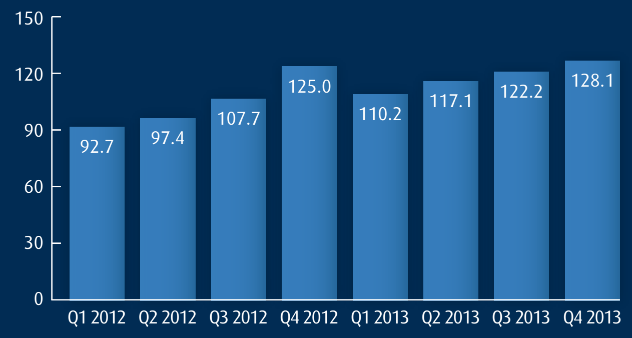
ALLGEIER

ANNUAL REPORT 2013

SALES (in EUR million)



EBITDA (in EUR million)

ALLGEIER SE STANDS FOR BUSINESS PERFORMANCE

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 a midsize entrepreneurial enterprise.

Three segments with different technical or industry-specific focal points work together for more than 2,000 customers in virtually all sectors. With over 4,600 salaried employees and more than 1,300 freelance IT experts, Allgeier is a one-stop shop offering a comprehensive portfolio of solutions and services to its customers. Allgeier customers include globally active groups as well as innovative midsize enterprises, who want to secure strategic advantages through powerful IT solutions, intelligent software and flexible personnel services. The fast-growing group headquartered in Munich has more than 100 branches in German-speaking regions, the remainder of Europe and in India, Mexico and the USA.

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 2013 Lünendonk® list "Leading German midsize IT consulting and system integration firms". According to the Lünendonk® market segment study for 2013 "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, current news about the company, customer references and case studies, please visit www.allgeier.com.**

KEY GROUP FIGURES*	2009	2010	2011	2012	2013	CAGR
Revenues	223.5	308.7	378.8	422.8	477.6	20.9%
EBITDA	14.4	18.1	22.3	23.5	30.1	20.2%
of which operating units	17.3	21.0	26.9	31.8	36.0	20.1%
EBIT	8.0	11.0	12.0	9.7	15.6	18.2%
of which operating units	10.9	14.0	16.6	18.1	21.6	18.6%
EBT	7.0	10.2	9.5	11.9	11.1	12.2%
Net income for the year	5.0	8.7	5.3	9.2	3.7	-7.3%
Total assets	160.1	204.1	242.1	289.6	289.3	
Equity	79.5	85.5	88.2	93.4	94.7	
Earnings per share outstanding (in EUR)	0.60	0.99	0.52	1.05	0.42	
Number of permanent employees as at December 31, 2013	1,261	1,339	2,546	4,214	4,669	38.7%
Number of freelance experts as at December 31, 2013	1,235	1,438	1,531	1,516	1,354	2.3%
Total number of employees as at December 31, 2013	2,496	2,777	4,077	5,730	6,023	24.6%

*According to IFRS; in EUR million
2012 and 2013 incl. Income from discontinued operations,
2012 after retroactive adjustment

Contents

Foreword by the Management Board

Dear Shareholders, Customers, Business Partners and Employees,

We had set the following goals for the past 2013 financial year:

- for one, continuing to focus on the activities of the three business areas and the further development of the group structure, defining the divisions as comprehensive organisation and business units in addition to the group companies and,

- for another, once again generating double-digit growth in sales with a significantly above-average increase in results for the group as a whole.

We reached these goals in part, are partly still working towards them and have raised the bar internally in the meantime. At close to EUR 480 million in sales, we grew by approximately 13 percent compared to the prior year. This growth was not exclusively organic, but was influenced in particular by the 2012 acquisition of tecops personal GmbH in the Experts business area. With EBITDA of EUR 30 million, we were able to achieve a significant, disproportionately high increase in profitability of around 28 percent compared to the prior year. EBIT at EUR 15.6 million increased by fully 61 percent compared to the prior year. However, we are not satisfied with the consolidated earnings after taxes at EUR 3.7 million, even though this is slightly over the prior-year level after adjusting for the impact of the special item from the sale of the Personal Services business area in 2008 on the results in 2012 and to a minor extent also 2013.

Our cooperative efforts in the various segments and divisions are beginning to show the desired success in many areas. In the meantime, many of our colleagues are working hand in hand very well at the various levels of the group – the company level, the division level and the group level – combining the services provided by the individual companies with the benefits of the divisions and the group as a whole. While this sounds like a matter of course, it has to be actively implemented by managers and employees and this requires conviction, identification and trust. We have completed the following key steps among others in the various divisions:

- In the Allgeier Experts segment and division of the same name, the respective individual companies have come together under the umbrella of Allgeier Experts SE. They jointly developed a management and organisation structure at the division level and optimised the portfolio of services.

- In the Solutions segment, we worked intensively on focusing on the business with standard business software. The business previously organised as the separate Services division was partly integrated more intensively into the Solutions division or, as in the case of DIDAS Business Services GmbH, offered for sale. Furthermore, the Solutions division began increasingly bundling the software-related business with good future prospects and developing new segments such as Microsoft SharePoint. The terna – Zentrum für Business Software division reinforced its management team and, in addition to organic growth, also grew through its own acquisitions.

FOREWORD BY THE MANAGEMENT BOARD

Carl Georg Dürschmidt
Management Board

Manas Fuloria (PhD)
Management Board

Dr. Marcus Goedsche
Management Board

Hubert Rohrer
Management Board

- In the Projects segment, which bundles the custom software development business, the mgm technology partners division developed very well with its focused specialisation on future fields such as e-commerce. In January of 2014, we celebrated the 20th anniversary of mgm with more than 300 employees and numerous guests from our circle of customers and business partners, presenting impressive results. We have bundled the international software development and consulting business in the business area's second strong pillar, the Nagarro division. Our colleagues at Nagarro have once again impressively demonstrated the development potential of this business for us. With the simultaneous restructuring of the company organisation structure, the colleagues generated an increase in sales and results at a magnitude of 25%. At the same time, we intensified cooperation within the Nagarro division, primarily with the colleagues in Germany and Europe. With the acquisition of HEXA Business Services in Austria at the beginning of 2014, we also continued expanding the market front-end of Nagarro in German-speaking regions.

Rather than short-term measures, the developments that have commenced in the divisions are effectively designed for a medium-term time horizon. Both the structural and organisational measures as well as the focus on business areas with above-average potential for the future will therefore continue this year. The Management Board has launched an accompanying strategy project at the beginning of 2014, which will further align and refine the group's portfolio of offerings and services – both for investments in organic growth and for future acquisitions.

We would like to take this opportunity to once again sincerely thank all of our employees. They have supported the development of Allgeier. We have worked intensively at the various levels and in some cases performed significant additional work for internal projects. In doing so, we were consistently driven by the common will and shared conviction that, by positioning ourselves even better and improving cooperation within the group, we can significantly strengthen our market position and become an even more powerful, reliable partner for our customers. Here too we have not yet reached the end but are in the midst of ongoing development. As the Management Board, we are thankful for and impressed by the performance of the participants and the strength we are jointly developing. This is what makes the Allgeier Group. We reached the impressive figure of more than 6,000 employees in 2013 when freelance experts in the annual average are included.

In cooperation with the management colleagues in the divisions, we as the Management Board will work on further developing the Allgeier Group step by step. Rather than individual short-term measures, sustained development over many years is what counts here. In doing so, we are not losing sight of our approach as a midsize company with close proximity to the customer and direct responsibility at the operational levels. At the same time, we are also pursuing a long-term vision oriented towards top market opportunities and the further development of the group. We will continue working on this in 2014 and ask all employees, customers, business partners and shareholders to continue supporting and putting their trust in 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 2013 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 on an ongoing basis, such as current business development, the financial and liquidity position, the acquisition pipeline, human resource matters and compliance, the first half of 2013 from the perspective of the Supervisory Board was mainly dedicated to the continued alignment of the business models that commenced in 2012 and the organisational further development of the various divisions. In the second half of the year, the Supervisory Board in cooperation with the Management Board increasingly dealt with the performance of specific business segments, individual acquisition projects and strategic considerations regarding the future development of the group and the divisions, with the objective of effectively promoting growth and improving profitability in the coming years.

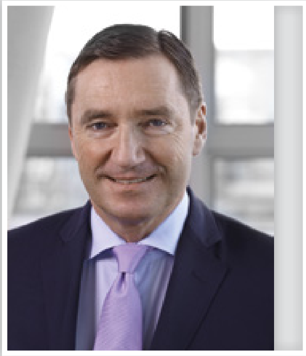
The Supervisory Board met for six meetings in the 2013 financial year. With the exception of one meeting where the Chairperson of the Supervisory Board attended by telephone, all members of the Supervisory Board attended the meetings in person. The Supervisory Board also held several other discussions 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 in comparison to approved group planning.
- The ongoing financial and liquidity position.
- The performance of the group and specific areas with performance deviations.
- Specific acquisition projects.
- Questions regarding the group's strategic direction.
- Continuing the integration within the divisions.
- 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 2013 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.

The Supervisory Board also examined the composition of the Management Board in the past financial year. In October of 2013, the Supervisory Board appointed Mr. Hubert Rohrer as a new member of the Management Board in addition to the existing members, Carl Georg Dürschmidt and Dr. Marcus Goedsche. Mr. Rohrer has been active in the management of the Allgeier Group for many years already and, as group executive manager for the Solutions segment, was responsible in particular for the development and realignment of the segment. He will retain this responsibility along with his new duties as a Management Board member of Allgeier SE. In March of 2014, the Supervisory Board also appointed Mr. Manas Fuloria (PhD) as a new member of the Allgeier SE Management Board. Mr. Fuloria is active in the management of the Nagarro Group, in the Projects segment, and reinforces the Management Board with his knowledge and international experience. Below the Management Board level, the management structure was further strengthened in coordination with the Supervisory Board, especially in division management, so that cooperation with the Management Board and the management of the operating divisions was strengthened and intensified.



Detlef Dinsel
Chairperson
of the Supervisory Board

Christian Eggenberger
Supervisory Board

Thies Eggers
Supervisory Board

The annual financial statements of Allgeier SE and the consolidated financial statements as of December 31, 2013 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 Supervisory Board has already revised the documents mentioned above on the basis of the preliminary figures and closing balances in its meeting on March 18, 2014 and discussed them with the Management Board and the auditor. The final financial statements and auditor's report were examined and reviewed by the Supervisory Board in preparation for the meeting on April 28, 2014. In the meeting on April 28, 2014 the annual financial statements, consolidated financial statements and audit reports were once more 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 2013 fiscal year prepared by the Management Board. The annual financial statements are hereby approved.

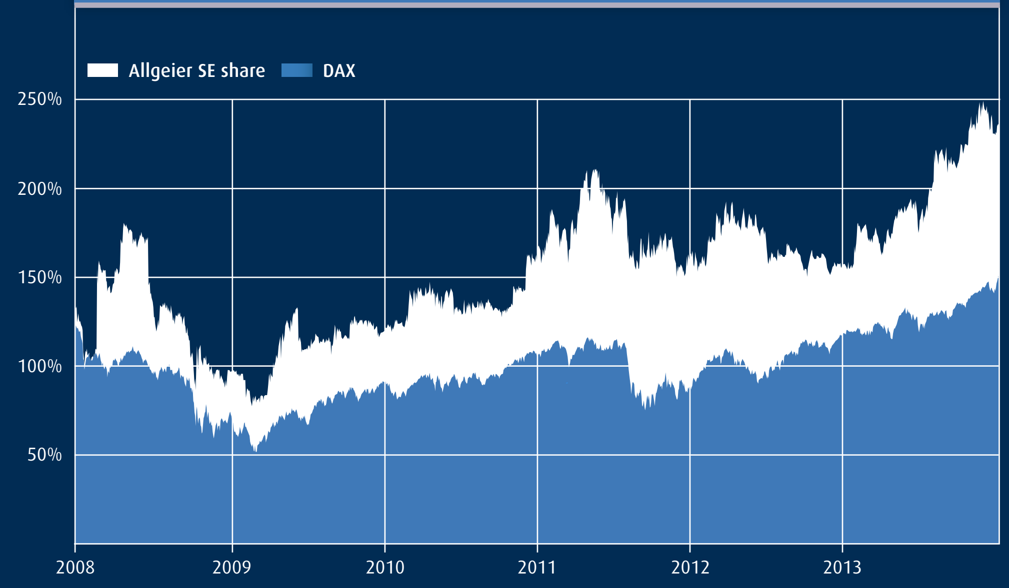
Furthermore, the Supervisory Board reviewed the proposal of the Management Board for the appropriation of the accumulated profit of Allgeier SE for the 2013 financial year, calling for the distribution of dividends at EUR 0.50 per share. After a careful weighing of interests, in particular the interests 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. Also taken into account in the deliberations was the fact that, even though the consolidated earnings after taxes were comparatively low, the generated cash flow was higher since several significant effects reducing income were balance sheet effects with no impact on the actual liquidity that was generated.

The Supervisory Board would like to thank company management and all employees of the Allgeier Group for their performance in the 2013 financial year.

Munich, April 28, 2014
The Supervisory Board of Allgeier SE

Detlef Dinsel
Chairperson of the Supervisory Board

PERFORMANCE ALLGEIER SE SHARE AND DAX FROM 2008 TO 2013



Allgeier in the capital market – the 2013 stock market year

Record financial market sentiments – the government debt crisis settles

The stock markets were able to shake the crisis mood of the previous years in 2013. The DAX leading index surpassed the 8000-point level, which it merely grazed in 2000 and 2007, and even exceeded the 9000-point mark. At the end of the year the index closed at 9552 points. Compared to 7612 points on the last trading day in 2012, this is an increase of 25.5 percent. The first half of the 2013 stock market year was restrained. The DAX largely trended sideways. An initial stock market rally was seen in May with an all-time high of 8,500 points. However, the DAX dropped again significantly within a few weeks and fell to around 7,700 points. Since then the listings have climbed almost continuously. Following some fluctuations in the summer months, the DAX stayed above the 9,000-point mark for the first time in November. The index posted new all-time highs almost daily and exceeded 9,400 points at the beginning of December. As a result of profit taking, the index dropped before reaching a new all-time high at Christmas. Overall the gain in the index for 2013 exceeded even optimistic forecasts. This development was driven by central bank interest rates which remained at a historic low, liquidity programs and the ongoing repurchase of government bonds and securities by the Fed with a total volume of USD 85 billion. This volume of funds mainly flowed to the stock markets. German securities also benefited from a revival of the major export markets in the second half of the year, especially in North America. This also had a positive impact on the domestic economy. The government debt crisis in the Eurozone settled down as well and this further boosted stock prices. The situation in the crisis countries of Spain, Portugal and Greece stabilised. In Italy, the situation also appears less dramatic compared to the start of the year. Ireland was the first of the four countries supported by the Euro rescue fund to waive the protection of the EU states at the end of the year. With the exception of the emerging markets, the international stock markets also posted increases which were significant in some cases. The Dow Jones index went up by 25 percent as well while the Nikkei with an increase of more than 50 percent reached the highest level in six years.

The Allgeier share

The Allgeier SE share is traded in the regulated market (ISIN DE0005086300, WKN 508630, AEI) and started trading on January 2, 2013 at an opening price of EUR 10.08. It reached the low for the year of EUR 10.00 the very next day on January 3. After the value approached EUR 12.00 several times in the coming weeks, the price

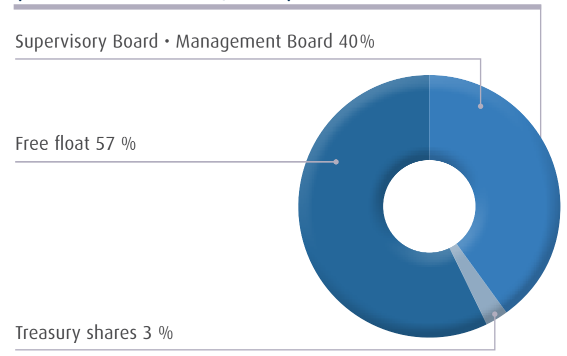
DIVIDEND PAYMENT (IN EUR)	2009	2010	2011	2012	2013
Per share	0.60	0.50	0.50	0.50	0.50

KEY FIGURES PER SHARE 2013 VS. 2012	2012	2013	CHANGE IN %
Earnings per share (in EUR)	1.05	0.42	-60.0%
Dividend per share (in EUR)	0.50	0.50	-
XETRA high for the year (in EUR)	12.89	16.70	29.6%
XETRA low for the year (in EUR)	9.57	10.00	4.5%
XETRA end-of-year price (in EUR)	10.05	15.62	55.4%
Number of shares (in units)	9,071,500	9,071,500	-
End-of-year market capitalisation (in EUR million)	91.2	141.7	55.4%
Average XETRA stock market turnover (in number of shares per day)	9,220	11,483	24.5%

fell again at the end of the quarter and the Allgeier share closed on March 28 at EUR 10.85. In the second quarter, the price broke the EUR 12.00 barrier and initially exhibited a stable sideways trend, which it briefly broke downward at the end of the quarter. After the first six months of the year, the Allgeier share closed at a price of EUR 12.40 on June 28. The share price increased significantly in the second half of the year. At the end of the third quarter, the price closed at EUR 14.965 on September 30. The Allgeier share reached its high for the year at EUR 16.70 on November 19 after further gains. Subsequently the price dropped slightly so that the closing price of the share for the year on December 30, 2013 was EUR 15.615. Compared to the 2012 closing price (EUR 10.05), this represented a significant price increase of 55.4 percent. Therefore the Allgeier share clearly exceeded the gain in the DAX (25.4 percent) and TECDAX (40.9 percent). The yield on shares in 2013 was 60.3 percent (share price development and the dividend of EUR 0.50 distributed in June) compared to -1.8 percent in the prior year.

ALLGEIER SHARE	
Index	General Standard
ISIN	DE0005086300
WKN	508630
Number of shares	9,071,500
Share price (on April 9, 2014)	18.13 EUR
Market capitalisation (on April 9, 2014)	EUR 164.5 million

SHAREHOLDER STRUCTURE (AS OF: DECEMBER 31, 2013)*



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

"In the Agenda 2015, the Management Board has stated the intensive realignment of the Allgeier Group which already began in 2012 in concrete terms and defined goals for 2013 to 2015."

Overview of the Allgeier 2013 year

Q1 2013

Allgeier continues to grow

The group companies of Allgeier SE had a good start to the year and were able to significantly increase their sales in the first quarter of 2013 compared to the same period in the prior year – by 19 percent to EUR 110.2 million (prior year: EUR 92.7 million). This increase in sales was achieved by the operational growth of most companies that have been part of the group for some time, and by the acquisitions during the 2012 year. EBITDA remains below the very good value from 2012, falling to EUR 4.8 million (prior year: EUR 6.1 million). This deviation is mainly due to currency differences from the conversion of a non-current purchase price liability arising from the purchase of the Nagarro Group in 2011. Because of the quarter-end exchange rates, this resulted in a valuation difference of EUR 1.1 million charged to the first quarter of 2013. EBIT (earnings before interest and taxes) also fell accordingly compared to the prior year, to EUR 1.8 million (prior year: EUR 2.8 million). In the 2013 year, EBIT was also reduced by high regular amortisation of purchase price allocations according to IFRS (amortisation of orders on hand, customer bases, products), accounting for most of the amortisation of EUR 3.1 million (prior year: EUR 3.3 million). Continued high amortisation is mainly due to valuation of customer relationships and acquired silent reserves in products and developments performed according to IFRS at the time the acquired companies were first consolidated.

Acquisition: terna takes over specialist for Microsoft business solutions

In January, the business software specialist terna reached an agreement with the shareholders of OPUS Solution AG based in Root Längenbold, Switzerland to purchase 100 percent of the shares. The well-know Swiss provider of business software applications based on Microsoft Dynamics AX generated sales of CHF 4.3 million in 2012. With 26 employees, the company supports more than 150 mid-size companies and maintains long-term relationships with Microsoft Dynamics partners in Switzerland. Opus focuses on customers with project-specific processing, and across industries on the entire human resource management and payroll processing segment with the certified in-house development "Payroll Swiss for Dynamics AX". With Opus, the Allgeier company terna is significantly boosting its presence in the Swiss ERP market. In addition, the expertise of Opus in the professional services environment is to be gradually transferred to the terna locations in Austria and Germany.

Q2 2013

Allgeier continues to grow in the second quarter

In the second quarter of 2013, the group was able to continue increasing its sales: Compared to the same period last year, sales grew by 20 percent to EUR 117.1 million (prior year: EUR 97.4 million). Earnings exceed the prior-year values as well. EBITDA increased by 97 percent to EUR 7.5 million (prior year: EUR 3.8 million). EBIT (earnings before interest and taxes) increased by 739 percent over the prior year to EUR 4.5 million (prior year: EUR 0.5 million).

Allgeier Agenda 2015 – the Management Board refines the group strategy

In the Agenda 2015, the Management Board has stated the intensive realignment of the Allgeier Group which already began in 2012 in concrete terms and defined goals for 2013 to 2015. Two guiding principles define the Agenda 2015:

1. Establishing a group structure suitable for the future with divisions as larger company units.
2. Clear focus of the business model on high-growth fields with above-average development potential.

With the measures for focusing the group described above, the Management Board is responding to current market developments with significant differences in the potential of various areas of the IT business, and the internal further development of the group towards the next level of meaningful integration. The objective is to establish a high-performance IT firm with modern structures and an agile service portfolio, which is continuously reviewed, adapted and developed further. Value-added acquisitions are part of the business model in order to drive the purposeful expansion and speed up the development of the divisions.

Dividends

In June of 2013, Allgeier SE distributed a dividend totalling EUR 4,183,712 to the shareholders from its accumulated profit. 8,367,424 shares were eligible for dividends. The dividend per share was EUR 0.50.

Supervisory Board

According to the applicable laws and the bylaws, the term in office for all three members of the Supervisory Board ended with the end of the shareholders' meeting on June 18, 2013. The shareholders' meeting on June 18, 2013 elected the following three persons as members of the Supervisory Board, effective at the end of the meeting: Detlef Dinsel, Christian Eggenberger and Thies Eggers. Detlef Dinsel was elected as Chairperson of the Supervisory Board in the constituent meeting of the newly elected Supervisory Board on June 18, 2013.

Allgeier continues its share repurchase program

In its meeting on June 18, 2013 the Management Board decided to continue the share repurchase program until the end of the financial year. The treasury shares acquired are intended in particular for the purpose of consideration in the purchase of companies or investments in companies. Allgeier acquired a total of 42,503 shares with an overall volume of EUR 544,490.34 by the end of the year. This corresponds to an average purchase price of EUR 12.8106.

Cloud-based ERP solution cierp3® is awarded the "Handel" seal of approval in 2013

The Allgeier company Allgeier IT Solutions has been awarded the "Handel" seal of approval for the first time for its cloud-based ERP solution cierp3® from the renowned Centre for Enterprise Research.

THE ALLGEIER YEAR OF 2013

"The second season of the partnership between BMW Motorsport and Allgeier in the DTM racing series was another great success."

Q3 2013

Rising sales and improved operating results

The group continued to increase sales and improve its results in the third quarter of 2013. Compared to the same period last year, sales grew by 13 percent to EUR 122.2 million (prior year: EUR 107.7 million). Earnings exceed the prior-year values as well. EBITDA increased by 48 percent to EUR 9.1 million (prior year: EUR 6.1 million). EBIT (earnings before interest and taxes) increased by 106 percent over the prior year to EUR 6.1 million (prior year: EUR 3.0 million).

Allgeier Group reinforces top management

Effective October 15, 2013, the Supervisory Board appointed Mr. Hubert Rohrer as a member of the Management Board. Hubert Rohrer has held top management positions in the Allgeier Group for many years, most recently as group executive manager of the Solutions segment and member of the Allgeier Executive Committee. With this personnel decision, Allgeier reinforced top management in keeping with the increased focus on and strategic further development of the IT business through organic growth and acquisitions, both in Germany and internationally, which was decided with respect to Agenda 2015.

Allgeier chosen as "Best System House 2013" by customers

In this year's customer survey by the IT magazines COMPUTERWOCHE and ChannelPartner, Allgeier takes first place as the best German system house. After the silver ranking in the prior year, Allgeier was able to further improve the satisfaction of its customers and therefore assumes the top position in the IT service provider ranking for the first time. In the survey conducted annually by the two industry magazines, more than 3,400 users were asked about the customer friendliness of IT service providers. Users assessed the quality of their partner in the categories of application software, software infrastructure, IT security, mobility and cloud managed services&. Allgeier made the grade in its IT projects, especially thanks to maximum customer satisfaction – e.g. in the fields of application software and mobility. "It is apparent that quality and customer satisfaction have not suffered from the rapid growth in recent years. Quite to the contrary," COMPUTERWOCHE said in praise.

Q4 2013

Allgeier with further sales increases and improved results

In the fourth quarter, the group increased its sales by 2 percent to EUR 128.1 million (prior year: EUR 125.0 million). EBITDA increased from EUR 7.5 million in the prior year to EUR 8.7 million in the quarter under review. Notwithstanding extraordinary amortisation of goodwill in the fourth quarter at EUR 2.2 million, EBIT at EUR 3.1 million exceeded the prior-year value (EUR 2.8 million).

Acquisitions

On December 31, 2013 Allgeier IT Solutions GmbH based in Bremen invested in the Düsseldorf IT service provider innocate solutions gmbh. The company is 100 consolidated on the reporting date.

With the majority investment in innocate solutions, Allgeier continues to strengthen its position in the important market for Microsoft SharePoint, Microsoft Dynamics CRM and Unified Communications solutions. Under the umbrella of the Allgeier Group, the common service portfolios are to be linked going forward, thereby realising additional market potential, in particular with future-oriented technologies. The firmly established customer base of innocate includes renowned DAX companies such as E.ON and LANXESS as well as public-sector customers and upscale midsize companies.

Also on December 31, 2013 the company Xiopia GmbH, a subsidiary of Allgeier SE, took over WK EDV GmbH based in Neuburg an der Donau. WK EDV GmbH specialises in custom software solutions for the optimisation of business processes in large and midsize companies. The portfolio focuses on IT solutions for complex audio-visual information systems, device management for mobile and stationary devices, mobile services and the development of mobile software. The company has around 130 employees and strong expertise in the automotive sector.

Successful placement of treasury shares

On December 11, 2013 Allgeier placed 500,000 treasury shares (corresponding to around 5.5 percent of its capital stock) – in the course of what is known as an accelerated bookbuilding process – with qualified institutional investors in Germany and European countries for a price of EUR 15.30 each. Based on high demand with the order book being over-subscribed by about double, the original placement volume of 450,000 treasury shares was increased by 50,000 shares. The gross placement proceeds were EUR 7.65 million. With the placement, the free float of Allgeier SE increased to 56.9 percent. The proceeds of this transaction are intended to further strengthen the capital structure and for general business purposes.

DTM engagement remains successful in the second year

The second season of the partnership between BMW Motorsport and Allgeier in the DTM racing series was another great success. BMW celebrated the defence of its title in the manufacturer ranking and was pleased with second and third placements by Augusto Farfus and Bruno Spengler in the overall drivers' ranking. As an official partner of BMW Motorsport, Allgeier was part of the party in the second season following the return of BMW to the DTM. Our warmest congratulations to the team, the drivers and the persons in charge. According to a 2013 ARD media analysis, an average of 1.2 million television viewers in Germany saw the ten live races, plus an average of more than 70,000 live spectators on site at the various racing events. This means a total of 19.1 million viewers saw the races live or on television during the season overall. DTM TV reporting reached an overall average of 29.2 million spectators per racing event. Compared to 2012 (overall total reach, German TV: 15.5 million), this means that the coverage of the racing series nearly doubled. Under these aspects, the past season was another success from an economic point of view as well. BMW is heading for the starting line in the 2014 season of the most popular racing series with the new BMW M4 DTM, which is also seenon the cover of this report.

BMW Motorsport
Official Partner

GROUP MANAGEMENT REPORT

Group management report

OF ALLGEIER SE 2013

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 Wiesbaden	mgm technology partners Group Munich
Allgeier Benelux Group Netherlands & Belgium	Oxygen Istanbul, Turkey	Nagarro Group San José, USA
Allgeier Türkei Istanbul, Turkey	tecops Munich	Softcon Group Munich
BSR Hünenberg, Switzerland	TOPjects Munich	
GEMED Ulm	U.N.P.-Software Düsseldorf	
Terna Group Innsbruck, Austria	Xiopia Group Munich	
Allgeier Schweiz Thalwil, Switzerland		
Innocate Düsseldorf		
DIDAS Langenfeld*		

*Business available for sale

1.1.1 Business and structure of the Allgeier Group

At the end of the reporting period, the Allgeier Group had 56 fully consolidated companies. Business operations are managed in the three segments "Solutions", "Experts" and "Projects". The segments in turn are structured in 18 operational business units. Operational business units are subsidiaries and groups of subsidiaries with their own business operations. A group company was classified under "discontinued operations" due to the intent to sell. 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 operating segments and business units.

1.1.2 Responsibilities of Allgeier SE

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

- Coordination and organisational structuring of the group
- Organisation of finances and financing the group's further development
- The strategic direction and reviewing the strategy of the group, the segments and investment companies on the basis of value-oriented company development
- Identification, review and negotiation of potential, additional, suitable investments, domestic and foreign, based on the group strategy
- Negotiation and execution for purchasing 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
- 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 project and sales activities
- Controlling group-wide public relations, investor relations and marketing

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1.1.3 Business operations of the segments

Solutions segment

The Solutions business area serves more than 2,000 customers with innovative software products and solutions for the storage and administration of data in companies, especially with data and document management systems (enterprise content management –ECM/DMS) as well as software solutions for IT security and corporate management (ERP software). Services and integrated solutions are offered for IT infrastructure projects as well, which also encompass hardware and softwaredelivery and support along with what are known as cloud services. The latter consists of offering IT services and functionality that is no longer dependent on location (e.g. virtual storage capacities). In this context, Allgeier develops projects for the modernisation or further development of IT infrastructures (e.g. data centres) and services for their ongoing operation. Additional areas of expertise include the analysis and optimisation of business processes for midsize companies and large enterprises, selecting the ideal business software for customers and introducing the world-leading standard software solutions, in particular Microsoft Dynamics, Infor/Lawson M3 and SAP. Allgeier also offers its own high-performance software solutions (intellectual property) to customers in key growth markets. Examples include the IT security solution JULIA MailOffice, which is used by numerous ministries, public authorities and large enterprises, and ERP solutions such as syntona logic® and the multiple award-winning cierp3®. cierp3® is a cloud-based ERP software that supports full integration and is used by midsize companies as well as large enterprises. This cross-platform solution has a modular structure and the flexibility to create a custom ERP landscape. It can be expanded with the required modules at any time and adapted to specific company processes. In the meantime, many solutions are offered as mobile-applications, which means they can be used regardless of location. Customers of the Solutions business area include 13 of the 20 largest German companies according to sales, 14 of the 30 DAX companies and numerous larger midsize companies. The segment's key sales markets are the banking & insurance, industrial and medical/chemical/pharmaceutical sectors. The companies in the Solutions segment have 45 sites, of which 29 are in Germany and 16 in seven other European countries (Switzerland, Austria, Belgium, the Netherlands, Luxembourg, Turkey and Cyprus).

DIDAS Business Services GmbH, Langenfeld is included in the consolidated financial statements as of December 31, 2013 as a business area held for sale. An agreement was reached on March 18, 2014 with the buyer CANCOM SE, Munich regarding the key points of the disposal (see ad-hoc notice dated March 18, 2014).

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, 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	Placement Services	Software Lifecycle Projects
Service Solutions · Managed Infrastructure Services · Unified Communications	Third Party Management	Application Management Services · Outtasking · Nearshore/Offshore Delivery · IT Service Management
		Process & IT Consulting · IT Architectures · E-Commerce & Portals · Mobile Enterprise · Business Intelligence/Big Data · Apps

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Experts segment
With its companies, the Experts business area of the Allgeier Group is one of the leading providers of flexible personnel services in Germany, especially in the IT field. The services offered include the recruiting, placement and management of IT freelancers, IT and commercial experts, specialists and managers for projects within the scope of supplying temporary workers or contracts for work and labour/service contracts, the implementation of personnel projects (service desk, on-site, rollout), contracting/agency services (umbrella), the realisation of IT projects, the planning and introduction of IT infrastructure solutions and the design and development of software. Providing special services and know-how according to customer requirements, with corresponding performance with respect to the customer project by suitable employees identified for this purpose or freelance IT specialists as subcontractors, is at the core of these business activities. The business area also offers a full range of IT services for the banking, insurance, IT, telecommunication, industrial and energy supply sectors, the public sector and media/ publishing. Among other things, the services offered include the development, implementation and administration of software applications according to individual customer requirements based on major standard software solutions such as SAP or Microsoft. The companies in this field also offer the management of networks and IT functionalities. According to the current Lünendonk® market segment study for 2013 "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 over 300 customers of the Experts segment include 9 of the 20 largest German companies based on sales, 14 of the 30 DAX companies and 11 of the 20 largest German banks and financial services companies according to total assets. 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 33 sites, of which 29 are in Germany, one in Switzerland and three in Turkey.

Projects segment
The Projects business area of the Allgeier Group includes the mgm technology partners group, the Nagarro Group and the Softcon Group.

mgm technology partners specialises in the development of customsoftware solutions 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.

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. The key markets are North America, Scandinavia and German-speaking regions. 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. Projects in this business area mainly encompass the development of custom software for a variety of business processes and customer requirements where standard software is not available.

Softcon is the technology leader for industry solutions, custom applications and services related to SAP, Application Management, ECM, service-oriented architecture (SOA), e-government and RFID. Own products in the mobile solutions field such as LogIDSoft, SC-OWI and SC-Mobil round out the portfolio. In addition to the head office in Munich and the office in Leipzig, there is an additional site in Timisoara (Romania) which enables cost-effective project management through the integration of nearshore resources. The midsize IT service provider with more than 250 employees has been established in the market for more than 25 years and became a member of the Allgeier Group in 2005.

Customers of the Projects segment include 6 of the 10 largest German companies according to sales, 9 of the 30 DAX companies and numerous leading international corporate groups. The industrial, IT and telecommunication sectors, trade and logistics as well as the public sector are the segment's key sales markets. The companies in the Projects segment have 23 sites, of which 13 are in Germany, four in four other European countries (France, Romania, Czech Republic and Sweden), three in the USA, two in India and one in Mexico.

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. In the course of the year, corporate planning is supplemented by additional 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. In case of deviations, corresponding measures are established in regular management meetings at the various levels and implemented to realign business operations. 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 of providing key technologies and meeting major market trends. Expenses in the reporting period include costs for the further development of products as well as product maintenance totalling EUR 1.3 million (prior year: EUR 1.5 million). The Allgeier Group participates in research and development services for numerous customer projects, thereby obtaining know-how which is not reflected in numbers. Various complex and demanding services such as development are provided in the Experts segment. 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.

Research and development is mainly performed by the Solutions and Projects segments.

2. ECONOMIC REPORT

2.1 MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

2.1.1 Improvement in macroeconomic conditions
Notwithstanding ongoing internationalisation, the German economic area remains the most important market for Allgeierwith 80 percent of total sales, followed by Switzerland with 6 percent and the USA with 5 percent of consolidated sales in the 2013 financial year. According to the Federal Statistical Office, the German economy grew by only 0.4 percent in 2013 after the German gross domestic product (GDP) increased by 0.7 percent in 2012 and 3.3 percent in 2011. Following a weak phase in the six months during the winter of 2012/2013, the German economy is now on a stable recovery c–ourse according to the assessment of the federal government in the spring of 2014. The economic environment also brightened in the course of 2013. The International Monetary Fund (IMF) reported an increase in world GDP of 2.9 percent for 2013.

In Switzerland, the second-most important market for Allgeier with 6 percent of total sales, economic growth is steadily recovering according to the OECD projections thanks to the positive influence of foreign demand. High consumer spending remains the key driving force behind the expansion. The OECD expects the GDP to grow by 2.2 percent in 2014 compared to 1.9 percent in 2013.

In the United States, the third-most important market for the Allgeier Group with 5 percent of total sales, economic growth was moderate in 2013 but is expected to pick up speed in 2014 and 2015 according to the OECD forecast. Factors such as the ongoing fiscal downturn and low confidence among consumers and business have created a strong headwind according to the OECD, but this will decrease in 2014. The gradual recovery of the job market, the repayment of debt and increases in company values will boost consumption and support investments in the real estate sector. Following growth of 1.7 percent in 2013, the OECD expects the US economy to grow by 2.9 percent in 2014.

A moderate but steady recovery can be seen in Austria, which is also an important sales market for the Allgeier Group with 2 percent of total sales. According to OECD projections, the growth of the export markets will recover and, under the influence of growing confidence and ongoing, fundamentally favourable financing terms, have a positive impact on private investments. According to the OECD forecast, Austria's GDP is expected to grow by 1.7 percent in 2014 (2013: 0.4 percent).

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. However, the ongoing recovery in the key markets of the Allgeier group companies and the above-average growth in these markets compared to he Eurozone is cause for cautious optimism.

2.1.2 Stable industry conditions

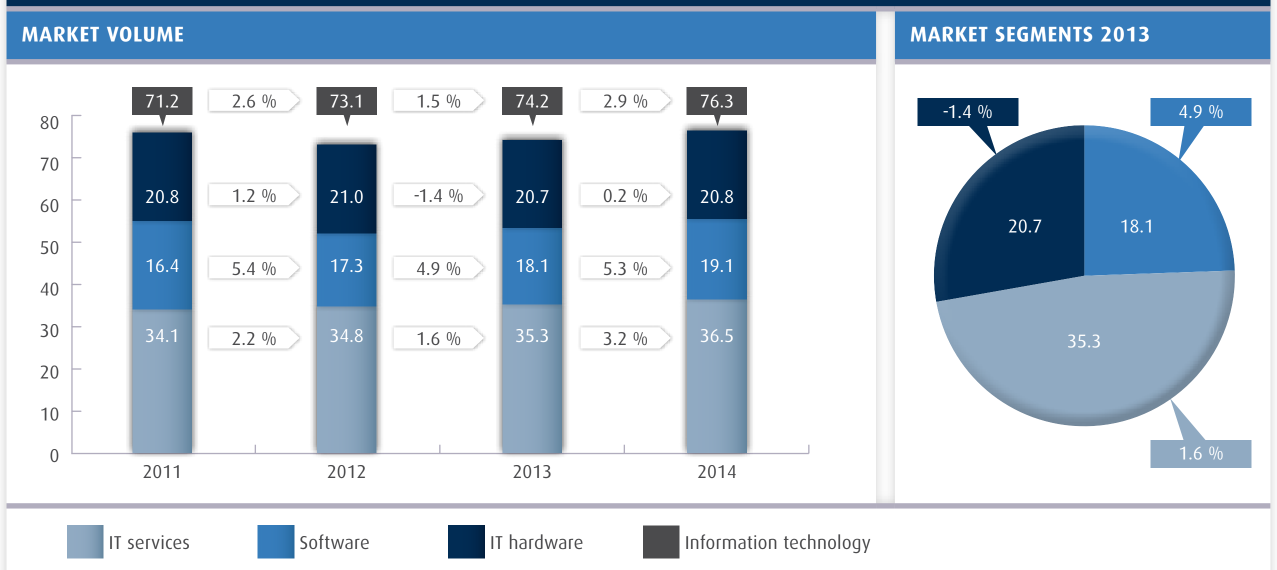
The ITC (information technology, telecommunication and consumer electronics) industry as a whole shrank slightly in 2013. According to a current survey conducted by the industry association BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien), sales of products and services for the overall industry are expected to decrease slightly in 2014 by 0.5 percent to EUR 150.8 billion. This is due to the pronounced shrinkage of the market for consumer electronics (-14.8 percent) and slight downturn in the telecommunications market (-0.1 percent). On the other hand, the information technology market relevant for Allgeier grew by 1.5 percent to EUR 74.2 billion in 2013 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 4.9 percent to EUR 18.1 billion in the past year. Sales of IT services such as consulting and outsourcing increased as well, by 1.6 percent to EUR 35.3 billion. The development of the IT hardware market was weaker, shrinking by 1.4 percent in the past year to EUR 20.7 billion.

2.2 BUSINESS DEVELOPMENT 2013

2013 was a year of internal consolidation for the Allgeier Group. Integration within the group was pursued with the formation of internal structures at the segment and business unit level.

The intensive realignment of the Allgeier Group which already began in 2012 was stated in concrete terms by the Management Board in the course of the year, defining goals for the years 2013 through 2015. Key guiding principles are the formation of a group structure suitable for the future with the segments as larger business units, and a clear focus of the business model on high-growth fields with above-average development potential.

GROWTH IN THE GERMAN INFORMATION TECHNOLOGY MARKET (IN EUR BILLION)



Source: BITKOM, EITO; March 2014

Key figures

In the past 2013 financial year (January 1, 2013 to December 31, 2013), the Allgeier Group was able to increase its sales by 13 percent from EUR 422.8 million in the prior year to EUR 477.6 million. The EBITDA of the Allgeier Group increased from EUR 23.5 million by 28 percent to EUR 30.1 million. Consolidated EBIT (earnings before interest and taxes) increased from EUR 9.7 million by 61 percent to EUR 15.6 million. Financial expenses at EUR 5.0 million were EUR 1.4 million higher compared to the prior year. After interest, the group generated earnings before tax from continuing and discontinued operations in the amount of EUR 11.4 million (prior year: EUR 6.7 million). Taking into account the earnings from discontinued operations at EUR -0.3 million (prior year: EUR 5.1 million), the consolidated results for the period came in at EUR 3.7 million (prior year: EUR 9.2 million). This equates to earnings per share outstanding of EUR 0.42 (prior year: EUR 1.05). The preliminary earnings per share outstanding, adjusted for amortisation from acquisitions and other extraordinary effects, from continuing and discontinued operations are EUR 1.63 (prior year: EUR 1.91).

The Allgeier Group had set a goal for 2013 to increase sales with a double-digit growth rate and achieve a disproportionately high increase in earnings. With a sales increase of 13 percent and growth in the EBITDA of 28 percent, the Allgeier was able to reach this goal for the group as a whole even though developments were inconsistent across the various segments.

Because of changes to an IFRS standard, the Allgeier Group had to retroactively adjust the income statement and balance sheet for 2012. As a result of this adjustment, EBITDA for the prior year increased from EUR 22.9 million by EUR 0.6 million to the current figure of EUR 23.5 million. The increase in earnings was subject to taxes of EUR 0.2 million so that net income for the period increased from EUR 8.8 million to EUR 9.2 million. In the current management report, all analyses and comparisons between 2013 and the prior year refer to the adjusted figures for 2012.

Acquisitions

Allgeier purposefully strengthened its position with several small acquisitions in the past financial year, continuing to expand the service and solutions portfolio in areas where growth is expected.

In January, the Austrian Allgeier subsidiary Terna reached an agreement with the shareholders of OPUS Solution AG based in Root Längenbold, Switzerland to purchase 100 percent of the shares. Opus is a provider of business software applications based on Microsoft Dynamics AX and supports more than 150 midsize companies. The company focuses on customers with project-specific processing, and across industries on the entire human resource management and payroll processing segment with the certified in-house development "Payroll Swiss for Dynamics AX". With Opus, the Allgeier company Terna is significantly boosting its presence in the Swiss ERP market. In addition, the expertise of Opus in the professional services environment is to be gradually transferred to the locations in Austria and Germany.

On December 2013, Allgeier IT Solutions GmbH, Bremen, invested in the IT service provider innocate solutions gmbh based in Düsseldorf. The company is 100 consolidated on the reporting date. With the investment in Innocate, Allgeier continues to strengthen its position in the market for Microsoft SharePoint, Microsoft Dynamics CRM and Unified Communications solutions. In the future, the company's service portfolios are to be linked and additional market potential is to be realised with future-oriented technologies. The firmly established customer base of Innocate includes renowned DAX companies such as E.ON and LANXESS as well as public-sector customers and upscale midsize companies.

Also on December 31, 2013 the company Xiopia GmbH, a subsidiary of Allgeier SE, took over WK EDV GmbH based in Neuburg an der Donau. WK EDV GmbH specialises in custom software solutions for the optimisation of business processes in large and midsize companies. The portfolio focuses on IT solutions for complex audio-visual information systems, device management for mobile and stationary devices, mobile services and the development of mobile software. The company has around 130 employees and strong expertise in the automotive sector.

GROUP MANAGEMENT REPORT

Expansion of the Management Board

In October of 2013, the Supervisory Board appointed Mr. Hubert Rohrer as a member of the Management Board. Hubert Rohrer has held top management positions within the Allgeier Group for many years. Most recently he was group executive manager of the Solutions division and a member of the Allgeier Executive Committee. With this personnel decision, Allgeier reinforced top management in keeping with the increased focus on and strategic further development of the IT business through organic growth and acquisitions, both in Germany and internationally, which was decided with respect to Agenda 2015.

The Management Board was expanded again in March of 2014 with the appointment of Mr. Manas Fuloria (PhD), co-founder and member of the Management Board of Nagarro.

Capital market

On December 11, 2013 Allgeier placed 500,000 treasury shares (corresponding to around 5.5 percent of its capital stock) – in the course of what is known as an accelerated bookbuilding process – with qualified institutional investors in Germany and European countries for a price of EUR 15.30 each. Based on high demand with the order book being over-subscribed by about double, the original placement-volume of 450,000 treasury shares was increased by 50,000 shares. The gross placement proceeds were EUR 7.65 million. With the placement, the free float of Allgeier SE increased to 56.9 percent. The proceeds of this transaction are intended to further strengthen the capital structure and for general business purposes.

Customers

The Allgeier Group continued to expand and strengthen its relationships with renowned major customers in the past financial year. In the meantime, Allgeier is generating sales of more than EUR 1 million respectively with over 60 customers. A key objective of the Allgeier Group's growth strategy is to increasingly use the company size that has been achieved as well as the broad spectrum of services for bidding on public and private tenders for major projects. Companies in virtually all industries with a variety of project requirements and order volumes are among the group's customers. The group companies are engaged by corporate groups with a global presence as well as numerous midsize companies.

18 of the 20 German companies with the highest sales and 20 of the 30 DAX companies are among the Allgeier Group's customers. In many cases, more than one Allgeier SE group company is involved in various projects for the companies.

Sales in key sectors such as service, healthcare, trade and logistics, media, publishing and entertainment have continued to grow. These industries with a share of around 22 percent also continue to represent the customer segment with the highest sales (prior year: 22 percent).

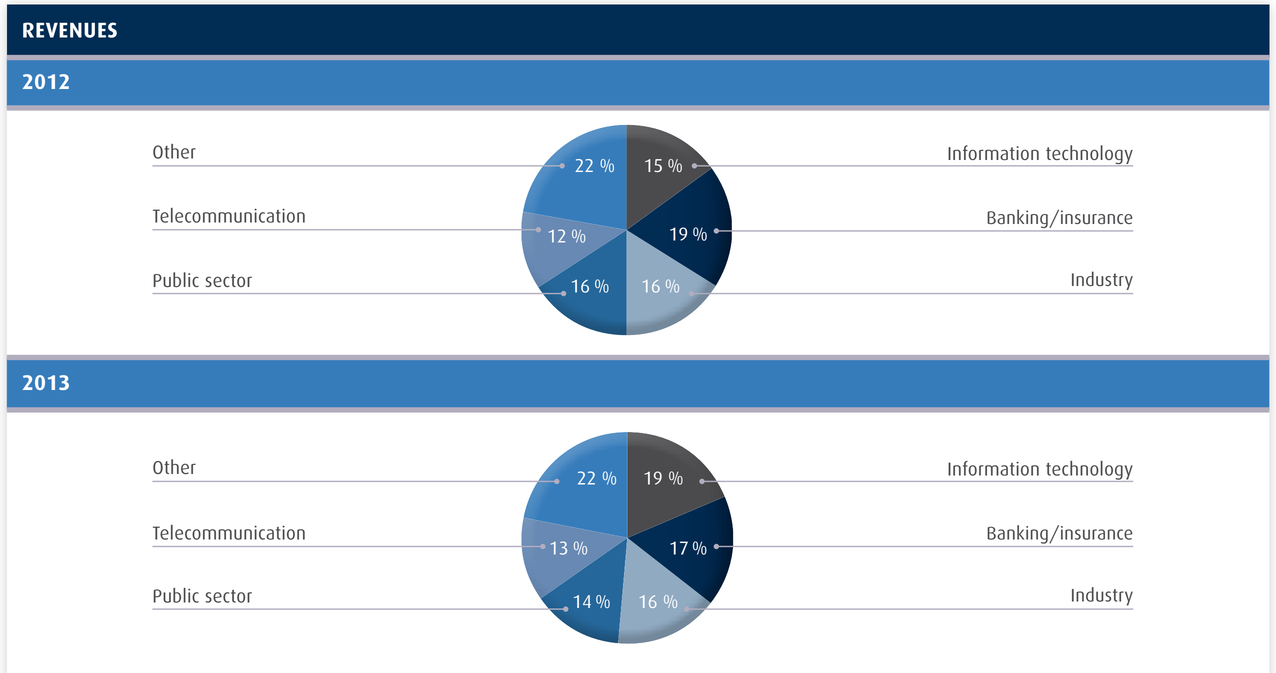
Sales to information technology companies once again increased significantly in the past financial year. This growth was both organic and inorganic through the full consolidation of group companies. IT companies with about 19 percent of sales (prior year: 15 percent) are now the second-largest customer segment for the Allgeier Group. Numerous leading national and international IT firms put their trust in the group's solution and service portfolio: For IT companies – often as a premium partner – Allgeier provides sophisticated services such as expert staffing and recruiting, IT consulting, application management services and project management as well as services for client systems, data centres, back office infrastructure and back office systems. The group is generating higher sales with IT customers, especially in key innovative fields such as cloud services (software as a service) and mobile applications.

In the banking and finance as well as insurance sectors, which constitute the group's third most important customer segment with around 17 percent of total sales (prior year: 19 percent), the Allgeier Group provides a variety of services such as IT consulting, recruiting and expert leasing, software development, infrastructure projects and service agreements. Innovative fields such as outsourcing and the development and management of mobile applications are important areas of growth here. Allgeier works for 13 of the 20 German insurance groups with the highest sales and for 13 of the largest German banks and financial service providers according to total assets. Sales remained stable in this sector.

Allgeier has been very well established for years in the industrial sector, especially the automobile industry. Industrial companies at 16 percent (prior year: 16 percent) are the fourth most important customer segment for the Allgeier Group according to sales. The group's customers include the large automobile manufacturers and the most important companies in the supplier industry. Leading companies from various branches of industry such as aviation and aerospace, chemistry and pharmaceuticals, metal and electronics, construction, the timber industry and consumer goods as well as numerous companies in the energy supply sector are part of the long-standing customer base as well. Both internationally active energy producers and many leading regional suppliers demand the group's services. In the various branches of industry, the group companies of the Allgeier Group are mainly represented with software development, application management services, IT consulting, service contracts and third-party management. Allgeier has rising sales primarily in key innovative and future fields such as cloud services and mobile applications.

In the public sector, the fifth most important customer segment according to sales with 14 percent (prior year: 16 percent), the Allgeier Group is represented at all levels virtually everywhere in Germany and in Switzerland. The products and services are in demand by the federal government, states, administrative regions and districts, cities and municipalities. Here the range of services extends from software and application development and implementation to expert leasing to complex IT consulting. Innovative fields such as e-government, business intelligence solutions for big data and mobile applications are constantly gaining importance. The group's absolute sales to the public sector are approximately equivalent to the prior year.

Developments with customers in the telecommunications sector are positive. After a decrease in 2012, sales to telecommunications companies increased to 13 percent of total sales in 2013 (prior year: 12 percent). Next to stable expert staffing and recruiting sales, this is mainly due to the successful realisation of projects in the application management environment, an important future and growth market.



2.3 POSITION

2.3.1 Results of operations

In the past 2013 financial year (January 1, 2013 to December 31, 2013), the Allgeier Group was able to increase its sales by 13 percent from EUR 423 million in the prior year to EUR 478 million. This includes operational sales growth of 2 percent or EUR 8 million generated by the companies belonging to the group in the comparative years and a sales increase of EUR 47 million from the companies acquired by the Allgeier Group in the comparative years. In the 2013 financial year, the group reached the decision to dispose of a subsidiary and report this company as a discontinued operation. With the disposal of this company in the 2013 financial year, revenues of EUR 56 million (prior year: EUR 48 million) are reported separately. Without the discontinued operation, the group generated revenues of EUR 421 million (prior year: EUR 375 million in 2013, corresponding to an increase of 12 percent over 2012.

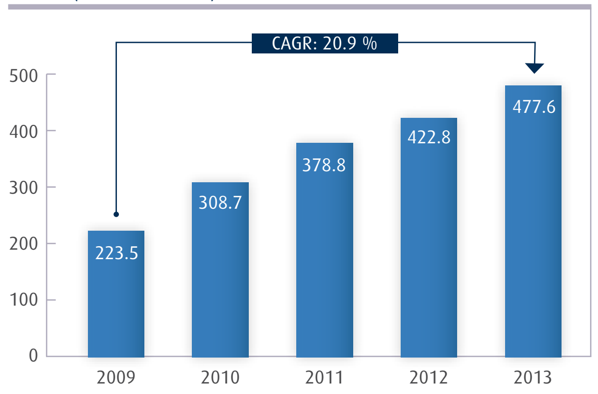
The EBITDA of the Allgeier Group increased from EUR 23.5 million by 28 percent to EUR 30.1 million, disproportionately higher than sales. In addition to higher sales, this growth in earnings is due to an increase in the EBITDA margin from 5.6 percent in the prior year to 6.3 percent in 2013. EBITDA for continuing operations increased somewhat less than consolidated EBITDA, from EUR 23.3 million to EUR 28.0 million. A disproportionately high contribution was made by the discontinued operation with EBITDA growth from EUR 0.2 million in 2012 to EUR 2.1 million in 2013.

The increase in consolidated EBIT (earnings before interest and taxes) in the reporting period was also disproportionately high, from EUR 9.7 million by 61 percent to EUR 15.6 million. A decrease in amortisation on customer relationships acquired with respect to enterprise acquisitions had a positive impact on EBIT, falling from EUR 9.5 million to EUR 7.3 million. On the other hand, a decrease in the value of goodwill at EUR 2.2 million (prior year: EUR 0.2 million) had a negative impact on consolidated EBIT. Similar to EBITDA, EBIT for continuing operations increased somewhat less than consolidated EBIT, from EUR 10.6 million by 37 percent to EUR 14.5 million. A disproportionately high contribution was made by the discontinued operation with EBIT growth from EUR -0.9 million to EUR 1.1 million.

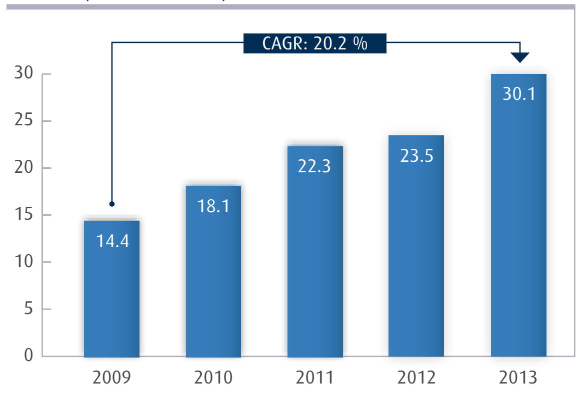
Financial expenses at EUR 5.0 million were EUR 1.4 million higher compared to the prior year. This increase is due in large part to the full-year effect of interest expenses on the borrower's note loan taken out in March of 2012 as well as interest expenses from the compounding of earn-out liabilities, a significant proportion of which had to be reclassified from previously non-current to current liabilities due to the term.

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

SALES (in EUR million)



EBITDA (in EUR million)



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

After interest, the group generated earnings before tax from continuing and discontinued operations in the amount of EUR 11.4 million (prior year: EUR 6.7 million). Taking into account the earnings from discontinued operations at EUR -0.3 million (prior year: EUR 5.1 million), the consolidated earnings after taxes for the period came in at EUR 3.7 million (prior year: EUR 9.2 million). The disproportionate increase in tax expenses compared to the prior year is due on the one hand to the effect of gains on disposal that were largely tax-free in the prior year and, on the other hand, effects in the year under review – in particular expenses that do not reduce the tax liability, such as amortisation of goodwill as well as the losses of some companies, which are not expected to be fully utilised. In the third quarter, the final agreement and settlement was reached for the disposal of Allgeier DL GmbH, Munich in 2008. The group realised the results of the disposal recognised in the prior year at EUR 5.1 million nearly in full.

This equates to earnings per share outstanding of EUR 0.42 (prior year: EUR 1.05). The preliminary earnings per share outstanding, adjusted for amortisation from acquisitions and other extraordinary effects, from continuing and discontinued operations are EUR 1.63 (prior year: EUR 1.91).

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.
Under consideration of the adjustments and application of an unchanged corporate tax rate on the consolidated earnings
, the group's earnings per share outstanding were EUR 1.63 in 2013 (prior year: EUR 1.91).

(in EUR million)	2012	2013
Operating earnings before interest and tax (EBIT as reported)	9.7	15.6
Amortisation on intangible assets from enterprise acquisitions	9.5	7.3
Value adjustment of goodwill	0.2	2.2
Purchase price adjustments through profit or loss	-2.2	-0.8
One-time expenses from stock options	2.0	0.0
Financial result	-2.9	-4.5
Result of at-equity investments	0.0	0.2
Adjusted earnings before tax	16.2	20.1
Corporate tax rate	30%	30%
Taxes	-4.9	-6.0
Adjusted results for the period	11.4	14.1
Subsequent impact on earnings from discontinued operations in 2008 (after taxes)	5.1	-0.3
Shares of non-controlling shareholders	-0.5	-0.1
Earnings to determine the adjusted earnings per share outstanding	16.0	13.6
Number of shares outstanding in units	8,375,737	8,352,747
Adjusted earnings per share (undiluted)	1.91	1.63

GROUP MANAGEMENT REPORT

2.3.2 Financial position

The Allgeier Group's financial position has been solid for years. With freely available liquidity at the end of 2013 (excluding discontinued operations) of EUR 46.7 million (prior year: EUR 38.9 million) and the unused volumes of credit lines and factoring totalling EUR 13.6 million (prior year: EUR 13.5 million) as well as investments in securities of EUR 2.7 million (prior year: EUR 5.0 million reported on the balance sheet under other financial assets, management is able to continue the successful growth strategy and take advantage of the acquisition opportunities presenting themselves in the market. Thanks to the positive development of business operations in 2013, the group collected cash flows of EUR 17.2 million (prior year: EUR 15.1 million).

Tier 1 liquidity (cash and cash equivalents/current liabilities) was 50 percent on December 31, 2013 (prior year: 43 percent). Tier 2 liquidity (cash and cash equivalents plus trade receivables/current liabilities) was 131 percent (prior year: 128 percent).

In the financial year, the Allgeier Group was able to increase current available net liquidity (cash and cash equivalents) by a total of EUR 11.7 million (prior year: EUR 7.0 million). This increase is the balance of cash flows from operating activities at EUR 17.2 million (prior year: EUR 15.1 million), outflows for investment activities at EUR 4.4 million (prior year: EUR 44.2 million) and outflows for financing activities at EUR 1.1 million (prior year: inflow of EUR 36.5 million).

Cash flow from operating activities before changes in working capital at EUR 28.6 million in 2013 was near the prior-year level of EUR 28.9 million. With an increase of EUR 11.4 million, the change in working capital was less in 2013 compared to the prior year at EUR 13.9 million. As a result, the cash flow from operating activities including the commitment of funds to working capital was EUR 17.2 million (prior year: EUR 15.1 million).

In the course of the 2013 financial year, the group made investments in the purchase of subsidiaries and business units totalling EUR 5.5 million (prior year: EUR 34.8 million), and operating investments of EUR 4.8 million (prior year: EUR 4.4 million). Securities were sold for short and medium-term financial planning in the amount of EUR 2.3 million (prior year: purchases of EUR 5.0 million). The investment in an associated company during the 2013 financial year resulted in an outflow of EUR 1.2 million. Furthermore, EUR 4.8 million was collected in the 2013 financial year for the final settlement of the disposal of Allgeier DL GmbH, Munich in 2008. The cash flow from investment activities totalled EUR -4.4 million (prior year: EUR -44.2 million).

With respect to financing activities, the Allgeier Group spent a total of EUR 1.1 million in the 2013 financial year (prior year: inflow of EUR 36.2 million). The Allgeier Group took out bank loans of EUR 1.1 million (prior year: EUR 69.5 million) and redeemed borrowings of EUR 0.3 million (prior year: EUR 36.2 million). In the course of the financial year, the Allgeier Group acquired treasury shares in the amount of EUR 0.5 million (prior year: EUR 0.8 million. Most of the treasury shares were disposed of in December of 2013 and the group collected EUR 7.7 million on this transaction. The shareholders of Allgeier SE received a dividend of EUR 4.2 million (prior year: EUR 4.2 million). Minority interests of EUR 2.1 million were repurchased as well (prior year: EUR 0.8 million). In the 2013 financial year, the group had to pay net interest of EUR 2.7 million (prior year: EUR 2.6 million).

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 purchase of new group companies. 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. Without the discontinued operations, the group's net financial liabilities on December 31, 2013 were EUR 28.9 million (prior year: EUR 34.8 million). These liabilities were reduced by EUR 6.0 million in the financial year. Excluding the assets of discontinued operations, the Allgeier Group held cash and cash equivalents of EUR 46.7 million on December 31, 2013 (prior year: EUR 38.9 million). Current and non-current financial liabilities increased slightly on the balance sheet date, to EUR 75.5 million (prior year: EUR 73.8 million).

2.3.3 Net asset position

As in the preceding years, the net asset position of the Allgeier Group is defined by the addition of new group companies, the decisions and measures of management regarding financing and the equity structure as well as businessoperationsand effects on the balance sheet date related to payment transactions with customers and suppliers. On December 31, 2013 the Allgeier Group classified DIDAS as a company available for sale, which in turn has a significant effect on the change in the net assets position and debts. With the intention to sell, assets of EUR 18.6 million and liabilities of EUR 11.2 million were summarised under assets and liabilities held for disposal and reported as separate current items on the balance sheet.

The group acquired OPUS Solution, German Doctor Exchange, innocate Solutions and WK EDV in the 2013 financial year and consolidated the assets and liabilities of these companies in the consolidated financial statements. With the purchase of these companies, the group obtained assets of EUR 11.4 million and liabilities of EUR 4.7 million. The acquisitions as well as the payments due on previous acquisitions were financed by the group from feely available own liquidity, resulting in an outflow of cash and cash equivalents during the financial year in the amount of EUR 5.5 million (prior year: EUR 34.8 million).

Total assets remained virtually unchanged in the 2013 financial year at EUR 289.3 million on December 31, 2013 (December 31, 2012: EUR 289.6 million). On the assets side, non-current assets decreased from EUR 145.7 million in the prior year by EUR 14.8 million to EUR 130.9 million in the period under review. In particular, intangible assets fell by EUR 10.5 million to EUR 117.9 million (prior year: EUR 128.4 million). In addition to the balance sheet reclassification of the assets of DIDAS, this change is due to a reduction in the addition of intangible assets recognised with respect to enterprise acquisitions as well as a decrease in goodwill from the first-time consolidation of group companies. With regards to goodwill, impairments and currency adjustments totalling EUR 3.8 million exceeded additions of EUR 1.2 million. The investment ratio calculated as the quotient of non-current assets and total assets is 46.9 percent in the financial year (prior year: 50.3 percent). Days sales outstanding was reduced from 57 days in the prior year to 51 days in the reporting year based on the annual average. The debt ratio calculated as the quotient of liabilities and total assets fell slightly, from 67.7 percent in 2012 to 67.3 percent in 2013.

Current assets increased from EUR 143.9 million in the prior year by EUR 14.5 million to EUR 158.4 million in the 2013 financial year. Trade receivables fell from EUR 76.4 million by EUR 3.1 million to EUR 73.3 million while inventories and other assets dropped from EUR 28.6 million by EUR 8.7 million to EUR 19.9 million. Cash and cash equivalents on the balance sheet date rose by EUR 7.7 million (prior year: increase of EUR 7.0 million), from EUR 38.9 million to EUR 46.7 million. In the course of the financial year, the total assets of DIDAS were recognised as current assets in the amount of EUR 18.6 million.

On the liabilities side, consolidated equity increased from EUR 93.4 million by EUR 1.3 million to EUR 94.7 million. While total assets remained virtually constant, the equity ratio increased slightly in the 2013 financial year from 32.2 percent at the end of 2012 to 32.7 percent on December 31, 2013.

TOTAL ASSETS, DECEMBER 31 (in EUR million)

EQUITY, DECEMBER 31 (in EUR million)

The positive change in equity resulted from the balance of the increase in equity due to results for the period of EUR 3.7 million and the sale of Allgeier SE treasury shares at EUR 7.7 million, and effects decreasing equity such as the distribution of dividends totalling EUR 4.2 million, currency differences of EUR 3.7 million, the purchase of treasury shares in the amount of EUR 0.5 million and the purchase of outstanding minority interests of BSR valued at EUR 1.5 million. Non-current liabilities dropped from EUR 106.7 million at the end of 2012 by EUR 14.0 million to EUR 92.7 million at the end of 2013. This decrease is mainly due to the transfer posting of liabilities from the purchase of subsidiaries, which were reclassified from non-current to current based on maturities. Current liabilities increased mainly because of the above-mentioned transfer posting of liabilities from acquisitions at the end of the 2013 financial year, from EUR 89.5 million by EUR 12.4 million to EUR 101.9 million. Provisions included in current liabilities were reduced from EUR 16.5 million in 2012 to EUR 11.4 million in the 2013 financial year. The liabilities of DIDAS which is available for sale, totalling EUR 11.2 million, were summarised in the current balance sheet item "Liabilities held for sale".

2.3.4 Segments

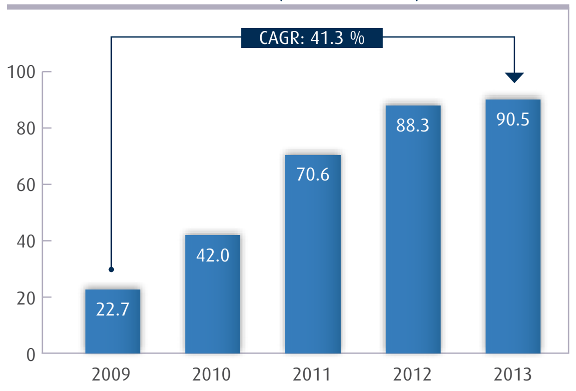
The disclosures and explanations that follow include sales and earnings from transactions between the segments.

2.3.4.1 Solutions segment

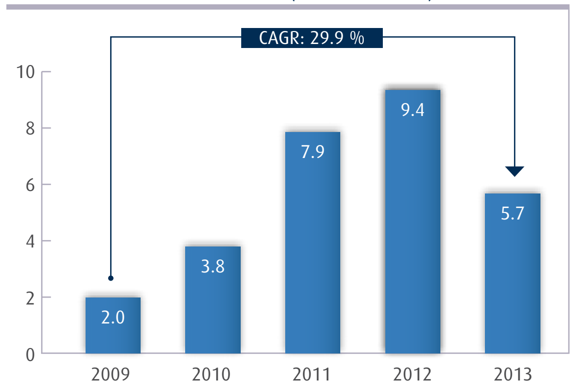
Solutions as the smallest segment of the Allgeier Group contributed 21 percent (prior year: 24 percent) of consolidated sales (excluding discontinued operations). The segment consists of eight operational business units that contributed to the overall results of the segments with various growth rates and contribution margins. While the core business in Germany and Austria achieved double-digit growth rates, the units in Switzerland, Benelux and Turkey had to accept slower growth and the impairment of earnings. Furthermore, the two Swiss companies BSR and Allgeier Schweiz had to write off pro-rata goodwill totalling EUR 2.2 million. In the prior year, proceeds of EUR 2.2 million from the derecognition of earn-out liabilities contributed to earnings. This fell to just EUR 0.8 million in the 2013 financial year, which is another reason the comparison of overall results is unfavourable for 2013.

The solutions segment achieved sales growth of 2 percent in the reporting period for a total of EUR 90.5 million (prior year: EUR 88.3 million). The segment's German and Austrian corporate groups generated a sales increase of 14 percent from EUR 58.3 million in 2012 to EUR 66.7 million in the reporting prod, while the units in Switzerland mentioned above recorded sales increase of EUR 24.3 million to EUR 17.2 million due to special customer situations in the same period.

SOLUTIONS SEGMENT SALES (in EUR million)



SOLUTIONS SEGMENT EBITDA (in EUR million)



GROUP MANAGEMENT REPORT

Differences were also seen in the development of the Solutions segment EBITDA. The earnings of the German core business adjusted for proceeds from derecognising the earn-out liabilities increased from EUR 3.0 million by 63 percent to EUR 4.9 million. Especially because of special customer situations and the cost of market entry in Turkey, the development of earnings generated by the above-mentioned companies in Switzerland as well as the companies in Turkey is negative at EUR -1.5 million (prior year: positive at EUR 1.7 million). For the reporting period as a whole, the Solutions segment generated EBITDA of EUR 5.7 million (prior year: EUR 9.4 million).

Segment EBIT fell from EUR 3.7 million in 2012 to EUR -1.4 million in the reporting period. EBIT in the financial year was further reduced by the amortisation of goodwill in the amount of EUR 2.2 million for the Swiss companies. The segment has a negative result after taxes for the year at EUR -2.2 million in 2013, which is EUR 6 million lower compared to the prior-year results.

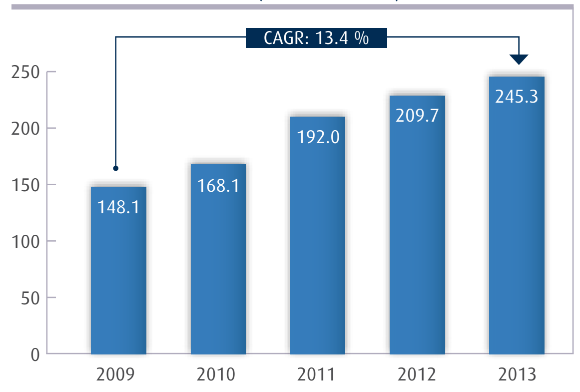
2.3.4.2 Experts segment

According to sales and employees (including freelance experts), the Experts segment is the largest in the Allgeier group. The segment consists of six operational business units and contributes 58 percent of the sales (prior year: 56 percent) generated by the Allgeier Group (from continuing operations). In the reporting period, the Experts segment was able to increase sales by EUR 35.6 million to EUR 245.3 million (prior year: EUR 209.7 million), corresponding to 17 percent growth. Of all the Allgeier Group's segments, the Experts segment is most dependent on economic developments and frequently serves as an indicator for changes in general demand. In the 2013 financial year, the demand for experts and good capacity utilisation of the IT consultants was consistently high, ensuring favourable and stable developments in this area.

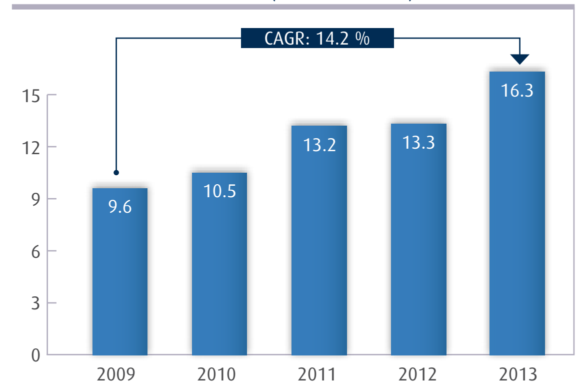
The segment EBITDA increased by EUR 3.0 million or 23 percent to EUR 16.3 million (prior year: EUR 13.3 million).

EBIT increased from EUR 10.7 million in the prior year to EUR 13.8 million in the period under review. After taxes, the segment generated results for the period of EUR 7.6 million compared to EUR 8.8 million in the prior year. Up to and including the year 2012, a profit and loss transfer agreement was in effect between the segment and Allgeier SE so that there were no taxes on a large proportion of the segment earnings until then. With the termination of this agreement, income taxes in 2013 increased to EUR 3.8 million (prior year: EUR 0.2 million), which explains the decrease in results for the period.

EXPERTS SEGMENT SALES (in EUR million)



EXPERTS SEGMENT EBITDA (in EUR million)



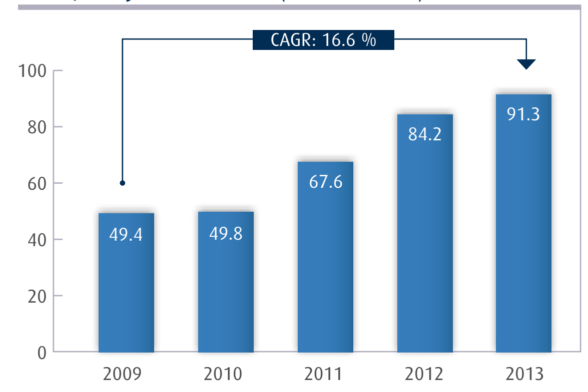
GROUP MANAGEMENT REPORT

2.3.4.3 Projects segment

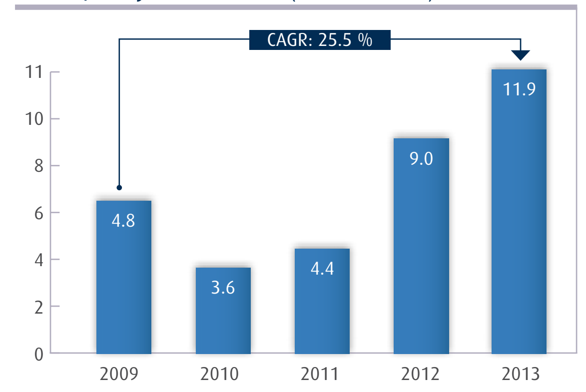
The development of the Allgeier Group's Projects segment is stable. In the reporting period, the segment with three operational business units contributed an unchanged 22 percent of total sales compared to the prior year (as a proportion of consolidated sales from continuing operations), increasing its sales from EUR 84.2 million by 8 percent to EUR 91.3 million. The Nagarro Group made a major contribution to the increase in sales with growth of 27 percent. The Softcon Group and mgm technology partners group which are also part of the segment had a good year in 2013. While sales decreased due to changes in the Softcon product range and by foregoing low-margin sales, the EBITDA generated by Softcon more than doubled.

With EBITDA of EUR 11.9 million and an increase of 32 percent over the prior year at EUR 9.0 million, the segment clearly made a disproportionate contribution towards improving the results of the Allgeier Group. The improvement in results from business operations was reflected in all other earnings indicators. In 2013 the segment was able to increase its EBIT from EUR 4.6 million by EUR 3.5 million to EUR 8.1 million, and reported a double-digit increase in results for the period. In the reporting period, the segment results for the period grew from EUR 1.1 million by 40 percent to EUR 1.5 million.

SALES, PROJECTS SEGMENT (in EUR million)



EBITDA, PROJECTS SEGMENT (in EUR million)



2.4 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

2.4.1 Financial performance indicators

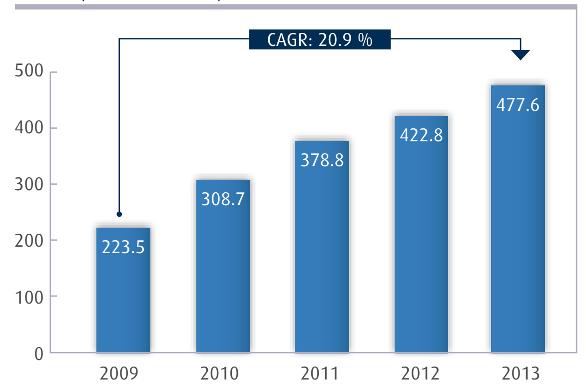
At the group level, the following financial performance indicators in particular take centre stage for the management of the company:

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 that 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 (as a whole) over the past years is as follows:

SALES (in EUR million)



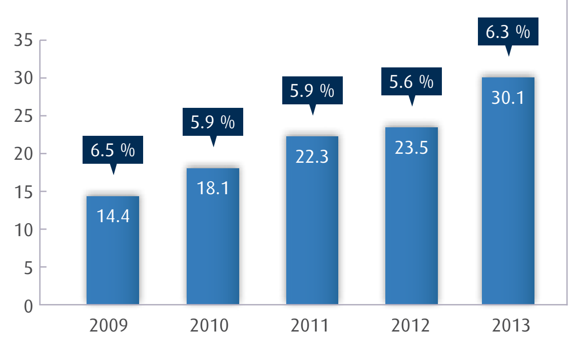
Profitability

Our 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.

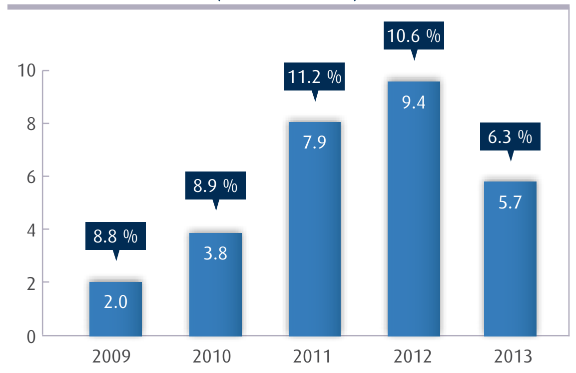
EBITDA and the EBITDA margin for the group and individual business areas developed as follows:

EBITDA

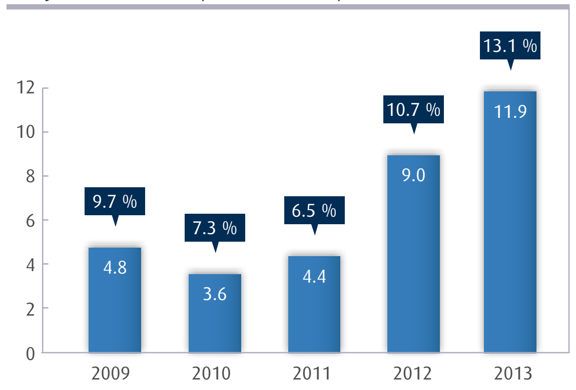
GROUP (in EUR million)



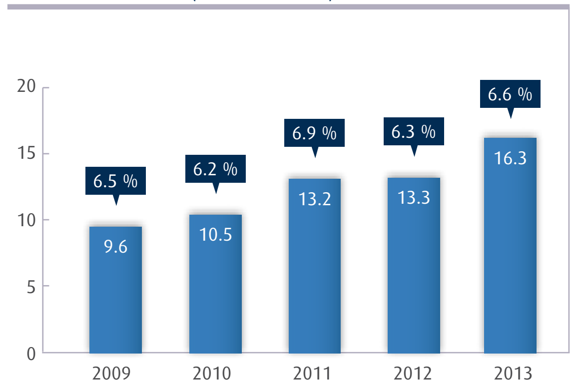
SOLUTIONS SEGMENT (in EUR million)



PROJECTS SEGMENT (in EUR million)



EXPERTS SEGMENT (in EUR million)



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 group's net financial liabilities fell to EUR 25.2 million in the past year (prior year: EUR 34.8 million). Net debt in proportion to EBITDA decreased as well. This indicator dropped from 1.48 in 2012 to 0.84 in 2013.

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. In the meantime, we have become known in the market as a potential buyer of midsize companies at home and abroad. Over the years, we have 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	
2009	DIDAS AG, Munich kingmedia websolutions GmbH, Cologne
2010	BSR & Partner AG, Zug, Switzerland Terna Holding GmbH, Innsbruck, Austria
2011	Allgeier Switzerland AG, Thalwil, Switzerland (formerly: 1eEurope (Switzerland) AG) Nagarro Inc., San Jose, USA GEMED Gesellschaft für medizinisches Datenmanagement GmbH, Ulm BSH Systemhaus GmbH, Westerstede
2012	AX Solutions GmbH, Braunschweig Skytec AG, Oberhaching b+m Informatik AG, Melsdorf tecops personal GmbH, Munich Oksijen İnsan Kaynaklarei 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

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.
Every company 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. Highly qualified and motivated employees are therefore essential to the growth of our group. The strategy of the Allgeier Group depends on employee commitment. 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 group companies. Recruiting suitable, highly qualified employees will remain very important to us in the coming years. We significantly expanded our international presence in the last few years, gaining access to more than 1,300 extremely well trained software developers at our sites in India in the meantime. However, we are seeing a shortage of highly qualified experts in our core D-A-CH market even today. 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.

We believe that the attractiveness of our company – both for existing staff and for suitable applicants – is a key competitive success factor. Since the IT sector in particular is highly dynamic, ongoing technical training for staff is crucial in competing for the best employees. Always remaining up to date in technical matters is also an essential requirement in order to meet rising customer requirements and help shape important innovation steps 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 personal development.

The number of permanent staff continues to grow
At the end of the financial year, the Allgeier Group had a total of 6,023 employees and freelance experts (prior year: 5,730), of which 4,669 were employees and 1,354 were freelance experts (prior year: 4,214 employees and 1,516 freelance experts). At the end of the financial year, the Allgeier Group had a total of 4,168 domestic employees and freelance experts (prior year: 4,302) and 1,855 foreign employees and freelance experts at the end of 2013 (prior year: 1,428). 69.2 percent of all employees and freelance experts worked in Germany at the end of the financial year (prior year: 75.1 percent). Overall Allgeier therefore increased the number of employees and freelance experts by 293 compared to the prior year. This increase is mainly due to organic growth: Without the employees gained through the acquisition of new companies, the group companies have 307 more employees than in the prior year, i.e. the number of jobs (employees) increased by more than 6 percent.

GROUP MANAGEMENT REPORT

In order to continue gaining the best employees in our highly competitive market in the future and retain them in our group over the long term, we are consistently pursuing the goal of developing Allgeier into one of the industry's leading employers.

The number of employees in the Allgeier Group developed as follows in the last five years:

NUMBER OF EMPLOYEES ON DECEMBER 31	2009	2010	2011	2012	2013
Number of permanent employees	1,261	1,339	2,546	4,214	4,669
Number of freelancers	1,235	1,438	1,531	1,516	1,354
Total number of employees	2,496	2,777	4,077	5,730	6,023

3. OVERALL ECONOMIC POSITION

2013 was once again a successful year for the Allgeier Group, which continued to grow and was able to improve its profitability. At the same time, the past financial year was a year of internal consolidation for Allgeier. Integration within the group was pursued with the formation of internal structures at the segment level.

The Allgeier Group grew in the 2013 financial year and reached the goals it had set for itself. We reached our goal of sales growth in the lower double-digit percentage range with an increase in consolidated sales from continuing and discontinued operations by 13 percent to EUR 477.6 million (prior year: EUR 422.8 million). We will continue to strive for above-average growth in the growing information technology market going forward.

Our 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. We became more profitable in the past financial year as planned. With an increase of EBITDA from continuing and discontinued operations by 27 percent to EUR 30.1 million (prior year: EUR 23.5 million), we achieved the desired, clearly disproportionate improvement in earnings. Our EBITDA margin increased from 5.6 percent to 6.3 percent, which is the best value over the last four years..

Using the capital of shareholders and investors diligently is of great importance to us. We reduced our net debt to EUR 28.9 million in the past year (prior year: EUR 34.8 million).

In a market environment defined by a rapid pace of development and innovation, we consider innovation an important business opportunity. This is why we purposefully invest in our employees and our products. Our employees are our most valuable asset. Their know-how and motivation drive our business. Recruiting and retaining dedicated employees with outstanding training as well as their continuous further development forms the essential basis for extraordinary performance and excellent products. We continued to increase the number of our employees in 2013 to a total of 6,023 while also creating new jobs through organic growth. We view the further development of our own intellectual property as a key competitive factor for our success now and in the future. In order to continue the group's positive development and ensure our growth, we will keep pursuing the formation of a group structure suitable for the future with segments as larger business units, and to focus the business model on high-growth fields with above-average development potential. In doing so, we will continue to take 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

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

Effective February 26, 2014 we bundled the strengths of the Austrian IT consulting firm HEXA Business Services Beratungs- und Dienstleistungs GmbH and Nagarro Austria GmbH based in Vienna. 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.

Mr. Manas Fuloria was appointed to the Management Board of Allgeier SE effective March 3, 2014. He has joint signing authority. 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.

An agreement was reached on March 18, 2014 between Allgeier SE and Cancom SE, Munich in the form of a letter of intent to sell the Allgeier subsidiary DIDAS Business Services GmbH based in Langenfeld to Cancom SE. Providing IT services in the field of system integration from consulting, conception and implementation to operation is the core business of DIDAS, with a sales volume of EUR 56 million in 2013. The purchase price, which will be in the range of a common market valuation for the business being sold, is going to be paid by Cancom SE in shares. Both parties are convinced that Cancom SE offers the optimum conditions for the future business development of DIDAS Business Services GmbH. Following the decision to concentrate on the Experts and Solutions segment with a future focus on the standard business software as well as projects centred on the development and support of custom software solutions for customer business processes, the business of DIDAS no longer took centre stage in future developments for Allgeier.

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 merely 0.4 percent in 2013, the German economy will once again grow more quickly in the current 2014 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 1.8 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 3.6 percent for 2014. This growth is driven by the industrialised nations.

Expectations for the IT sector

According to predictions of the "Bundesverband Informationswirtschaft, Telekommunikation und neue Medien" (BITKOM), the information technology market is expected to grow slightly faster at 1.7 percent in 2014 compared to the prior year, to EUR 153.4 billion. The information technology market, which is of particular relevance for Allgeier, is expected to once again exhibit above-average growth of 2.9 percent to EUR 76.3 billion. This growth is mainly driven by the market for software, where disproportionately high growth continues to be expected at a predicted rate of 5.3 percent.

Information technology growth is driven by market trends and technologies already successfully covered by Allgeier, which are being purposefully expanded and strengthened. Next to the two most important market trends according to the BITKOMindustry survey, IT security and cloud computing,this primarily includes solutions for enterprise content management (ECM) and the analysis and evaluation of large data volumes in business processes known as big data. According to BITKOM, the market for solutions and services in the ECM environment in Germany is expected to grow by 6 percent to EUR 1.7 billion this year. According to calculations of the IT market research and consulting firm Crisp Research commissioned by BITKOM, the market for big data analysis in Germany will grow by 59 percent to EUR 6.1 billion in 2014. Sales of corresponding datability solutions are expected to double again by 2016 to EUR 13.6 billion.

GROUP MANAGEMENT REPORT

The Management Board expects the dependency on IT in an increasingly globalised world to continue increasing. In the identified industry growth segments, expected growth is significantly higher than the overall 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 growth and innovation segments, 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. Based on the current, sustained, positive economic situation in Germany, we believe that conditions are good for further organic growth notwithstanding some question marks regarding the world economy. In our opinion, the increasing dependency of industry and the public sector on high-quality, high-performance IT solutions that are no longer just a requirement but have become a key criterion for differentiation from the competition will continue to support above-average development. The global activities of many customers, the development of technology and the shortage of highly qualified IT specialists will continue to place the topic of internationalisation at the centre of developments. Allgeier will continue focusing the business models on the three segments and optimising the internal organisation in the 2014 financial year.

Our expectations for specific performance indicators are as follows:

Consolidated sales from continuing operations in 2014 are expected to increase by around 10 percent, partly through the operational growth of the group companies and partly the full-year effect of the acquisitions realised in 2013. Smaller acquisitions and purchases of business operations as asset deals will also contribute to growth. These are intended to complete and complement the existing product portfolio. The Projects and Solutions segments will be instrumental in contributing to this growth. With its increasing size and greater international market coverage, the group is able to generally secure projects with higher volumes and longer terms in the projects business. The necessary scalability is also assured by the international composition of the teams and by utilising the resources of highly qualified software developers in India and other countries. Improved cooperation between teams abroad and teams on site is intended to enable another development leap in the coming years, especially in Germany and Europe. In the Solutions segment, the continued strategic focus with the targeted development of technology expertise and our own product portfolio is intended to support ongoing organic growth. We expect disproportionately high growth in the Solutions segment compared to the group as a whole. Notwithstanding the full-year consolidation of WK, we expect disproportionately low growth in the Experts segment, especially since a major customer project ended in 2013. We expect sales to increase approximately at the level of the group as a whole in the Projects segment. The growth figures cited above do not take any larger acquisitions into account, since these cannot be planned in concrete terms regarding their timing and scope. Nevertheless the Allgeier Group intends to grow and gain market share through larger acquisitions as well.

A disproportionately high increase in the group's profitability measured by the increase in EBITDA from continuing operations is expected in the 2014 financial year compared to 2013, which will also be reflected in the percentage of revenues. We believe that the planned growth in the Solutions and Projects segments, where higher margins can be generated, means that the group as a whole can increase the EBITDA margin in the magnitude of 50 basis points from 6.6 percent to around 7 percent. This earnings trend will be driven in particular by disproportionately high growth in the Projectsand Solutions segments which generate high margins. We expect the EBITDA margin in the Experts segment to decrease slightly, since economic effects and investments in further growth influence the expectations here.

Below the performance figure of EBITDA, we expect growth in the low double-digit percentage range for all earnings figures at the overall group level, continuing downward based on the increase in EBITDA.

The Allgeier Group expects the net debt of continuing operations in 2014 to remain approximately at the 2013 year-end level with no further acquisitions. This assumption is based on the prediction that the cash flow from business operations and funds received from the disposal of discontinued operations will be used primarily for the payment of earnouts, payments with respect to financing activities and the distribution of dividends to the shareholders of Allgeier SE. Net debt consists mainly of the borrower's note loan in the amount of EUR 70 million, which is expected to remain unchanged in 2014. Redemption payments on the borrower's note loan are not due until the 2015 financial year, in the amount of EUR 30 million. The Management Board expects decisions regarding possible refinancing to be made in the course of 2014, with corresponding financing negotiations. Their result may affect net debt in case new financing is taken out as a precaution. Acquisition activities in 2014 will be crucial for the development of net debt. Purchase prices and their payment play a role here along with the liquidity and profitability of acquired companies as well as the timing of acquisitions. Net debt may therefore increase in 2014 without acquisitions, contrary to the predicted development. All acquisition projects are reviewed and carried out with great diligence, especially in regards to financing.

Overall the Management Board expects continued, sustained sales growth in the lower double-digit range and an improvement in the EBITDA margin of around half a percentage point from continuing operations in the 2014 financial year. Furthermore, targeted acquisitions in 2014 are once again intended to support and accelerate the growth and positioning of the group and the individual segments in the market. Allgeier will finance the planned investments appropriately and in a balanced manner using own funds and 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 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 goals for 2014 are to continue focusing on the three segments and, in particular, also the business within the segments. This goes hand-in-hand with organisational development. Above the individual group companies, we have begun establishing divisions as an organisation level with their own focal points and management as a roof over the logical operating units. This does not supersede the individual company, but establishes an additional framework for coordination and the business as a whole.

In the Experts segment, our goal is to continue strengthening our position as one of the market leaders in Germany, and to keep growing both organically and through acquisitions. Regional coverage and a broad spectrum of services as well as better market penetration and the further development of our employees and management teams are among the aspects we pursue. We consider the establishment of the Allgeier Experts division very important, both as an umbrella brand and an additional organisation level. In order to accomplish this, the core companies Goetzfried, tecops and TOPjects will bundle their business activities under the joint umbrella company Allgeier Experts SE. This is intended to realise synergy potential, primarily in sales and administration but also in accessing a shared pool of experts and candidates. The individual companies with their own performance focal points are retained at the same time.

We continue to focus on the sale of standard business software products and solutions in the Solutions segment. This applies to our own software products as well as the products and solutions of renowned suppliers such as Microsoft, Infor and SAP. Trend themes such as collaboration/SharePoint, cloud services, IT security and datability are to be pursued in particular, adding value for our customers. We also intend to further the specialisation in specific industries for which we already have extensive specialised know-how about the processes and customers business activities.

In the Projects segment, we want to develop into a provider of complex software and IT solutions for our customers' specific business processes. This encompasses highly specialised topics such as e-commerce or the implementation of regulatory requirements by banks or insurance companies. Here the key aspects are to offer highly specialised know-how for specific problems on the one hand and, on the other hand, to be able to perform worldwide depending on the requirements, and to enable complex major projects through corresponding in-house processes and to implement them with high quality. We intend to take even better advantage of the excellent growth opportunities that are offered by the market in this field. We are well positioned to do so and want to continue expanding our local presence in the key markets in Europe and the USA as well as our international capabilities though nearshore and offshore capacities and competencies. These aspects have long since ceased to be an isolated price issue – instead this is about recruiting the brightest minds in sufficient number for the planned growth. Broadening the services offered is also part of the strategy, from consulting and conception to the realisation of software development projects to the professional operation of software applications for the customer. In concrete terms, we are pursuing the further development and increased integration of Nagarro's international software development business. With Softcon in Germany, Allgeier Schweiz in Switzerland and the acquisition of Hexa in Austria during the spring of 2014, the foundations have been laid for further business expansion in the D-A-CH region. By converging the joint service portfolio, the companies of the Nagarro division offer a highly flexible and scalable mix of local, nearshore and offshore delivery options to their customers. At the same time, the companies continue to expand their expertise as providers of end-to-end software services.

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

5.2 RISK MANAGEMENT

The Allgeier Group is exposed to a variety of risks with respect to its diversified 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 group companies and group management, 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. Group-wide bodies that meet regularly, such as the Executive Committee, Management Committee, Sales Board and an annual finance meeting promote the regular exchange of information and transparency within the group.

Corporate controlling and risk management has 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 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 individual companies which is presented 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 personal meetings with the management of the various group companies, 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.

GROUP MANAGEMENT REPORT

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. These are prepared on the basis of a standardised catalogue of risks according to the various risk classes. We also examine the probability of occurrence as well as the potential damage if risks are realised. 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 among other things has what is known as a risk matrix, which records, evaluates and describes the risks of all operational group companies along with the probability of occurrence and potential damage.

Compliance is a topic that is closely linked to risk management. This topic is increasingly gaining attention and being defined in concrete terms by the responsible bodies in the companies, the judicature and also the public. Based on this background, there are increasing requirements for a corresponding company organisation of which the Management Board and Supervisory Board of the Allgeier Group are aware. This is compounded by the increasing internationalisation of the Allgeier Group, necessitating the review and expansion of company structures. We implemented a comprehensive code of conduct, the Allgeier Compliance Basic Guideline, in all subsidiaries during the past financial year. This guideline establishes minimum standards that have to be met, yet leaves sufficient leeway for adaptation to the individual circumstances of each group company. The implementation of and compliance with the basic guideline are ensured in particular through mandatory semi-annual reporting.

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 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. 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.

5.3 OPPORTUNITIES AND RISKS

5.3.1 Market and strategic risks

5.3.1.1 Economic conditions and market development

Our market environment is defined to a large extent by global and local factors, such as the capital market crisis, the economic crises triggered by government debt and the associated public sector cost reduction measures along with other factors. Our business which mainly consists of providing services for industrial enterprises and trading companies but also public-sector customers is influenced 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. We are also exposed to cost pressure from our competitors, some of which have higher sales and could have more extensive resources. It is conceivable as well that competitors may respond to new market opportunities more effectively and quickly. The scenarios identified above can lead to reduced sales and may have a negative impact on our market share, especially in our fast-moving business. 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 1,500 highly qualified software developers at nearshore and offshore sites, Allgeier is in a position to benefit from this development conversely as well.

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5.3.1.2 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. 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 results. Financing risks also exist when a transaction is financed party by debit.

5.3.2 Operational risks

5.3.2.1 Management and IT specialists

The dedicated, entrepreneurial members of company management as well as additional managers and knowledge carriers of the group companies constitute a key success factor for our company. In management, we are confronted with the risk associated with developing succession solutions in a timely manner; in regards to employees, with hiring a sufficient number of adequately qualified IT specialists, especially in the boom regions where we are active. It is essential for us to permanently tie these persons to us.

5.3.2.2 Customers

Maintaining the relationships with our customers through ongoing, good and competent support and acquiring new customer orders are additional 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 can handle such a scenario and replace the loss with new business relatively quickly.

5.3.3 Research and development

IT trends and technology leadership are associated with opportunities as well as risks, especially since the timely identification and reviewing the applicability of these trends are of tremendous importance in order to maintain competitiveness. It is not however possible to guarantee that the not insignificant means for research and development are always used successfully. Since some business activities are based on partnerships with software and hardware suppliers, there are opportunities and risks associated with these areas as well.

5.3.4 Financial risks

5.3.4.1 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 46.7 million (prior year: EUR 38.9 million). On the other hand, financial liabilities exist in the amount of EUR 75.5 million, consisting primarily of liabilities for the borrower's note loan taken out in 2012. Redemption payments on the borrower's note loan are not due until the 2015 financial year, in the amount of EUR 29.5 million. Redemption will either require refinancing which is yet to be concluded or must be covered by company funds.

The financial liabilities are generally associated with interest risk and contract risk due to repayment 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. For details please consult the more detailed description of liquidity risks in the notes to the consolidated financial statements. From today's perspective, there is no risk that significant portions of the financial liabilities may become due immediately. 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.

Thanks to its favourable liquidity and financial situation, the Allgeier Group is able to cover the group's existing and future financing needs. Nevertheless 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 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.

5.3.4.2 Hedging policy and financial instruments

The Allgeier Group is exposed to price, interest rate and currency fluctuations with respect to its business activities. Currency risks which were minor for the Allgeier Group in recent years have increased due to ongoing internationalisation. We continuously monitor and evaluate these risks. In certain cases we have limited or avoided them through hedging. For one, currency risks in the operations of the individual segments are hedged. In the Projects segment in particular, specific currency risks between the US dollar and rupee are covered by forwards with a total volume of USD 12 million, and between the Euro and rupee by forwards with a total volume of EUR 4.4 million in order to support the effective planning of business operations. For another, specific currency risks from financing are hedged at the level of Allgeier SE, for example foreign exchange futures for the exchange of USD 12 million to Euros in order to hedge earn-out payments in US dollars that are expected to come due in 2015.

Ensuring the ability of the Allgeier companies to pay is an important business objective. An implemented liquidity planning and controlling tool along with cash management systems makes 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. The redemption of purchase price loans is tailored to the future earning capacity of the acquired and existing subsidiaries. The theoretical, maximum default risk for the underlying financial instruments corresponds to the value of all receivables less the liabilities to the same debtors. In the past there have been no bad debts exceeding two percent of the loans and receivables portfolio. We strive to keep the default risk as low as possible. In order to achieve this, we work with restricted order volumes only insofar as customer creditworthiness is not adequate. We believe that the allowance for doubtful accounts covers the actual risk. The default risk for some subsidiaries is also covered by insurance. Foreign exchange futures/forwards are not recognised as hedges in the sense of IAS 39.

5.3.5 Other risks

5.3.5.1 Legal situation

With respect to business operations, the 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 in the Solutions and Projects segments. Good company organisation including risk management is crucial in this regard. Concrete legal risks are partly covered by insurance or claims against third parties. Corresponding provisions are recognised by the respective companies for relevant legal risks, in particular insofar as concrete risks arise from contractual liability. We do not expect an increase in legal risks compared to prior years.

5.3.5.2 Regulatory risks

Changes to laws or their interpretation may affect the sales and profitability of our 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 current political debate 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 quantified as of today. On the other hand, the introduction of a uniform statutory minimum wage does not play a role due to the wage level within the group.

Due to the international expansion of our business activities, which is reflected by the increase of foreign sales in the amount of EUR 93 million in 2013, regulatory risks in other countries become more relevant as well. Accordingly greater emphasis is being placed on these in future business activities. In concrete cases there are tax issues related to the exchange of goods and services and their settlement with respect to transfer pricing. 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.

5.3.5.3 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.

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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.

The preceding information with the exception of the final point also applies to the individual financial statements of Allgeier SE which, as the parent company of the Allgeier Group, is integrated into the group-wide accounting-related internal control and risk management system.

5.3.6 Overview of the group's risk position

The most relevant challenges for the Allgeier Group were presented in the five preceding sections "5.3.1 Market and strategic risks", "5.3.2 Operational risks", "5.3.3 Research and development", "5.3.4 Financial risks" and "5.3.5 Other risks". We believe that the risks resulting from the economic environment and the development of the market are currently the most significant. With our risk management and control systems, which combine the elements of a top-down and bottom-up approach, we believe that we adequately account for the risk position of the group. 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.

5.3.7 Opportunities

Beyond the planned business developments, the Management Board for the group as a whole sees additional opportunities for improving the services offered and the competitive position in the following aspects:

Acquisitions

Corporate planning for the 2014 financial year does not include any concrete acquisitions since these usually cannot be planned in advance on a case-by-case basis. Nevertheless acquisitions 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.

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.

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. 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 in aspects of know-how, available resources or 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 2013 financial year, the compensation for members of the Management Board consists 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.

Compensation for the Management Board in 2013 totalled EUR 1.643 million (prior year: EUR 1.724 million). Total compensation without stock options is divided into (i) fixed annual salaries totalling EUR 814 thousand (prior year: EUR 883 thousand and (ii) variable compensation totalling EUR 829 thousand (prior year: EUR 721 thousand).

The members of the Management Board including the new members appointed in 2013 hold a total of 380,000 stock options which were issued in 2012. They can first be exercised no sooner than after four years. Valuation adjustments on the stock options held by members of the Management Board resulted in personnel expenses in 2013 of 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 2013 totalled EUR 435 thousand (prior year: EUR 433 thousand). The total compensation is composed of (i) fixed compensation including attendance fees totalling EUR 108 thousand (prior year: EUR 106 thousand and (ii) variable compensation totalling EUR 327 thousand (prior year: EUR 327 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 2013 financial year, members of the Supervisory Board also provided consulting services of EUR 3 thousand (prior year: EUR 3 thousand).

7. TAKEOVER-RELATED INFORMATION (pursuant 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, 2013 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 10.80 percent. The Chairperson of the Management Board, Mr. Carl Georg Dürschmidt, Germany, indirectly holds an investment of 27.57 percent.

Lantano Zweite Beteiligungen GmbH, Munich, directly holds an investment of 27.57 percent. Lantano Beteiligungen GmbH, Munich, indirectly holds an investment of 27.57 percent. Ms. Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds an investments of 29.99 percent.. Ms. Laura Dürschmidt, Germany, indirectly holds and investment of 27.57 percent. Ms. Linda Dürschmidt, Germany, directly and indirectly holds and investment of 27.57 percent.

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. Pursuant 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. Pursuant 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. Reappointment is allowable pursuant 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. Pursuant 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, 2015 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, 2013 Allgeier SE had authorised capital with a total nominal value of EUR 4.5 million. 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 Management Board with the approval of the Supervisory Board is also authorised to conditionally increase the share capital of the company until June 17, 2018 by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par bearer sharers (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. Allgeier SE has not issued any corresponding conversion or option rights to date.

By resolution of the shareholders' meeting on June 17, 2010, the Management Board with the approval of the Supervisory Board is also authorised to conditionally increase the share capital of the company until June 16, 2015 by up to EUR 750,000 by issuing up to 750,000 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. The company made use of this authorisation and implemented the stock option plan 2010 in the year 2012. Linking the compensation of Management Board members and other managers to the company's long-term development in addition to components measured annually is the objective. The company has issued a total of 460,000 stock options to members of the Executive Board and other mangers with respect to the stock option plan. The stock options can be exercised in the specified windows, no sooner than after the end of four years. An annual maximum amount (cap) also applies for exercising the options.

7.7.3 Purchase of treasury shares

Finally, the Management Board by resolution of the shareholders' meeting on June 17, 2010 is authorised to acquire the company's own shares until June 16, 2015 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 more than 10 percent of capital stock. 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 June 18, 2013 we decided to continue the stock repurchase program with a volume of up to 200,000 no-par shares, utilising the authorisation described above. The main objective of the stock repurchase was to use the shares as compensation for the purchase of companies or parts (assets) of companies or investments in companies. It was concluded on December 31, 2013 after the repurchase of 42,503 shares for a purchase price of EUR 546 thousand.

On December 11, 2013 we placed 500,000 treasury shares (corresponding to around 5.5 percent of the capital stock) – in the course of what is known as an accelerated bookbuilding process – with qualified institutional investors in Germany and European countries for a price of EUR 15.30 each. With the placement, the free float of Allgeier SE increased to 56.9 percent.

On the reporting date of December 31, 2013, Allgeier SE and a subsidiary held a total of 246,579 treasury shares (prior year: 704,076 shares, corresponding to about 2.7 percent of the capital stock (prior year: approx. 7.8 percent).

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 of control, i.e. when a third party obtains control over the company pursuant to Section 29, Paragraph 2, Section 30 of the Securities Trading Act (WpÜG), a member of the Management Board has the right to terminate the employment agreement. 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 pursuant to Section 289a 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 of the German Commercial Code (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 relevant standards for the corporate governance of Allgeier SE are the regulations of Council 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 does not consider rigid quotas to be an adequate tool. 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 theManagement Board who was a member more than 5 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 three members, Mr. Carl Georg Dürschmidt (Chairperson), Mr. Dr. Marcus Goedsche and Mr. Hubert Rohrer (since October 15, 2013).

Mr. Carl Georg Dürschmidt and Mr. Dr. Marcus Goedsche have individual signing authority. Mr. Hubert Rohrer has 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, 2013 the members of the Management Board directly and indirectly held a total of 2,550,780 (prior year: 2,540,520) shares of Allgeier SE. On December 31, 2013 the members of the Supervisory Board directly and indirectly held a total of 1,264,993 (prior year: 1,239,977) shares of Allgeier SE.

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 of the German Commercial Code (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 German Corporate Governance Codex pursuant to Section 161 of the German Stock Corporation Act (AktG): Since issuing the last statement of compliance in April of 2013, 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 15, 2012 as well as the recommendation of the German Corporate Governance Codex in the version dated May 13, 2013 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."

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 disclosures are found in the group management report (section A.6).

3. TAKEOVER-RELATED INFORMATION (pursuant 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 (pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code (HGB)) and explanatory report are found in the group management report (Section A.7).

Munich, April 2, 2014

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

Consolidated financial statements

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2013 FINANCIAL YEAR

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET OF ALLGEIER SE, MUNICH, DECEMBER 31, 2013

CONSOLIDATED BALANCE SHEET (in EUR thousand)

		December 31, 2013			December 31, 2012	
ASSETS	**Notes**	**Continuing operations**	**Discontinued operations**	**Group**	**After retroactive adjustments**	**As originally reported**
Intangible assets	1	117,937	-3,186	121,123	128,434	128,434
Property, plant and equipment	2	10,792	-865	11,657	10,701	10,701
At-equity investments	3	78	0	78	0	0
Other financial investments		23	0	23	24	24
Other non-current financial assets	4	571	-4	575	4,319	4,319
Other non-current assets	5	154	-300	453	257	257
Deferred tax assets	6	1,359	-371	1,731	1,957	1,957
Non-current assets		**130,915**	**-4,726**	**135,640**	**145,691**	**145,691**
Inventories	7	3,062	-1,235	4,297	4,948	4,948
Trade receivables	8	73,268	-8,034	81,301	76,401	76,401
Other current financial assets	4	9,106	-96	9,202	15,003	15,003
Other current assets	5	5,862	-829	6,691	5,851	5,851
Income tax receivables		1,876	-1	1,877	2,773	2,773
Cash and cash equivalents	9	46,653	-3,656	50,309	38,939	38,939
Assets held for disposal		18,576	18,576	0	0	0
Current assets		**158,403**	**4,726**	**153,678**	**143,916**	**143,916**
Assets		**289,318**	**0**	**289,318**	**289,607**	**289,607**

CONSOLIDATED BALANCE SHEET (in EUR thousand)

		December 31, 2013			December 31, 2012	
EQUITY AND LIABILITIES	**Notes**	**Continuing operations**	**Discontinued operations**	**Group**	**After retroactive adjustments**	**As originally reported**
Subscribed capital	10	9,072	0	9,072	9,072	9,072
Capital reserves	11	16,925	0	16,925	13,327	13,327
Retained earnings	12	102	0	102	102	102
Own shares	13	-1,971	0	-1,971	-5,491	-5,491
Profit carried forward	14	66,575	0	66,575	61,967	61,967
Results for the period		3,539	0	3,539	8,791	8,364
Changes in equity recognised directly in equity	15	-1,927	0	-1,927	1,137	1,565
Equity share of shareholders of the parent company		**92,315**	**0**	**92,315**	**88,906**	**88,906**
Equity share of shareholders with non-controlling interest	16	2,429	0	2,429	4,503	4,503
Equity		**94,744**	**0**	**94,744**	**93,409**	**93,409**
Non-current financial liabilities	17	70,831	0	70,831	71,975	71,975
Pension provisions	18	1,256	-1,036	2,292	2,189	2,189
Other non-current provisions	21	766	0	766	685	685
Other non-current financial liabilities	19	12,030	0	12,030	21,382	21,382
Other non-current liabilities	20	119	-557	676	756	756
Deferred tax liabilities	6	7,702	0	7,702	9,746	9,746
Non-current liabilities		**92,704**	**-1,593**	**94,297**	**106,733**	**106,733**
Current financial liabilities	17	4,716	0	4,716	1,808	1,808
Other current provisions	21	11,387	-2,642	14,029	16,459	16,459
Trade payables		29,404	-2,843	32,246	33,347	33,347
Other current financial liabilities	19	28,770	-2,280	31,050	20,895	20,895
Other liabilities	20	9,537	-1,140	10,677	10,300	10,300
Income tax liabilities		6,859	-701	7,559	6,656	6,656
Liabilities held for disposals		11,198	11,198	0	0	0
Current liabilities		**101,871**	**1,593**	**100,277**	**89,464**	**89,464**
Equity and liabilities		**289,318**	**0**	**289,318**	**289,607**	**289,607**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, JANUARY 1 TO DECEMBER 31, 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR thousand)

		Group				Discontinued operations		Continuing operations	
Income statement	**Notes**	**2013**	**2012 After retroactive adjustments**	**2012 Retroactive adjustment**	**2012 As originally reported**	**2013**	**2012 After retroactive adjustments**	**2013**	**2012 After retroactive adjustments**
Revenues		477,643	422,842	0	422,842	56,330	48,027	421,313	374,815
Changes in inventory of finished goods and work in progress		515	646	0	646	-133	66	648	580
Other capitalised company-produced assets		57	44	0	44	57	44	0	0
Other operating income	23	9,152	7,286	0	7,286	1,039	690	8,113	6,596
Material costs	24	225,133	218,844	0	218,844	34,805	26,979	190,328	191,865
Personnel expenses	25	185,717	148,449	-564	149,013	16,019	16,243	169,697	132,206
Other operating expenses	26	46,468	40,012	0	40,012	4,409	5,438	42,058	34,574
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**30,051**	**23,513**	**564**	**22,949**	**2,060**	**168**	**27,991**	**23,345**
Depreciation and amortisation	27	14,479	13,843	0	13,843	956	1,075	13,523	12,767
Earnings before interest and tax (EBIT)		**15,571**	**9,670**	**564**	**9,107**	**1,104**	**-908**	**14,468**	**10,578**
Financial income	28	530	572	2	570	4	30	525	542
Financial expenses	29	4,960	3,514	-41	3,556	79	56	4,881	3,458
Result of at-equity investments	30	248	0	0	0	0	0	248	0
Earnings before tax		**11,389**	**6,728**	**607**	**6,121**	**1,029**	**-934**	**10,360**	**7,662**
Income tax results	31	-7,399	-2,559	-180	-2,379	-325	257	-7,074	-2,816
Net income		**3,990**	**4,170**	**428**	**3,742**	**704**	**-677**	**3,286**	**4,846**
Discontinued operations:									
Earnings from discontinued operations before tax		-327	5,147	0	5,147	-327	5,147	0	0
Income tax results	31	0	-86	0	-86	0	-86	0	0
Earnings from discontinued operations		**-327**	**5,061**	**0**	**5,061**	**-327**	**5,061**	**0**	**0**
Net earnings from continuing and discontinued operations:									
Earnings before tax		11,062	11,875	607	11,268	702	4,213	10,360	7,662
Income tax results		-7,399	-2,644	-180	-2,465	-325	172	-7,074	-2,816
Net income		**3,662**	**9,231**	**428**	**8,804**	**376**	**4,385**	**3,286**	**4,846**
Attribution of total comprehensive income:									
to parent company shareholders		3,539	8,791	428	8,364	376	4,385	3,163	4,406
to non-controlling interests		123	440	0	440	0	0	123	440
Other comprehensive income									
Items that cannot be reclassified to the income statement:									
Actuarial gains (losses)		-129	-610	-610	0	0	0	-129	-610
Purchase of shares from non-controlling shareholders above book value		0	-300	0	-300	0	0	0	-300
Purchase of shares from non-controlling shareholders below book value		696	0	0	0	0	0	696	0
Proportional acquisition of subsidiaries using treasury shares		0	275	0	275	0	0	0	275
Tax effects		42	181	181	0	0	0	42	181
		609	**-454**	**-429**	**-25**	**0**	**0**	**609**	**-454**
Items that can be reclassified to the income statement:									
Currency differences		-3,719	-746	2	-748	0	0	-3,719	-746
Cash flow hedge		-6	107	0	107	0	0	-6	107
Securities		-24	58	0	58	0	0	-24	58
Tax effects		36	-36	0	-36	0	0	36	-36
		-3,714	**-617**	**2**	**-619**	**0**	**0**	**-3,714**	**-617**
Other comprehensive income		**-3,105**	**-1,071**	**-428**	**-643**	**0**	**0**	**-3,105**	**-1,071**
Net income		**558**	**8,160**	**0**	**8,160**	**376**	**4,385**	**181**	**3,776**
Attribution of total comprehensive income:									
to parent company shareholders		476	7,693	0	7,693	376	4,385	99	3,308
to non-controlling interests		82	468	0	468	0	0	82	468
Undiluted earnings per share:									
Average number of shares outstanding weighted pro rata temporis		8,352,747	8,375,737	8,375,737	8,375,737	8,352,747	8,375,737	8,352,747	8,375,737
Net income per share in EUR		0.42	1.05	0.05	1.00	0.05	0.52	0.38	0.53
Diluted earnings per share:									
Average number of shares outstanding weighted pro rata temporis		8,437,081	8,377,840	8,377,840	8,377,840	8,437,081	8,377,840	8,437,081	8,377,840
Net income per share in EUR		0.42	1.05	0.05	1.00	0,04	0.52	0.37	0.53

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALLGEIER SE, MUNICH, DECEMBER 31, 2013

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**	**11,306**	**277**	**-5,154**	**61,607**	**4,378**	**2,236**	**83,721**	**4,476**	**88,197**
Transfer of previous year's net income to profit carried forward	0	0	0	0	4,378	-4,378	0	0	0	0
Issued share options	0	2,021	0	0	0	0	0	2,021	0	2,021
Reposting of surplus reserves	0	0	-175	0	175	0	0	0	0	0
Addition of Allgeier SE treasury shares	0	0	0	-760	0	0	0	-760	0	-760
Disposal of Allgeier SE treasury shares with respect to the purchase of Nagarro Inc.	0	0	0	423	0	0	275	698	0	698
Purchase of shares of non-controlling shareholders of Softcon AG	0	0	0	0	0	0	-300	-300	-667	-966
Addition to equity share of non-controlling interests arising from the purchase of Oxygen	0	0	0	0	0	0	0	0	149	149
Addition to equity share of non-controlling interests arising from the purchase of S&F	0	0	0	0	0	0	0	0	257	257
Capital contribution of the non-controlling shareholder of Allgeier DMS Turkey	0	0	0	0	0	0	0	0	1	1
Cash flow hedge	0	0	0	0	0	0	72	72	0	72
Valuation reserve bonds	0	0	0	0	0	0	58	58	0	58
Dividends	0	0	0	0	-4,192	0	0	-4,192	-180	-4,372
Net income	0	0	0	0	0	8,364	0	8,364	440	8,804
Currency differences	0	0	0	0	0	0	-776	-776	28	-748
Balance on December 31, 2012 as originally reported	**9,072**	**13,327**	**102**	**-5,491**	**61,967**	**8,364**	**1,565**	**88,906**	**4,503**	**93,409**
Retroactive adjustment	0	0	0	0	0	428	-428	0	0	0
Balance on December 31, 2012 after retroactive adjustment	**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 GDE	0	0	0	0	0	0	0	0	1	1
Disposal of equity share of non-controlling interests arising from the deconsolidation of the GDE Group	0	0	0	0	0	0	0	0	-1	-1
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 on December 31, 2013	**9,072**	**16,925**	**102**	**-1,971**	**66,575**	**3,539**	**-1,927**	**92,315**	**2,429**	**94,744**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT OF ALLGEIER SE, MUNICH, JANUARY 1 – DECEMBER 31, 2013

CONSOLIDATED CASH FLOW STATEMENT (in EUR thousand)

		Group				Discontinued operations		Continuing operations	
	Notes	2013	2012 After retroactive adjustments	2012 Retroactive adjustment	2012 As originally reported	2013	2012 After retroactive adjustments	2013	2012 After retroactive adjustments
Earnings before interest and tax (EBIT)		15,571	9,670	564	9,107	1,104	-908	14,468	10,578
Depreciation of fixed assets		14,479	13,843	0	13,843	956	1,075	13,523	12,767
Expenses from the disposal of non-current assets		320	406	0	406	14	4	306	402
Change in non-current provisions		22	511	0	511	-17	316	39	196
Non-cash change in provisions		7,085	9,442	0	9,442	0	0	7,085	9,442
Other non-cash expenses and income		-700	-435	-564	128	1,342	1,142	-2,041	-1,577
Income tax paid		-8,171	-4,525	0	-4,525	-22	306	-8,149	-4,831
Cash flow from operating activities before changes in working capital		28,606	28,913	0	28,913	3,377	1,936	25,230	26,977
Cash flow from changes in working capital		-11,405	-13,855	0	-13,855	262	-1,681	-11,667	-12,174
Cash flow from operating activities		**17,202**	**15,058**	**0**	**15,058**	**3,638**	**255**	**13,563**	**14,804**
Payments for investments in non-current assets		-4,877	-4,362	0	-4,362	-506	-829	-4,371	-3,534
Payments received from the disposal of non-current assets		35	79	0	79	0	2	35	77
Payments made for the acquisition of subsidiaries		-2,308	-29,349	0	-29,349	0	0	-2,308	-29,349
Payments made for the acquisition of assets and rights		0	-1,366	0	-1,366	0	0	0	-1,366
Payout of borrowings in at-equity investments		-1,181	0	0	0	0	0	-1,181	0
Payments made for purchase price shares for companies not acquired in the financial year		-3,087	-4,179	0	-4,179	0	0	-3,087	-4,179
Payments for the sale of subsidiaries with a loss of control		-127	0	0	0	0	0	-127	0
Acquisition of bank bonds		2,327	-5,047	0	-5,047	0	0	2,327	-5,047
Payments received from the sale of subsidiaries		4,833	0	0	0	0	0	4,833	0
Cash flow from investing activities		**-4,384**	**-44,223**	**0**	**-44,223**	**-506**	**-827**	**-3,879**	**-43,396**
Addition of treasury shares		-546	-760	0	-760	0	0	-546	-760
Sale of treasury shares		7,650	0	0	0	0	0	7,650	0
Repayment of profit-sharing rights		0	-6,000	0	-6,000	0	0	0	-6,000
Drawing down of bonded loans		0	69,030	0	69,030	0	0	0	69,030
Drawing down of bank borrowings		1,131	517	0	517	0	0	1,131	517
Repayment of bank borrowings		-346	-19,395	0	-19,395	0	0	-346	-19,395
Repayment of other borrowings		0	-256	0	-256	0	0	0	-256
Cash flows from financing to group companies		0	0	0	0	0	-391	0	391
Payment receipts from first-time application of factoring of trade receivables		0	11,382	0	11,382	0	0	0	11,382
Payment balance from the assignment of receivables owed by customers		0	-10,591	0	-10,591	0	0	0	-10,591
Interest received		501	542	0	542	4	30	497	512
Interest paid		-3,206	-3,136	0	-3,136	-41	-19	-3,165	-3,117
Dividends		-4,184	-4,192	0	-4,192	0	0	-4,184	-4,192
Payments made arising from the purchase of shares of non-controlling interests		-2,127	-780	0	-780	0	0	-2,127	-780
Payments balance with shareholders with non-controlling interests		0	-179	0	-179	0	0	0	-179
Cash flow from financing activities		**-1,127**	**36,183**	**0**	**36,183**	**-37**	**-380**	**-1,090**	**36,563**
Total cash flow		**11,690**	**7,018**	**0**	**7,018**	**3,096**	**-953**	**8,594**	**7,970**
Change in cash and cash equivalents attributable to exchange rates		-731	-40	0	-40	0	0	-731	-40
Total changes to cash and cash equivalents		**10,959**	**6,978**	**0**	**6,978**	**3,096**	**-953**	**7,863**	**7,931**
Cash and cash equivalents at the start of the period		38,603	31,625	0	31,625	560	1,512	38,044	30,113
Cash and cash equivalents at the end of the period	F.	49,562	38,603	0	38,603	3,656	560	45,907	38,044

CONSOLIDATED NOTES

Consolidated notes

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2013 FINANCIAL YEAR

Consolidated notes of Allgeier SE according to IFRS for the 2013 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

These 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 of Allgeier SE 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 securities, 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, with the exceptions listed below. Figures for the prior year were adjusted for all changes to the accounting and valuation principles:

- The leave provisions reported as current in the prior year were allocated to a non-current and a current portion.

- The composition of the segments in segment reporting was modified after a company was transferred from the "Projects" segment to the "Experts" segment.

- With the new version of IAS 19, recording unexpected fluctuations in pension obligations and gratuity obligations for the departure of employees in India (gratuity obligations), know as actuarial gains and losses, is only allowable in other comprehensive income without affecting profit or loss. Furthermore, the supplementary charging of current service costs now has to be recorded directly in profit or loss in the year of occurrence, and only a typical interest yield in the amount of the current discount rate for the pension obligations is permissible for the plan assets.

- In the past the Allgeier Group has recorded the full amount of these changes to pension provisions and gratuity obligations through profit or loss. With the application of the amended method, these processes no longer affect the income statement and the effects in question are recorded directly in other comprehensive income. The changes to IAS 19 apply retroactively; the opening balance sheet and statement of comprehensive income for the prior year have to be corrected. The adjustments increase other comprehensive income for the prior year by EUR 428 thousand.
  On the balance sheet, results for the period increase correspondingly and the changes in equity without affecting income are reduced. There is no influence on the amount of the pension provisions as such. The following specific items in the statement of comprehensive income are affected:

	2012 (in EUR thousand)
Reduction of personnel expenses	564
Increase in financial income	2
Reduction in financial expenses	41
Deferred tax expense	179
Currency differences not affecting profit or loss	-2
Comprehensive income	**428**

  Since the changes to IAS 19 apply retroactively, the figures for the prior year were presented in two columns with the original and adjusted values.

- The gratuity obligations reported as current in the prior year were allocated to a non-current and a current portion.

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.

CONSOLIDATED NOTES • GENERAL INFORMATION

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 2013 financial year:

STANDARD/INTERPRETATION	TITLE OF THE STANDARD/INTERPRETATION OR AMENDMENT
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of items of Other Comprehensive Income
Amendments to IAS 12	Recovery of underlying assets
IAS 19 (rev. 2011)	Employee Benefits
Improvements to IFRS 2009 –2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34

IFRS 13 – Fair Value Measurement

All fair value measurements required according to other standards have to follow the uniform provisions of IFRS 13; separate regulations continue to apply only for IAS 17 and IFRS 2. The standard replaces and also expands the disclosure requirements regarding fair value measurement in other IFRS standards.

Fair value according to IFRS 13 is defined as the exit price, i.e. the price that could be obtained for the sale of an asset or the price that would have to be paid to transfer a debt. As previously known from the fair value measurement of financial assets, a 3-level hierarchy system is introduced that is tiered based on observable market prices.

In keeping with the transition rules of IFRS 13, the group applied the new rules for fair value measurement prospectively and did not provide any prior year comparative information for new disclosures. That being said, the change has no effect on the valuation of the group's assets and liabilities.

Amendments to IAS 1 – presentation of items under other comprehensive income

The amendment to IAS 1 relates to the presentation of other comprehensive income in the statement of comprehensive income. The items under other comprehensive income that are later reclassified to the income statement under certain circumstances ("recycling") are now presented separately from the items under other comprehensive income that are never reclassified. Insofar as the items are reported gross, i.e. without the offsetting of deferred tax effects, the deferred taxes are no longer reported as a sum but allocated to the two groups of items.

IAS 19 – Employee Benefits

Unexpected fluctuations in defined benefit obligations, known as actuarial gains and losses, were included in the income statement through profit or loss in prior years. This accounting policy choice is eliminated by the new version of IAS 19, so that actuarial gains and losses have to be recorded in other comprehensive income going forward. With the change to the amended method, the income statement of the Allgeier Group is freed of the effects of actuarial gains and losses (e.g. due to interest rate fluctuations). Furthermore, only a typical interest yield on plan assets in the amount of the discount rate for the pension obligations at the beginning of the period is allowable with the application of IAS 19. The amended IAS 19 is applied for the first time starting with the 2013 financial year, retroactively to January 1, 2012. The past recording of actuarial gains and losses through profit or loss does not result in any deviations for the adjusted consolidated balance sheet as of January 1, 2012.

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 2013 financial year according to EU regulations:

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/ INTERPRETATION OR AMENDMENT	FIRST-TIME APPLICATION PER EU
EU endorsement already issued		
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance	January 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014
Amendments to IAS 27	Separate Financial Statements	January 1, 2014
Amendments to IAS 28	Investments in Associates and Joint Ventures	January 1, 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities-	January 1, 2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
EU endorsement pending		
IFRS 9 (2009/2010)	Financial Instruments	open
IFRS 9 (2013)	Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39	open
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosures	open
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions -	July 1, 2014
IFRIC 21	Levies	January 1, 2014
Improvements to IFRS 2010 – 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	July 1, 2014
Improvements to IFRS 2011 – 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016

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.

CONSOLIDATED NOTES • GENERAL INFORMATION

V. Consolidation principles

Allgeier SE and all group companies controlled by Allgeier SE (subsidiaries) were included in the consolidated financial statements as fully consolidated companies. Allgeier SE controls the subsidiaries directly or indirectly and holds the majority of voting rights directly or indirectly. It can set the financial and business policies of its subsidiaries and exploit the resulting economic benefits. Companies over which Allgeier SE can exercise significant control are included in the Allgeier Group using the equity method. Shares in companies that lie below the threshold of a simple investment are recognised at the book value of the investment.

The reporting date of Allgeier SE and its subsidiaries is December 31, 2013. Exceptions due to legal regulations are the two Indian subsidiaries, Nagarro Software Pvt Ltd., Gurgaon, and Nagarro Software Jaipur Pvt. Ltd., Jaipur. For integration into the consolidated financial statements, interim financial statements were prepared for both companies as of December 31, 2013.

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

The acquired companies were consolidated effective in the month that control over the company was obtained. The income and expenses of the subsidiaries are included in the consolidated financial statements starting on said date. Balances, transactions, income and expenses internal to the group as well as gains and losses included in the book value of assets were eliminated. Deferred taxes were recognised on consolidation processes affecting income or loss.

Subsidiaries with which the parent-subsidiary relationship ends are deconsolidated on the date of the loss of control; the assets and liabilities of the subsidiary are derecognised.

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

The consolidated financial statements of the Allgeier Group consolidate Allgeier SE and all subsidiaries controlled by Allgeier SE, directly or indirectly. On December 31, 2013 the scope of consolidation of Allgeier SE consisted of 56 fully consolidated companies (prior year: 54 companies). 30 of these companies (prior year: 30) have their registered office in Germany and 26 (prior year: 24) are located abroad. In addition to the fully consolidated companies included in the consolidated financial statements, the group as of December 31, 2013 holds shares in the GDE Group consisting of two companies, which were consolidated according to the equity method. A company intended for sale was classified under discontinued operations.

The number of fully consolidated companies developed as follows in the 2013 financial year:

GROUP COMPANIES (number)	2013	2012
Number of fully consolidated companies on January 1	**54**	**52**
Establishments	3	3
Enterprise acquisitions	4	7
Mergers of group companies	-3	-7
Liquidations	0	-1
Status change in consolidation according to the equity method	-2	0
Number of fully consolidated companies on December 31	**56**	**54**

In the 2013 financial year, the Allgeier Group founded Nagarro Austria GmbH, Vienna, Austria, Allgeier Experts SE, Wiesbaden, and Allgeier Vierte Beteiligungs GmbH, Munich. Allgeier Vierte Beteiligungs GmbH was later renamed to GDE Holding GmbH, Munich.

In the 2013 financial year, the Allgeier Group in the course of mergers acquired

- OPUS Solution AG, Root Längenbold, Switzerland ("Opus")
- German Doctor Exchange GmbH, Bonn ("GDE")
- WK EDV GmbH, Neuburg an der Donau ("WK")
- innocate solutions GmbH, Düsseldorf ("Innocate")

The companies b+m Informatik GmbH, Hamburg ("b+m GmbH"), Allgeier IT Services AG, Munich and SF Software & Friends GmbH, Leipzig ("S&F") were each merged with another Allgeier Group company in the 2013 financial year.

Since 50% of the shares in GDE Holding GmbH were sold, resulting in a loss of control, GDE Holding GmbH and its subsidiary German Doctor Exchange GmbH were deconsolidated effective September 30, 2013. The remaining shares in the GDE Group are consolidated using the equity method starting on said date.

All mergers and deconsolidations have a significant influence on the net assets, financial position and results of operations of the Allgeier Group. This limits the comparability of the consolidated financial statements for the financial year with those of the prior year.

Purchase of the shares of OPUS Solution AG

On January 24, 2013, Terna GmbH Zentrum für Business Software, Innsbruck, Austria acquired all shares in OPUS Solution AG with its registered office in Root Längenbold, Switzerland. Opus is a provider of business software solutions based on Microsoft Dynamics AX and focuses on customers with project-specific business processes and, across industries, on human resource management and payroll processing. In the 2012 financial year, the company generated sales of CHF 4,275 thousand or EUR 3,550 thousand and earnings of CHF 113 thousand or EUR 93 thousand. With Opus, the Terna Group is strengthening is presence in the Swiss ERP market.

The purchase price recorded for the acquired shares in the company was CHF 809 thousand converted at the period-end exchange rate of CHF 1.2416 per Euro to EUR 652 thousand. It is comprised of a fixed purchase price of CHF 539 thousand and a performance-based purchase price tranche for the 2014 financial year of CHF 270 thousand. The company believes that the targets required to reach the 2014 earn-out will be reached. If the targets are not met, the performance-based purchase price tranches can be reduced or eliminated entirely. A variable purchase price component agreed for 2013 at a maximum of CHF 270 thousand was not paid out and not included in the recorded purchase price. The fixed purchase price was paid to the seller in the 2013 financial year. Consulting costs and exchange rate differences were incurred with respect to the purchase, totalling EUR 10 thousand and recorded as other operating expenses.

The company was first consolidated in the Allgeier Group on January 31, 2013. On this date, the net assets of Opus including the assets and liabilities identified in the purchase price allocation were EUR 652 thousand. This means the net assets are equal to the purchase price.

The details of the book values and purchase price allocation of the acquired net assets of Opus are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS (in EUR thousand)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	303	453	756
Property, plant and equipment	53	0	53
Trade receivables	394	0	394
Other current assets	168	0	168
Cash and cash equivalents	126	0	126
Deferred expenses	152	18	170
Acquired assets	**1,196**	**471**	**1,667**
Deferred tax liabilities	0	59	59
Loans of buyers of the company	218	0	218
Trade payables	270	0	270
Other provisions	12	0	12
Other liabilities	16	0	16
Deferred income	338	102	440
Acquired liabilities	**854**	**161**	**1,015**
Net assets	**342**	**310**	**652**

In the period of February 2013 to December 2013, Opus generated sales of EUR 2,451 thousand and earnings before interest, tax, depreciation and amortisation of EUR -472 thousand.

Purchase of the shares in German Doctor Exchange GmbH

GDE Holding GmbH (formerly: Allgeier Vierte Beteiligungs GmbH), Munich with the purchase and transfer agreement dated September 30, 2013 acquired 80% of the shares in German Doctor Exchange GmbH, Bonn. A further 10% increase was realised through a capital increase carried out at the same time, with no participation by the minority shareholder. The total purchase price recognised for the acquired shares on the acquisition date of September 30, 2013 was EUR 1,570 thousand. It is comprised of a fixed purchase price component of EUR 400 thousand that is due immediately and an additional, variable purchase price component. The variable purchase price component is calculated as a percentage of cumulative EBITDA for the years 2013 through 2018. Corporate planning was used to establish the purchase price for the purpose of first-time consolidation. Accordingly GDE in the earn-out years of 2013 through 2018 expects cumulative EBITDA totalling EUR 8,501 thousand, resulting in an addition purchase price for the shares of EUR 1,458 thousand. The variable purchase price component, which is non-interest-bearing, is due after the annual financial statements for the 2018 financial year are prepared and totals EUR 1,170 thousand after discounting to the date of initial consolidation. Incidental acquisition costs of EUR 33 thousand were incurred on the purchase. These costs were recorded under other operating expenses.

German Doctor Exchange GmbH is a recruiter, broker and vocational trainer of medical practitioners. Medical specialists, in particular doctors, are recruited abroad and matched with hospitals. GDE provides comprehensive training for the recruited specialists as a special service. In particular, this substantiated training covers the special requirements for working in German hospitals and the particularities of the German healthcare system.

On September 30, 2013 as the date of first-time consolidation, German Doctor Exchange GmbH on its balance sheet according to commercial law reported assets of EUR 15 thousand and liabilities of EUR 400 thousand. With respect to standard group accounting principles, deferred tax assets on tax loss carryforwards were also recognised in the amount of EUR 131 thousand. The book values of the company's acquired net assets are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS (in EUR thousand)

	Financial statements according to commercial law	Recognition of deferred tax assets	IFRS book values
Intangible assets	11	0	11
Other current assets	1	0	1
Cash and cash equivalents	3	0	3
Deferred tax assets	0	131	131
Acquired assets	**15**	**131**	**146**
Other provisions	9	0	9
Current financial liabilities	391	0	391
Acquired liabilities	**400**	**0**	**400**
Net assets	**-385**	**131**	**-254**

The difference of the recorded purchase price for the shares in German Doctors Exchange GmbH at EUR 1,570 thousand, the net debt at the redemption amount of EUR 254 thousand and the present value of the net assets allocated to non-controlling shareholders in the amount of EUR -1 thousand is the amount of EUR 1,824 thousand which was capitalised as goodwill. This goodwill represents the added value of the expected growth in the Recruiting business area and the brokerage of medical specialists. GDE generated sales of EUR 7 thousand from October to December 2013 and earnings before interest, tax, depreciation and amortisation of EUR -162 thousand.

Purchase of the shares in WK EDV GmbH

With the purchase and transfer agreement dated December 11, 2013, Xiopia GmbH, Unterföhring, acquired all shares in WK EDV GmbH, Neuburg an der Donau. The agreed purchase price for the acquired shares was a fixed amount of EUR 3,000 thousand and a variable amount limited to a maximum of EUR 1,000 thousand. Of the fixed purchase price, EUR 2,400 was paid to the buyer in December of 2013. The remaining EUR 600 thousand was retained as security for claims of the Allgeier Group. This is to be released at EUR 300 thousand respectively in June 2014 and December 2014. 5% interest is applied to the retained amounts of the fixed purchase price. The obligation to pay the variable purchase price component depends on reaching minimum earnings (EBIT) for the 2014 financial year. Upon reaching an EBIT of EUR 1.0 million or more, the full variable purchase price is due. If EBIT falls below EUR 0.75 million, the variable purchase price component is eliminated entirely. Since planning for the 2014 financial year calls for EBIT below EUR 0.75 million, the variable purchase price component was not included in the acquisition cost recorded for WK. Consulting and notary fees of EUR 41 thousand were incurred with respect to the purchase and recorded under other operating expenses.

WK EDV GmbH is a provider of custom software solutions for the optimisation of business processes and value-added IT client strategies for large and midsize companies. The company has specialised in the design and optimisation of mobile and stationary IT workstations and supports more than 150,000 clients worldwide today. It focuses on the automotive industry and other sectors such as trade and services. With the acquisition of WK, the Allgeier Group is strengthening its position as a solution provider for customers in the automotive industry.

WK was first consolidated in the consolidated financial statements of Allgeier on December 31, 2013. On this date WK in its individual financial statements according to commercial law reported assets of EUR 3,290 thousand and liabilities of EUR 2,121 thousand. With respect to the purchase price allocation, hidden reserves in customer relationships were also identified and recognised in the amount of EUR 2,615 thousand. Deferred taxes of EUR 784 thousand were calculated on the hidden reserves. The details of the book values and purchase price allocation of the acquired net assets of WK are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS (in EUR thousand)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	11	2,615	2,626
Property, plant and equipment	764	0	764
Inventories	20	0	20
Trade receivables	1,470	0	1,470
Other current assets	141	0	141
Cash and cash equivalents	754	0	754
Deferred expenses	130	0	130
Acquired assets	**3,290**	**2,615**	**5,905**
Deferred tax liabilities	0	784	784
Loans	431	0	431
Trade payables	189	0	189
Tax liabilities	60	0	60
Other provisions	831	0	831
Other liabilities	610	0	610
Acquired liabilities	**2,121**	**784**	**2,905**
Net assets	**1,169**	**1,831**	**3,000**

The recorded purchase price for the shares in WK at EUR 3,000 thousand corresponds to the net assets on the acquisition date. WK generated sales of EUR 15,352 thousand in the 2013 financial year and earnings before interest, tax, depreciation and amortisation of EUR 640 thousand.

Purchase of the shares in innocate solutions GmbH

With the purchase and transfer agreement dated December 23, 2013, Allgeier IT Solutions AG, Munich, acquired 75% of the shares in innocate solutions GmbH, Düsseldorf. The purchase price for the acquired shares was EUR 700 thousand. It was paid in January of 2014. For the remaining 25% of the shares, the parties agreed on an unlimited call option that allows Allgeier IT Solutions AG to acquire the shares at any time by exercising the option. If the option is exercised before January 1, 2020 the purchase price for these shares is EUR 800 thousand, and after this date it is EUR 300 thousand. If the purchase price is paid before March 31, 2016 an discount of 2.5% p.a. applies. The seller of these shares also has a put option with a purchase price of EUR 800 thousand to sell the shares to Allgeier IT Solutions AG, subject to the condition precedent that the company in two subsequent financial years generates an average minimum EBIT of EUR 275 thousand p.a. If the put option is exercised after January 1, 2020 the purchase price for the shares is reduced to EUR 300 thousand. Due to the combination of an unlimited call option held by the buyer and an unlimited put option held by the seller, first-time consolidation was performed based on 100% of the shares. The purchase price for the option was discounted to December 31, 2014 and recognised under the acquisition costs in the amount of EUR 776 thousand. Consulting and notary costs were incurred with respect to the acquisition in the amount of EUR 12 thousand and recorded as other operating expenses in December of 2013.

Innocate is a specialist for communication and productivity solutions on the basis of Microsoft technologies and also advises its customers in all aspects of IT management. Its customer base includes renowned large enterprises in the energy and chemical sectors, public-sector customers and larger midsize companies in various branches of industry. The company's head office is in Düsseldorf with branches in Hamburg and Wiesbaden. In its deviating financial year from July 1, 2012 to June 30, 2013, Innocate generated sales of EUR 1,870 thousand and earnings before interest, tax, depreciation and amortisation of EUR 51 thousand. The company converted its financial year to the calendar year at the end of 2013. With this investment, Allgeier strengthens its position in the market for Microsoft SharePoint, Microsoft Dynamics CRM and Unified Communications solutions.

With the purchase of Innocate, the Allgeier Group on December 31, 2013 obtained assets of EUR 682 thousand and liabilities of EUR 395 thousand. This includes customer relationships not reported in the company's individual financial statements that were identified and valued with respect to the purchase price allocation at EUR 110 thousand, as well as applicable deferred taxes of EUR 33 thousand. The details of the book values and purchase price allocation of the acquired net assets of Innocate are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS (in EUR thousand)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	0	110	110
Property, plant and equipment	26	0	26
Inventories	33	0	33
Trade receivables	411	0	411
Other assets	54	0	54
Cash and cash equivalents	48	0	48
Acquired assets	**572**	**110**	**682**
Deferred tax liabilities	0	33	33
Trade payables	118	0	118
Other provisions	133	0	133
Other liabilities	111	0	111
Acquired liabilities	**362**	**33**	**395**
Net assets	**210**	**77**	**287**

The difference between the purchase price and the call option totalling EUR 1.476 thousand as well as the net assets at EUR 287 thousand was EUR 1,189 thousand which was capitalised as goodwill. This goodwill represents the expected growth of Innocate in the future market for communication technology.

CONSOLIDATED NOTES • GENERAL INFORMATION

Intent to sell the shares in DIDAS Business Services GmbH

The Allgeier Group has decided to sell all shares in DIDAS Business Services GmbH, Langenfeld to CANCOM SE, Munich. The business of DIDAS is providing IT services in the field of system integration from consulting, conception and implementation to operation. The Allgeier Group expects being able to obtain a purchase price for the shares in DIDAS that is close to the market value and significantly above the company's book value in the Allgeier Group. Therefore the assets and liabilities of DIDAS continue to be reported at their unchanged book values. CANCOM SE will pay the purchase price for DIDAS in shares.

Due to the intent to sell DIDAS, the respective assets and liabilities of the company were combined in one line on the balance sheet as of December 31, 2013 and classified as assets and liabilities available for sale. In the statement of comprehensive income and other elements of the consolidated financial statements, DIDAS is reported under "discontinued operations" for 2013 and the comparative period 2012. DIDAS generated revenues of EUR 56.3 million in the 2013 financial year (prior year: EUR 48.0 million) and earnings before interest, tax, depreciation and amortisation of EUR 2.1 million (prior year: EUR 0.2 million). On December 31, 2013 the assets of DIDAS totalled EUR 18.6 million and the liabilities EUR 11.2 million. DIDAS was previously part of the Solutions segment. In segment reporting for 2013, DIDAS is reported outside the segments for continuing operations.

Pro forma results of the consolidated companies

If the companies acquired in the 2013 financial year had already been consolidated effective January 1, 2013 and the companies acquired in the 2012 financial year had been consolidated effective January 1, 2012, the group's sales and results would be as follows:

REVENUE AND EARNINGS (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Revenues	433,094	424,891	56,330	48,027	489,424	472,918
Earnings before interest, tax, depreciation and amortisation (EBITDA)	28,761	26,535	2,060	168	30,821	26,703
Earnings before tax	10,803	10,422	1,029	-934	11,832	9,488

Profit and loss transfer agreements

Profit and loss transfer agreements were in effect on December 31, 2013 between the following companies:

- Allgeier SE, Munich, as the controlling company and Allgeier IT Solutions AG, Munich
- Allgeier IT Solutions GmbH, Bremen, as the controlling company and BSH IT Solutions GmbH, Bremen
- 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
- Softcon MBO GmbH, Munich, as the controlling company and SOFTCON AG, Munich

Terna GmbH Zentrum für Businesssoftware, Innsbruck, Austria, and Terna Holding GmbH, Innsbruck, Austria are subject to group taxation pursuant to Austrian law.

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

Xiopia GmbH, Unterföhring, purchased 75% of the shares in recompli GmbH, Grasbrunn ("Recompli") in February of 2014. Recompli is a provider of engineering services for automotive and information technologies. In the 2013 financial year, Recompli generated revenues of EUR 940 thousand and earnings before tax of EUR 321 thousand. The purchase price for 75% of the shares consists of a fixed purchase price component that is due immediately in the amount of EUR 400 thousand and a variable purchase price component dependent on profit targets for 2014 at a maximum amount of EUR 175 thousand. If the targets are not met, the variable purchase price is reduced and may be eliminated entirely. With respect to the remaining 25% of the shares, the parties have agreed on call and put options with amounts calculated based on EBIT for the financial year in question multiplied by a factor of 5 or 3. The expected date for the first-time consolidation of Recompli in the Allgeier Group is February 28, 2014. On this date Recompli according to the existing preliminary figures under commercial law reported assets of around EUR 0.6 million and liabilities of around EUR 0.3 million. Furthermore, the identification and valuation of intangible assets not reported in the financial statements will lead to uncovering hidden reserves, so that the total net assets of the acquired company will correspond to the purchase price for the shares. No difference is expected on the first-time consolidation of Recompli.

Also in February of 2014, Nagarro Austria GmbH, Vienna, Austria purchased 100% of the shares in HEXA Business Services Beratungs- und Dienstleistungs GmbH with its registered office in Vienna, Austria ("Hexa"). Hexa is an IT consulting firm and service provider that is mainly active in the Austrian market. In the deviating financial year from September 1, 2012 to August 31, 2013 it generated sales of EUR 5,397 thousand and earnings before interest, tax, depreciation and amortisation of EUR 38 thousand. The purchase price for the shares in Hexa consists of a fixed purchase price at EUR 500 thousand, of which EUR 125 thousand is due immediately and EUR 375 thousand is made available to Hexa as a loan, and a variable purchase price component that depends on the contribution margins in the years 2014 through 2016, limited to a maximum of EUR 1,500 thousand. If the contribution margins are not achieved, the variable purchase price component is reduced and can be significantly lower. Hexa is consolidated for the first time in the Allgeier Group effective February 28, 2014. On this date the Allgeier Group expects net assets of around EUR 0.5 million received by the group with the purchase of Hexa. Once the work to evaluate the variable purchase price component and the net assets for consolidation is complete, the difference between the purchase price and the net assets is expected to result in goodwill of EUR 0.5 million to EUR 1.5 million.

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. Together with the asset deal, Allgeier IT Solutions GmbH took on three employees of DIGIDOK and assumed the existing employment contracts with these persons. As consideration for the acquired assets and employment relationships, the parties agreed on a fixed purchase price of EUR 380 thousand and a variable purchase price component that is calculated based on payments received for software licensing and maintenance proceeds in the years 2014 through 2016. Insofar as the expected planned sales and incoming payments are realised, the Allgeier Group according to preliminary estimates expects a total earn-out of around EUR 0.2 million.

CONSOLIDATED NOTES • GENERAL INFORMATION

VIII. Currency translation

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

Allgeier SE and its subsidiaries prepare their annual financial statements in their respective national currencies which corresponds to the functional currency of the companies. The annual financial statements of the subsidiaries that are prepared in foreign currencies were converted to Euros, the reporting currency of the Allgeier Group. Assets and liabilities were converted at the period-end exchange rate, the items on the income statement at the average annual rate and remaining equity at historical exchange rates. Converting the currencies of the individual financial statements to the group's reporting currency results in differences that were recorded in other comprehensive income on the statement of comprehensive income and, on the balance sheet, under changes in equity without affecting profit or loss.

In the consolidated assets, the historical acquisition and replacement costs are valued using historical exchange rates. Differences from converting the historical rates to period-end exchange rates are adjusted in a separate column. The schedule of provisions shows the translation differences between historical and period-end exchange rates in a separate column.

Currency translation for the group companies that prepare their annual financial statements in a currency other than the Euro is based on the following exchange rates:

EXCHANGE RATES

	Average rates per 1 EUR		Period-end rates per 1 EUR	
	2013	2012	December 31, 2013	December 31, 2012
CHF (Swiss francs)	1.230	1.204	1.226	1.207
CZK (Czech crown)	26.004	25.112	27.400	25.089
LEI (Romanian leu)	4.411	4.455	4.459	4.434
SEK (Swedish crown)	8.661	8.687	8.923	8.611
INR (Indian rupee)	78.345	69.140	85.039	72.270
USD (US dollar)	1.330	1.291	1.377	1.322
MXN (Mexican peso)	17.063	16.937	17.985	17.189
TRY (Turkish lira)	2.563	2.319	2.944	2.364
AED (dirham of the United Arab Emirates)	4.885	4.742	5.055	4.854
SGD (Singapore dollar)	1.667	1.600	1.746	1.617

The income statement of companies acquired in the financial year is translated at the average exchange rates for the period since the acquisition date.

IX. Balance sheet

Intangible assets

- Licenses, industrial property rights and similar rights, as well as licenses for such rights and 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 capitalised at their expected contribution to earnings. Orders on hand are amortised as "unit of production amortisation" according to the proportion of the acquired total order volume that is completed in the respective period. 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

Goodwill is recognised according to the acquisition cost method and treated as non-depreciable non-current assets according to IFRS 3. To evaluate a decrease in value, all goodwill is subject to an annual impairment test at the level of the cash-generating unit in order to identify the possible need for impairment. Impairment tests are also performed when certain events indicate a need to do so.

If the reviews indicate that the fair value of the cash-generating units is less than their respective book values, impairments are recorded. To determine the present values of cash-generating units, their expected future cash flows including the planning calculations of the companies and expected general growth rates are determined and discounted at a suitable interest rate.

- Financial investments valued according to the equity method / scope of consolidation

Investments in joint ventures and associated companies are recognised according to the equity method. In a joint venture, all parties exercise joint control, stipulated by contract, and have rights to the net assets of the agreement instead of rights to specific assets and liabilities. Associated companies are companies for which the group exerts significant influence on company policies but does not have control (refutable assumption when 20% to 50% of the voting rights are held).

According to the equity method, the pro-rata share of the annual results leads to a corresponding increase of the investment's book value in the consolidated financial statements; pro-rata losses are written off to a maximum of the book value and then carried forward in a supplementary calculation outside the financial statements. Cumulative changes after acquisition due to dividends or other changes in the investment company's equity not affecting profit or loss are offset against the book value of the investment. Goodwill related to joint ventures or 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.

Property, plant and equipment

- Property, property rights and buildings including constructions on third-party property and other plant, operating and office equipment

These capital 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 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. When assets are disposed of, the historical cost of acquisition or production, accumulated depreciation and book values of the capital assets are taken off the books. Any gain or loss on the disposal of property, plant and equipment is included in the statement of comprehensive income. 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.

- Financial leasing

Insofar as the financial leasing requirements are met, property, plant and equipment used on the basis of leasing contracts is capitalised and depreciated. 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 depreciation methods and useful lives correspond to those for comparable purchased 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.

CONSOLIDATED NOTES • GENERAL INFORMATION

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%
Mexico	18%
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.

- Hedging relationships

The Allgeier Group uses foreign exchange futures and interest rate swaps as derivative financial instruments to reduce exchange rate and interest 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. Recording present value changes in hedge accounting is dependent on the underlying transaction. With a fair value hedge, both the hedging instrument and the gains and losses applicable to the hedged underlying transaction are recorded through profit or loss. With a cash flow hedge (hedging of future cash flows), the proceeds of the effective portion of the hedging relationship are recorded directly in equity and the ineffective portion in the income statement. Recognition in income takes place as soon as the hedged transaction affects profit or loss. Derivatives are recorded on the respective trading day.

- Securities

Securities are bonds issued by European financial institutions that are listed on a stock exchange, bear interest at fixed and variable rates and are held for treasury management. All of the securities are classified as "financial assets available for sale" and are recognised at fair value. Until they are realised, unrealised gains and losses due to price changes are reported separately under equity without affecting profit or loss, taking deferred taxes into account. If there are objective indications of a decrease in value, the cumulative loss recorded in equity is derecognised from equity and recorded through profit or loss.

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:

	December 31, 2013	December 31, 2012	January 1, 2012
Calculated interest rate	3.50%	3.60%	5.20%
Increase in the current pension	1.50%	1.50%	1.50%
Wage dynamics in case of income-related benefits	2.00%	2.00%	2.00%
Fluctuation	0.00%	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 revenues 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.

CONSOLIDATED NOTES • GENERAL INFORMATION

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. With the exception of the liability provision recognised with respect to the first-time consolidation of DIDAS Business Services GmbH, the provisions were 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.

Assets and liabilities held for disposal

Assets held for disposal are assets that can be sold in their current condition and are highly likely to be sold. The sale must be expected to take place within one year after reclassification. They can include specific assets, groups of assets (disposal groups) or parts of companies (discontinued operations). Assets held for sale are no longer depreciated but valued at their fair value less costs to sell, insofar as this is lower than their book value. This is determined based on ongoing purchase price negotiations with potential buyers.

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, securities available for divestment and cash in hand. Based on their characteristics and the purpose for which they were acquired, the financial assets are assigned to the categories "valued at amortised cost", "valued at fair value without affecting profit or loss", "valued at fair value through profit or loss" and "financial assets available for sale". The financial liabilities include liabilities to financial institutions, trade payables, liabilities under financial leasing, derivative financial instruments with a negative present value and other financial liabilities. Based on their characteristics, the financial liabilities are assigned to the categories "valued at amortised cost", "valued at fair value without affecting profit or loss" and "valued at fair value through profit or loss". The Allgeier Group does not use the category "financial investments held to maturity". 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 without affecting profit or loss include derivatives in hedging relationships and securities available for divestment, which are valued at fair value without affecting profit or loss when they are first recognised. Subsequently these financial assets are valued according to the assignment to this category.

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 derivatives and 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 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 made in the relevant period. 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. Material estimates and assumptions are 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, 2011	**2,130**	**15,614**	**2,730**	**191**	**2,911**	**79,195**	**102,771**
Changes 2012:							
Additions to consolidation scope	1,883	8,414	885	0	125	25,029	36,336
Additions	0	6	0	1	701	0	708
Disposals at book values	0	0	0	0	-191	0	-191
Currency differences	17	43	0	-2	-4	-593	-539
Regular amortisation and depreciation	-3,656	-4,932	-965	-34	-874	0	-10,461
Extraordinary amortisation and depreciation	0	0	0	0	0	-190	-190
Book value on December 31, 2012	**374**	**19,145**	**2,650**	**156**	**2,668**	**103,441**	**128,434**
Changes 2013:							
Additions to consolidation scope	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	-379	-5,916	-1,099	-33	-1,043	0	-8,470
Extraordinary amortisation and depreciation	0	-15	0	0	0	-2,180	-2,195
Book value on December 31, 2013, group	**798**	**15,166**	**1,735**	**119**	**2,512**	**100,794**	**121,124**
Discontinued operations	0	-446	0	0	-286	-2,455	-3,187
Book value on December 31, 2013, continuing operations	**798**	**14,720**	**1,735**	**119**	**2,226**	**98,339**	**117,937**

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 2013 financial year, orders on hand were acquired in the amount of EUR 811 thousand (prior year: EUR 1,883 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 2013 financial year, customer lists were acquired in the amount of EUR 2,186 thousand (prior year: EUR 8,414 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 2013 financial year, products were acquired in the amount of EUR 182 thousand (prior year: EUR 885 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 2013 financial year, goodwill was acquired with respect to enterprise acquisitions in the amount of EUR 1,189 thousand for Innocate and EUR 1,824 thousand for the GDE Group. Since 50% of the shares in GDE Holding were sold later in the year and the GDE Group is recorded using the equity method due to this sale, the assets and liabilities of the GDE Group including the goodwill were derecognised again. The translation of goodwill of the Nagarro Group, BSR, Allgeier Schweiz and Oxygen obtained by the Allgeier Group in foreign currencies led to a total reduction in goodwill by EUR 1,656 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 following methods for impairment tests:

- If market prices are not available to determine the use value of the cash-generating units (CGUs), the value in use method is used for valuation. Accordingly the expected future cash flows of the CGUs are determined on the basis of three-year planning and the projection of the cash flows for the third detailed planning year for all future years. The cash flows are discounted as a perpetuity with a capitalisation rate of interest after taxes of 4.09% (prior year: 3.37%). This results in a capitalisation rate of interest before taxes of 5.84% (prior year: 4.81%). In the planning phase after the third planning year, the interest rates were reduced by a growth allowance of 1 percentage point respectively. The interest rate takes debt and equity ratios into account, which can be calculated from a group of comparative companies that is expanded compared to the prior year. The group of comparative companies was expanded by two additional companies based on the background of the group's increasing internationalisation and therefore better represents the conditions in the Allgeier Group.

CONSOLIDATED NOTES • NOTES TO THE CONSOLIDATED BALANCE SHEET

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

CAPITALISATION RATE OF INTEREST	2013	2012
Interest rate for 10-year bonds	2.58%	2.10%
Equity ratio comparison group	67.81%	44.09%
Debt ratio comparison group	32.19%	55.91%
5-year beta factor Allgeier SE	0.4603	0.5136
Tax rate	30.00%	30.00%
Interest rate on debt capital	3.46%	3.36%
Risk premium for equity	5.00%	5.00%

For the respective detailed planning period, an average annual growth rate of 5.9% is expected for the Nagarro Group based on the actual values for the 2013 financial year, and for Tecops an average annual growth rate of 12.2% p.a. based on the actual values for the financial year corrected for extraordinary items, on the basis of cash flow after taxes. As a rule, the units have grown much faster than the market, so that growth significantly above the market continues to be expected for the years of the detailed planning period. This results in a value in use for the Nagarro Group of EUR 194 million (prior year: EUR 194 million) and a value in use for Tecops of EUR 84 million (prior year: EUR 154 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 reporting year 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 corporate planning figures for the three 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 impairment tests that were conducted led to the result that the value in use of the cash-generating unit Allgeier Schweiz was below its book value and an impairment of goodwill was required due to a lack of expected profits. For BSR, the company value determined on the basis of market prices paid in the reporting period for the additional acquisition of shares of the former non-controlling shareholders was used. The goodwill of Allgeier Schweiz was impaired by EUR 1,217 thousand and for BSR by EUR 963 thousand. For all remaining CGUs, the value in use was above their respective book values and no impairments were necessary. The impairment is shown under amortisation on the statement of comprehensive income. Allgeier Schweiz and BSR are part of the "IT Solutions" segment.

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

GOODWILL (in EUR thousand)	Continuing operations	Discontinued operations	Group December 31, 2013	Amortisation	Currency differences	Disposal/ transfer posting	First-time consolidation	December 31, 2012
Nagarro Group	28,875	0	28,875	0	-1,205	0	0	30,080
tecops	19,078	0	19,078	0	0	0	0	19,078
Goetzfried	9,121	0	9,121	0	0	0	0	9,121
Terna Group	8,813	0	8,813	0	0	0	0	8,813
Xiopia	7,625	0	7,625	0	0	0	0	7,625
TOPjects	5,461	0	5,461	0	0	0	0	5,461
mgm tp München	3,498	0	3,498	0	0	558	0	2,940
b+m AG	3,449	0	3,449	0	0	0	0	3,449
BSR	3,274	0	3,274	-963	-64	0	0	4,301
SOFTCON AG	2,457	0	2,457	0	0	0	0	2,457
UNP	2,012	0	2,012	0	0	0	0	2,012
Allgeier Schweiz	1,636	0	1,636	-1,217	-43	0	0	2,896
Oxygen	1,404	0	1,404	0	-344	0	0	1,748
Innocate	1,189	0	1,189	0	0	0	1,189	0
mgm cp Hamburg	239	0	239	0	0	0	0	239
GEMED	208	0	208	0	0	0	0	208
DIDAS	0	-2,455	2,455	0	0	0	0	2,455
S&F	0	0	0	0	0	-558	0	558
GDE Group	0	0	0	0	0	-1,824	1,824	0
	98,339	**-2,455**	**100,794**	**-2,180**	**-1,656**	**-1,824**	**3,013**	**103,441**

Due to the merger of S&F with mgm tp München, the goodwill of S&F was reclassified to tp München. All intangible assets were acquired through purchase transactions.

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, 2011	**1,832**	**5,866**	**1,086**	**8,784**
Changes 2012:				
Additions to consolidation scope	0	898	0	898
Additions	730	2,927	891	4,548
Disposals at book values	0	-181	-38	-219
Currency differences	-59	-18	-42	-119
Regular amortisation and depreciation	-53	-2,554	-584	-3,191
Book value on December 31, 2012	**2,450**	**6,938**	**1,313**	**10,701**
Changes 2013:				
Additions to consolidation scope	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	-79	-3,094	-640	-3,813
Book value on December 31, 2013, group	**3,073**	**7,484**	**1,100**	**11,657**
Discontinued operations	0	-865	0	-865
Book value on December 31, 2013, continuing operations	**3,073**	**6,619**	**1,100**	**10,792**

The Allgeier Group uses financial lease agreements to finance operating and office equipment, software licenses and vehicles. The values in use of these contracts on December 31, 2013 totalled EUR 1,100 thousand (prior year: EUR 1,313 thousand). In the 2013 financial year, new leasing agreements with usage rights were added in the amount of EUR 617 thousand (prior year: EUR 891 thousand). The new contracts have terms of 36 and 48 months. The existing leases have terms between 3 and 5 years. Purchase or return options usually come to bear for all contracts at the end of the term. There are no provisions in the agreements that restrict the business activities, dividend payments, assumption of additional debt or conclusion of additional leases.

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 &RECOGNISED AT FAIR VALUE (in EUR thousand)	December 31, 2013	December 31, 2012
Minimum lease payments:		
Due within a year	631	705
Due between 1 and 5 years	478	676
Total	**1,109**	**1,381**
Present value of the minimum lease payments:		
with remaining period up to 1 year	585	638
with remaining term between 1 and 5 years	458	654
Total	**1,043**	**1,292**

Minimum lease payments of companies using foreign currencies were translated at the period-end exchange rate on December 31, 2013.

3. At-equity investments

The development of financial investments valued using the equity method refers to the subgroup GDE Holding GmbH, a joint venture, and appears as follows:

FINANCIAL INVESTMENTS (in EUR thousand)	2013
As at January 1	0
Additions	150
Pro-rata annual result	-72
As at December 31	78

Effective September 30, 2013, 50% of the shares in GDE Holding GmbH were sold for a purchase price of EUR 150 thousand (book gain of EUR 160 thousand). Due to the loss of control on September 30, 2013, the remaining 50% of the shares was valued at the fair value of EUR 150 thousand. The remaining 50% of the subgroup GDE Holding GmbH constitutes a joint venture and is reported in the consolidated financial statements using the equity method.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The table that follows summarises the financial information for the subgroup consisting of GDE Holding GmbH and German Doctor Exchange GmbH ("GDE Group"), and reconciles with the at-equity book value in the consolidated financial statements:

GDE GROUP (in EUR thousand)	December 31, 2013
Other non-current assets	252
Current assets including cash and cash equivalents	173
Non-current liabilities	-2,250
Current liabilities	-174
Net assets 100%	**-1,999**
Less pro-rata net assets of non-controlling shareholders	12
Net assets of parent company shareholders 100%	**-1,987**
Share of the group in net assets 50%	-994
Goodwill	**1,072**
Book value of joint ventures	**78**

In the GDE Group, revenues in the period from October to December 2013 were EUR 7 thousand and earnings after taxes were EUR -191 thousand. In the 2014 financial year, the Allgeier Group expects to inject additional liquidity of around EUR 0.7 million to support the company.

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

4. Other financial assets

The other financial assets break down as follows:

OTHER FINANCIAL ASSETS (in EUR thousand)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current
Residual purchase price from the sale of Allgeier DL GmbH (including accumulated interest)	0	0	0	0	0	0	0	0	0	10,554	0	10,554
Individual allowances on the residual purchase price	0	0	0	0	0	0	0	0	0	-4,765	0	-4,765
Securities	2,739	0	2,739	0	0	0	2,739	0	2,739	5,066	3,869	1,197
Receivables from factoring	3,086	0	3,086	0	0	0	3,086	0	3,086	4,567	0	4,567
Receivables from at-equity investments	1,181	0	1,181	0	0	0	1,181	0	1,181	0	0	0
Funds in transit	0	0	0	0	0	0	0	0	0	959	0	959
Receivables against employees	489	12	477	-1	0	-1	490	12	478	652	20	632
Security deposits	572	466	106	-5	-4	-1	577	470	107	577	428	149
Security to suppliers	248	0	248	0	0	0	248	0	248	423	0	423
Receivables from ABS program	0	0	0	0	0	0	0	0	0	309	0	309
Derivative financial instruments	123	0	123	0	0	0	123	0	123	89	0	89
Creditors with debit balances	42	0	42	-48	0	-48	90	0	90	71	0	71
Loan receivables	113	0	113	0	0	0	113	0	113	0	0	0
Other	1,085	93	992	-45	0	-45	1,130	93	1,037	820	2	818
	9,678	**571**	**9,107**	**-99**	**-4**	**-95**	**9,777**	**575**	**9,202**	**19,322**	**4,319**	**15,003**

Securities are bonds issued by European financial institutions that are listed on a stock exchange, bear interest at fixed and variable rates and are held for short-term treasury management. The securities were acquired in the 2012 and 2013 financial years.

Interest is charged on the securities and loan receivables.

5. Other assets

The other assets break down as follows:

OTHER ASSETS (in EUR thousand)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current
Accruals and deferrals	4,690	122	4,568	-1,017	-274	-743	5,707	396	5,311	4,572	203	4,369
VAT receivables	1,049	0	1,049	-86	0	-86	1,135	0	1,135	1,233	0	1,233
Active reinsurances	31	31	0	-26	-26	0	57	57	0	54	54	0
Other	245	0	245	0	0	0	245	0	245	249	0	249
	6,015	**153**	**5,862**	**-1,129**	**-300**	**-829**	**7,144**	**453**	**6,691**	**6,108**	**257**	**5,851**

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)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Deferred tax assets	Deferred tax liabilities	Profit and loss	Deferred tax assets	Deferred tax liabilities	Profit and loss	Deferred tax assets	Deferred tax liabilities	Profit and loss	Deferred tax assets	Deferred tax liabilities	Profit and loss
Intangible assets	372	5,782	1,691	0	-126	-128	372	5,908	1,819	440	6,886	2,584
Property, plant and equipment	177	223	110	0	-1	-1	177	224	111	46	204	98
Remaining assets	188	125	-60	0	0	0	188	125	-60	163	94	-221
Pension provisions	293	13	78	-191	0	-12	484	13	90	383	15	3
Other provisions	713	33	-55	-307	0	47	1,020	33	-102	1,089	29	828
Other financial liabilities	356	22	333	0	0	0	356	22	333	2	1	-391
Offsetting	-739	-739	0	127	127	0	-866	-866	0	-625	-625	0
Temporary differences and profit and loss consolidations	**1,360**	**5,459**	**2,097**	**-371**	**0**	**-94**	**1,731**	**5,459**	**2,191**	**1,498**	**6,604**	**2,901**
Loss carryforwards	911	0	440	0	0	0	911	0	440	471	0	-249
Offsetting	-911	-911	0	0	0	0	-911	-911	0	-12	-12	0
Loss carryforwards	**0**	**-911**	**440**	**0**	**0**	**0**	**0**	**-911**	**440**	**459**	**-12**	**-249**
Value adjustment of inter-company loans	0	3,154	0	0	0	0	0	3,154	0	0	3,154	0
Offsetting	0	0	0	0	0	0	0	0	0	0	0	0
Impairment of loans to group companies	**0**	**3,154**	**0**	**0**	**0**	**0**	**0**	**3,154**	**0**	**0**	**3,154**	**0**
Deferred taxes	**1,360**	**7,702**	**2,537**	**-371**	**0**	**-94**	**1,731**	**7,702**	**2,631**	**1,957**	**9,746**	**2,652**

On December 31, 2013, the Allgeier Group had corporate tax loss carryforwards of EUR 11,991 thousand (prior year: EUR 6,436 thousand) and commercial tax loss carryforwards of EUR 8,583 thousand (prior year: EUR 5,083 thousand). This results in deferred tax claims for the group totalling EUR 3,192 thousand (prior year: EUR 1,784 thousand). Of this amount, EUR 911 thousand (prior year: EUR 471 thousand) was recognised as deferred tax assets and EUR 2,281 thousand (prior year: EUR 1,313 thousand) was not recognised since utilisation is uncertain. The impairment of a loan internal to the group required deferred tax liabilities totalling EUR 3,254 thousand (prior year: EUR 3,154 thousand).

Of the deferred tax assets, EUR 1,132 thousand (prior year: EUR 1,244 thousand) is current, and of the deferred tax liabilities, EUR 4,849 thousand (prior year: EUR 2,735 thousand) is current.

7. Inventories

Inventories break down as follows:

INVENTORIES (in EUR thousand)	Continuing operations	Discontinued operations	Group	
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2012
Raw material, auxiliary and working materials	48	0	48	105
Unfinished products, incomplete services	2,281	-510	2,791	2,306
Finished products and goods	672	-654	1,326	2,413
Advance payments made	61	-71	132	124
	3,062	**-1,235**	**4,297**	**4,948**

The cost of acquisition and production of inventories recognised as of December 31, 2013 for continuing operations is EUR 3,441 thousand (prior year: EUR 5,274 thousand). Decreases in the value of inventory were recorded in the amount of EUR 379 thousand (prior year: EUR 326 thousand). Expenses from the increase in the impairment of inventories in the 2013 financial year totalling EUR 53 thousand (prior year: EUR 78 thousand) were recorded in material costs. The net realisable value of inventories for which the impairments were recorded is EUR 306 thousand (prior year: EUR 400 thousand). In the 2013 financial year, the group expensed inventories valued at EUR 359,678 thousand (prior year: EUR 316,912 thousand). Of this amount, EUR 46,546 applied to discontinued operations (prior year: EUR 38,145 thousand).

8. Trade receivables

Trade receivables break down as follows:

TRADE RECEIVABLES (in EUR thousand)	Continuing operations	Discontinued operations	Group	
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2012
Receivables from customers	74,777	-8,050	82,827	77,651
Impairment of receivables from customers	-1,509	16	-1,525	-1,250
	73,268	**-8,034**	**81,302**	**76,401**

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. In continuing operations, the contract terms for customer receivables in the amount of EUR 273 thousand (prior year: EUR 130 thousand) were renegotiated. These receivables would otherwise be overdue or impaired. Trade receivables are non-interest-bearing.

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The delay structure of trade receivables is as follows:

DELAY STRUCTURE (in EUR thousand)		Not overdue	Overdue in days					
As at December 31, 2013			<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**
As at December 31, 2012		Not overdue	<30	30-60	61-90	91-180	181-360	>360
Customer receivables not impaired	75,817	52,520	16,928	3,878	1,215	767	380	129
Gross amount of the impaired trade receivables	1,834	0	0	1	41	112	640	1,040
Impairments	-1,250	0	0	0	-37	-91	-365	-757
Book value	**76,401**	**52,520**	**16,928**	**3,879**	**1,219**	**788**	**655**	**412**

Impairments of trade receivables developed as follows:

DECREASE IN VALUE (in EUR thousand)	2013	2012
As at January 1	1,250	1,465
Additions to consolidation scope	46	211
Additions having an effect on the expenses	840	197
Consumption and liquidation	-609	-624
Currency differences	-2	1
Group	**1,525**	**1,250**
Discontinued operations	-16	0
As at December 31	**1,509**	**1,250**

The theoretical maximum default risk for trade receivables is the recognised gross value of EUR 74,777 thousand (prior year: EUR 77,651 thousand). This risk is reduced by collateral, credit insurance and other credit rating improvements.

Two companies in the Allgeier Group use factoring of customer receivables to finance working capital fluctuations. Both companies have access to a total factoring volume of EUR 25,000 thousand. On December 31, 2013, EUR 15,643 thousand (prior year: EUR 15,373 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, 2013 this totalled EUR 3,086 thousand (prior year: EUR 4,567 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, 2013, the pledged accounts had a total balance of EUR 5,916 thousand (prior year: EUR 4,995 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)

	Continuing operations	Discontinued operations	Group	
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2012
Bank balance	46,608	-3,655	50,263	38,900
Cash balance	45	-1	46	39
	46,653	**-3,656**	**50,309**	**38,939**

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

The subscribed capital of Allgeier SE on the reporting date of December 31, 2013 at EUR 9,071,500.00 (prior year: EUR 9,071,500.00) is divided into 9,071,500 no-par bearer shares with a nominal amount of capital stock at EUR 1.00 per share. The subscribed capital is fully paid up.

On December 30, 2013 the share of Allgeier SE was valued at a closing price of EUR 15.62 in Xetra trading on the Frankfurt Stock Exchange. In the prior year, the closing price of the share on December 28, 2012 was EUR 10.05. No preferred shares or other shares with special rights or restrictions have been issued.

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Conditional capital

By resolution of the shareholders' meeting on June 18, 2013, the capital stock of Allgeier SE was conditionally increased by EUR 3,500,000 (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 based on the resolution of the shareholders' meeting on June 18, 2013. Allgeier SE has not issued any corresponding conversion or option rights to date.

By resolution of the shareholders' meeting on June 17, 2010, the capital stock of Allgeier SE was conditionally increased by EUR 750,000 (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.

Authorised capital

By resolution of the shareholders' meeting on June 17, 2010 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, 2015, 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 2013 financial year.

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11. Capital reserves

The capital reserves encompass amounts above the nominal value of the subscribed capital and break down as follows
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CAPITAL RESERVES (in EUR thousand)	2013	2012
Capital reserves of Allgeier SE	11,306	11,306
Book gain from the sale of own shares	3,584	0
Issued share options	2,035	2,021
	16,925	**13,327**

From the sale of 500,000 treasury shares of Allgeier SE at a price of EUR 15.30 per share, the company had a book gain of EUR 3,584 thousand. The book value of the shares sold was EUR 8.13 per share.

The offsetting entry for personnel expenses recorded on the valuation of the stock option program was made in the capital reserve.

12. Retained earnings

Retained earnings encompass the statutory reserve of Allgeier SE at EUR 102 thousand (prior year: EUR 102 thousand).

13. Own shares

The shareholders' meeting on June 17, 2010 authorised the Management Board to acquire the company's own shares until June 16, 2015 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. In the 2013 financial year, the Management Board based on this authorisation purchased a total of 42,503 of the company's own shares (prior year: 73,539 shares) at an average price of EUR 12.81 (prior year: EUR 10.34). On December 11, 2013, the Management Board of Allgeier SE also sold a total of 500,000 treasury shares at a price of EUR 15.30 per share.

The portfolio of treasury shares developed as follows:

OWN SHARES (in EUR thousand)	2013	2012
Number as at January 1	704,076	686,954
Additions	42,503	73,539
Disposals	-500,000	0
Disposal of own shares with respect to the purchase of Nagarro Inc.	0	-56,417
Deposit of own shares as at December 31	**246,579**	**704,076**

Funds paid for the purchase of the company's own shares in the 2013 financial year totalled EUR 546 thousand (prior year: EUR 760 thousand). For the sale of 500,000 treasury shares on December 11, 2013, Allgeier SE received EUR 7,650 thousand.

Valued at the period-end price on December 31, 2013 (closing price on December 30, 2013 in Xetra trading on the Frankfurt Stock Exchange) of EUR 15.62 per share, the present value of the remaining portfolio of treasury shares is EUR 3,852 thousand and the hidden reserve for the treasury shares is EUR 1,881 thousand.

On the balance sheet date of December 31, 2013 the treasury shares account for 2.72% of the capital stock (prior year: 7.76%). 56,417 of the treasury shares were pledged to secure warranty claims with respect to the purchase of Nagarro Inc. and deposited with Allgeier Nagarro Holding AG. 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)	2013	2012
Profit carried forward on January 1	61,967	61,607
Results for the period as originally reported	8,364	4,378
Reposting of surplus reserves	0	174
Dividends to shareholders of Allgeier SE	-4,184	-4,192
Profit carried forward on December 31, as originally reported	**66,147**	**61,967**
Retroactive adjustment of results for the period for the prior year	428	0
Profit carried forward on December 31, after retroactive adjustment	**66,575**	**61,967**

The net profit or loss for the period of the previous year applicable to the shareholders of Allgeier SE at EUR 8,364 thousand (prior year: EUR 4,378 thousand) was transferred to profit carried forward. Retroactive adjustments for the 2013 financial year resulted in a further increase of profit carried forward in the amount of EUR 428 thousand.

The shareholders' meeting of Allgeier SE on June 18, 2013 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 4,184 thousand (prior year: EUR 4,192 thousand). 8,367,424 shares (prior year: 8,384,546 shares) were entitled to dividends.

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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)	December 31, 2013	December 31, 2012
Currency differences	-327	3,350
Actuarial gains / losses	-516	0
Proportionate acquisition of subsidiaries with own shares	869	869
Value changes of securities	34	58
Cash flow hedge	0	-29
Purchase of shares from non-controlling shareholders below carrying amount	696	0
Purchase of shares from non-controlling shareholders above carrying amount	-2,683	-2,683
Changes in equity not affecting income, as originally reported	**-1,927**	**1,565**
Retroactive adjustment of the actuarial gains/losses from the prior year	0	-430
Retroactive adjustment of currency differences	0	2
Changes in equity not affecting income, after retroactive adjustment	**-1,927**	**1,137**

In the 2013 financial year, the Allgeier Group acquired all shares in BSR & Partner AG, Zug, Switzerland that were still held by non-controlling shareholders. The Allgeier Group paid a purchase price of EUR 1,461 for the shares. This transaction shifted the equity ownership ratios in favour of the shareholders of Allgeier SE. The shares of the non-controlling shareholders of BSR in the amount of EUR 2,157 thousand were derecognised and the difference to the purchase price at EUR 696 thousand was recorded in equity without affecting profit or loss.

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)	December 31, 2013	December 31, 2012
Changes in equity not affecting income on January 1	1,137	2,235
Other comprehensive income from the statement of comprehensive income	-3,104	-1,070
Shares of non-controlling shareholders included in other comprehensive income on the statement of comprehensive income	40	-28
Changes in equity not affecting income on December 31	**-1,927**	**1,137**

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)	2013	2012
As at January 1	4,503	4,476
Addition of shares of non-controlling shareholders	0	406
Net profit or loss for the period attributed to non-controlling shareholders	123	440
Payments made arising from the purchase of shares of non-controlling shareholders	-2,157	-666
Pay-outs to non-controlling shareholders	0	-180
Exchange rate changes not affecting net income	-40	27
As at December 31	**2,429**	**4,503**

With the purchase of all shares in BSR & Partner AG, Zug, Switzerland still held by non-controlling shareholders, the equity held by these shareholders was derecognised.

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17. Financial liabilities

The financial liabilities break down as follows:

FINANCIAL LIABILITIES (in EUR thousand)	December 31, 2013			December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Borrower's note loan	69,433	69,433	0	69,213	69,213	0
Vendor loans from the acquisition of Nagarro Inc.	1,601	0	1,601	2,407	1,605	802
Investment loan of Allgeier IT Solutions GmbH	712	493	219	0	0	0
Mortgage credit of Nagarro Software Jaipur Pvt. Ltd.	674	570	104	517	517	0
Vendor loans from the acquisition of WK	600	0	600	0	0	0
Redeemable loan from the acquisition of WK	431	0	431	0	0	0
Savings bank loan of Terna Zentrum Innsbruck	350	0	350	350	0	350
IKB loan of b+m AG	308	185	123	370	370	0
Working capital loan of Nagarro Software Pvt. Ltd.	232	0	232	266	0	266
Credit line of Opus	221	0	221	0	0	0
Vendor loans from the acquisition of Opus	221	0	221	0	0	0
Vendor loans from the acquisition of mgm tp München	200	0	200	200	0	200
Acquisition bank loan of Terna Zentrum Innsbruck	160	40	120	280	160	120
MBG loan of b+m AG	110	110	0	110	110	0
Other	293	0	293	69	0	69
	75,546	**70,831**	**4,715**	**73,782**	**71,975**	**1,807**

In February of 2012, Allgeier SE placed a borrower's note loan totalling EUR 70 million. It is structured in three tranches of EUR 29.5 million with a term of three years, EUR 31.5 million with a term of five years and EUR 9.0 million with a term of 7 years. Fixed interest was agreed for part of each tranche and variable interest on the basis of the 3-month EURIBOR for the remainder. Interest is payable at the beginning of the first month each quarter. The partial amounts and interest rates up to December 31, 2013 are as follows:

TRANCHE (in EUR thousand)	TERM (months)	INTEREST (months)	INTEREST RATE (%) DECEMBER 31, 2013	INTEREST RATE (%) DECEMBER 31, 2012
11,500	36	fixed	3.08%	3.08%
18,000	36	3-month Euribor +1.9%	2.14%	2.09%
13,500	60	fixed	3.93%	3.93%
18,000	60	3-month Euribor +2.4%	2.64%	2.59%
7,000	84	fixed	4.78%	4.78%
2,000	84	3-month Euribor +2.9%	3.14%	3.09%

Allgeier SE including its controlled entities 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. A one-time payment of EUR 970 thousand had to be made in the context of placing the borrower's note loan. This payment was allocated over the term of the loan and recorded under other operating income each year. The pro-rata amount for the 2013 financial year was EUR 220 thousand (prior year: EUR 183 thousand).

A purchase price holdback of USD 2,000 was agreed in the purchase contract for the acquisition of the shares in Nagarro, Inc. to cover warranty claims. The loan bears interest at a fixed rate of 4.177% p.a. The interest increases the loan amount and is repayable as part of the loan payments. By request of the sellers, the loan plus accrued interest is to be transferred to a trust account on September 30, 2014; the buyer and seller can only dispose of this account jointly. Unless the parties agree on an earlier release date, the amount is to be released and paid out after final clarification of all possible tax risks related to the transaction and no later than on September 30, 2018.

Allgeier IT Solutions GmbH concluded a loan contract 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, 2013 with a book value of EUR 712 thousand. The loan bears interest at a fixed rate of 4.45% p.a.

Nagarro Software Jaipur Pvt. Ltd., Jaipur, India received a mortgage loan totalling EUR 1.0 million in June of 2012 to finance the new office building at the Jaipur site. The loan was released according to construction progress. An amount of EUR 674 thousand had been drawn on December 31, 2013. The loan bears interest based on the 6-month Libor plus a margin of 6%. On December 31, 2013 the total interest rate was 6.41%. The loan is repayable in 78 monthly instalments starting in January of 2014. A guarantee of Nagarro Software Pvt Ltd., Gurgaon and the fixed assets of the borrower were provided as collateral. The book value of the fixed assets on December 31, 2013 was EUR 2,060 thousand (prior year: EUR 1,169 thousand).

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For the purchase of WK EDV GmbH, Neuburg an der Donau, a purchase price retention of EUR 600 thousand was agreed to secure claims of the Allgeier Group. The retained amount is to be released at EUR 300 thousand respectively in June 2014 and December 2014. Interest at the fixed rate of 5% is applied to the retained amounts of the purchase price.

With the purchase of WK EDV GmbH, the Allgeier Group received a redeemable loan concluded by WK in October of 2012 for EUR 1.0 million. It had a balance of EUR 431 thousand on December 31, 2013 and is repayable in monthly instalments by the end of 2014. The loan is unsecured and bears interest at a fixed rate of 2%.

Terna GmbH Zentrum für Business Software, Innsbruck, Austria ("Terna Zentrum Innsbruck") concluded a savings bank loan of EUR 350 thousand to finance exports. The loan has an unlimited term and bears variable interest, currently at 1.95% (prior year: 1.85%). To secure the loan amount, Terna Holding GmbH, Innsbruck is liable as guarantor.

The IKB loan of b+m AG had a book value of EUR 308 thousand on December 31, 2013 (prior year: EUR 370 thousand). It bears interest at a fixed rate of 4.8% p.a. and is redeemable semi-annually at EUR 62 thousand.

Nagarro Software Pvt. Ltd, Gurgaon, India, finances its ongoing business operations with a line of credit that has an unlimited term and a total amount of 40 million India rupees or EUR 468 thousand. On December 31, 2013 the line of credit was valued at EUR 232 thousand (prior year: EUR 266 thousand). Currently the line of credit bears interest at the rate of 2.72% (prior year: 4.14%).

With the acquisition of Opus in January of 2013, the Allgeier Group obtained a master agreement for a line of credit totalling CHF 250 thousand. On December 31, 2013 this master agreement was utilised at EUR 221 thousand. It has an unlimited term and bears variable interest, currently at the rate of 6.5%. The sellers are liable to Opus for the master agreement up to an amount of CHF 171 thousand. The sellers also granted Opus two private loans with residual debt on December 31, 2013 totalling EUR 221 thousand. Of these loans, the amount of CHF 100 thousand is repayable with no time limit and the remainder no later than by the end of 2014. The loans bear interest at the fixed rate of 4.5%.

The book value of the vendor loan granted with respect to the purchase of mgm tp München was EUR 200 thousand on December 31, 2013 (prior year: EUR 200 thousand). The loan has an unlimited term and bears interest at 5%.

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, 2013 the remaining loan obligation was EUR 160 thousand (prior year: EUR 2800 thousand). The interest rate for the loan on December 31, 2013 was 2.75% (prior year: 2.75%).

The MBG loan of b+m AG had a book value of EUR 110 thousand on December 31, 2013. It bears interest at the fixed rate of 10.5% p.a. and is repayable in full on September 30, 2015.

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

18. Pension provisions

The Allgeier Group has pension commitments for 17 persons in the form of direct commitments. Of the beneficiaries, six were active employees of the Allgeier Group on December 31, 2013, six persons are former employees and five persons are pensioners. The commitments in 16 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 of beneficiaries developed as follows in 2013:

NUMBER OF PENSION BENEFICIARIES	Active employees	Former employees	Pensioners	Total
Number on January 1, 2013	6	7	4	17
Status changes	0	-1	1	0
Number on December 31, 2013	**6**	**6**	**5**	**17**
Ow which on December 31, 2013				
Continuing operations	2	3	2	7
Discontinued operations	4	3	3	10
	6	**6**	**5**	**17**

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.

For pension obligations from continuing operations, the Allgeier Group recognised provisions of EUR 1,256 thousand on December 31, 2013 (prior year: EUR 2,190 thousand) and assets for reinsurance balances that are not pledged in the amount of EUR 31 thousand (prior year: EUR 54 thousand). These amounts are reconciled as follows:

PENSION PROVISIONS (in EUR thousand)	2013	2012 after retroactive adjustments	2012 as originally reported
Transition of fair value of entitlement:			
Fair value of entitlement as at January 1	3,062	1,316	1,316
Change in consolidation scope	0	957	957
Current service cost	108	68	68
Interest expenses	111	89	89
Actuarial gains or losses	26	669	669
of which from financial assumptions	58	610	610
of which from empirical adjustments	-32	59	59
Pension payments	-39	-37	-37
Disposals	0	0	0
Fair value of entitlement as at December 31	**3,268**	**3,062**	**3,062**
Discontinued operations	-1,341	0	0
Fair value of entitlement on December 31 for continuing operations	**1,927**	**3,062**	**3,062**
Reconciliation of plan assets:			
Plan assets, fair value as at January 1	926	362	362
Change in consolidation scope	0	380	380
Returns on plan assets	33	27	25
Employer contributions	102	167	167
Paid benefits	-9	-8	-8
Actuarial gains or losses	-19	-2	0
Disposals	0	0	0
Plan assets, fair value as at December 31	**1,033**	**926**	**926**
Discontinued operations	-331	0	0
Plan assets, fair value as at December 31 for continuing operations	**702**	**926**	**926**
Net obligation on December 31 for continuing operations	**1,225**	**2,136**	**2,136**
of which pension provisions	1,256	2,190	2,190
of which assets	31	54	54

The pension commitments for key personnel of subsidiaries in continuing operations during the 2013 financial year apply to two cases (prior year: three cases). On December 31, 2013 the fair value of entitlement for these persons totalled EUR 1,300 thousand (prior year: EUR 1,626 thousand). The related plan assets amounted to EUR 327 thousand (prior year: EUR 476 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)	2013	2012 after retroactive adjustments	2012 as originally reported
Personnel expenses			
Current service cost	108	68	68
Actuarial losses	0	0	669
Other	0	-37	-37
Personnel expenses	**108**	**31**	**700**
Financial income			
Income on plan assets (cannot be offset)	-2	-2	0
Other interest and similar income	**-2**	**-2**	**0**
Financial expenses			
Interest expense on pension obligations	111	89	89
Income on plan assets (can be offset)	-31	-25	-25
Interest and similar expenses	**80**	**64**	**64**
Included in the income statement	**186**	**93**	**764**
Gain/loss from the revaluation of pension obligations due to changes in financial assumptions	25	669	0
Income/expenses on plan assets without interest income	19	2	0
Included in other comprehensive income	**44**	**671**	**0**

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, 2012	23.5	19.0	12.0	20.6

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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, 2013 changes according to the following sensitivity analysis:

(in EUR thousand)	Increase	Decrease
Calculated interest rate (1.00% change)	-585	762
Wage dynamics (0.50% change)	74	-70
Pension dynamics (0.25% change)	80	-76

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 2014 are expected to total EUR 102 thousand (prior year: EUR 99 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: (see below)

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, 2013, the interest rates depending on the terms ranged from 3.37% (prior year: 3.72%) to 3.65% (prior year: 4.33%). The nominal value of the non-current purchase price liabilities of EUR 11,142 thousand (prior year: EUR 20,658 thousand) was EUR 11,680 thousand on December 31, 2013 (prior year: EUR 23,016 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. In the prior year, part of the leave entitlements at EUR 70 thousand was classified as non-current.

OTHER FINANCIAL LIABILITIES (in EUR thousand)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current
Variable purchase price liabilities from company acquisitions, where the actual amount is not yet known	10,883	10,444	439	0	0	0	10,883	10,444	439	20,376	19,931	445
Original variable purchase price liabilities from company acquisitions, where the actual amount is not yet known	9,812	698	9,114	0	0	0	9,812	698	9,114	2,997	727	2,270
Purchase price liabilities from company acquisitions, the actual amount is already fixed	700	0	700	0	0	0	700	0	700	0	0	0
Purchase price liability from the call option to acquire the remaining shares of Innocate	776	0	776	0	0	0	776	0	776	0	0	0
Pending incoming invoices	4,329	0	4,329	-341	0	-341	4,670	0	4,670	4,642	0	4,642
Leave entitlements	3,916	69	3,847	-170	0	-170	4,086	69	4,017	3,815	70	3,745
Payments received on orders	2,015	0	2,015	-1,207	0	-1,207	3,222	0	3,222	2,069	0	2,069
Liabilities from wages and salaries	3,831	0	3,831	-214	0	-214	4,045	0	4,045	3,889	0	3,889
Liabilities from finance lease	1,043	458	585	0	0	0	1,043	458	585	1,292	654	638
Working time account	728	0	728	-233	0	-233	961	0	961	1,058	0	1,058
Liabilities with respect to social security	882	0	882	0	0	0	882	0	882	625	0	625
Debtors with credit balances	205	0	205	-30	0	-30	235	0	235	224	0	224
Derivative financial instruments	805	0	805	0	0	0	805	0	805	113	0	113
Other	876	361	515	-85	0	-85	961	361	600	1,177	0	1,177
	40,801	**12,030**	**28,771**	**-2,280**	**0**	**-2,280**	**43,081**	**12,030**	**31,051**	**42,277**	**21,382**	**20,895**

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Liabilities from wages and salaries include the payment obligations for wage and church tax due in January of 2014 and applicable to 2013.

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)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current
Liabilities from VAT	4,241	0	4,241	0	0	0	4,241	0	4,241	4,224	0	4,224
Accruals and deferrals	5,379	119	5,260	-1,698	-557	-1,141	7,077	676	6,401	6,832	756	6,076
Other	35	0	35	0	0	0	35	0	35	0	0	0
	9,655	**119**	**9,536**	**-1,698**	**-557**	**-1,141**	**11,353**	**676**	**10,677**	**11,056**	**756**	**10,300**

21. Other provisions

The other provisions break down as follows:

OTHER PROVISIONS (in EUR thousand)

	Continuing operations December 31, 2013			Discontinued operations December 31, 2013			Group December 31, 2013			Group December 31, 2012		
	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current	Total	of which non-current	of which current
Royalties and bonuses	7,253	0	7,253	-1,335	0	-1,335	8,588	0	8,588	8,301	0	8,301
Annual financial statements	1,012	0	1,012	-50	0	-50	1,062	0	1,062	920	0	920
Social insurance risks	965	0	965	0	0	0	965	0	965	1,004	0	1,004
Professional association	625	0	625	-96	0	-96	721	0	721	865	0	865
Gratuity obligations	507	409	98	0	0	0	507	409	98	374	277	97
Storage	350	294	56	-43	0	-43	393	294	99	358	294	64
Gratuities	261	0	261	0	0	0	261	0	261	1,546	28	1,518
Warranties	218	0	218	-4	0	0	222	0	222	1,575	0	1,575
Disability levy	67	0	67	-14	0	-14	81	0	81	94	0	94
Recorded contingent liabilities from purchase price allocations	0	0	0	-748	0	-748	748	0	748	758	0	758
Risk of discontinued operations	0	0	0	0	0	0	0	0	0	500	0	500
Other	895	63	832	-352	0	-356	1,247	63	1,184	849	86	763
	12,153	**766**	**11,387**	**-2,642**	**0**	**-2,642**	**14,795**	**766**	**14,029**	**17,144**	**685**	**16,459**

CONSOLIDATED NOTES • NOTES TO THE BALANCE SHEET

The other provisions developed as follows:

OTHER PROVISIONS (in EUR thousand)									As at December 31, 2013		
	As at December 31, 2012	Additions to consolidation scope	Consump-tion		Liquidation	Disposal in At-equity	Additions	Currency differences	Group	Discontinued operations	Continuing operations
Royalties and bonuses	8,301	582	-7,068		-248	0	7,140	-119	8,588	-1,335	7,253
Annual financial statements	920	32	-688		-96	-2	898	-2	1,062	-50	1,012
Social insurance risks	1,004	0	-39		0	0	0	0	965	0	965
Professional association	865	0	-720		-142	0	718	0	721	-96	625
Gratuity obligations	374	0	-40		0	0	238	-65	507	0	507
Storage	359	35	-10		0	-7	20	-4	393	-43	350
Gratuities	1,546	0	-737		-743	0	197	-2	261	0	261
Warranties	1,575	29	-243		-1,238	0	100	-1	222	-4	218
Disability levy	94	0	-59		0	0	46	0	81	-14	67
Recorded contingent liabilities from purchase price allocations	758	0	-10		0	0	0	0	748	-748	0
Risk of discontinued operations	500	0	-500		0	0	0	0	0	0	0
Other	849	307	214		-190	0	127	-60	1,247	-352	895
	17,144	**985**	**-9,900**		**-2,657**	**-9**	**9,484**	**-252**	**14,795**	**-2,642**	**12,153**

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 item 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 unchanged from the prior year at EUR 2 thousand.

The provision for social insurance includes obligations for the possible payment of arrears of social insurance contributions due to ongoing court proceedings.

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)	December 31, 2013	December 31, 2012
Calculated interest rate	8.50%	8.35%
Salary increase p.a.	12.00%	12.00%
Fluctuation p.a.	20.00%	25.00%
Remaining term of service to retirement in years	31.2	31.8

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

GRATUITY OBLIGATIONS (in EUR thousand)	2013	2012 after retroactive adjustments	2012 as originally reported
Fair value of entitlement as at January 1	374	347	347
Income statement			
Current service cost	135	95	95
Interest expenses	28	29	29
Actuarial gains or losses	0	0	-61
	163	**124**	**63**
Other comprehensive income			
Actuarial gains or losses	75	-61	0
of which from financial assumptions	31	-44	0
of which from empirical adjustments	44	-17	0
Payout upon departure	-40	-32	-32
Currency	-65	-4	-4
Fair value as at December 31	**507**	**374**	**374**

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

In the prior year, part of the gratuity obligations at EUR 277 thousand originally classified as current was classified as non-current.

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.

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

Warranties include provisions for individually recorded warranty claims.

The contingent liabilities recognised for purchase price allocations relate to a liability risk that goes back to the purchase of the subsidiary now reported under discontinued operations.

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 and valuation categories are as follows:

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

	Valued at amortised cost		Through profit or loss	Not affecting profit or loss	
December 31, 2013	**Market value**	**Book value**	**Valued at fair value**	**Valued at fair value**	**Total book value**
Other financial investments	**23**	**23**	**0**	**0**	**23**
Investments	23	23	0	0	23
Trade receivables	**73,268**	**73,268**	**0**	**0**	**73,268**
Loans and receivables	73,268	73,268	0	0	73,268
Other financial assets	**6,815**	**6,815**	**123**	**2,739**	**9,677**
Loans and receivables	6,815	6,815	0	0	6,815
Derivatives (level 2)	0	0	123	0	123
Securities available for divestment (level 1)	0	0	0	2,739	2,739
Cash and cash equivalents and short-term deposits	**46,653**	**46,653**	**0**	**0**	**46,653**
Loans and receivables	46,653	46,653	0	0	46,653
Financial assets	**126,759**	**126,759**	**123**	**2,739**	**129,621**
Financial liabilities	**75,546**	**75,546**	**0**	**0**	**75,546**
Other liabilities	75,546	75,546	0	0	75,546
Trade payables	**29,403**	**29,403**	**0**	**0**	**29,403**
Other liabilities	29,403	29,403	0	0	29,403
Other financial liabilities	**19,280**	**19,280**	**21,521**	**0**	**40,801**
Other liabilities	18,237	18,237		0	18,237
Conditional purchase price liabilities (level 3)	0	0	20,717	0	20,717
Derivatives (level 2)	0	0	804	0	804
Leases	1,043	1,043	0	0	1,043
Financial liabilities	**124,229**	**124,229**	**21,521**	**0**	**145,750**

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

	Valued at amortised cost		Through profit or loss	Not affecting profit or loss	
December 31, 2012	**Market value**	**Book value**	**Valued at fair value**	**Valued at fair value**	**Total book value**
Other financial investments	**24**	**24**	**0**	**0**	**24**
Investments	24	24	0	0	24
Trade receivables	**76,401**	**76,401**	**0**	**0**	**76,401**
Loans and receivables	76,401	76,401	0	0	76,401
Other financial assets	**14,168**	**14,168**	**0**	**5,154**	**19,322**
Loans and receivables	14,168	14,168	0	0	14,168
Derivatives (level 2)	0	0	0	89	89
Securities available for divestment (level 1)	0	0	0	5,065	5,065
Cash and cash equivalents and short-term deposits	**38,939**	**38,939**	**0**	**0**	**38,939**
Loans and receivables	38,939	38,939	0	0	38,939
Financial assets	**129,532**	**129,532**	**0**	**5,154**	**134,686**
Financial liabilities	**73,782**	**73,782**	**0**	**0**	**73,782**
Other liabilities	73,782	73,782	0	0	73,782
Trade payables	**33,347**	**33,347**	**0**	**0**	**33,347**
Other liabilities	33,347	33,347	0	0	33,347
Other financial liabilities	**19,546**	**19,546**	**21,982**	**749**	**42,277**
Other liabilities	18,253	18,253			18,253
Conditional purchase price liabilities (level 3)			21,952	666	22,618
Derivatives (level 2)	0	0	30	83	113
Leases	1,293	1,293	0	0	1,293
Financial liabilities	**126,675**	**126,675**	**21,982**	**749**	**149,406**

The hierarchy levels of the fair values and their application to financial instruments are described by the Allgeier Group as follows:

Level 1: Listed prices for identical assets or liabilities in active markets

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

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

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The financial liabilities valued at fair value are assigned to three fair value hierarchy levels according to IFRS 7, Financial Instruments, as follows:

FINANCIAL LIABILITIES VALUED AT FAIR VALUE (in EUR thousand)

December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Net income-related financial liabilities valued at fair value				
Conditional purchase price liabilities	0	0	20,717	20,717
Derivatives	0	0	0	0
	0	**0**	**20,717**	**20,717**
Financial liabilities valued at fair value without affecting profit or loss				
Conditional purchase price liabilities	0	0	0	0
Derivatives	0	804	0	804
	0	**804**	**0**	**804**

FINANCIAL LIABILITIES VALUED AT FAIR VALUE (in EUR thousand)

December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Net income-related financial liabilities valued at fair value				
Conditional purchase price liabilities	0	0	21,952	21,952
Derivatives	0	30	0	30
	0	**30**	**21,952**	**21,982**
Financial liabilities valued at fair value without affecting profit or loss				
Conditional purchase price liabilities	0	0	666	666
Derivatives	0	83	0	83
	0	**83**	**666**	**749**

There were no reclassifications between the valuation categories in the 2013 financial year or prior year.

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A reconciliation of the financial instruments classified in level 3 is shown in the following table:

FINANCIAL INSTRUMENTS CATEGORISED IN LEVEL 3 (in EUR thousand)

	Net income-related financial liabilities valued at fair value	Financial liabilities valued at fair value without affecting profit or loss	Total
As at December 31, 2011	**24,811**	**465**	**25,276**
Additions	3,033	366	3,399
Fair value changes recorded through profit or loss	-2,185	0	-2,185
Decreases due to payments	-3,570	-180	-3,750
Interest effect	300	15	315
Currency differences	-437	0	-437
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**

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. The fair value changes recorded through profit or loss in the 2013 financial year were due to proceeds from writing off conditional purchase price components from the acquisition of b+m AG in the amount of EUR 404 thousand, GEMED in the amount of EUR 333 thousand, AX Solutions in the amount of EUR 73 thousand and an expense from the purchase of S&F in the amount of EUR 37 thousand. This is because the targets underlying the recorded liabilities were only reached in part or not at all, or in the case of S&F, had to be increased.

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 service revenues of S&F, 10% compared to plan	-81	81
Change in the discount rate by 1%	205	-97
Change in EBIT of the Nagarro Group, 10% compared to plan	0	1,558
Change in the USD exchange rate by 10% from 1.38 to 1.51 or 1.24 USD/EUR	392	-1,405
Change in the CHF exchange rate by 10% from 1.23 to 1.35 or 1.10 CHF/EUR	20	-24
Change in the weighted average of the target values for the Opus earn-out by 10%	0	33

Derivative financial instruments

The Allgeier Group concludes foreign exchange futures to hedge foreign currency risks of future cash flows. Whether the derivative serves as a cash flow hedge is determined when the contract is concluded. A cash flow hedge is used to hedge future cash flows against fluctuations for transactions that are highly likely to occur. Even though the foreign exchange futures constitute a hedge from an economic perspective, they do not always meet the requirements for recognition as hedging transactions.

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. Forward contracts concluded in the prior year were reported according to the cash flow hedge requirements and expired in the 2013 financial year. No hedging relationships were designated for the transactions concluded in 2013.

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. The contract expires 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:

DEVISENTERMINGESCHÄFTE (in EUR thousand)

	December 31, 2013			December 31, 2012		
	Nominal	Assets	Equity and liabilities	Nominal	Assets	Equity and liabilities
Cash flow hedge						
INR / EUR	-	0	0	3,900 thousand EUR	0	83
INR / USD	-	0	0	2,750 thousand USD	89	0
		0	**0**		**89**	**83**
Other						
INR / EUR	4,350 thousand EUR	18	255	-	0	0
INR / USD	12,000 thousand USD	105	285	-	0	0
EUR / USD	12,000 thousand USD	0	264	-	0	0
		123	**804**		**89**	**83**

Insofar as income and/or expenses for the foreign exchange futures are accepted for tax purposes, deferred taxes were recorded. The cash flow hedge is reported under changes to equity without affecting profit or loss. It developed as follows prior to recording deferred taxes:

(in EUR thousand)	2013	2012
As at January 1	6	101
Addition without affecting profit or loss	0	6
Net-income related deduction	-6	-101
As at December 31	**0**	**6**

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Furthermore, a subsidiary acquired in the prior year held an interest rate swap with a nominal amount of EUR 600 thousand to swap variable for fixed interest. The purpose of the interest swap was to hedge a possible interest rate increase for the average availment of the credit line. Since the direct hedging relationship with the line of credit was eliminated by membership in the Allgeier Group due to alternative financing options internal to the group, changes in the value of the interest swap were recorded through the income statement. The interest swap expired in the 2013 financial year (prior year: market value of the interest swap EUR -30 thousand).

The following sensitivity analysis (to the right) illustrates the effects of the foreign exchange futures on the income statement and 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**	
December 31, 2013	**5% increase**	**5% reduction**	**5% increase**	**5% reduction**
INR	653	-653	653	-653
USD	0	0	0	0
December 31, 2012				
INR	0	0	299	-299
USD	0	0	-104	104

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

	2013					**2012 after retroactive adjustments**				
NET PROFIT AND LOSS FROM THE FINANCIAL INSTRUMENTS (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**
Group										
Cash in hand	0	0	204	0	204	0	0	392	0	392
Loans and receivables	688	-1,528	1	0	-839	1,010	-645	1	0	366
of which decrease in value	0	-840	0	0	-840	0	-197	0	0	-197
Transferred financial assets that do not fulfil the prerequisites of a derecognition (ABS program)	0	0	0	0	0	382	-170	1	-170	43
Factoring	0	0	0	-243	-243	0	0	0	-41	-41
Derivative financial instruments	134	-1,609	0	0	-1,475	0	1	0	0	1
Securities	110	-46	243	-155	152	0	-18	128	0	110
Leases	0	0	0	-69	-69	0	0	0	-88	-88
Financial liabilities at fair value	1,597	-40	0	-1,655	-98	2,639	-147	0	-303	2,189
Other liabilities	0	-350	0	-2,530	-2,880	317	-613	0	-2,743	-3,039
Total net profit / loss from financial instruments	**2,529**	**-3,573**	**448**	**-4,652**	**-5,248**	**4,348**	**-1,592**	**522**	**-3,345**	**-67**
Discontinued operations										
Cash in hand	0	0	3	0	3	0	0	4	0	4
Loans and receivables	65	-1	0	0	64	0	0	-116	0	-116
Other liabilities	0	0	0	-78	-78	0	0	0	-50	-50
Total net profit / loss from financial instruments	**65**	**-1**	**3**	**-78**	**-11**	**0**	**0**	**-112**	**-50**	**-162**
Continuing operations										
Cash in hand	0	0	201	0	201	0	0	388	0	388
Loans and receivables	623	-1,527	1	0	-903	1,010	-645	117	0	482
of which decrease in value	0	-840	0	0	-840	0	-197	0	0	-197
Transferred financial assets that do not fulfil the prerequisites of a derecognition (ABS program)	0	0	0	0	0	382	-170	1	-170	43
Factoring	0	0	0	-243	-243	0	0	0	-41	-41
Derivative financial instruments	134	-1,609	0	0	-1,475	0	1	0	0	1
Securities	110	-46	243	-155	152	0	-18	128	0	110
Leases	0	0	0	-69	-69	0	0	0	-88	-88
Financial liabilities at fair value	1,597	-40	0	-1,655	-98	2,639	-147	0	-303	2,189
Other liabilities	0	-350	0	-2,452	-2,802	317	-613	0	-2,693	-2,989
Total net profit / loss from financial instruments	**2,464**	**-3,572**	**445**	**-4,574**	**-5,237**	**4,348**	**-1,592**	**634**	**-3,295**	**95**

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		Group	
	2013	2012	2013	2012	2013	2012
Taxation of employee remuneration in kind	1,345	1,298	522	538	1,867	1,836
Proceeds of currency translation	1,381	734	35	37	1,416	771
Liquidation of liabilities from enterprise acquisitions	810	2,185	0	0	810	2,185
Consumption and liquidation of allowances for doubtful accounts	551	624	58	0	609	624
Liquidation of provisions	2,475	347	182	0	2,657	347
Proceeds of hedging instruments	134	0	0	0	134	0
Collection of bad debts	75	386	4	0	79	386
Other	1,342	1,022	238	115	1,580	1,137
	8,113	**6,596**	**1,039**	**690**	**9,152**	**7,286**

24. Material costs

The material costs break down as follows:

MATERIAL COSTS (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Raw material, auxiliary and working materials	30,051	32,251	28,561	21,299	58,612	53,550
Purchased services	160,277	159,614	6,244	5,680	166,521	165,294
	190,328	**191,865**	**34,805**	**26,979**	**225,133**	**218,844**

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		Group	
	2013	2012	2013	2012	2013	2012
Salaries and wages	137,818	110,539	12,629	12,518	150,447	123,057
Royalties and bonuses	8,697	5,099	1,181	1,335	9,878	6,434
Social insurance contributions	23,183	16,568	2,209	2,390	25,392	18,958
	169,698	**132,206**	**16,019**	**16,243**	**185,717**	**148,449**

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

NUMBER OF EMPLOYEES	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Average:						
Working for customer orders	3,414	2,496	203	193	3,617	2,689
Working in other areas	755	648	54	61	809	709
	4,169	**3,144**	**257**	**254**	**4,426**	**3,398**
Valuation date:						
Working for customer orders	3,593	3,239	208	188	3,801	3,427
Working in other areas	814	731	54	56	868	787
	4,407	**3,970**	**262**	**244**	**4,669**	**4,214**

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. The figures include 55 employees (prior year: 40 employees) that are not employed by the company but are economically part of the Allgeier Group.

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 1,251 thousand (prior year: EUR 1,503 thousand).

CONSOLIDATED NOTES • NOTES TO THE CONSOLIDATED INCOME STATEMENT

Share-based payments

The objective of the stock option program introduced in the Allgeier Group is to motivate managers with additional long-term compensation. As the basis for authorisation to issue a total of up to 750,000 option rights for the purchase of one no-par share of Allgeier SE each, the capital stock was conditionally increased by the nominal amount of up to EUR 750 thousand with respect to the stock option plan.

A tranche of 460,000 option rights was issued to managers on November 19, 2012. The exercise price for these options according to the conditions of the stock option plan 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 in the 2012 financial year 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 and 2013 financial years was based on the following valuation parameters:

PARAMETERS OF THE BINOMIAL MODEL	2013	2012
Exercise price per share	EUR 10.78	EUR 10.89
Expected volatility of the share	41.16%	41.16%
Risk-free interest rate	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 option program resulted in personnel expenses of EUR 2,021 thousand. The regular shareholders' meeting on June 18, 2013 passed a resolution to distribute a dividend of EUR 0.50 per share for the 2012 financial year. According to the option terms and conditions, this results in an adjustment of the exercise price to EUR 10.78 per option in the 2013 financial year based on undiluted consolidated earnings of EUR 0.39 per share prior to the gain on disposal. The updated valuation of the option program is performed with the new exercise price, otherwise however with the parameters used since the date of issue. This results in additional personnel expenses of EUR 14 thousand for the 2013 financial year.

The development of the outstanding stock options and the corresponding exercise prices is as follows:

	2013		2012	
	Exercise price per option in EUR	Options Units	Exercise price per option in EUR	Options Units
Options granted	-	0	10.89	460,000
Options exercised	-	0	-	0
Options expired	-	0	-	0
As at December 31	**10.78**	**460,000**	**10.89**	**460,000**

Stock options outstanding on December 31, 2013 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		Group	
	2013	2012	2013	2012	2013	2012
Land and building expenses	8,622	6,888	872	997	9,494	7,885
Travel expenses	6,052	5,132	547	704	6,599	5,836
Transportation expenses	4,445	3,966	1,404	1,388	5,849	5,354
Other personnel expenses	2,219	1,483	274	331	2,493	1,814
Communication expenses	1,997	1,797	220	305	2,217	2,102
Advertising expenses	1,985	2,126	75	95	2,060	2,221
Legal and consulting expenses	1,900	1,979	57	166	1,957	2,145
Expenses on hedging instruments	1,609	0	0	0	1,609	0
Bad debts and impairment of receivables	1,527	529	1	116	1,528	645
Services	1,478	1,404	142	363	1,620	1,767
Insurance, contributions	1,417	1,187	82	86	1,499	1,273
Direct selling expenses	1,154	1,342	230	170	1,384	1,512
Year-end closing costs	920	814	20	38	940	852
Maintenance	921	786	120	208	1,041	994
Exchange losses on payment transactions and period-end translation	531	707	53	53	584	760
Entertainment expenses	485	482	23	35	508	517
Office supplies	452	383	51	57	503	440
Supervisory Board compensation	445	433	0	0	445	433
Financing expenses	349	175	0	0	349	175
Expenses from acquisition activities	143	948	0	0	143	948
Other	3,408	2,013	238	326	3,646	2,339
	42,059	**34,574**	**4,409**	**5,438**	**46,468**	**40,012**

The other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2013 as follows:

AUDIT FEES (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Audits	260	281	19	17	279	298
Tax consulting services	76	57	1	4	77	61
Other services	11	53	0	0	11	53
Other confirmation or review services	33	7	0	0	33	7
	380	**398**	**20**	**21**	**400**	**419**

27. Depreciation and amortisation

Depreciation and amortisation breaks down as follows:

DEPRECIATION AND AMORTISATION (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Amortisation:						
Acquired customer relationships and customer lists	5,459	4,475	457	457	5,916	4,932
Other plant, operating and office equipment	2,726	2,058	368	497	3,094	2,555
Acquired marketable products	1,099	965	0	0	1,099	965
Acquired software, licenses and rights	911	766	132	108	1,043	874
Financial leasing	640	571	0	13	640	584
Acquired orders on hand	379	3,656	0	0	379	3,656
Land and buildings	79	53	0	0	79	53
Acquired websites	33	34	0	0	33	34
	11,326	**12,578**	**957**	**1,075**	**12,283**	**13,653**
Decrease in value:						
Goodwill	2,180	190	0	0	2,180	190
Acquired customer relationships and customer lists	15	0	0	0	15	0
	2,195	**190**	**0**	**0**	**2,195**	**190**
	13,521	**12,768**	**957**	**1,075**	**14,478**	**13,843**

In the 2013 financial year, the goodwill of Allgeier Schweiz and BSR in the total amount of EUR 2,180 was impaired after the impairment test showed that the goodwill of both companies was no longer covered in full by the respective value in use.

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		Group	
	2013	2012	2013	2012	2013	2012
Financial income from bank loans	243	128	0	0	243	128
Interest income on bank balances	201	388	3	4	204	392
Interest income on at-equity investments	12	0	0	0	12	0
Other financial income	70	26	1	26	71	52
	526	**542**	**4**	**30**	**530**	**572**

29. Financial expenses

The financial expenses break down as follows:

FINANCIAL EXPENSES (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Interest on borrower's note loan	2,143	1,880	0	0	2,143	1,880
Compounding of non-current liabilities	1,655	303	0	0	1,655	303
Factoring interest	243	33	0	0	243	33
Currency losses on securities	124	0	0	0	124	0
Interest on financing lease agreements	70	88	0	0	70	88
Interest portion of additions to pension provisions	43	68	38	37	81	105
Exchange rate losses on securities	31	0	0	0	31	0
Interest on vendor loans	10	113	0	0	10	113
Interest on participation rights	0	389	0	0	0	389
Interest on ABS program	0	177	0	0	0	177
Interest on acquisition financing	0	115	0	0	0	115
Other interest expenses	562	292	41	19	603	311
	4,881	**3,458**	**79**	**56**	**4,960**	**3,514**

30. Result of at-equity investments

The at-equity investments break down as follows:

AT-EQUITY INVESTMENTS (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012
Proceeds from disposal, 50% of the GDE Group	160	0	0	0	160	0
Valuation of the remaining 50% at fair value	160	0	0	0	160	0
Pro-rata annual result of the GDE Group	-72	0	0	0	-72	0
	248	**0**	**0**	**0**	**248**	**0**

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		Group	
	2013	2012	2013	2012	2013	2012
Current taxes	9,610	5,283	420	-72	10,030	5,211
Deferred taxes	-2,536	-2,467	-95	-185	-2,631	-2,652
	7,074	**2,816**	**325**	**-257**	**7,399**	**2,559**

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		Group	
	2013	2012	2013	2012	2013	2012
Income from continuing operations before income taxes	10,360	7,662	1,029	-934	11,389	6,728
Corporate tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Expected income tax results	**-3,108**	**-2,298**	**-309**	**280**	**-3,417**	**-2,018**
Deviations due to tax rates	-515	171	9	0	-506	171
Tax effects of non-deductible expenses	-579	-444	-21	-21	-600	-465
Tax effects from the sale of investments	-2	0	0	0	-2	0
Remaining tax-free income	30	37	0	0	30	37
Losses for which deferred tax assets were not recognised	-1,567	-706	0	0	-1,567	-706
Use of losses for which deferred tax assets were not recognised	38	484	0	0	38	484
Liquidation of impairments on deferred tax assets on deferred taxes	0	405	0	0	0	405
Impairment of goodwill	-654	-57	0	0	-654	-57
Adjustment of earn-out liabilities	-29	697	0	0	-29	697
Incidental acquisition costs not deductible for tax purposes	-27	-108	0	0	-27	-108
Restructuring internal to the group	-300	-1	0	0	-300	-1
Distribution of dividends internal to the group	0	-6	0	0	0	-6
Expenses for share-based payments (stock options)	-4	-606	0	0	-4	-606
At-equity valuation	74	0	0	0	74	0
Effects of prior-year audits on the current year	24	219	0	0	24	219
Taxes applicable to other periods	-423	-581	-2	-2	-425	-581
Other deviations	-32	-22	-2	0	-34	-23
Actual income tax results	**-7,074**	**-2,816**	**-325**	**257**	**-7,399**	**-2,558**
	-68.3%	**-36.8%**	**-31.6%**	**-27.5%**	**-65.0%**	**-38.0%**

No income tax was incurred on the loss of EUR -327 from discontinued operations. In the prior year, income taxes of EUR 86 thousand were incurred on the results of discontinued operations at EUR 5,147 thousand (effective tax rate 1.67%).

32. Earnings per share outstanding

In the 2013 financial year, the Allgeier Group generated undiluted earnings per share outstanding of EUR 0.42 based on net income (prior year adjusted: EUR 1.05). Of the undiluted earnings per share outstanding for the 2013 financial year, EUR 0.37 applies to continuing operations (prior year adjusted: EUR 0.52) and EUR 0.05 to discontinued operations (prior year adjusted: EUR 0.53). The earnings per share outstanding are calculated based on the results for the period applicable to the shareholders of the parent company at EUR 3,539 thousand (prior year adjusted: EUR 8,791 thousand) divided by the average number of shares outstanding at 8,352,747 (prior year: 8,375,737 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 13.20 (prior year: EUR 10.94). Dilution exists when the value of the 460,000 shares granted exceeds the value of the consideration (exercise price) of EUR 10.78 (prior year: EUR 10.89) per share. The calculated issue of 84,334 bonus shares (prior year: 2,103 shares) is assumed.

The number of shares breaks down as follows:

NUMBER OF SHARES	December 31, 2013	December 31, 2012
Shares outstanding	8,824,921	8,367,424
Treasury shares	246,579	704,076
	9,071,500	**9,071,500**

The Management Board of Allgeier SE will propose to the shareholders' meeting on June 17, 2014 to distribute a dividend for the 2013 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.

E. SEGMENT REPORTING

Reporting to the top decision makers of the Allgeier Group in the 2013 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. A company of the Allgeier Group, Skytec AG, Oberhaching, was transferred from the "Projects" to the "Experts" segment in the 2013 financial year. To facilitate comparisons, the prior year was adjusted.

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 holding and service companies Allgeier SE, Allgeier Management AG, Allgeier Group Executives AG and DL Beteiligungen GmbH 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.

The segment results for continuing operations are as follows:

SEGMENTS (in EUR thousand)	Solutions segment		Experts segment		Projects segment		Other		Continuing operations		Discontinued operations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External revenues	91,064	88,597	242,166	204,563	88,888	82,151	18	0	422,137	375,311	55,506	47,532	477,643	422,842
Revenues with other segments	-582	-315	3,180	5,134	2,376	2,014	-5,797	-7,329	-823	-496	823	496	0	0
Material costs	-33,740	-35,978	-145,473	-143,791	-16,380	-19,065	5,265	6,969	-190,328	-191,865	-34,805	-26,979	-225,133	-218,844
Personnel expenses	-41,213	-35,660	-76,347	-46,723	-49,174	-44,740	-2,964	-5.084	-169.697	-132.206	-16.019	-16.243	-185,717	-148.449
Regular amortisation and depreciation	-4,948	-5,685	-2,471	-2,569	-3,879	-4,262	-59	-61	-11,357	-12,577	-956	-1,075	-12,314	-13,652
Extraordinary amortisation and depreciation	-2,180	0	0	0	15	-190	0	0	-2,166	-190	0	0	-2,166	-190
Segment results from operating activities	**-1,390**	**3,688**	**13,782**	**10,714**	**8,070**	**4,566**	**-5,995**	**-8,389**	**14,468**	**10,578**	**1,104**	**-908**	**15,571**	**9,670**
Financial income	2,155	1,715	2,197	2,050	119	79	-3,945	-3,303	525	542	4	30	530	572
Financial expenses	-2,113	-1,983	-4,587	-3,830	-3,635	-2,126	5,454	4,481	-4,881	-3,458	-79	-56	-4,960	-3,514
Result of at-equity investments	0	0	0	0	0	0	248	0	248	0	0	0	248	0
Segment results before income taxes	**-1,348**	**3,420**	**11,392**	**8,934**	**4,554**	**2,519**	**-4,238**	**-7,211**	**10,360**	**7,662**	**1,029**	**-934**	**11,389**	**6,728**
Income taxes	-841	366	-3,781	-165	-3,010	-1,413	558	-1,690	-7,074	-2,901	-325	343	-7,399	-2,559
Segment results	**-2,189**	**3,786**	**7,611**	**8,769**	**1,544**	**1,106**	**-3,680**	**-8,901**	**3,286**	**4,761**	**704**	**-591**	**3,990**	**4,170**
Other non-cash expenses (+) and income (-)	1,235	-157	1,101	2,415	3,516	2,850	1,268	3,946	7,120	9,054	1,377	1,827	8,497	10,880
Segment assets	69,007	68,208	157,830	155,690	80,354	78,283	-36,449	-30,349	270,742	271,832	18,576	17,775	289,318	289,607
Segment liabilities	66,764	63,624	134,380	139,326	78,756	73,765	-96,524	-91,642	183,376	185,074	11,198	11,124	194,574	196,197
At-equity investments	0	0	0	0	0	0	78	0	78	0	0	0	78	0
Additions to property, plant and equipment and intangible assets	3,241	6,994	3,877	29,853	3,390	4,738	1,851	74	12,358	41,659	506	829	12,865	42,488

CONSOLIDATED NOTES • SEGMENT REPORTING

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

EXTERNAL SALES (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Product revenues	28,179	49,683	27,392	20,579	55,571	70,262
Licence revenues	4,377	3,386	0	0	4,377	3,386
Service revenues	388,757	321,746	28,938	27,448	417,695	349,194
	421,313	**374,815**	**56,330**	**48,027**	**477,643**	**422,842**

External sales are broken down by countries as follows:

EXTERNAL SALES broken down by countries (in EUR thousand)	Continuing operations		Discontinued operations		Group	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Germany	338,706	292,930	45,943	41,817	384,649	334,747
Switzerland	25,778	30,599	32	30	25,810	30,629
USA	22,387	16,851	131	0	22,518	16,851
Austria	7,945	7,818	794	718	8,739	8,536
Luxembourg	478	94	5,779	4,437	6,257	4,531
Sweden	5,467	5,801	0	11	5,467	5,812
Finland	5,327	7,772	1	0	5,328	7,772
Belgium	4,075	4,994	14	7	4,089	5,001
Turkey	2,821	300	41	5	2,862	305
Netherlands	2,742	2,956	73	123	2,815	3,079
France	2,607	2,133	31	27	2,638	2,160
Spain	101	0	2,237	227	2,338	227
Other	2,879	2,567	1,254	625	4,133	3,192
Abroad total	**82,607**	**81,885**	**10,387**	**6,210**	**92,994**	**88,095**
	421,313	**374,815**	**56,330**	**48,027**	**477,643**	**422,842**

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

Revenues generated with the largest single customer in the 2013 financial year totalled EUR 21.9 million (prior year: EUR 19.4 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)	Continuing operations	Discontinued operations	Group	
	December 31, 2013	**December 31, 2013**	**December 31, 2013**	**December 31, 2012**
Germany	115,070	4,354	119,424	127,552
India	4,415	0	4,415	4,952
Switzerland	4,108	0	4,108	5,294
Austria	2,751	0	2,751	3,393
USA	1,659	0	1,659	2,418
Sweden	591	0	591	851
Turkey	514	0	514	633
Other	425	0	425	598
Abroad total	**14,463**	**0**	**14,463**	**18,139**
	129,533	**4,354**	**133,887**	**145,691**

CONSOLIDATED NOTES • CASH FLOW STATEMENT

F. 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.

The group acquired the shares of Opus, GDE, WK and 75% of the shares of Innocate in the 2013 financial year. Cash and cash equivalents of EUR 2,308 thousand were paid for purchasing the companies in the 2013 financial year. The purchase prices for the mergers and cash flows for the purchase prices are as follows:

(in EUR thousand)	Opus	Gemandoc	WK	Innocate	Total
Acquisition costs	652	1,570	3,000	1,476	6,698
Portion not payable in 2012	-220	-1,170	-600	-1,476	-3,466
Currency differences	7	0	0	0	7
Purchase price payable in cash	**439**	**400**	**2,400**	**0**	**3,239**
Acquired cash and cash equivalents	-126	-3	-754	-48	-931
Outflow of cash and cash equivalents	**313**	**397**	**1,646**	**-48**	**2,308**

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

(in EUR thousand)	Opus	Gemandoc	WK	Innocate	Total
Intangible capital assets	756	11	2,626	110	3,503
Property, plant and equipment	53	0	764	26	843
Inventories	0	0	20	33	53
Gross trade receivables, gross	394	0	1,470	411	2,275
Other assets	168	1	141	54	364
Cash and cash equivalents	126	3	754	48	931
Deferred tax assets	0	131		0	131
Accrued income	170	0	130	0	300
Deferred tax liabilities	-59	0	-784	-33	-876
Trade payables	-270	0	-189	-118	-577
Loans	-218	0	-431	0	-649
Tax liabilities	0	0	-60	0	-60
Other provisions	-12	-9	-831	-133	-985
Other liabilities	-16	-391	-610	-111	-1,128
Accrued expenses	-440	0	0	0	-440
Net assets	**652**	**-254**	**3,000**	**287**	**3,685**
Goodwill	0	1,824	0	1,189	3,013
Total purchase price	**652**	**1,570**	**3,000**	**1,476**	**6,698**

The Allgeier Group sold 50% of the shares in GDE Holding GmbH in the financial year. The sale resulted in a loss of control, so that the company's net assets had to be deconsolidated. The Allgeier Group received a purchase price of EUR 150 thousand for the shares, which was received in the financial year. The company held cash and cash equivalents of EUR 277 thousand which were eliminated. Due to the deconsolidation, the assets and liabilities of the Allgeier Group were reduced as follows:

(in EUR thousand)	
Intangible assets	11
Goodwill	1,824
Cash and cash equivalents	277
Deferred tax assets	131
Acquired assets	**2,243**
Variable purchase price liabilities	1,170
Trade payables	41
Other provisions	9
Other liabilities	1,042
Acquired liabilities	**2,262**
Net assets	**-19**

Cash and cash equivalents break down as follows:

CASH AND CASH EQUIVALENTS (in EUR thousand)	Continuing operations	Discontinued operations	Group	
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2012
Cash and cash equivalents	46,653	-3,656	50,309	38,939
Utilisation of advance in current account	-747	0	-747	-336
	45,906	**-3,656**	**49,562**	**38,603**

G. OTHER DISCLOSURES

I. Contingent liabilities and other financial obligations

In addition to the liabilities reported on the balance sheet, the group has other financial obligations under operating leases for vehicles, buildings and facilities. The minimum obligations and remaining terms are as follows:

MINIMUM OBLIGATIONS AND REMAINING TERMS (in EUR thousand)	Continuing operations	Discontinued operations	Group	
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2012
Due within a year	8,138	1,425	9,563	8,624
Due between 1 and 5 years	18,106	2,451	20,557	16,221
Due after more than five years	24,097	2,185	26,282	8,435
	50,341	**6,061**	**56,402**	**33,280**
Present value	**38,873**	**4,222**	**43,095**	**28,403**

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

Total expenses under these contracts were EUR 10,200 in the 2013 financial year (prior year: EUR 9,318 thousand). After the end of the fixed lease term, operating lease agreements can usually be extended.

II. Operating leasing as the lessor

The group leases hardware and software under operating leases to cities and municipalities for the mobile recording misdemeanors. This generated revenues of EUR 218 thousand in the 2013 financial year (prior year: EUR 134 thousand). Based on the fixed contract provisions, the group expects the following minimum revenues:

OPERATING LEASE AGREEMENTS (in EUR thousand)	December 31, 2013	December 31, 2012
Due within a year	36	24
Due between 1 and 5 years	57	61
	93	**85**

There are no contingent liabilities or other financial obligations.

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. 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, 2013 was 32.7% (prior year: 32.2%) and the debt ratio (financial liabilities less cash and cash equivalents divided by earnings before interest, tax, depreciation and amortisation (EBITDA)) was 1.0 (prior year: 1.7). On December 31, 2013 the Allgeier Group had net debt (cash and cash equivalents less financial liabilities) of EUR 28,893 thousand (prior year: EUR 34,844 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 with respect to business operations, such as liquidity risks, default risks and market risks from changes in market prices and exchange rates. For the identification, evaluation 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.

Liquidity risks

From today's perspective, the Allgeier Group does not see any risks that the payment obligations resulting from the financial instruments could not be met as scheduled. Financial liabilities on December 31, 2013 totalled EUR 145,750 thousand (prior year: EUR 149,406 thousand) These were covered at 89% (prior year: 90%) by financial assets at EUR 129,621 thousand (prior year: EUR 134,686 thousand). A comparison of current financial liabilities with current financial assets shows that the current financial assets exceed the current financial liabilities by 105% (prior year: 132%).

A key element of debt financing for the Allgeier Group is the borrower's note loan placed in March of 2012 with a volume of EUR 70 million. It was agreed with the issuers of the borrower's note loan to maintain the following: minimum equity of EUR 90 million and a maximum debt coverage ratio of 2.5, defined as the result of financial liabilities plus finance leasing liabilities less cash and cash equivalents divided by EBITDA. Repeated violations of these covenants entitle the loan issuer to cancel 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 borrower's note loan. The following was agreed in addition to maintaining the key group figures: meeting an earnings ratio and minimum results for all subsidiaries related to Allgeier SE by profit and loss transfer agreements as well as other subsidiaries obligated in a liability group for the borrower's note loan. In case the existing group of companies fails to meet these criteria, Allgeier SE has obligated itself to increase the number of jointly liable companies accordingly. Violations of these obligations also entitle the loan issuer to extraordinary cancellation. All indicators required in the borrower's note loan contract were met in the 2013 financial year.

The financial liabilities include interest-bearing financial liabilities totalling EUR 76,114 thousand (prior year: EUR 74,569 thousand). Of this amount, EUR 4,716 thousand is due for repayment in the 2014 financial year and EUR 71,398 thousand in the subsequent years. The financial liabilities result in the following future cash flows:

CASH FLOWS (in EUR thousand)

	December 31, 2013	Cash flows 2014		Cash flows 2015		Cash flows 2016		Cash flows >2016	
	Book value	Redemption	Interest	Redemption	Interest	Redemption	Interest	Redemption	Interest
Borrower's note loan	70,000	0	2,142	29,500	1,853	0	1,403	40,500	1,794
Vendor loans from the acquisition of Nagarro Inc.	1,601	1,601	117	0	0	0	0	0	0
Investment loan of Allgeier IT Solutions GmbH	712	219	28	219	18	219	9	55	1
Mortgage credit of Nagarro Software Jaipur Pvt. Ltd.	674	104	40	104	33	104	27	363	42
Vendor loans from the acquisition of WK	600	600	23	0	0	0	0	0	0
Redeemable loan from the acquisition of WK	431	431	4	0	0	0	0	0	0
Savings bank loan of Terna Zentrum Innsbruck	350	350	7	0	0	0	0	0	0
IKB loan of b+m AG	308	123	13	123	7	62	1	0	0
Working capital loan of Nagarro Software Pvt. Ltd.	232	232	6	0	0	0	0	0	0
Credit line of Opus	221	221	14	0	0	0	0	0	0
Vendor loans from the acquisition of Opus	221	221	10	0	0	0	0	0	0
Vendor loans from the acquisition of mgm tp München	200	200	10	0	0	0	0	0	0
Acquisition bank loan of Terna Zentrum Innsbruck	160	120	3	40	0	0	0	0	0
MBG loan of b+m AG	110	0	12	110	9	0	0	0	0
Other	293	293	10	0	0	0	0	0	0
Financial liabilities	**76,114**	**4,716**	**2,440**	**30,096**	**1,922**	**385**	**1,440**	**40,918**	**1,837**

The cash flow forecast assumes that funds provided for an unlimited term are repaid by December 31, 2014.

On December 31, 2013 the Allgeier Group had freely available cash and cash equivalents of EUR 50.3 million including funds of discontinued operations (prior year: EUR 38.9 million). Furthermore, various lines of credit granted by banks to individual subsidiaries were available to cover working capital fluctuations up to EUR 5.6 million (prior year: EUR 6.6 million). On the balance sheet date of December 31, 2013 the company was utilising the lines of credit in the amount of EUR 1.4 million (prior year: EUR 1.1 million). Two Allgeier Group companies have concluded agreements for the factoring of customer receivables with a total volume of EUR 25 million (prior year: EUR 25 million). Of this volume, EUR 15.6 million was utilised on the balance sheet date of December 31, 2013 (prior year: EUR 15.4 million).

CONSOLIDATED NOTES • OTHER INFORMATION

Default risks

For financial assets there is a general risk of default on loans and receivables. Theoretically the maximum default risk corresponds to the book value of the loans and receivables at EUR 80,083 thousand (prior year: EUR 90,569 thousand). There is also a theoretical default risk for cash in hand at financial institutions in the amount of EUR 46.7 million (prior year: EUR 38.9 million).

Loans and receivables were impaired at EUR 1,509 thousand on December 31, 2013 (prior year: EUR 6,015 million). This corresponds to an impairment ratio of 1.8% in the financial year (prior year: 6.2%) on the existing loans and receivables. The Allgeier Group believes that the risk of default is minor for financial assets beyond the already adjusted book value. Allgeier has a broad-based customer structure which minimises larger individual risks. The largest single customer generated less than 5% of revenues in the 2013 financial year and the prior year. Loans and receivables are managed and incoming payments tracked decentrally by the subsidiaries. Credit checks are performed as needed before concluding orders with new customers. In case of late payment, 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. As a rule, all trade receivables are subject to the retention of title which only expires when the respective receivable is paid. There are currently no indications of possible defaults on financial assets.

Interest risks

The interest-sensitive assets and liabilities mainly consist of securities and financial liabilities.

The securities are listed bonds at fixed interest rates. They are used for the short-term treasury management of the Allgeier Group and were correspondingly concluded with short maturities. Therefore the securities overall are only subject to minor interest rate fluctuation risks.

Of the interest-bearing financial liabilities of the Allgeier Group, EUR 39,709 thousand bear interest at variable rates (prior year: EUR 39,414 thousand). These liabilities bearing interest at variable rates are subject to interest risks due to changes in money market and capital market interest rates. Fixed interest rates were agreed for all remaining financial liabilities. For the financial liabilities bearing interest at variable rates, a sensitivity analysis was performed with the result that a decrease in the capital market interest rate by 100 basis points p.a. would lead to additional interest income of EUR 397 thousand p.a. (prior year: EUR 394 thousand) and an interest rate increase by 100 basis points p.a. would result in additional interest expenses of EUR 397 p.a. (prior year: EUR 394 thousand). In these cases, equity would decrease or increase by these figures, adjusted for taxes, in the amount of EUR 278 thousand (prior year: EUR 276 thousand). The analysis was prepared under consideration of redemption payments due in 2014. Repayment in 2013 was assumed for the funds made available for an unlimited term.

CONSOLIDATED NOTES • OTHER INFORMATION

Currency risks

The majority of companies in the Allgeier Group is active in the Eurozone and therefore only subject to minor currency risks. Sales to countries with other currencies are usually invoiced in Euros by these companies. Outside the Eurozone, the Allgeier Group has companies in Switzerland, the Czech Republic, Romania, India, the USA, Mexico, Turkey, the United Arab Emirates and Singapore. These companies prepare their annual financial statements in the respective national currency. Due to the currency translation of these financial statements to the consolidated financial statements of Allgeier SE, the Allgeier Group's assets, liabilities and income are subject to currency risks. A sensitivity analysis of the currency risks shows that, if the Euro were 10% stronger compared to the currencies of these countries, the revenues converted into Euros would be reduced by EUR 8,028 thousand (prior year: EUR 7,423 thousand), the annual results by EUR 51 thousand (prior year: EUR 210 thousand) and equity by EUR 6,650 thousand (prior year: EUR 7,179 thousand) compared to the figures reported in these consolidated financial statements for 2013. The results of the sensitivity analysis by currencies is as follows:

CURRENCY RISKS (in EUR thousand)

	Revenues 2013	Net income for the year 2013	Equity, December 31, 2013	Revenues.. 2012	Net income for the year 2012	Equity, December 31, 2012
CHF	2,429	-107	2,064	2,921	100	2,389
INR	2,274	231	1,005	1,806	236	930
USD	2,270	79	3,186	1,752	-68	3,243
Other	1,055	-152	395	944	-58	614
	8,028	**51**	**6,650**	**7,423**	**210**	**7,176**

The Allgeier Group has concluded foreign exchange futures to hedge fluctuations of the US dollar against the Indian rupee in the amount of USD 12 million and the Euro, also in the amount of USD 12 million, as well as the Euro against the Indian rupee in the amount of EUR 4,350 thousand.

Tax risks

The Allgeier Group is obligated to pay taxes in various countries. In order to determine the tax liabilities on December 31, 2013, the group had to make significant assumptions in some cases, especially when final taxation could not be conclusively determined. Insofar as final taxation differs from the assumed, expected tax liabilities, this will affect tax expenses in the period in which taxation is conclusively determined. Should final income taxes deviate by 10% to the detriment of the values calculated on the income statement, the group would have to increase the tax liability for current income taxes by EUR 1,003 thousand (prior year: EUR 530 thousand) and for deferred taxes by EUR 263 thousand (prior year: EUR 265 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 of EUR 59 thousand.

V. Bodies of the parent company

Supervisory Board

The members of the Allgeier SE Supervisory Board in 2013 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 a member of the domestic and
foreign supervisory boards required by law, for the following companies:
Hansa-Werke AG, Stuttgart (Chairperson)
Minimax GmbH, Bad Oldesloe

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., Waresaw, Poland (Chairperson)
Axtone S.p.r.o., Kanczuga, Poland (Chairperson)
GHD GesundHeits GmbH Deutschland, Ahrensburg
IK Investment Partners Ltd., London, United Kingdom
IK Investment Partners S.A.R.L., Luxembourg, Luxembourg
KWC, Aarau, Switzerland (President)
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)
DIBAG Industriebau AG, Munich (until May 2013)
Plenum AG, Frankfurt am Main
Corona Equity Partner AG, Grünwald (until July 4, 2013)

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 2013 financial year was EUR 435 thousand (prior year: EUR 433 thousand). The remuneration includes a provision for variable compensation of EUR 327 thousand (prior year: EUR 327 thousand), which will be paid out in the 2014 financial year. In the 2013 financial year, members of the Supervisory Board also provided consulting services of EUR 3 thousand (prior year: EUR 3 thousand). 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 2013 were as follows:

Mr. Carl Georg Dürschmidt (Chairperson)
Mr. Dr. Marcus Goedsche
Mr. Hubert Rohrer (from October 15, 2013)

On March 3, 2014 Mr. Manas Fuloria was appointed as an additional member of the Allgeier SE Management Board.

The total remuneration for members of the Management Board in the 2013 financial year was EUR 1,643 thousand (prior year: EUR 1,724 thousand). The remuneration applies to the 2013 financial year and is due in the short term. 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 2013 consolidated financial statements are approved. 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.

VI. Related party transactions

According to the regulations of IAS 24, 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 has granted a loan to GDE Holding GmbH for the amount of EUR 1,838 thousand at an interest rate of 5.0% p.a. Under the legal relationship, there are loan receivables and receivables for consulting services of the Allgeier Group against the GDE Holding GmbH subgroup totalling EUR 1,181 thousand on December 31, 2013. In the period from October to December 2013, the Allgeier Group recorded related interest income of EUR 12 thousand. The loan agreement also calls for a subordinated claim in the amount of the loan until the end of 2015 at the latest.

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

VII. Publication

Approval of the consolidated financial statements by the Supervisory Board and the release for publication are planned for April 28, 2014. The consolidated financial statements are published in the German Federal Gazette.
Allgeier IT Solutions AG is included in the consolidated financial statements of Allgeier SE and partly or fully utilises the exemption pursuant to Section 264, Paragraph 3 of the German Commercial Code (HGB).

VIII. 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, 2014
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 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 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 HGB in conjunction with Paragraph 2, Sentence 2 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 G. Other disclosures.

Section 314, Paragraph 1, No. 8 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 G. Other disclosures.

Section 314, Paragraph 1, No. 9 HGB:

The total fee charged by the auditor of the consolidated financial statements for the 2012 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, 2013 to December 31, 2013. 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 8, 2014
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, 2013				Annual result, January 1 – December 31, 2013							
		December 31, 2013	Local currency		Exchange rate	EUR	Local currency		Exchange rate	EUR		Profit and loss transfer agreement with	Segment	Disclosure
	Company													
1.	Allgeier SE, Munich		114,186,548			114,186,548	-4,357,337			-4,357,337			Other	Annual financial statements and consolidated financial statements in the German Federal Gazette
	Direct shareholdings of Allgeier SE:													
2.	Allgeier Management AG, Munich	100.00%	64,226			64,226	-23,320			-23,320			Other	German Federal Gazette
3.	Allgeier Group Executives AG, Munich	100.00%	49,406			49,406	1,720			1,720			Other	German Federal Gazette
4.	DL Beteiligungen GmbH, Munich	100.00%	0			0	0			0			Other	German Federal Gazette
5.	Allgeier Middle East Ltd., Dubai, United Arab Emirates	100.00%	10,000			1,978	0			0			Other	
6.	Allgeier IT Solutions AG, Munich	100.00%	11,145,441			11,145,441	0			0	(1)	1.	Solutions	
7.	Allgeier Experts SE, Wiesbaden	100.00%	35,898,079			35,898,079	4,149,079			4,149,079			Experts	German Federal Gazette
8.	Allgeier Project Solutions GmbH, Munich	100.00%	18,858,695			18,858,695	-1,736,988			-1,736,988			Projects	German Federal Gazette
	Indirect shareholdings through dependent subsidiaries:													
9.	Allgeier IT Solutions GmbH, Bremen	100.00%	3,771,811			3,771,811	1,773,532			1,773,532			Solutions	German Federal Gazette
10.	BSH IT Solutions GmbH, Bremen	100.00%	64,348			64,348	0			0	(1)	9.	Solutions	German Federal Gazette
11.	Allgeier Documents Solutions GmbH, Vienna, Austria	100.00%	128,690			128,690	3,593			3,593			Solutions	
12.	b+m Informatik AG, Melsdorf	100.00%	-1,699,063			-1,699,063	607,099			607,099			Solutions	German Federal Gazette
13.	CUBE Management GmbH, Munich	100.00%	164,719			164,719	15,610			15,610			Solutions	German Federal Gazette
14.	Allgeier Computer B.V., Oosterhout, Netherlands	100.00%	1,560,901			1,560,901	150,962			150,962			Solutions	
15.	Allgeier N.V., Zaventem, Belgium	100.00%	129,058			129,058	-394,682			-394,682			Solutions	
16.	Allgeier Ltd., Nicosia, Cyprus	100.00%	52,829			52,829	-20,444			-20,444			Solutions	
17.	Allgeier S.A., Luxembourg	100.00%	-40,076			-40,076	-51,075			-51,075			Solutions	
18.	ALLGEIER BİLGİ İŞLEM SİSTEMLERİ DANIŞMANLIK VE TİCARET LİMİTED ŞİRKETİ, Istanbul, Turkey	80.00%	-4,411,692	TRY	2.9436	-1,498,725	-3,442,252	TRY	2.5626	-1,343,250			Solutions	
19.	DIDAS Business Services GmbH, Langenfeld	100.00%	5,337,455			5,337,455	987,768			987,768			Solutions	German Federal Gazette
20.	BSR & Partner AG, Zug, Switzerland	100.00%	8,481,433	CHF	1.2256	6,920,116	216,933	CHF	1.2300	176,364			Solutions	
21.	Terna Holding GmbH, Innsbruck, Austria	100.00%	1,767,336			1,767,336	403,904			403,904			Solutions	
22.	Terna GmbH Zentrum für Business Software, Innsbruck, Austria	100.00%	2,374,634			2,374,634	1,518,686			1,518,686			Solutions	
23.	Terna AG Zentrum für Business Software, Hünenberg, Switzerland	100.00%	2,033,950	CHF	1.2256	1,659,528	572,796	CHF	1.2300	465,677			Solutions	
24.	OPUS Solutions AG, Switzerland	100.00%	-149,123	CHF	1.2256	-121,672	-589,212	CHF	1.2298	-479,098			Solutions	
25.	Allgeier Schweiz AG, Thalwil, Switzerland	100.00%	5,565,401	CHF	1.2256	4,540,886	315,233	CHF	1.2300	256,281			Solutions	
26.	innocate solutions GmbH, Düsseldorf	100.00%	209,844			209,844	9,602			9,602	(3)		Solutions	German Federal Gazette
27.	GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm	100.00%	913,206			913,206	79,015			79,015			Solutions	German Federal Gazette
28.	Goetzfried AG, Wiesbaden	100.00%	8,693,880			8,693,880	0			0	(1)	7.	Experts	German Federal Gazette
29.	Goetzfried AG, Allgeier IT Solutions GmbH u.a. GbR, Wiesbaden	100.00%	0			0	0			0			Experts	
30.	U.N.P.-Software GmbH, Düsseldorf	100.00%	1,510,230			1,510,230	696,931			696,931			Experts	German Federal Gazette
31.	Xiopia GmbH, Unterföhring	100.00%	1,050,100			1,050,100	0			0	(1)	7.	Experts	German Federal Gazette
32.	WK EDV GmbH, Neuburg a.d. Donau	100.00%	1,169,278			1,169,278	217,945			217,945			Experts	German Federal Gazette
33.	Skytec AG, Oberhaching	100.00%	-67,112			-67,112	-144,870			-144,870			Experts	German Federal Gazette
34.	TOPjects GmbH, Munich	100.00%	50,000			50,000	0			0	(1)	7.	Experts	German Federal Gazette
35.	tecops personal GmbH, Munich	100.00%	5,324,975			5,324,975	2,511,618			2,511,618			Experts	German Federal Gazette
36.	Oksijen İnsan Kaynaklares Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey	90.00%	3,368,008	TRY	2.9436	1,144,168	715,749	TRY	2.5626	279,302			Experts	
37.	Allgeier Dritte Beteiligungs GmbH, Munich	100.00%	-203,966			-203,966	-185,954			-185,954			Experts	German Federal Gazette
38.	Softcon MBO GmbH, Munich	100.00%	98,262			98,262	389,855			389,855			Projects	German Federal Gazette
39.	SOFTCON AG, Munich	100.00%	11,107,904			11,107,904	0			0	(1)	38.	Projects	German Federal Gazette
40.	SOFTCON IT Service S.r.l., Timisoarea, Romania	100.00%	1,525,593	LEI	4.4594	342,105	-38,722	LEI	4.4111	-8,778			Projects	
41.	mgm technology partners GmbH, Munich	80.00%	3,675,420			3,675,420	1,029,956			1,029,956			Projects	German Federal Gazette
42.	mgm technology partners s.a.r.l., Grenoble, France	80.00%	263,235			263,235	138,155			138,155			Projects	
43.	mgm technology partners s.r.o., Prague, Czech Republic	80.00%	56,871,814	CZK	27.4003	2,075,591	10,061,012	CZK	26.0045	386,895			Projects	
44.	MGM Consulting Partners GmbH, Hamburg	56.00%	594,495			594,495	383,149			383,149			Projects	German Federal Gazette
45.	Allgeier Project MBO GmbH, Munich	100.00%	23,348			23,348	-753			-753			Projects	German Federal Gazette
46.	Allgeier Global Services Asia Pte. Ltd., Singapore	100.00%	56,660	SGD	1.7458	32,454	-38,140	SGD	1.6671	-22,879			Projects	
47.	Allgeier Nagarro Holding AG, Munich	100.00%	21,086,324			21,086,324	-342,461			-342,461			Projects	German Federal Gazette
48.	Nagarro Inc., San Jose, USA	100.00%	2,782,514	USD	1.3804	2,015,743	1,434,330	USD	1.3302	1,078,318			Projects	
49.	Nagarro Software Pvt. Ltd., Gurgaon, India	100.00%	827,454,695	INR	84.1266	9,835,832	201,953,822	INR	78.3455	2,577,735	(2)		Projects	
50.	Nagarro Software Jaipur Pvt. Ltd., Jaipur, India	100.00%	29,439,501	INR	85.0386	346,190	-5,279,383	INR	78.3455	-67,386	(2)		Projects	
51.	Nagarro Software GmbH, Frankfurt	100.00%	775,081			775,081	403,456			403,456			Projects	German Federal Gazette
52.	Nagarro Software AB, Stockholm, Sweden	100.00%	4,502,225	SEK	8.9225	504,592	1,630,589	SEK	8.6605	188,278			Projects	
53.	Nagarro Software S.A., Monterrey, Mexico	100.00%	-4,176,952	MXN	17.9850	-232,246	-1,845,197	MXN	17.0634	-108,138			Projects	
54.	Nagarro Austria GmbH, Vienna, Austria	100.00%	18,235			18,235	-31,765			-31,765			Projects	
55.	Synchronization Inc., San Jose, USA	100.00%	38,072	USD	1.3766	27,657	8.396	USD	1.3302	6,312			Projects	
56.	Koolseek Inc., San Jose, USA	100.00%	100	USD	1.3765	73	0	USD		0			Projects	
	Companies consolidated using the at-equity method:													
57.	GDE Holding GmbH, Munich	50.00%	-11,578			-11,578	-36,578			-36,578				German Federal Gazette
58.	German Doctors Exchange GmbH, Bonn	45.00%	-300,787			-300,787	-562,033			-562,033				German Federal Gazette

(1) After the transfer of profit or loss · (2) Hypothetical annual result for the financial year from January 1 – December 31, 2013 · (3) Annual result, June 1 – December 31, 2013

GLOSSARY

Glossary

Allgeier Schweiz	Allgeier Switzerland AG, Thalwil, Switzerland (formerly: 1eEurope (Switzerland) AG)
Asset deal	Purchase and transfer of assets and liabilities
AX Solutions	AX Solutions GmbH, Braunschweig
b+m AG	b+m Informatik AG, Melsdorf
BSR	BSR & Partner AG, Zug, Switzerland
DIDAS	DIDAS Business Services GmbH, Langenfeld
Earn-out	Conditional purchase price from enterprise acquisitions
EBIT	Earnings before interest and taxes
Fair value	Fair value
Trade receivables	Trade receivables
GEMED	GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm
GDE	German Doctor Exchange GmbH, Bonn
GDE Group	GDE Holding GmbH, Munich German Doctor Exchange GmbH, Bonn
Goetzfried	Goetzfried AG, Wiesbaden
Gratuity obligations	gratuity obligations, employees leaving in India
Hexa	HEXA Business Services- Beratungs- und Dienstleistungs GmbH, Vienna, Austria
Innocate	innocate solutions GmbH, Düsseldorf
mgm cp Hamburg	mgm consulting partners GmbH, Hamburg
mgm tp München	mgm technology partners GmbH, Munich
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 Synchronization Inc., San Jose, USA Koolseek Inc., San Jose, USA
off-balance	Not shown on the balance sheet
Opus	OPUS Solution AG, Root Längenbold, Switzerland
Oxygen	Oksijen İnsan Kaynaklarıı Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey
Recompli	recompli GmbH, Grasbrunn
S&F	SF Software & Friends, Leipzig
SOFTCON AG	SOFTCON AG, Munich
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 OPUS Solution AG, Root Längenbold, Switzerland
Terna Zentrum Innsbruck	Terna GmbH Zentrum für Business Software, Innsbruck, Austria
Subsidiaries	Group companies associated with Allgeier SE
TOPjects	TOPjects GmbH, Munich
UNP	U.N.P.-Software GmbH, Düsseldorf
WK	WK EDV GmbH, Neuburg an der Donau
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, 2014

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

Financial calendar 2014

IMPORTANT DATES AND EVENTS	Date
Publication of the 2013 consolidated/annual financial statements	April 30, 2014
Publication of the interim business report on March 31, 2014	May 15, 2014
Shareholders' meeting in Munich	June 17, 2014
Publication of the 2014 semi-annual financial report	August 14, 2014
Publication of the interim business report on September 30, 2014	November 14, 2014

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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

ALLGEIER

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