allgeier SE had subscribed capital of EUR 9,071,500.00 (prior year: EUR 9,071,500.00). The subscribed capital is divided into 9,071,500 no-par bearer shares with a nominal amount of capital stock at EUR 1.00 per share. It is fully paid up.

On December 30, 2014 the share of Allgeier SE was valued at a closing price of EUR 14.10 in Xetra trading on the Frankfurt Stock Exchange. In the prior year, the closing price of the share on December 30, 2013 was EUR 15.62. No preferred shares or other shares with special rights or restrictions have been issued.

Conditional capital

By resolution of the shareholders' meeting on June 18, 2013 the share capital of Allgeier SE is conditionally increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par bearer shares (Conditional Capital 2013). The conditional capital 2013 is intended for serving convertible bonds, warrant bonds and/or income bonds or participation rights with conversion or option rights, which may be issued by the company itself or a company in which it holds a direct or indirect majority, until June 17, 2018. Allgeier SE has not issued any corresponding conversion or option rights to date.

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By resolution of the shareholders' meeting on June 17, 2014 the share capital of Allgeier SE is conditionally increased by up to EUR 460,000 by issuing up to 460,000 new no-par bearer shares (Conditional Capital 2010).). The conditional capital 2010 is intended for exercising option rights under the stock option plan 2010 that can be issued by the company until June 16, 2015. By resolution of the shareholders' meeting on June 17, 2014 the conditional capital 2010 was reduced from up to EUR 750,000 originally to EUR 460,000.

By resolution of the shareholders' meeting on June 17, 2014). the share capital of Allgeier SE is also conditionally increased by up to EUR 440,000 by issuing up to 440,000 new no-par bearer shares (Conditional Capital 2014). The conditional capital 2014 is intended for exercising option rights under the stock option plan 2014 that can be issued by the company until June 16, 2019.

Authorised capital

By resolution of the shareholders' meeting on June 17, 2014 the Management Board with the consent of the Supervisory Board is authorised to increase the capital stock of Allgeier SE, one or more times until June 16, 2019 by a total of EUR 2,267,875.00 in exchange for cash contributions or contributions in kind (authorised capital I). The Management Board with the approval of the Supervisory Board is authorised to exclude statutory shareholder subscription rights for the following cases:

(a) For a rights issue for odd lot amounts resulting from the subscription ratio.

(b) For a capital increase in exchange for contributions in kind to purchase companies or investments in companies when the purchase is in the interest of the company.

(c) For a capital increase in exchange for cash contributions, for a proportion of authorised capital in the amount of up to EUR 453,575.00 insofar as the issue price of the new shares does not fall significantly below the stock market price.

By resolution of the shareholders' meeting on June 21, 2011 the Management Board with the consent of the Supervisory Board is authorised to increase the capital stock of Allgeier SE, one or more times until June 20, 2016, by a total of EUR 2,267,875.00 in exchange for cash contributions or contributions in kind (authorised capital II). The Management Board with the approval of the Supervisory Board is authorised to exclude statutory shareholder subscription rights for the following cases:

(a) For a rights issue for odd lot amounts resulting from the subscription ratio.

(b) For a capital increase in exchange for contributions in kind to purchase companies or investments in companies when the purchase is in the interest of the company.

c) For a capital increase in exchange for cash contributions, for a proportion of authorised capital in the amount of up to EUR 453,575.00 insofar as the issue price of the new shares does not fall significantly below the stock market price.

The Management Board did not make use of the authorisation to increase the capital stock by utilising the authorised capital I or authorised capital II in the 2014 financial year.

11. Capital reserves

The capital reserves encompass amounts above the nominal value of the subscribed capital and break down as follows:

CAPITAL RESERVES (in EUR thousand)	**2014**	**2013**
Capital reserves of Allgeier SE	11.306	11.306
Book gain from the sale of own shares	3.584	3.584
Issued share options	2.039	2.035
	16.929	**16.925**

12. Retained earnings

Retained earnings encompass the statutory reserve of Allgeier SE. It is unchanged from the prior year at EUR 102 thousand.

13. Own shares

The shareholders' meeting on June 17, 2014 authorised the Management Board to acquire the company's own shares until June 16, 2019 with a volume of up to 907,150 shares (10 percent of the capital stock at the time the resolution was passed) subject to the condition that these together with other treasury shares already acquired and still held by the company do not exceed 10% of the capital stock.

TREASURY SHARES (in EUR thousand)	**2014**		**2013**	
	Units	**Book value**	**Units**	**Book value**
Number as at January 1	246.579	1.971	704.076	5.491
Additions	27.491	407	42.503	546
Disposals	0	0	-500.000	-4.066
Disposal of own shares with respect to the purchase of Nagarro Inc.	-122.871	-999	0	0
Number as at December 31	**151.199**	**1.379**	**246.579**	**1.971**

In the 2014 financial year, Allgeier SE acquired a total of 27,491 (prior year: 42,503) of its own shares at an average price of EUR 14.80 (prior year: EUR 12.81). EUR 407 thousand (prior year: EUR 546 thousand) was paid for the shares. The Allgeier Group issued 122,871 treasury shares to pay part of the remaining purchase price for the Nagarro Group.

On December 31, 2014 the portfolio of treasury shares has a book value of EUR 1,379 thousand. When the portfolio is valued at the price on the reporting date of EUR 14.10 per share on December 31, 2014 (closing price on December 30, 2014 in Xetra trading on the Frankfurt Stock Exchange), the calculated present value is EUR 2,132 thousand with hidden reserves of EUR 753 thousand.

On December 31, 2014, 1.67% (prior year: 2.72%) of the share capital is allocated to treasury shares. 56,417 of the treasury shares were pledged to secure warranty claims with respect to the purchase of the Nagarro Group and deposited with Allgeier Nagarro Holding GmbH. The treasury shares are not entitled to dividends.

14. Profit carried forward

The group's profit carried forward developed as follows:

PROFIT CARRIED FORWARD (in EUR thousand)	**2014**	**2013**
Profit carried forward on January 1	66.575	61.967
Net profit or loss for the period of the previous year	3.539	8.791
Offsetting actuarial gains and losses from the disposal of DIDAS	-424	0
Offsetting valuation reserves from securities	33	0
Dividends to shareholders of Allgeier SE	-4.412	-4.183
Profit carried forward on December 31, as originally reported	**65.311**	**66.575**

The results for the period allocated to the shareholders of Allgeier SE at EUR 3,539 thousand (prior year: EUR 8,791 thousand) was transferred to profit carried forward.

The annual shareholders' meeting of Allgeier SE on June 17, 2014 passed a resolution for the distribution of dividends at EUR 0.50 per share (prior year: EUR 0.50 per share). The total dividend was EUR 4,412 thousand (prior year: EUR 4,183 thousand). 8,824,921 shares (prior year: 8,367,424 shares) were entitled to dividends.

15. Changes in equity recognised directly in equity

The changes in equity recognised directly in equity break down as follows:

CHANGES IN EQUITY RECOGNISED DIRECTLY IN EQUITY (in EUR thousand)	**31.12.2014**	**31.12.2013**
Currency differences	5.244	-327
Actuarial gains / losses	-719	-516
Proportional acquisition of subsidiaries using treasury shares	1.960	869
Value changes of securities	0	34
Purchase of shares from non-controlling shareholders below carrying amount	696	696
Purchase of shares from non-controlling shareholders above carrying amount	-2.683	-2.683
Changes in equity not affecting income, as originally reported	**4.498**	**-1.927**

The Allgeier Group paid part of a variable purchase price for the Nagarro Group acquired in 2011 with 122,871 treasury shares of Allgeier SE. The difference between the book value of EUR 8.13 per share and the purchase price of EUR 17.00 per share resulted in a book gain of EUR 1,090 thousand.

The other comprehensive income reported in the statement of comprehensive income is reconciled with the statement of changes in equity as follows:

(in EUR thousand)	**31.12.2014**	**31.12.2013**
Changes in equity not affecting income on January 1	-1.927	1.137
Other comprehensive income from the statement of comprehensive income	6.400	-3.104
Shares of non-controlling shareholders included in other comprehensive income on the statement of comprehensive income	25	40
Changes in equity not affecting income on December 31	**4.498**	**-1.927**

16. Equity share of shareholders with non-controlling interest

The equity share of shareholders with non-controlling interest represents the equity of subsidiaries held by other shareholders. It developed as follows:

EQUITY SHARE OF SHAREHOLDERS WITH NON-CONTROLLING INTEREST (in EUR thousand)	**2014**	**2013**
Balance on January 1	2.430	4.503
Addition of shares of non-controlling shareholders	746	0
Net profit or loss for the period attributed to non-controlling shareholders	579	123
Payments made arising from the purchase of shares of non-controlling shareholders	0	-2.157
Pay-outs to non-controlling shareholders	-171	0
Disposal of shares of non-controlling shareholders related to the sale of the Benelux Group	467	1
Exchange rate changes not affecting net income	14	-40
Balance on December 31	**4.065**	**2.430**

17. Financial liabilities

The financial liabilities break down as follows:

FINANCIAL LIABILITIES (in EUR thousand)	31.12.2014			31.12.2013		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Borrower's note loan 2014	80.000	80.000	0	0	0	0
./. deferred one-time costs	-458	-371	-87	0	0	0
Borrower's note loan 2012	32.000	20.500	11.500	70.000	70.000	0
./. deferred one-time costs	-229	-144	-85	-567	-567	0
Loans of the Nagarro Group	9.316	9.316	0	0	0	0
Vendor loans from the acquisition of Nagarro Inc.	1.882	0	1.882	1.601	0	1.601
Mortgage credit of Nagarro Software Jaipur Pvt. Ltd.	822	654	168	674	570	104
Investment loan of BSH IT Solutions GmbH	493	274	219	712	493	219
Vendor loans from the acquisition of HEXA	386	0	386	0	0	0
Savings bank loan of Terna Zentrum Innsbruck	350	0	350	350	0	350
IKB loan of b+m AG	185	62	123	308	185	123
MBG loan of b+m AG	110	0	110	110	110	0
Acquisition bank loan of Terna Zentrum Innsbruck	40	0	40	160	40	120
Vendor loans from the acquisition of WK	0	0	0	600	0	600
Redeemable loan from the acquisition of WK	0	0	0	431	0	431
Working capital loan of Nagarro Software Jaipur Pvt. Ltd.	0	0	0	232	0	232
Credit line of Opus	0	0	0	221	0	221
Vendor loans from the acquisition of Opus	0	0	0	221	0	221
Vendor loans from the acquisition of mgm tp Munich	0	0	0	200	0	200
Other	350	0	350	293	0	293
	125.247	**110.291**	**14.956**	**75.546**	**70.831**	**4.715**

Allgeier SE placed a borrower's note loan for EUR 70 million in February of 2012 and a borrower's note loan for EUR 80 million in December of 2014. With the issue of the 2014 borrower's note loan, the variable component of the 2012 borrower's note loan in the amount of EUR 38 million was redeemed. The borrower's note loans are structured in tranches with terms of three, five and seven years, and with variable and fixed interest. Interest is payable at the beginning of the first month each quarter. On December 31, 2014 the tranches of the borrower's note loans are as follows:

TRANCHE (in EUR thousand)	MATURITY (months)	ISSUE	REPAYMENT	INTEREST	INTEREST RATE 31.12.2014	INTEREST RATE 31.12.2013
Borrower's note loan 2014:						
55.500	60	December 2014	December 2019	6-month EURIBOR +1.4 percentage points	1.48%	-
11.000	60	December 2014	December 2019	fixed	1.81%	-
7.000	84	December 2014	December 2021	6-month Euribor +1.7 percentage points	1.78%	-
6.500	84	December 2014	December 2021	fixed	2.33%	-
Borrower's note loan 2012:						
11.500	36	March 2012	March 2015	fixed	3.08%	3.08%
13.500	60	March 2012	March 2017	fixed	3.93%	3.93%
7.000	84	March 2012	March 2019	fixed	4.78%	4.78%

Allgeier SE and other Allgeier Group companies are jointly and severally liable for the borrower's note loan. With the borrower's note loan, Allgeier SE obligates itself to meet certain financial covenants. In the context of issuing the borrower's note loan, one-time payments had to be made which are deferred over the term of the loan and recognised as other operating expenses in those years.

Allgeier Nagarro Holding GmbH has concluded a credit line agreement with an amount up to USD 15 million. On December 31, 2014 USD 9,600 thousand was utilised by Allgeier Nagarro Holding GmbH and USD 1,695 by Allgeier Global Services Asia Pte. Ltd., which converts to EUR 9,316 thousand. The interest rates are variable. For the amount utilised by Allgeier Nagarro Holding, the interest rate on December 31, 2014 was 2.40% and for Allgeier Global Services it was 2.54%. Interest is payable every six months. In the loan agreement, the borrower has obligated itself to meet certain financial covenants. The loan matures on October 24, 2016.

A purchase price holdback of USD 2,000 was agreed in the purchase contract for the purchase of the shares in Nagarro, Inc. to cover warranty claims, and was granted as a loan. The loan bears interest at a fixed rate of 4.177% p.a. which increases the loan amount. The value of the loan on December 31, 2014 was EUR 1,882 thousand. The parties agreed that the loan including accumulated interest will be paid out in April of 2015.

Nagarro Software Jaipur Pvt. Ltd, Jaipur, India received a mortgage loan in June of 2012 to finance the new office building at the Jaipur site. The value of the loan on December 31, 2014 was EUR 822 thousand (prior year: EUR 674 thousand). Interest is charged at the 6-month LIBOR plus a premium of 600 basis points. The loan is repayable in monthly instalments of EUR 14 thousand. The borrower's long-term assets were pledged as collateral. On December 31, 2014 the book value was EUR 2,862 thousand (prior year: EUR 2,060 thousand).

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Allgeier IT Solutions GmbH received a loan in the amount of EUR 877 thousand during the 2013 financial year to finance an investment. The load is repayable quarterly at EUR 55 thousand. The value date was December 31, 2014 with a book value of EUR 493 thousand (prior year: EUR 712 thousand). The loan bears interest at a fixed rate of 4.45% p.a. This loan was transferred to BSH IT Solutions GmbH, Bremen in the 2014 financial year.

The sellers of HEXA granted granted part of the purchase price in the amount of EUR 375 thousand as a loan. The loan bears interest at 3.5% p.a. and is repayable on December 31, 2015.

Terna GmbH Zentrum für Business Software, Innsbruck, Austria ("Terna Zentrum Innsbruck") concluded a savings bank loan for financing exports in the amount of EUR 350 thousand. The loan has an unlimited term and bears variable interest, currently at 1.80% (prior year: 1.95%).

The IKB loan of b+m AG bears interest at a fixed rate of 4.8% p.a. and is repayable in semi-annual instalments of EUR 62 thousand.

The MBG loan of b+m AG bears interest at the fixed rate of 10.5% p.a. and is repayable in full on September 30, 2015.

For the acquisition of a subsidiary which has been merged with Terna Zentrum Innsbruck in the meantime, Terna Zentrum Innsbruck received a redeemable loan in March of 2010 with an original amount of EUR 600 thousand and monthly payments of EUR 10 thousand. On December 31, 2014 the remaining loan obligation was EUR 40 thousand (prior year: EUR 160 thousand). The Interest rate is unchanged from the prior year at 2.75%.

There were no defaults on payments during the reporting period nor after the end of the financial year.

18. Pension provisions

On December 31, 2014 the Allgeier Group had pension commitments for seven persons in the form of direct commitments. Of the entitled persons, two employees are active in the Allgeier Group, three persons are former employees who have resigned their positions and two are pensioners. The commitments in 6 cases call for the payment of fixed monthly amounts or fixed amounts based on the most recent salary. In one case a fully dynamic pension with an annual increase of 2% was agreed. The pension payments are made starting at the approved retirement age of 60 or 65 years or in case of disability. Widow's pensions are agreed in some cases. All commitments are non-lapsable.

The number and composition of beneficiaries has not changed compared to the prior year. The beneficiaries disclosed under discontinued operations in the prior year were eliminated from the Allgeier Group with the sale of DIDAS.

Due to the existing direct commitments, the group is exposed to the following actuarial risks:

Longevity risk	The subsequent life expectancy is higher than the best possible estimate according to the mortality tables. This increases the subsequent, actual pension obligation.
Investment risk	The calculated interest rate to determine the present value of the pension obligations is derived from the yield on first-class corporate bonds. If the yield on plan assets is below this interest rate, this results in a pension plan deficit.
Interest rate risk	A decrease in interest on corporate bonds leads to an increase in pension obligations, but this can be partly compensated by correspondingly higher income on the plan assets.
Salary risk	Subsequent, unexpected salary increases lead to an increase in pension obligations linked to remuneration.

In case of larger specific obligations, the risk of beneficiary longevity is transferred in whole or at least in part to reinsurance. The plan assets consist exclusively of cash value reinsurance.

To cover the pension obligations, the Allgeier Group recognised provisions on December 31, 2014 in the amount of EUR 1,913 thousand (prior year: EUR 1,256 thousand) and assets for reinsurance balances that are not pledged in the amount of EUR 32 thousand (prior year: EUR 31 thousand). These amounts are reconciled as follows:

PENSION PROVISIONS (in EUR thousand)	**2014**	**2013**
Transition of fair value of entitlement:		
Fair value of entitlement as at January 1	3.268	3.062
Change in consolidation scope	-1.539	0
Current service cost	93	108
Interest expenses	92	111
Actuarial gains or losses	739	26
Pension payments	-32	-39
Fair value as at December 31	**2.621**	**3.268**
Discontinued operations	0	-1.341
Fair value as at December 31	**2.621**	**1.927**
Reconciliation of plan assets:		
Plan assets, fair value as at January 1	1.033	926
Change in consolidation scope	-335	0
Returns on plan assets	30	33
Employer contributions	32	102
Paid benefits	-8	-9
Actuarial gains or losses	-12	-19
Disposals	0	0
Plan assets, fair value as at December 31	**740**	**1.033**
Discontinued operations	0	-331
Plan assets, fair value as at December 31	**740**	**702**
Net obligation on December 31	**1.881**	**1.225**
of which pension provisions	1.913	1.256
of which assets	32	31

The two active employees with existing pension commitments are key personnel working for subsidiaries. On December 31, 2014 the fair value of entitlements for these persons totalled EUR 1,881 thousand (prior year: EUR 1,300 thousand). The related plan assets amounted to EUR 357 thousand (prior year: EUR 327 thousand).

The income and expenses from the change in net pension obligations (pension obligations less reinsurance) affected comprehensive income as follows:

INCOME AND EXPENSES FROM THE CHANGE IN THE NET PENSION OBLIGATION (in EUR thousand)	2014	2013
Personnel expenses		
Current service cost	93	108
Personnel expenses	**93**	**108**
Financial income		
Income on plan assets (cannot be offset)	-2	-2
Other interest and similar income	**-2**	**-2**
Financial expenses		
Interest expense on pension obligations	92	111
Income on plan assets (can be offset)	-28	-31
Interest and similar expenses	**64**	**80**
Included in the income statement	**155**	**186**
Gain/loss on the revaluation of the pension obligation		
due to changes in financial assumptions	760	57
due to empirical adjustments	-21	-32
Income/expenses on plan assets without interest income	12	19
Included in other comprehensive income	**751**	**44**

The weighted average term of the defined benefit pension obligations is as follows:

NUMBER OF PENSION BENEFICIARIES	Active employees	Former employees	Pensioners	Total
As at December 31, 2013	22,6	18,7	11,9	20,1
As at December 31, 2014	21,5	17,8	10,6	19,6

The actuarial parameters used for calculating the fair value of entitlements and for the change risks are the calculated interest rate, the expected annual salary increases for commitments linked to remuneration (salary dynamics) and the annual increase in the current pensions (pension dynamics). Under the assumption that the remaining parameters are kept constant, the defined benefit obligations on December 31, 2014 changes according to the following sensitivity analysis:

DECEMBER 31, 2014 (in EUR thousand)	Increase	Decrease
Calculated interest rate (1.00% change)	-474	617
Wage dynamics (0.50% change)	76	-72
Pension dynamics (0.25% change)	55	-52

The preceding sensitivity analysis was performed using a method that extrapolates the effects on the defined benefit obligation of realistic changes to the key assumptions at the end of the reporting period.

Payments into the defined benefit plan in 2015 are expected to total EUR 29 thousand (prior year: EUR 102 thousand).

Employer contributions were made for defined contribution plans in the amount of EUR 11 thousand in the financial year (prior year: EUR 11 thousand).

19. Other financial liabilities

The other financial liabilities break down as follows:

OTHER FINANCIAL LIABILITIES (in EUR thousand)	31.12.2014			31.12.2013		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Variable purchase price liabilities from enterprise acquisitions, where the actual amount is not yet known	2.501	2.121	380	10.883	10.444	439
Original variable purchase price liabilities from enterprise acquisitions, where the actual amount is not yet known	12.916	698	12.218	9.812	698	9.114
Purchase price liabilities from enterprise acquisitions, where the actual amount is already fixed	0	0	0	700	0	700
Purchase price liability from the call option to acquire the remaining shares of Innocate and recompli	2.079	1.303	776	776	0	776
Pending incoming invoices	4.257	0	4.257	4.329	0	4.329
Leave entitlements	4.512	59	4.453	3.916	69	3.847
Payments received on orders	2.185	0	2.185	2.015	0	2.015
Liabilities from wages and salaries	4.229	0	4.229	3.831	0	3.831
Liabilities from finance lease	1.533	787	746	1.043	458	585
Working time account	1.068	0	1.068	728	0	728
Liabilities with respect to social security	820	0	820	882	0	882
Debtors with credit balances	189	0	189	205	0	205
Derivative financial instruments	0	0	0	805	0	805
Remaining	1.746	581	1.165	876	361	515
	38.035	**5.549**	**32.486**	**40.801**	**12.030**	**28.771**

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Variable purchase price liabilities from enterprise acquisitions where the actual amount is conditional and not known are valued according to the expected future payments, based on the planning calculations of the companies and the agreements between the parties. Should the conditional purchase price components be higher, lower or eliminated entirely, the differences resulting from the adjustments to the purchase price liabilities are recorded in comprehensive income as income or expenses. The non-current purchase price liabilities are recognised at the present value of the expected future payments. Market interest rates published by the German Central Bank are used. For the valuation of the liabilities on December 31, 2014, the interest rates depending on the terms ranged from 3.41% (prior year: 3.37%) to 2.96% (prior year: 3.65%). The nominal value of the non-current purchase price liabilities of EUR 4,122 thousand (prior year: EUR 11,142 thousand) was EUR 4,335 thousand on December 31, 2014 (prior year: EUR 11,680 thousand). The other non-current financial liabilities have terms from one to five years.

Invoices for goods and services obtained in the financial year that have not been received before closing the books are recorded as outstanding purchase invoices.

The obligations for unused leave days granted to employees of the Allgeier companies for the financial year are deferred as leave entitlements. Expenditures per leave day are calculated according to the individual average salary (excluding one-time payments) of the employees in the financial year, including social security contributions. Claims for leave days of the subsequent year taken in advance are not offset.

Liabilities from wages and salaries include the payment obligations for wage and church tax due in January of 2015 and applicable to 2014.

The working time accounts represent obligations for working hours accumulated by employees of the group companies. Time accounts are valued at the individual average salaries of the employees, including social security contributions, without taking leave days, sick leave and holidays as well as one-time payments into account.

20. Other liabilities

The other liabilities break down as follows:

OTHER LIABILITIES (in EUR thousand)

	31.12.2014			31.12.2013		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Liabilities from VAT	3.750	0	3.750	4.241	0	4.241
Accruals and deferrals	6.184	29	6.155	5.379	119	5.260
Other	39	0	39	35	0	35
	9.973	**29**	**9.944**	**9.655**	**119**	**9.536**

21. Other provisions

The other provisions break down as follows:

OTHER PROVISIONS (in EUR thousand)

	31.12.2014			31.12.2013		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Royalties and bonuses	6.999	0	6.999	7.253	0	7.253
Annual financial statements	970	0	970	1.012	0	1.012
Gratuity obligations	881	788	93	507	409	98
Professional association	638	0	638	625	0	625
Storage	377	294	83	350	294	56
Warranties	262	0	262	218	0	218
Gratuities	221	0	221	261	0	261
Disability levy	113	0	113	67	0	67
Social insurance risks	5	0	5	965	0	965
Other	1.123	38	1.085	895	63	832
	11.589	**1.120**	**10.469**	**12.153**	**766**	**11.387**

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The other provisions developed as follows:

OTHER PROVISIONS (in EUR thousand)

	As at 31.12.2013	Additions to consolidation scope	Consump-tion		Liquidation	Disposal from consolidation scope	Additions	Discounting/ currency effects	As at December 31, 2014
Royalties and bonuses	7.253	267	-7.025		-130	-350	6.888	96	6.999
Annual financial statements	1.012	22	-869		-38	0	839	4	970
Gratuity obligations	507	0	-42		0	0	352	64	881
Professional association	625	1	-612		-13	0	637	0	638
Storage	350	21	-5		-16	0	25	2	377
Warranties	218	77	-161		-25	0	152	1	262
Gratuities	261	0	-120		-102	0	181	1	221
Disability levy	67	0	-43		0	0	89	0	113
Social insurance risks	965	0	-306		-654	0	0	0	5
Other	895	94	-647		-362	0	1.124	19	1.123
	12.153	**482**	**-9.830**		**-1.340**	**-350**	**10.287**	**187**	**11.589**

The provision for royalties and bonuses is recognised for agreed performance-based compensation to management and the employees of the Allgeier companies.

The provision for year-end closing costs includes external and internal costs expected to be incurred with respect to the preparation and review of the annual financial statements and the consolidated financial statements as well as the tax returns. Direct costs for own personnel plus social security contributions are recorded for the internal expenditures. This provision also includes pro-rata legal and consulting fees expected to be incurred with respect to future audits. The effect of discounting non-current provisions is EUR 10 thousand (prior year: EUR 2 thousand).

The Indian companies have obligations for future gratuity payments to employees (gratuity obligations) that become payable when employees depart, regardless of termination by the employer or employee. These gratuity payments constitute a defined benefit plan according to IAS 19 and are valued using actuarial methods. Calculating the fair value of entitlements using actuarial principles is based on country-specific mortality tables for India and the following general parameters:

(in EUR thousand)	31.12.2014	31.12.2013
Calculated interest rate	8.00%	8.50%
Salary increase p.a.	12.00%	12.00%
Fluctuation p.a.	20.00%	20.00%
Remaining term of service to retirement in years	31,4	31,2

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The gratuity obligations as well as income and expenses from changes to the gratuity obligations are reconciled as follows:

GRATUITY OBLIGATIONS (in EUR thousand)	2014	2013
Fair value of entitlement as at January 1	507	374
Income statement		
Current service cost	162	135
Interest expenses	45	28
	207	**163**
Other comprehensive income		
Actuarial gains or losses	146	75
of which from financial assumptions	23	31
of which from empirical adjustments	123	44
Payout upon departure	-43	-40
Currency	64	-65
Fair value as at December 31	**881**	**507**

Changes to the actuarial parameters only have an immaterial effect on the fair value of entitlements.

The storage provision covers the cost for statutory storage requirements. It is calculated based on renting storage space for a 10-year retention period with discounting on the basis of an average market interest rate for the last seven years.

Warranties include provisions for individually recorded warranty claims.

Gratuities and the continued payment of salaries for former employees are recorded in the gratuity provision.

The non-current other provisions do not include any material effects of compounding due to the lapse of time and changes to interest rates.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

22. Financial instruments

The book and market values of financial instruments by balance sheet items, classes, hierarchy levels and valuation categories are as follows:

BOOK AND MARKET VALUES OF THE FINANCIAL INSTRUMENTS (in EUR thousand)

			Book values				Book values				Fair values
31.12.2014	**Hedging instruments**	**Determined at fair value**	**Available for sale**		**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued at fair value:											
Foreign exchange futures used for hedging	933	0	0		0	0	933	0	933	0	933
	933	**0**	**0**		**0**	**0**	**933**	**0**	**933**	**0**	**933**
Financial assets not valued at fair value:											
Investments	0	0	0		24	0	24				
Trade receivables	0	0	0		69.729	0	69.729				
Other financial assets	0	0	0		13.104	0	13.104				
Cash and cash equivalents	0	0	0		97.993	0	97.993				
	0	**0**	**0**		**180.850**	**0**	**180.850**				
Financial assets	**933**	**0**	**0**		**180.850**	**0**	**181.783**				
Financial liabilities valued air fair value:											
Conditional purchase price liabilities	0	16.741	0		0	0	16.741	0	0	16.741	16.741
	0	**16.741**	**0**		**0**	**0**	**16.741**	**0**	**0**	**16.741**	**16.741**
Financial liabilities not valued at fair value:											
Financial liabilities	0	0	0		0	125.247	125.247				
Trade payables	0	0	0		0	28.128	28.128				
Leases	0	0	0		0	1.532	1.532				
Other financial liabilities	0	0	0		0	19.761	19.761				
	0	**0**	**0**		**0**	**174.668**	**174.668**				
Financial liabilities	**0**	**16.741**	**0**		**0**	**174.668**	**191.409**				

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

BOOK AND MARKET VALUES OF THE FINANCIAL INSTRUMENTS (in EUR thousand)

			Book values			Book values				Fair values
31.12.2013	**Hedging instruments**	**Determined at fair value**	**Available for sale**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued at fair value:										
Foreign exchange futures used for hedging	123	0	0	0	0	123	0	123	0	123
Bank loans	0	0	2.739	0	0	2.739	2.739	0	0	2.739
	123	**0**	**2.739**	**0**	**0**	**2.862**	**2.739**	**123**	**0**	**2.862**
Financial assets not valued at fair value:										
Investments	0	0	0	23	0	23				
Trade receivables	0	0	0	73.268	0	73.268				
Other financial assets	0	0	0	6.815	0	6.815				
Cash and cash equivalents	0	0	0	46.653	0	46.653				
	0	**0**	**0**	**126.759**	**0**	**126.759**				
Financial assets	**123**	**0**	**2.739**	**126.759**	**0**	**129.621**				
Financial liabilities valued air fair value:										
Conditional purchase price liabilities	0	20.717	0	0	0	20.717	0	0	20.717	20.717
Foreign exchange futures used for hedging	804	0	0	0	0	804	0	804	0	804
	804	**20.717**	**0**	**0**	**0**	**21.521**	**0**	**804**	**20.717**	**21.521**
Financial liabilities not valued at fair value:										
Financial liabilities	0	0	0	0	75.546	75.546				
Trade payables	0	0	0	0	29.403	29.403				
Leases	0	0	0	0	1.043	1.043				
Other financial liabilities	0	0	0	0	18.237	18.237				
	0	**0**	**0**	**0**	**124.229**	**124.229**				
Financial liabilities	**804**	**20.717**	**0**	**0**	**124.229**	**145.750**				

Observable market prices are used by the Allgeier Group to determine the fair values of the asset and liabilities where possible. Depending on the input factors, the fair values are assigned to various levels of the valuation hierarchy:

Level 1: Prices for identical assets and liabilities available in the active market are used.

Level 2: Other valuation factors for an asset or liability that can be observed directly or indirectly, or that can be derived from market prices are used

Level 3: Valuation factors that are not based on observable market data are used

There is no regrouping between the valuation categories and hierarchy levels.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

FINANCIAL INSTRUMENTS CATEGORISED IN LEVEL 3 (in EUR thousand)

	Financial purchase price liabilities valued at fair value through profit or loss	Financial liabilities valued at fair value with no effect on net income	Total
As at December 31, 2012	**21.952**	**666**	**22.618**
Additions	996	0	996
Fair value changes recorded through profit or loss	-773	0	-773
Decreases due to payments	-2.345	-666	-3.011
Interest effect	1.655	0	1.655
Currency differences	-768	0	-768
As at December 31, 2013	**20.717**	**0**	**20.717**
Additions	3.605	0	3.605
Fair value changes recorded through profit or loss	39	0	39
Decreases due to payments	-7.486	0	-7.486
Decreases due to issuing treasury shares of Allgeier SE	-2.089	0	-2.089
Interest effect	585	0	585
Currency differences	1.370	0	1.370
As at December 31, 2014	**16.741**	**0**	**16.741**

The valuation at fair value of the conditional purchase price liabilities was performed based on approved planning by the companies. Results expected for future years according to said planning were compared to the targets agreed in the purchase contracts and a fair value of the conditional purchase price liability determined on this basis. In the 2014 financial year, a conditional purchase price component of S&F acquired by mgm technology partners GmbH in 2012 had to be adjusted up by EUR 47 thousand through profit or loss and part of the earn-out for Opus acquired by Terna GmbH Zentrum für Business Software, Innsbruck, Austria in 2013 had to be derecognised in the amount of EUR 8 thousand.

For the fair value of the conditional consideration, a change to the input factors while keeping the remaining input factors constant has the following effects:

GAIN OR LOSS (in EUR thousand)

	Increase	Decrease
Change in the earnings base to calculate the call/put option of recompli, 10% compared to plan	-143	143
Change in service revenues of S&F, 10% compared to plan	-45	45
Change in earn-out relevant net license sales of Metasonic, 10% compared to plan	-32	32
Change in earn-our relevant revenues of DIGIDOK, 10% compared to plan	-7	7
Change in the discount rate by 1%	68	-70
Change in the USD exchange rate by 10% from 1.22 to 1.34 or 1.09 USD/EUR	1.070	-1.326

Derivative financial instruments

The Allgeier Group concludes foreign exchange futures to hedge foreign currency risks of future cash flows. Whether the derivative is designated as a cash flow hedge is established when the contract is concluded.

In the Nagarro Group, the Euro (EUR) and US dollar (USD) currencies which are primarily used to invoice customers for services provided are exchanged for Indian rupees (INR) in which the delivery costs (personnel expenses and the purchase of third-party services) are incurred. The maturity of the foreign exchange futures is less than one year respectively. No hedging relationships were designated for the transactions that were concluded.

The Allgeier Group also concluded foreign exchange futures for the exchange of Euros (EUR) to US dollars (USD) for a nominal amount of USD 12 million for the precautionary hedging of future cash flows in US dollars. The contracts expire on March 31, 2015. Since the requirements for the application of hedge accounting according to IAS 39 are not met, changes in the value of these futures were recorded entirely through profit or loss.

In summary, the foreign exchange futures are as follows:

FOREIGN EXCHANGE FUTURES (in EUR thousand)

	31.12.2014			31.12.2013		
	Nominal	Assets	Liabilities	Nominal	Assets	Liabilities
INR / EUR	-	0	0	EUR 4,350 thousand	18	255
INR / USD	USD 2,000 thousand	17	0	USD 12,000 thousand	105	285
EUR / USD	USD 12,000 thousand	916	0	USD 12,000 thousand	0	264
		933	**0**		**123**	**804**

Insofar as income and/or expenses for the foreign exchange futures are accepted for tax purposes, deferred taxes were recorded. The increase in the value of cash flow hedges neutrally reported in equity on December 31, 2012 in the amount of EUR 6 thousand was released through profit or loss when the contracts expired in financial year 2013.

The following sensitivity analysis illustrates the effects of the foreign exchange futures on the income statement as well as equity if one of the currencies – the Indian rupee (INR) or the US dollar (USD) – changes by 5% respectively compared to the Euro as the group's currency. The analysis assumes that all influencing factors such as the remaining currencies and the interest rate remain constant.

EFFECT (in EUR thousand)	Income statement		Equity	
	5% increase	5% reduction	5% increase	5% reduction
INR	71	-71	71	-71
USD	529	-529	529	-529

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The net gains and losses on financial instruments break down as follows:

	2014					2013				
NET GAINS AND LOSSES (in EUR thousand)	**Other operating income**	**Other operating expenses**	**Financial income**	**Financial expenses**	**Total**	**Other operating income**	**Other operating expenses**	**Financial income**	**Financial expenses**	**Total**
Consolidated										
Cash in hand	0	0	232	0	232	0	0	201	0	201
Loans and receivables	282	-1.236	0	0	-954	623	-1.527	1	0	-903
of which decrease in value	0	-929	0	0	-929	0	-840	0	0	-840
Factoring	0	0	0	-165	-165	0	0	0	-243	-243
Derivative financial instruments	2.333	0	0	0	2.333	134	-1.609	0	0	-1.475
Securities	42	0	116	0	158	110	-46	243	-155	152
Leases	0	0	0	-77	-77	0	0	0	-69	-69
Financial liabilities at fair value	8	-1.332	0	-1.842	-3.166	1.597	-40	0	-1.655	-98
Other liabilities	0	-398	0	-2.579	-2.977	0	-350	0	-2.452	-2.802
Total net profit/loss from financial instruments	**2.665**	**-2.966**	**348**	**-4.663**	**-4.616**	**2.464**	**-3.572**	**445**	**-4.574**	**-5.237**

C. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated statement of comprehensive income includes the results of the newly acquired subsidiaries on a pro-rata basis from the date of first-time consolidation.

23. Other operating income

The other operating income breaks down as follows:

OTHER OPERATING INCOME (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Proceeds of hedging instruments	2.333	134	0	0	2.333	134
Taxation of employee remuneration in kind	1.568	1.345	262	522	1.830	1.867
Liquidation of provisions	1.051	2.468	340	189	1.391	2.657
Consumption and liquidation of allowances for doubtful accounts	441	517	408	92	849	609
Proceeds of currency translation	153	1.337	133	79	286	1.416
Collection of bad debts	10	75	0	4	10	79
Liquidation of liabilities from enterprise acquisitions	8	810	0	0	8	810
Other	1.512	1.130	80	450	1.592	1.580
	7.076	**7.816**	**1.223**	**1.336**	**8.299**	**9.152**

24. Material costs

The material costs break down as follows:

MATERIAL COSTS (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Raw material, auxiliary and working materials	27.169	28.102	13.878	30.510	41.047	58.612
Purchased services	143.392	160.008	3.239	6.513	146.631	166.521
	170.561	**188.110**	**17.117**	**37.023**	**187.678**	**225.133**

The purchased services encompass external employees and subcontractors engaged on a project-specific basis or employed by other companies with respect to the recruitment and brokerage of IT specialists and engineers.

25. Personnel expenses

The personnel expenses break down as follows:

PERSONNEL EXPENSES (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Salaries and wages	155.922	135.096	8.209	15.351	164.131	150.447
Royalties and bonuses	10.106	8.438	809	1.440	10.915	9.878
Social insurance contributions	25.735	22.605	1.729	2.787	27.464	25.392
	191.763	**166.139**	**10.747**	**19.578**	**202.510**	**185.717**

The number of employees in the Allgeier Group by areas of activity is as follows:

NUMBER OF EMPLOYEES	Continuing operations		Discontinued operations		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Average:						
Working for customer orders	3.975	3.348	279	269	4.254	3.617
Working in other areas	795	738	75	71	870	809
	4.770	**4.086**	**354**	**340**	**5.124**	**4.426**
Valuation date:						
Working for customer orders	4.440	3.521	0	280	4.440	3.801
Working in other areas	812	798	0	70	812	868
	5.252	**4.319**	**0**	**350**	**5.252**	**4.669**

The average values were determined based on the number of employees on March 31, June 30, September 30 and December 31. The reported number of employees includes executives, general managers and trainees. To determine the average values in discontinued operations, the number of employees in the month of deconsolidation was included in the calculation in addition to the quarterly values.

For activities related to the maintenance and further development of products, the Allgeier Group incurred costs that cannot be capitalised in the amount of EUR 1,942 thousand (prior year: EUR 1,251 thousand).

CONSOLIDATED NOTES • NOTES TO THE CONSOLIDATED INCOME STATEMENT

Share-based payments

The Allgeier Group's stock option programme is intended to motivate managers with additional long-term compensation. To support the authorisation to issue option rights to managers for purchasing one Allgeier SE no-par share respectively, the share capital was conditionally increased by EUR 1.00 per option right.

At the shareholders' meeting on June 17, 2010 the Management Board and Supervisory Board were authorised to issue up to 750,000 option rights to managers (stock option plan 2010). The authorisation was utilised on November 19, 2012 and 460,000 option rights were issued to managers.

The shareholders' meeting on June 17, 2014 resolved to grant a further authorisation to issue 440,000 option rights to managers (stock option plan 2014) and to eliminate the existing authorisation under the stock option plan 2010 to the extent it had not been utilised. No option rights have been issued to date under the stock option plan 2014.

The exercise price for the options granted to date according to the conditions of the stock option plan 2010 corresponds to a premium of 10% on the average share price in the last five days before the options were granted. The options that were granted can first be exercised no sooner than four years after they were issued (holding period). After that, exercising the options is generally limited to a period of two weeks after each regular shareholders' meeting and after the publication of annual, semi-annual and quarterly figures. The options are also subject to an exercise limit (cap) that limits the maximum number of options exercised per beneficiary to an exercise gain (share price less exercise price) of EUR 1.0 million per calendar year. To prevent dilution effects, the exercise price is also adjusted in case of changes to the capital stock and dividends that exceed the earnings per share (not considering the disposal of companies). The option rights expire ten years after they are issued or granted.

The total value of the stock options granted that is relevant for recognition according to IFRS was determined on the issue date with the help of an option price valuation model. A multi-stage binomial model (Cox-Ross-Rubinstein model) was used for cost determination. Cost determination for the 2012, 2013 and 2014 financial years was based on the following valuation parameters:

PARAMETERS OF THE BINOMIAL MODEL	2014	2013	2012
Exercise price per share	EUR 10.74	EUR 10.78	EUR 10.89
Expected volatility of the share	41.16%	41.16%	41.16%
Risk-free interest rate	1.30%	1.30%	1.30%

The expected volatility corresponds to the annualised historical standard deviation of the continuously interest-bearing earnings per share. Volatility estimates are based on a statistical analysis of the share prices, taking into account dividend payments, on a weekly basis over an average expected exercise period of seven years for the options. Future expected dividend payments were incorporated in the valuation model as well.

In the 2012 financial year, the valuation of the issued options resulted in personnel expenses of EUR 2,021 thousand. The distribution of dividends resolved at the regular shareholders' meetings in the 2013 and 2014 financial years led to adjustments of the exercise price. The updated valuation of the issued options is performed with the new exercise price, otherwise however with the parameters used since the date of issue. This resulted in personnel expenses for financial year 2013 in the amount of EUR 14 thousand and for financial year 2014 in the amount of EUR 4 thousand.

The development of the outstanding stock option rights is as follows:

NUMBER OF STOCK OPTIONS	2014	2013
Balance on January 1	460.000	460.000
Options granted	0	0
Options exercised	0	0
Options expired	0	0
Balance on December 31	**460.000**	**460.000**

Stock options outstanding on December 31, 2014 expire on November 19, 2022.

26. Other operating expenses

The other operating expenses break down as follows:

OTHER OPERATING EXPENSES (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Land and building expenses	9.909	8.346	715	1.148	10.624	9.494
Travel expenses	8.712	5.947	394	652	9.106	6.599
Transportation expenses	4.942	4.126	786	1.723	5.728	5.849
Exchange losses on payment transactions and period-end translation	2.910	74	75	510	2.985	584
Services	2.450	1.432	143	188	2.593	1.620
Advertising expenses	2.213	1.873	140	187	2.353	2.060
Legal and consulting expenses	2.075	1.664	184	293	2.259	1.957
Other personnel expenses	2.031	2.175	219	318	2.250	2.493
Communication expenses	1.890	1.925	168	292	2.058	2.217
Insurance, contributions	1.625	1.397	62	102	1.687	1.499
Direct selling expenses	1.464	1.152	113	232	1.577	1.384
Bad debts and impairment of receivables	1.236	1.298	301	230	1.537	1.528
Maintenance	1.349	884	81	157	1.430	1.041
Year-end closing costs	819	878	83	62	902	940
Office supplies	680	399	62	104	742	503
Entertainment expenses	549	470	20	38	569	508
Financing expenses	398	349	0	0	398	349
Expenses on hedging instruments	394	1.609	0	0	394	1.609
Supervisory Board compensation	338	445	0	0	338	445
Expenses from acquisition activities	287	143	0	0	287	143
Remaining	2.606	2.625	216	1.021	2.822	3.646
	48.877	**39.211**	**3.762**	**7.257**	**52.639**	**46.468**

The other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2014 as follows:

AUDIT FEES (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Audits	293	260	0	19	293	279
Tax consulting services	55	76	0	1	55	77
Other services	93	11	0	0	93	11
Other confirmation or review services	2	33	0	0	2	33
	443	**380**	**0**	**20**	**443**	**400**

27. Depreciation and amortisation

Depreciation and amortisation breaks down as follows:

DEPRECIATION AND AMORTISATION (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Amortisation:						
Acquired customer relationships and customer lists	5.660	5.459	228	457	5.888	5.916
Other plant, operating and office equipment	2.730	2.554	317	540	3.047	3.094
Acquired orders on hand	1.319	379	0	0	1.319	379
Acquired software, licenses and rights	1.164	899	49	144	1.213	1.043
Acquired marketable products	1.017	1.099	0	0	1.017	1.099
Financial leasing	775	598	20	42	795	640
Land and buildings	82	79	0	0	82	79
Acquired websites	39	33	0	0	39	33
Investments	10	0	0	0	10	0
	12.796	**11.100**	**614**	**1.183**	**13.410**	**12.283**
Decrease in value:						
Goodwill	0	2.180	0	0	0	2.180
Acquired customer relationships and customer lists	0	15	0	0	0	15
	0	**2.195**	**0**	**0**	**0**	**2.195**
	12.796	**13.295**	**614**	**1.183**	**13.410**	**14.478**

CONSOLIDATED NOTES • NOTES TO THE CONSOLIDATED INCOME STATEMENT

28. Financial income

The financial income breaks down as follows:

FINANCIAL INCOME (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Financial income from bank loans	116	243	0	0	116	243
Interest income on bank balances	232	197	1	7	233	204
Interest income on at-equity investments	112	12	0	0	112	12
Other financial income	86	70	1	1	87	71
	546	**522**	**2**	**8**	**548**	**530**

29. Financial expenses

The financial expenses break down as follows:

FINANCIAL EXPENSES (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Interest on borrower's note loan	2.188	2.143	0	0	2.188	2.143
Exchange losses on shares received with respect to the sale	1.140	0	0	0	1.140	0
Compounding of non-current liabilities	702	1.655	0	0	702	1.655
Factoring interest	165	243	0	0	165	243
Interest on financing lease agreements	77	67	13	3	90	70
Interest portion of additions to pension provisions	45	43	19	38	64	81
Interest portion of additions to gratuity provisions	45	0	0	0	45	0
Interest on vendor loans	15	10	0	0	15	10
Currency losses on securities	0	124	0	0	0	124
Exchange rate losses on securities	0	31	0	0	0	31
Other interest expenses	471	440	132	163	603	603
	4.848	**4.756**	**164**	**204**	**5.012**	**4.960**

30. Result of at-equity investments

The at-equity investments break down as follows:

AT-EQUITY INVESTMENTS (in EUR thousand)	2014	2013
Proceeds from disposal, 50% of the GDE Group	0	160
Valuation of the remaining 50% at fair value	0	160
Impairment of loans to the GDE Group	-515	0
Pro-rata annual result of the GDE Group	-78	-72
	-593	**248**

31. Income tax results

The income tax expense for continuing operations breaks down as follows:

INCOME TAX EXPENSE (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Current taxes	8.022	9.525	158	505	8.180	10.030
Deferred taxes	-2.922	-2.404	132	-227	-2.790	-2.631
	5.100	**7.121**	**290**	**278**	**5.390**	**7.399**

Income taxes are calculated based on the current or expected tax rates of the states and municipalities. In the tax reconciliation that follows, the expected income tax results from continuing operations are reconciled with the actual tax results. The expected tax results are based on a corporate tax rate of 30%.

TAX RECONCILIATION (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Results before income taxes	6.221	12.541	-738	-1.152	5.483	11.389
Corporate tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Expected income tax results	**-1.866**	**-3.763**	**221**	**346**	**-1.645**	**-3.417**
Deviations due to tax rates	-581	-463	95	-43	-486	-506
Tax effects of non-deductible expenses	-394	-533	-27	-67	-421	-600
Tax effects from the sale of securities/investments	-341	-2	0	0	-341	-2
Remaining tax-free income	98	23	0	7	98	30
Losses for which deferred tax assets were not recognised	-841	-1.001	-579	-566	-1.420	-1.567
Use of losses for which deferred tax assets were not recognised	23	0	0	38	23	38
Liquidation of impairments on deferred tax assets on deferred taxes	375	0	0	0	375	0
Impairment of goodwill	0	-654	0	0	0	-654
Adjustment of earn-out liabilities	-608	-29	0	0	-608	-29
Incidental acquisition costs not deductible for tax purposes	-60	-27	0	0	-60	-27
Restructuring internal to the group	-517	-300	0	0	-517	-300
Distribution of dividends internal to the group	-10	0	0	0	-10	0
Expenses for share-based payments (stock options)	-1	-4	0	0	-1	-4
At-equity valuation	-178	74	0	0	-178	74
Effects of prior-year audits on the current year	0	24	0	0	0	24
Taxes applicable to other periods	-206	-423	0	-2	-206	-425
Other deviations	7	-43	0	9	7	-34
Actual income tax results	**-5.100**	**-7.121**	**-290**	**-278**	**-5.390**	**-7.399**
	82.0%	**56.8%**	**-39.3%**	**-24.1%**	**98.3%**	**65.0%**

Income taxes on the results of discontinued operations in the amount of EUR 2,490 thousand are EUR 60 thousand (effective tax rate 2.41%). No income tax was payable on the loss of EUR -327 thousand from discontinued operations in the prior year.

32. Earnings per share outstanding

In the 2014 financial year, the Allgeier Group generated undiluted earnings per share outstanding of EUR 0.23 (prior year: EUR 0.42). Of the undiluted earnings per share outstanding, EUR 0.05 applies to continuing operations (prior year: EUR 0.59) and EUR 0.18 to discontinued operations (prior year: EUR -0.17). The earnings per share outstanding are calculated based on the results for the period applicable to the shareholders of the parent company at EUR 2,065 thousand (prior year: EUR 3,539 thousand) divided by the average number of shares outstanding at 8,847,833 (prior year: 8,352,747 shares). The average number of shares outstanding was determined by taking into account increases and decreases exact to the day.

The diluted earnings per share are determined under the assumption that all outstanding option rights are exercised (maximum dilution potential). In addition to exercising the options, the exercise price payable for the fictitious exercising of the options is assumed as well. The amount payable upon exercising the options is compared to the value of the shares granted at the average price for the year of EUR 16.21 (prior year: EUR 13.20). Dilution exists when the value of the 460,000 shares granted exceeds the value of the consideration (exercise price) of EUR 10.74 (prior year: EUR 10.78) per share. The calculated issue of 155,226 bonus shares (prior year: 84,334 shares) is assumed.

The number of shares breaks down as follows:

NUMBER OF SHARES	31.12.2014	31.12.2013
Shares outstanding	8.920.301	8.824.921
Treasury shares	151.199	246.579
	9.071.500	**9.071.500**

The Management Board of Allgeier SE will propose to the shareholders' meeting on June 23, 2015 to distribute a dividend for the 2014 financial year from the accumulated profits of Allgeier SE in the amount of EUR 0.50 per share. The treasury shares are not entitled to dividends.

D. SEGMENT REPORTING

Reporting to the top decision makers of the Allgeier Group in the 2014 financial year was by the following segments: "Solutions", "Experts", "Projects" and "Other". The segments differ according to the type of products and services as well as value creation and consist of independent companies. The accounting and valuation methods of the group apply to the segments.

The "Solutions" segment of Allgeier focuses on innovative software products and solutions for the storage and management of data in companies, especially with what are known as data and document management systems (ECM) as well as security software and business management software (ERP). Services and integrated solutions are also offered for IT infrastructure projects, encompassing hardware and software delivery with support, as well as cloud services.

With its companies, the "Experts" segment of Allgeier is one of the leading providers of flexible personnel services in Germany. The services offered include the recruitment, brokerage and management of IT experts, engineers and business management specialists, the realisation of IT projects, the planning and implementation of IT infrastructure solutions and the design and development of software applications.

In the business of the Allgeier "Projects" segment, complex solution projects are realised with a focus on the development of software solutions, management and IT consulting, business process consulting, application management, portal technology and SAP consulting.

The expenses of the holding and service companies Allgeier SE, Allgeier Management AG and Allgeier Group Executives AG which are not charged to the segments and the consolidation effects between these companies and segments form the "Other" segment. Transactions between the segments are offset at market prices. In subcontractor transactions between the segments, the results largely remain in the segment providing services.

CONSOLIDATED NOTES • SEGMENT REPORTING

The segment results are as follows:

SEGMENTS (in EUR thousand)	Solutions segment		Experts segment		Projects segment		Remaining		Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
External revenues	88.559	84.757	226.180	242.166	113.557	88.888	29	18	428.326	415.829	28.130	61.814	456.456	477.643
Revenues with other segments	21	-812	2.414	3.180	1.236	2.376	-3.775	-5.797	-104	-1.053	104	1.053	0	0
Material costs	-30.379	-31.522	-123.669	-145.473	-20.151	-16.380	3.638	5.265	-170.561	-188.110	-17.117	-37.023	-187.678	-225.133
Personnel expenses	-42.546	-37.655	-83.716	-76.347	-62.386	-49.174	-3.115	-2.964	-191.763	-166.139	-10.747	-19.578	-202.511	-185.717
Regular amortisation and depreciation	-4.680	-4.721	-3.836	-2.471	-4.212	-3.879	-68	-59	-12.796	-11.130	-614	-1.183	-13.410	-12.314
Extraordinary amortisation and depreciation	0	-2.180	0	0	0	15	0	0	0	-2.166	0	0	0	-2.166
Segment results from operating activities	**211**	**670**	**6.507**	**13.782**	**8.872**	**8.070**	**-4.474**	**-5.995**	**11.116**	**16.528**	**-575**	**-956**	**10.540**	**15.571**
Financial income	2.677	2.151	601	2.197	206	119	-2.937	-3.945	546	522	2	8	548	530
Financial expenses	-2.923	-1.988	-3.121	-4.587	-1.237	-3.635	2.433	5.454	-4.848	-4.756	-164	-204	-5.012	-4.960
Result of at-equity investments	0	0	0	0	0	0	-594	248	-594	248	0	0	-594	248
Segment results before income taxes	**-35**	**833**	**3.987**	**11.392**	**7.841**	**4.554**	**-5.572**	**-4.238**	**6.221**	**12.541**	**-738**	**-1.152**	**5.483**	**11.389**
Income taxes	253	-888	-588	-3.781	-3.827	-3.010	-937	558	-5.100	-7.121	-290	-278	-5.390	-7.399
Segment results	**219**	**-55**	**3.398**	**7.611**	**4.013**	**1.544**	**-6.509**	**-3.680**	**1.121**	**5.420**	**-1.028**	**-1.430**	**93**	**3.990**
Other non-cash expenses (+) and income (-)	3.095	101	2.203	1.101	7.625	3.516	1.470	1.268	14.394	5.986	890	2.510	15.283	8.497
Segment assets	70.794	69.007	119.420	157.830	102.918	80.354	36.686	-36.449	329.818	270.742	0	18.576	329.818	289.318
Segment liabilities	59.260	66.764	95.339	134.380	55.130	78.756	19.426	-96.524	229.155	183.376	0	11.198	229.155	194.574
At-equity investments	0	0	0	0	0	0	0	78	0	78	0	0	0	78
Additions to property, plant and equipment and intangible assets	3.906	2.776	2.429	3.877	7.669	3.390	33	1.851	14.037	11.894	133	971	14.171	12.865

In the amount of the results from at-equity investments of EUR -594 thousand reported in the "Other" segment in 2014, the at-equity investment was impaired by EUR 78 thousand and a loan included in the segment assets was impaired by EUR 515 thousand.

External sales are broken down by products and services as follows:

EXTERNAL SALES (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Service revenues	394.185	382.884	15.983	34.811	410.168	417.695
Product revenues	27.232	27.515	12.251	28.056	39.483	55.571
Licence revenues	6.805	4.377	0	0	6.805	4.377
	428.222	414.776	28.234	62.867	456.456	477.643

External sales are broken down by countries as follows:

BROKEN DOWN by countries (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Germany	334.286	338.706	21.751	45.943	356.037	384.649
USA	30.169	22.387	0	131	30.169	22.518
Switzerland	24.060	25.778	0	32	24.060	25.810
Austria	18.338	7.945	0	794	18.338	8.739
Sweden	6.618	5.467	0	0	6.618	5.467
Finland	4.405	5.327	0	1	4.405	5.328
UK	2.020	724	7	591	2.027	1.315
Kazakhstan	1.502	0	0	0	1.502	0
India	1.494	0	0	0	1.494	0
Belgium	346	1.323	2.071	2.766	2.417	4.089
Netherlands	280	494	1.407	2.321	1.687	2.815
Luxembourg	114	205	2.861	6.052	2.975	6.257
Other	4.590	6.420	137	4.236	4.727	10.656
Abroad total	93.936	76.070	6.483	16.924	100.419	92.994
	428.222	414.776	28.234	62.867	456.456	477.643

The assignment of external sales is based on the registered office of the recipient company.

Revenues generated with the largest single customer in the 2014 financial year totalled EUR 20.3 million (prior year: EUR 21.9 million). Compared to the prior year, this corresponds to an unchanged proportion of consolidated sales at 4.6%. Sales with this customer were mainly generated in the "Experts" segment.

The non-current assets are broken down by domestic and foreign as follows:

NON-CURRENT ASSETS broken down by countries (in EUR thousand)	31.12.2014	31.12.2013
Germany	126.857	115.070
India	6.202	4.415
Austria	2.819	2.751
Switzerland	2.348	4.108
USA	1.261	1.659
Sweden	344	591
Turkey	275	514
Other	42	425
Abroad total	13.292	14.463
	140.149	129.533

Other financial assets and deferred tax assets are not included in non-current assets disclosed by countries.

CONSOLIDATED NOTES • CASH FLOW STATEMENT

E. CASH FLOW STATEMENT

In the cash flow statement, the Allgeier Group reports the cash flows from operating activities using the indirect method and all other cash flows using the direct method. Interest paid and received is included under cash flows from financing activities.

In financial year 2014, the group purchased the shares of recompli, HEXA, eHealthOpen, 56% of the shares in SecureNet, 60% of the shares in Corisecio and the business operations of DIGIDOK and Metasonic. Cash and cash equivalents of EUR 3,183 thousand were paid for purchasing the companies and business units in the 2014 financial year. The purchase prices for the mergers and cash flows for the purchase prices are as follows:

PURCHASE PRICE AND CASH FLOWS (in EUR thousand)

	DIGIDOK	recompli	HEXA	eHealthOpen	Metasonic	SecureNet	Corisecio	Total
Acquisition costs	483	1.816	2.552	500	1.405	1.223	0	7.979
Portion not payable in 2014	-103	-1.416	-1.770	0	-510	-63	0	-3.862
Purchase price payable in cash	**380**	**400**	**782**	**500**	**895**	**1.160**	**0**	**4.117**
Acquired cash and cash equivalents	0	-217	-213	-15	0	-556	67	-934
Outflow of cash and cash equivalents	**380**	**183**	**569**	**485**	**895**	**604**	**67**	**3.183**

With the enterprise acquisitions, the Allgeier Group received the following assets and liabilities:

ASSETS AND LIABILITIES (in EUR thousand)	DIGIDOK	recompli	HEXA	eHealthOpen	Metasonic	SecureNet	Corisecio	Total
Intangible capital assets	479	2.027	525	0	1.422	1.651	579	6.683
Property, plant and equipment	4	3	60	18	45	54	3	187
Inventories	0	27	0	0	0	263	0	290
Trade receivables gross	0	449	474	52	100	438	0	1.513
Other assets	0	36	227	12	0	660	116	1.051
Cash and cash equivalents	0	217	213	24	0	556	33	1.043
Accrued income	0	1	2	0	0	4	3	10
Deferred tax liabilities	0	-607	-81	0	0	-494	-173	-1.355
Trade payables	0	-5	-197	-2	0	-16	-81	-301
Current bank liabilities	0	0	0	-9	0	0	-100	-109
Bank loans	0	0	0	0	0	0	-137	-137
Tax liabilities	0	-132	-33	-7	0	-118	0	-290
Other provisions	0	-39	-95	-16	0	-324	-6	-480
Other liabilities	0	-161	-114	-36	-162	-1.053	-182	-1.708
Accrued expenses	0	0	-72	0	0	0	-30	-102
Net assets	**483**	**1.816**	**909**	**36**	**1.405**	**1.621**	**25**	**6.295**
Shares of non-controlling shareholders	0	0	0	0	0	-728	-25	-753
Goodwill	0	0	1.643	464	0	330	0	2.437
Total purchase price	**483**	**1.816**	**2.552**	**500**	**1.405**	**1.223**	**0**	**7.979**

CONSOLIDATED NOTES • OTHER INFORMATION

From the disposal of DIDAS and the Allgeier Benelux Group, the Allgeier Group received a total of EUR 7,784 thousand in 2014. Cash and cash equivalents of EUR 1,355 thousand were transferred with the sale of the companies. Of the incidental costs directly related to the sale, EUR 609 thousand were payable in financial year 2014.

Cash and cash equivalents break down as follows:

FINANCIAL RESERVES (in EUR thousand)	31.12.2014	31.12.2013
Cash and cash equivalents	97.993	46.653
Utilisation of advance in current account	-103	-747
	97.890	**45.906**

F. OTHER DISCLOSURES

I. Operating leases as lessee

The Allgeier Group uses some of its real estate, vehicles and other operating and office equipment under operating leases. The minimum obligations and remaining terms of rental and lease agreements that cannot be cancelled are as follows:

OPERATING LEASE AGREEMENTS AS LESSOR (in EUR thousand)	31.12.2014	31.12.2013
Due within a year	11.060	8.138
Due between 1 and 5 years	31.201	18.106
Due after more than five years	23.862	24.097
	66.123	**50.341**
Present value	**56.034**	**38.873**

A discount rate of 5.0% which is unchanged from the prior year was applied to determine present values.

Total expenses under the operating leases were EUR 9,519 thousand in financial year 2014 (prior year: EUR 10,200 thousand). After the end of the fixed lease term, leasing and rental agreements can usually be extended.

II. Operating leases as lessor

The Allgeier Group leases hardware and software for the mobile recording of misdemeanours to cities and municipalities. In financial year 2014, the Allgeier Group generated revenues of EUR 228 thousand from this business (prior year: EUR 218 thousand). The following revenues are expected in the coming years:

OPERATING LEASE AGREEMENTS AS LESSEE (in EUR thousand)	31.12.2014	31.12.2013
Due within a year	227	162
Due between 1 and 5 years	167	130
	394	**292**

III. Capital management

Through its capital management, the Allgeier Group maintains adequate liquidity at all times and optimises the capital structure. The Allgeier Group achieves these objectives through the solid economic development of business operations, a forward-looking dividend policy and measures to increase equity. Decisions regarding the acquisition and disposal of subsidiaries are made under consideration of the influences on the capital structure and the effects of the transactions on future years. The group uses debt financing to finance acquisitions. The financing terms and conditions are variable in part and among other things also dependent on the equity structure and other performance figures. Another objective of the Allgeier Group's capital management is the planned reduction or refinancing of existing debt. Indicators at the level of the subsidiaries and group are used for controlling in capital management. The equity ratio on December 31, 2014 was 30.5% (prior year: 32.7%) and the debt ratio (financial liabilities less cash and cash equivalents divided by earnings before interest, tax, depreciation and amortisation (EBITDA)) was 1.1 (prior year: 1.0). On December 31, 2014 the Allgeier Group had net debt (cash and cash equivalents less financial liabilities) of EUR 27,254 thousand (prior year: EUR 28,893 thousand). Capital management is the primary responsibility of Allgeier SE. The capital management objectives, processes and methods remain unchanged from the prior year.

IV. Financial instrument risks

The financial instruments of the Allgeier Group are subject to various risks, such as liquidity risks, default risks and market risks from changes in market prices and exchange rates. For the identification, valuation and limitation of these risks, Allgeier uses tiered risk management and control systems in the subsidiaries and the group. Allgeier also takes precautions and implements safeguards for the avoidance, early recognition and minimisation of risks from financing instruments.

Liquidity risks

Liquidity risk means that the Allgeier Group may not be able to meet its financial liabilities as contractually agreed. To ensure that sufficient liquidity is available at all times, the group uses tools to control the cash flows and utilises debt and equity capital instruments to finance business operations and investment activities. On December 31, 2014 the financial obligations of the Allgeier Group totalled EUR 191,409 thousand (prior year: EUR 145,750 thousand) of which EUR 75,571 thousand (prior year: EUR 62,890 thousand) are due within one year. The current financial liabilities were 133% covered (prior year: 105%) by current financial assets at EUR 175,830 thousand (prior year: EUR 129,027 thousand).

The Allgeier Group has available credit lines up to EUR 5.7 million (prior year: EUR 5.6 million) and factoring of receivables up to EUR 25 million (prior year: EUR 25 million). On December 31, 2014 the availment was EUR 0.1 million for the credit lines (prior year: EUR 1.4 million) and EUR 18.3 thousand for factoring (prior year: EUR 15.6 million).

The Allgeier Group has borrower's note loans and other loans that are subject to covenants. If the covenants are violated, the loans may have to be repaid early. With the loans, the Allgeier Group obligates itself to maintain minimum equity of EUR 90 million and not to exceed a debt coverage ratio of 2.5 calculated as financial liabilities including finance leases less cash and cash equivalents divided by EBITDA. If the covenants are violated, the creditors have the right to terminate the loan without notice. In this case, it is possible that sufficient cash and cash equivalents would not be available at short notice to fully redeem the loans. The loan agreements also stipulate minimum results for certain group companies that are jointly liable. If the jointly liable companies fail to meet the criteria, Allgeier SE is obligated to increase the number of liable companies so that the criteria are met again. Violations of this obligation also entitle the loan issuer to extraordinary cancellation. All covenants stipulated in the loan agreements were met in financial year 2014.

CONSOLIDATED NOTES • OTHER INFORMATION

The financial liabilities include interest-bearing financial liabilities totalling EUR 125,934 thousand (prior year: EUR 76,114 thousand). Of this amount, EUR 15,128 thousand is due for repayment in the 2015 financial year and EUR 110,806 thousand in the subsequent years. The future cash flows related to the financial liabilities are as follows:

CASH FLOWS (in EUR thousand)

	31.12.2014	Cash flows 2015		Cash flows 2016		Cash flows 2017		Cash flows >2017	
	Book value	Redemption	Interest	Redemption	Interest	Redemption	Interest	Redemption	Interest
Borrower's note loan 2014	80.000	0	1.297	0	1.297	0	1.297	80.000	3.145
Borrower's note loan 2012	32.000	11.500	954	0	865	13.500	467	7.000	418
Loans of the Nagarro Group	9.316	0	226	9.316	188	0	0	0	0
Vendor loans from the acquisition of Nagarro Inc.	1.882	1.882	20	0	0	0	0	0	0
Mortgage credit of Nagarro Software Jaipur Pvt. Ltd.	822	168	47	168	37	168	26	318	20
Investment loan of BSH IT Solutions GmbH	493	219	18	219	9	55	1	0	0
Vendor loans from the acquisition of HEXA	386	386	13	0	0	0	0	0	0
Savings bank loan of Terna Zentrum Innsbruck	350	350	6	0	0	0	0	0	0
IKB loan of b+m AG	185	123	7	62	1	0	0	0	0
MBG loan of b+m AG	110	110	9	0	0	0	0	0	0
Acquisition bank loan of Terna Zentrum Innsbruck	40	40	0	0	0	0	0	0	0
Other	350	350	10	0	0	0	0	0	0
Financial liabilities	**125.934**	**15.128**	**2.607**	**9.765**	**2.396**	**13.723**	**1.790**	**87.318**	**3.583**

These cash flows assume that funds provided for an unlimited term are repaid within one year.

CONSOLIDATED NOTES • OTHER INFORMATION

Default risks

The financial assets in general are subject to the risk that customers or contractual partners could fail to meet their contractual obligations, defaulting on loans and receivables. The maximum default risk corresponds to the book value of the loans and receivables. Impairments were recorded on the total amount of loans and receivables on December 31, 2014 in the amount of EUR 1,340 thousand (prior year: EUR 1,509 thousand). The impairment ratio was 1.9% (prior year: 1.8%) of the loans and receivables.

The Allgeier Group has a broad-based customer structure which minimises larger individual risks. The largest single customer generated less than 5% of revenues in the 2014 financial year and the prior year.

Loans and receivables are managed and incoming payments tracked decentrally by the subsidiaries. Customers in ongoing business relationships are subject to regular creditworthiness reviews. The creditworthiness of new customers is reviewed before contracts are concluded and information is obtained on a case-by-case basis. In case of customer payment default, the steps required to collect the loans and receivables are taken in a timely manner. Some subsidiaries have obtained credit insurance to cover unexpected bad debts. Where possible, all trade receivables are subject to the retention of title which only expires when the respective receivable is paid. The Allgeier Group currently sees no indications of default for financial assets beyond the already adjusted book value.

Interest risks

Part of the financial assets and financial liabilities is subject to the risk that Interest rates can change, thereby affecting the income of the Allgeier Group.

On December 31, 2014 the Allgeier Group has financial assets of EUR 1,800 thousand (prior year: EUR 0 thousand) and financial liabilities of EUR 73,264 thousand (prior year: EUR 39,709 thousand) that bear interest at variable rates and are subject to interest rate risks due to changes in money market and capital market interest. A change in the Interest rates by 100 basis points p.a. would increase or decrease the financial results by EUR 614 thousand p.a. (prior year: EUR 397 thousand). With the application of a 30% tax rate, equity would increase or decrease by EUR 430 thousand (prior year: EUR 278 thousand).

Currency risks

For companies not using the euro as their functional currency, the Allgeier Group is subject to the value of currencies. Due to the currency translation of these company's annual financial statements to euros, the Allgeier Group's assets, liabilities and income are subject to currency risks.

To manage currency fluctuations for sales and purchases within the group, the Allgeier Group hedges part of its foreign currency risks. On December 31, 2014 fluctuations of the US dollar against the Indian rupee were hedged in the amount of USD 2,014 million (prior year: EUR 12 million) and against the euro in the amount of USD 12 million (prior year: USD 12 million).

The sensitivity analysis shows the influence of currency risks if the euro gets 10% stronger or weaker compared to the currencies of the subsidiaries that do not use the euro as their functional currency. If the euro had been 10% stronger against the currencies of these countries in 2014, the annual profit would be lower by EUR 582 thousand (prior year: EUR 51 thousand) and equity by EUR 7,463 thousand (prior year: EUR 6,650 thousand) compared to the figures reported in these consolidated financial statements.

The result of the sensitivity analysis by currencies is as follows:

CURRENCY RISKS (in EUR thousand)

	Revenues 2014	Net income for the year 2014	Equity, December 31, 2014	Revenues 2013	Net income for the year 2013	Equity, December 31, 2013
CHF	2.331	-82	1.975	2.429	-107	2.064
INR	3.473	354	1.465	2.274	231	1.005
USD	3.011	114	3.436	2.270	79	3.186
Other	1.151	196	587	1.055	-152	395
		582	**7.463**		**51**	**6.650**

V. Tax risks

The Allgeier Group is liable for the payment of taxes in various countries. Unpaid taxes are reported as income tax liabilities and tax overpayments as income tax receivables. To determine the tax obligations, the group has to make certain assumptions. This is the case in particular if final taxation could not be conclusively determined. Deviations between the assumed expected tax obligations and final taxation that are determined later affect tax expense in the period in which the final tax assessment is made. Should final income taxes deviate by 10% to the detriment of the values calculated on the income statement, the Allgeier Group would have to increase the tax liability for current income taxes by EUR 812 thousand (prior year: EUR 1,003 thousand) and for deferred taxes by EUR 279 thousand (prior year: EUR 263 thousand. The equity of the Allgeier Group would be reduced by the same amount in this case. In the context of transfer price risks, there is a disputed and unrecognised tax liability that is unchanged from the prior year at the amount of EUR 59 thousand.

VI. Bodies of the parent company

Supervisory Board

The members of the Allgeier SE Supervisory Board in 2014 were as follows:

Mr. Dipl.-Ing. Detlef Dinsel MBA (Chairperson),
Managing Partner of IK Investment Partners GmbH, Hamburg,
and IK Investment Partners Ltd., London, UK, resident in Hamburg
Mr. Dinsel is also a member of the voluntary foreign and domestic governing bodies that are not required by law
, for the following commercial enterprises:
Agros Nova S.p.r.o., Warsaw, Poland (Chairperson)
Axtone S.p.r.o., Kanczuga, Poland (Chairperson)
Transnorm System GmbH, Harsum (Chairperson)
IK Investment Partners Ltd., London, United Kingdom
IK Investment Partners S.A.R.L., Luxembourg, Luxembourg
Schenck Process GmbH, Darmstadt (Deputy Chairperson)
Sport Group GmbH, Burgheim (Chairperson)

Mr. Thies Eggers (Deputy Chairperson),
Independent Auditor, resident in Pullach im Isartal
Mr. Eggers is a member of the domestic and
foreign supervisory boards required by law, for the following companies:
Bayerische Gewerbebau AG, Munich (Chairperson)
Plenum AG, Frankfurt am Main

Mr. Dipl.-Kfm. Christian Eggenberger,
President and CEO of CHE Consulting GmbH, Binningen, Switzerland,
resident in Binningen, Switzerland
Mr. Eggenberger is a member of the domestic and
foreign supervisory boards required by law, for the following companies:
Clamatopo Holding AG, Flurlingen, Switzerland
Focus Discount AG, Basel, Switzerland
IDALEG AG, Kerzers, Switzerland

The total remuneration for members of the Supervisory Board in the 2014 financial year was EUR 327 thousand (prior year: EUR 435 thousand).

The remuneration includes a provision for variable compensation of EUR 219 thousand (prior year: EUR 327 thousand) which will be paid out in the 2015 financial year. For further details about compensation, please see the compensation report in the group management report under Section 6.

Management Board

The members of the Allgeier SE Management Board in 2014 were as follows:

Mr. Carl Georg Dürschmidt (Chairperson)
Mr. Dr. Marcus Goedsche
Mr. Hubert Rohrer
Mr. Manas Fuloria (PhD) (from March 3, 2014))

The total remuneration for members of the Management Board in the 2014 financial year was EUR 1,642 thousand (prior year: EUR 1,643 thousand).

The remuneration was paid in financial year 2014 or is currently due. Variable compensation depending on the consolidated results is included in the remuneration. It was recognised as a provision and will be paid out after the 2015 consolidated financial statements of Allgeier SE are approved. Three members of the Management Board participate in the stock option programme of Allgeier SE. The disclosure of Management Board compensation broken down by members is omitted until December 31, 2015 according to the resolution of the shareholders' meeting on June 21, 2011. For further details about compensation, please see the compensation report in the group management report under Section 6.

VII. Related party transactions

Related parties or companies are defined as those that can be influenced by the reporting company or can themselves influence the reporting company.

Allgeier SE provides the GDE Holding GmbH subgroup with loans to finance the business of the GED Group. On December 31, 2014 the loans including accumulated interest totalled EUR 3,674 thousand (prior year: EUR 1,181 thousand). The loans are fully subordinate and bear interest at 5% p.a. In financial year 2014, interest income totalled EUR 112 thousand (prior year: EUR 12 thousand). Leasing liabilities of the GDE subgroup in the amount of EUR 34 thousand (prior year: 0) were also paid by Allgeier SE in the financial year deferred for the company without interest. Due to a lack of compensation payments, the resulting outstanding balance on December 31, 2014 is EUR 34 thousand (prior year: 0).

Furthermore, the group was charged for Management Board services by Initium AG, Munich starting in April of 2014 totalling EUR 864 thousand (prior year: 0). The compensation consists of a fixed and a variable component. On December 31, 2014 EUR 429 thousand of this amount (prior year: 0) is included in other current provisions.

The compensation paid to Initium AG consists of fixed compensation of EUR 435 thousand (prior year: 0) and variable compensation of EUR 429 thousand (prior year: 0). The variable compensation component depends on consolidated earnings and is subject to a cap. Allgeier SE also provided a company car for the Management Board member provided by Initium AG.

Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

VIII. Publication

Approval of the consolidated financial statements by the Supervisory Board and the release for publication are planned for April 21, 2015. The consolidated financial statements are published in the German Federal Gazette. The following companies included in the consolidated financial statements of Allgeier SE partly or fully took advantage of the exemption pursuant to Section 264, Paragraph 3 of the German Commercial Code (HGB):

Allgeier IT Solutions AG, Munich
Allgeier IT Solutions GmbH, Bremen
BSH IT Solutions GmbH, Bremen
b+m Informatik AG, Melsdorf
Allgeier Experts SE, Wiesbaden
Goetzfried AG, Wiesbaden
Goetzfried Professionals GmbH, Wiesbaden
Xiopia GmbH, Unterföhring
TOPjects GmbH, Munich

IX. Corporate governance codex

The statement on the corporate governance codex prescribed by Section 161 of the German Stock Corporation Act (AktG) was submitted and made accessible to the shareholders on the homepage of Allgeier SE.

Munich, April 2, 2015
Allgeier SE

Carl Georg Dürschmidt	Manas Fuloria (PhD)	Dr. Marcus Goedsche	Hubert Rohrer
Management Board	Management Board	Management Board	Management Board

REPORTING OBLIGATIONS UNDER GERMAN ACCOUNTING STANDARDS (HGB)

Pursuant to Section 315a of the German Commercial Code (HGB), Allgeier SE which is obligated to apply the international financial reporting standards has to expand its consolidated financial statements with the following note disclosures:

Section 313, Paragraph 2, No. 1 and No. 2 of the German Commercial Code (HGB):

Name and registered office of the companies included in the consolidated financial statements. The share of capital of the subsidiaries that belongs to the parent company and the subsidiaries included in the consolidated financial statements. See the listing of group companies in the annex.

Section 314, Paragraph 1, No. 4 of the German Commercial Code (HGB):

The average number of employees for the companies included in the consolidated financial statements, during the financial year, and personnel expenses incurred in the financial year. See the explanations under point 25. Personnel expenses in Section C. Notes to the consolidated income statement.

Section 314, Paragraph 1, No. 6 in conjunction with Paragraph 2, Sentence 2 of the German Commercial Code (HGB):

For the members of the management board, a supervisory board, an advisory board or a similar body of the parent company, respectively for each group of persons, the total remuneration granted for performing their tasks in the parent company and the subsidiaries in the financial year. In addition to remuneration for the financial year, additional remuneration that was granted in the financial year but has not been included in any consolidated financial statements to date has to be disclosed. See the information under IV. Bodies of the parent company in Section F. Other disclosures.

Section 314, Paragraph 1, No. 8 of the German Commercial Code (HGB):

For every listed company included in the consolidated financial statements, that the statements prescribed pursuant to Section 161 of the German Stock Corporation Act (AktG) have been issued and made available to the shareholders. See the information under VII. Corporate governance codex in Section F. Other disclosures.

Section 314, Paragraph 1, No. 9 of the German Commercial Code (HGB):

The total fee charged by the auditor of the consolidated financial statements for the 2014 financial year, broken down into components for

a. the audit services,
b. other confirmation or review services,
c. tax consulting services,
d. other services,

must be disclosed. The required disclosures are presented under point 26. Other operating expenses in Section C. Notes to the consolidated income statement.

Auditor's report

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Allgeier SE, Munich – consisting of the balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes – as well as the group management report for the financial year from January 1, 2014 to December 31, 2014. Preparing the consolidated financial statements and group management report according to IFRS, as applicable in the EU, and the additional commercial law requirements applicable pursuant to Section 315a, Paragraph 1 of the German Commercial Code (HGB) is the responsibility of the Management Board of

Allgeier SE, Munich. Our responsibility is to issue an opinion on the consolidated financial statements and group management report based on our audit.

We have audited the consolidated financial statements according to Section 317 of the German Commercial Code (HGB) subject to the German auditing principles established by the Institut der Wirtschaftsprüfer (IDW) (German institute of auditors). Accordingly the audit has to be planned and conducted so that errors and violations that have a material impact on the presentation of the net assets, financial position and results of operations in the consolidated financial statements, subject to the applicable accounting rules, and in the group management report are detected with reasonable certainty. Knowledge of the business activities, the group's economic and legal environment and the expectations regarding possible errors are taken into account in establishing the audit tasks. With respect to the audit, the effectiveness of the accounting-related internal control system as well as documentation for the disclosures in the consolidated financial statements and group management report are evaluated, primarily on the basis of samples. The audit encompasses an evaluation of the annual financial statements of the companies included in the consolidated financial statements, the definition of the scope of consolidation, the applied accounting and consolidation principles and the material estimates of the executive as well as an appraisal of the overall presentation of the consolidated financial statements and group management report. In our opinion, our audit provides a sufficiently secure basis for our assessment.

Our audit did not lead to any objections.

In our opinion based on the information collected during the audit, the consolidated financial statements conform to IFRS as applicable in the EU, and also the commercial law regulations according to Section 315a, Paragraph 1 HGB. Subject to these regulations, the financial statements impart a true and fair view of the group's net assets, financial position and results of operations. The group management report agrees with the consolidated financial statements, imparts an overall true and fair view of the group's position and accurately represents the opportunities and risks of future developments.

Düsseldorf, April 7, 2015
LOHR + COMPANY GmbH
Audit firm

Prof. Dr. Jörg-Andreas Lohr	Dr. Frank Otto
Auditor	Auditor

LISTING OF THE GROUP COMPANIES

Listing of the group companies

LISTING OF THE GROUP COMPANIES

		Share of capital	Equity, December 31, 2014				Annual result, January 1 – December 31, 2014							
		31.12.2014	Foreign currency		Exchange rate	EUR	Foreign currency		Exchange rate	EUR		Profit and loss transfer agreement with	Segment	Disclosure
	Company													
1.	Allgeier SE, Munich		108.481.100			108.481.100	-2.975.324			-2.975.324			Remaining	Annual financial statements and consolidated financial statements in the German Federal Gazette
	Direct shareholdings of Allgeier SE:													
2.	Allgeier Management AG, Munich	100.00%	4.430.434			4.430.434	7.714			7.714			Remaining	German Federal Gazette
3.	Allgeier Group Executives AG, Munich	100.00%	50.080			50.080	674			674			Remaining	German Federal Gazette
4.	Allgeier Middle East Ltd., Dubai, United Arab Emirates	100.00%	10.000			2.240	0			0			Remaining	
5.	Allgeier IT Solutions AG, Munich	100.00%	11.145.441			11.145.441	0			0	(1)	1.	Solutions	
6.	Allgeier Experts SE, Wiesbaden	100.00%	35.702.827			35.702.827	-195.252			-195.252	(1)	1.	Experts	
7.	Allgeier Project Solutions GmbH, Munich	100.00%	55.300.871			55.300.871	8.945			8.945			Projects	German Federal Gazette
	Indirect shareholdings through dependent subsidiaries:													
8.	Allgeier IT Solutions GmbH, Bremen	100.00%	3.771.811			3.771.811	0			0	(1)	5.	Solutions	
9.	BSH IT Solutions GmbH, Bremen	100.00%	64.348			64.348	0			0	(1)	8.	Solutions	
10.	Allgeier Documents Solutions GmbH, Vienna, Austria	100.00%	131.725			131.725	3.034			3.034			Solutions	
11.	Allgeier IT Solutions Sp.zoo., Wroclaw, Poland	100.00%	-466.223	PLN	4,2963	-108.517	-516.223	PLN	4,1902	-123.198			Solutions	
12.	Corisecio GmbH, Darmstadt	60.00%	-423.109			-423.109	-485.609			-485.609			Solutions	German Federal Gazette
13.	b+m Informatik AG, Melsdorf	100.00%	-583.139			-583.139	1.115.923			1.115.923		8.	Solutions	
14.	CUBE Management GmbH, Munich	100.00%	178.464			178.464	13.745			13.745			Solutions	German Federal Gazette
15.	BSR & Partner AG, Zug, Switzerland	100.00%	8.665.344	CHF	1,2027	7.204.789	183.912	CHF	1,2130	151.622			Solutions	
16.	Terna Holding GmbH, Innsbruck, Austria	100.00%	2.090.521			2.090.521	323.185			323.185			Solutions	
17.	Terna GmbH Zentrum für Business Software, Innsbruck, Austria	100.00%	3.054.730			3.054.730	880.096			880.096			Solutions	
18.	Terna AG Zentrum für Business Software, Hünenberg, Switzerland	100.00%	1.846.605	CHF	1,2027	1.535.358	-38.222	CHF	1,2130	-31.511			Solutions	
19.	Allgeier (Schweiz) AG, Thalwil, Switzerland	100.00%	6.081.886	CHF	1,2027	5.056.777	516.485	CHF	1,2130	425.806			Solutions	
20.	innocate solutions GmbH, Düsseldorf (from January 26, 2015 Allgeier Productivity Solutions GmbH)	100.00%	350.338			350.338	140.494			140.494			Solutions	German Federal Gazette
21.	Allgeier Medical IT GmbH, Schliersee (formerly GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm)	90.00%	1.323.895			1.323.895	410.689			410.689			Solutions	German Federal Gazette
22.	eHealthOpen Ltd., Birmingham, Great Britain	90.00%	31.110			31.110	2.990			2.990			Solutions	
23.	Metasonic GmbH, Pfaffenhofen	100.00%	-1.465.177			-1.465.177	-1.490.177			-1.490.177			Solutions	German Federal Gazette
24.	Allgeier Sechste Beteiligungs GmbH, Munich	100.00%	25.000			25.000	0			0	(1)	5.	Solutions	German Federal Gazette
25.	Goetzfried AG, Wiesbaden	100.00%	8.733.970			8.733.970	0			0	(1)	6.	Experts	
26.	Goetzfried Professionals GmbH, Wiesbaden	100.00%	25.000			25.000	0			0	(1)	26.	Experts	
27.	U.N.P.-Software GmbH, Düsseldorf	100.00%	2.208.838			2.208.838	698.608			698.608			Experts	German Federal Gazette
28.	U.N.P.-HRSolutions, Düsseldorf	100.00%	25.000			25.000	0			0	(1)	27.	Experts	German Federal Gazette
29.	Xiopia GmbH, Unterföhring	100.00%	1.050.100			1.050.100	0			0	(1)	6.	Experts	
30.	WK EDV GmbH, Ingolstadt	100.00%	1.023.925			1.023.925	-145.353			-145.353			Experts	German Federal Gazette
31.	recompli GmbH, Grasbrunn	100.00%	793.905			793.905	493.494			493.494			Experts	German Federal Gazette
32.	Skytec AG, Unterföhring	100.00%	-129.195			-129.195	-62.083			-62.083			Experts	German Federal Gazette
33.	TOPjects GmbH, Munich	100.00%	50.000			50.000	0			0	(1)	6.	Experts	
34.	tecops personal GmbH, Munich	100.00%	7.093.840			7.093.840	1.768.865			1.768.865			Experts	German Federal Gazette
35.	Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey	90.00%	3.484.783	TRY	2,8218	1.234.968	277.700	TRY	2,8965	95.874			Experts	
36.	Allgeier Dritte Beteiligungs GmbH, Munich	100.00%	34.909			34.909	238.876			238.876		6.	Experts	German Federal Gazette
37.	Allgeier Fünfte Beteiligungs GmbH, Munich	100.00%	25.000			25.000	0			0	(1)	6.	Experts	German Federal Gazette
38.	Nagarro AG, Munich (formerly SOFTCON AG, Munich)	100.00%	11.107.904			11.107.904	288.049			288.049		48.	Projects	German Federal Gazette
39.	Nagarro Software srl, Timisoara, Romania (formerly SOFTCON IT Service S.r.l., Timisoara, Romania)	100.00%	1.433.227	LEI	4,4752	320.257	-92.366	LEI	4,4336	-20.833			Projects	
40.	mgm technology partners GmbH, Munich	80.00%	6.034.606			6.034.606	2.359.186			2.359.186			Projects	German Federal Gazette
41.	mgm technology partners s.a.r.l., Grenoble, France	80.00%	326.395			326.395	63.160			63.160			Projects	
42.	mgm technology partners s.r.o., Prague, Czech Republic	80.00%	63.009.017	CZK	27,6883	2.275.655	6.137.203	CZK	27,5258	222.962			Projects	
43.	mgm security partners GmbH, Munich (formerly SecureNet München GmbH)	80.00%	458.415			458.415	311.971			311.971			Projects	German Federal Gazette
44.	mgm security partners Dresden GmbH, Dresden (formerly SecureNet Dresden GmbH)	80.00%	49.497			49.497	90.049			90.049			Projects	German Federal Gazette
45.	MGM Consulting Partners GmbH, Hamburg	56.00%	538.277			538.277	513.277			513.277			Projects	German Federal Gazette
46.	Allgeier Project MBO GmbH, Munich	100.00%	23.348			23.348	0			0	(1)	7.	Projects	German Federal Gazette
47.	Allgeier Global Services Asia Pte. Ltd., Singapore	100.00%	-85.229	SGD	1,5336	-55.573	-141.889	SGD	1,6759	-84.665			Projects	
48.	Allgeier Nagarro Holding GmbH, Munich (formerly Allgeier Nagarro Holding AG)	100.00%	20.425.196			20.425.196	-759.390			-759.390			Projects	German Federal Gazette
49.	Nagarro Inc., San Jose, USA	100.00%	4.835.138	USD	1,2215	3.958.365	2.015.464	USD	1,3214	1.525.202			Projects	
50.	Nagarro Software Pvt. Ltd., Gurgaon, India	100.00%	1.147.263.029	INR	77,2925	14.843.135	319.808.335	INR	80,6246	3.966.635	(2)		Projects	
51.	Nagarro Software Jaipur Pvt. Ltd., Jaipur, India	100.00%	9.172.269	INR	77,2925	118.670	-20.267.232	INR	80,6246	-251.378	(2)		Projects	
52.	Nagarro Software GmbH, Frankfurt	100.00%	1.247.159			1.247.159	472.078			472.078			Projects	German Federal Gazette
53.	Nagarro Software AB, Stockholm, Sweden	100.00%	7.737.768	SEK	9,4804	816.188	3.235.543	SEK	9,1347	354.205			Projects	
54.	Nagarro Software S.A., Monterrey, Mexico	100.00%	-5.470.153	MXN	17,9391	-304.929	-1.293.201	MXN	17,6475	-73.280			Projects	
55.	Nagarro Software A/S, Hellerup, Denmark	100.00%	344.423	DKK	7,4443	46.267	-155.577	DKK	7,4541	-20.871			Projects	
56.	Nagarro Software Ltd., London, Great Britain	100.00%	-41.770	GBP	0,7825	-53.382	-51.770	GBP	0,8031	-64.461			Projects	
57.	Nagarro Austria Beteiligungs GmbH, Austria (formerly Nagarro Austria GmbH)	100.00%	85.328			85.328	67.093			67.093			Projects	
58.	HEXA Business Services Beratungs- und Dienstleistungs GmbH, Vienna, Austria (from January 14, 2015 Nagarro GmbH)	100.00%	155.183			155.183	33.425			33.425	(3)		Projects	
	Companies consolidated using the at-equity method:													
59.	GDE Holding GmbH, Munich	50.00%	-58.607			-58.607	-47.028			-47.028				German Federal Gazette
60.	GDE Services GmbH, Bonn	50.00%	11.082			11.082	-13.918			-13.918				German Federal Gazette
61.	German Doctor Exchange GmbH, Bonn	45.00%	-2.265.332			-2.265.332	-1.964.545			-1.964.545				German Federal Gazette

(1) After transfer of profit or loss | (2) Hypothetical annual result for the financial year from January 1 – December 31, 2014 | (3) Annual profit September 1, 2014 – December 31, 2014

GLOSSARY

Glossary

Allgeier Schweiz	Allgeier (Schweiz) AG, Thalwil, Switzerland
Allgeier Medical IT	Allgeier Medical IT GmbH, Schliersee (until July 2, 2014 GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm)
Asset deal	Purchase and transfer of assets and liabilities
b+m AG	b+m Informatik AG, Melsdorf
Benelux Group	Allgeier N.V., Zaventem, Belgium Allgeier Computer BV, Oosterhout, Netherlands Allgeier Ltd., Nicosia, Cyprus Allgeier S.A., Luxembourg ALLGEIER BİLGİ İŞLEM SİSTEMLERİ DANIŞMANLIK VE TİCARET LİMİTED ŞİRKETİ, Istanbul, Turkey
BSR	BSR & Partner AG, Zug, Switzerland
CANCOM	CANCOM SE, Munich
Corisecio	Corisecio GmbH, Darmstadt
DIDAS	DIDAS Business Services GmbH, Langenfeld
DIGIDOK	DIGIDOK GmbH, Essen
Earn-out	Conditional purchase price from enterprise acquisitions
EBIT	Earnings before interest and taxes
eHealthOpen	eHealthOpen Ltd., Birmingham, England
Fair value	Fair value
Trade receivables	Trade receivables
GDE	German Doctor Exchange GmbH, Bonn
GDE Group	GDE Holding GmbH, Munich German Doctor Exchange GmbH, Bonn GDE Services GmbH, Bonn
Goetzfried	Goetzfried AG, Wiesbaden
Gratuity obligations	Settlement obligations, employees leaving in India
Profit and loss	Income statement
HEXA	HEXA Business Services Beratungs- und Dienstleistungs GmbH, Vienna, Austria (from January 14, 2015 Nagarro GmbH)
Innocate	innocate solutions GmbH, Düsseldorf (from January 26, 2015 Allgeier Productivity Solutions GmbH)
Metasonic	Metasonic GmbH, Pfaffenhofen
mgm cp Hamburg	mgm consulting partners GmbH, Hamburg
mgm sp Dresden	mgm security partners Dresden GmbH, Dresden (formerly SecureNet Dresden GmbH, Dresden)
mgm sp Munich	mgm security partners GmbH, Munich (formerly SecureNet GmbH Intranet und Internet Solutions, Munich)
mgm tp Munich	mgm technology partners GmbH, Munich
Nagarro AG	Nagarro AG, Munich (formerly: SOFTCON AG)
Nagarro Group	Nagarro, Inc., San Jose, USA Nagarro Software Pvt. Ltd., Gurgaon, India Nagarro Software Jaipur Pvt. Ltd., Jaipur, India Nagarro Software GmbH, Frankfurt Nagarro Software AB, Stockholm, Sweden Nagarro Software SA, Monterrey, Mexico Nagarro Austria Beteiligungs GmbH, Vienna, Austria (formerly Nagarro Austria GmbH) HEXA Business Services- Beratungs- und Dienstleistungs GmbH, Vienna, Austria (from January 14, 2015 Nagarro GmbH) Nagarro Software A/S, Hellerup, Denmark Nagarro Software Ltd., London, Great Britain
off-balance	Not shown on the balance sheet
Opus	OPUS Solution AG, Root Längenbold, Switzerland
Oxygen	Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey
recompli	recompli GmbH, Grasbrunn
S&F	SF Software & Friends, Leipzig
SecureNet Munich	mgm security partners GmbH, Munich (formerly: SecureNet GmbH Intranet und Internet Solutions, Munich)
SecureNet Dresden	mgm security partners Dresden GmbH, Dresden (formerly: SecureNet Dresden GmbH, Dresden)
tecops	tecops personal GmbH, Munich
Terna Group	Terna Holding GmbH, Innsbruck, Austria Terna GmbH Zentrum für Business Software, Innsbruck, Austria Terna AG Zentrum für Business Software, Hünenberg, Switzerland
Subsidiaries	Group companies associated with Allgeier SE
TOPjects	TOPjects GmbH, Munich
UNP	U.N.P.-Software GmbH, Düsseldorf
Xiopia	Xiopia GmbH, Unterföhring

Responsibility Statement by the Management Board of Allgeier SE

The Management Board of Allgeier SE to the best of its knowledge confirms that, according to the applicable accounting principles, the consolidated financial statements present a true and fair view of the group's net assets, financial position and results of operations, and that the group management report presents a true and fair view business developments including the results of operations and the position of the group as well as describing the significant opportunities and risks in regards to the group's expected development.

Munich, April 2, 2015

Carl Georg Dürschmidt	Manas Fuloria (PhD)	Dr. Marcus Goedsche	Hubert Rohrer
Management Board	Management Board	Management Board	Management Board

Financial calendar 2015

IMPORTANT DATES AND EVENTS	Date
Publication of the 2015 consolidated/annual financial statements	April 30, 2015
Publication of the interim business report for March 31, 2015	May 15, 2015
Shareholders' meeting in Munich	June 23, 2015
Publication of the 2015 semi-annual financial report	August 14, 2015
Publication of the interim business report as at September 30, 2015	November 16, 2015

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The Allgeier annual and interim business reports in German and English language can be downloaded at www.allgeier.com/en > Investor Relations > Financial Information and Reports, or requested using the contact information above.

Current financial information is found on the Allgeier website in the Investor Relations section under www.allgeier.com/de/investor-relations

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