ALLGEIER

ANNUAL REPORT 2012

»Allgeier combines the advantages of an international provider with the merits of medium-sized companies with a growth strategy oriented consistently to innovations and future trends, and an integrative business model.«

ALLGEIER SE IS ONE OF THE LEADING IT COMPANIES FOR BUSINESS PERFORMANCE TODAY

Allgeier SE is one of the leading IT companies for Business Performance today: Allgeier combines the advantages of an international provider with the merits of medium-sized companies with a growth strategy oriented consistently to innovations and future trends, and an integrative business model.

Six operating divisions, each with their individual specialist or sector-related focal points, work together in the three segments of Solutions, Experts and Projects for more than 2,000 customers from almost all sectors. With more than 4,200 salaried employees and over 1,500 freelance IT experts, Allgeier, as a one-stop shop, offers customers a comprehensive portfolio of solutions and services. Allgeier's customers include globally operating groups as well as innovative medium-sized operations that wish to secure strategic advantages through intelligent IT.

This high-growth company operates at more than 90 sites in the German-speaking region, and at further locations in the rest of Europe, as well as in India, Mexico and the USA.

The company is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment (German Securities Number/WKN 508630, ISIN DE0005086300).

@ **Further information, current corporate news, customer references and case studies can be found at www.allgeier.com.**

KEY GROUP FIGURES	2008	2009	2010	2011	2012	CAGR
Sales revenue	178.7	223.5	308.7	378.8	422.8	24.0%
EBITDA	12.1	14.4	18.1	22.3	22.9	17.3%
of which operating units	15.6	17.3	21.0	26.9	31.3	19.1%
EBIT	3.9	8.0	11.0	12.0	9.1	23.6%
of which operating units	7.5	10.9	14.0	16.6	17.5	23.6%
EBT	87.4	7.0	10.2	9.5	11.2	
Net income	80.4	5.0	8.7	5.3	8.8	
Total assets	193.4	160.1	204.1	242.1	289.6	
Equity	81.8	79.5	85.5	88.2	93.4	
Earnings per share (in EUR)	8.93	0.60	0.99	0.52	1.00	
Adjusted earnings per share (undiluted. in EUR)			1.18	1.27	1.85	
Number of permanent employees	831	1,261	1,339	2,546	4,214	50.1%
Number of freelance e.perts	1,331	1,235	1,438	1,531	1,516	3.3%
Total number of employees	2,162	2,496	2,777	4,077	5,730	27.6%

(IFRS; in EUR millions)
(2008 and 2012 including gain on disposal of Personal Services division)

Contents

FOREWORD BY THE MANAGEMENT BOARD

Carl Georg Dürschmidt
Management Board member

Dr. Marcus Goedsche
Management Board member

Foreword by the Management Board

Dear shareholders, customers, business partners and employees,

When taking a look at just the bare facts, the Allgeier Group registered further positive development in 2012. We reported double-digit percentage revenue growth to EUR 423 million, and boosted the profitability of our operating business in many areas. We can be rightly proud of this, and we owe our unqualified thanks to all of the employees and business partners involved. As the Management Board of Allgeier SE, we have nevertheless taken it upon ourselves to achieve further objectives. Allgeier has reached a stable size as a basis, and enjoys a flexible corporate structure to work on the next level of its development – we wish not only to be a good or above-average player, but also to show excellence in our business model and value appreciation.

We worked intensively on this in 2012. The past year was a year of reorientation for the Group. It started already in autumn 2011 with the Management Board's initial decision to structure the portfolio more strategically. Our guiding ideas have remained constant in their principles over the last ten years in this context:

- We aim to create a modern corporate Group which creates value, with strong top and bottom line growth, and which benefits from the sector's consolidation trend while being innovative and capable of change with a modern corporate concept that leaves a lot of entrepreneurial decision-making freedom to the Group operating companies' individual managers.

- Our Group depends on its excellent staff, some of whom are committed well beyond the normal extent. We are now a proud employer of more than 4,000 salaried staff, and a reliable business partner to more than 1,500 experts who work as freelance subcontractors.

With the growing development and size of our Group, we must not forget to implement necessary changes and adaptations to our concept in order to continue to intensively pursue our original guiding principles:

For example, our primary objective in former years was initially to rapidly add size and breadth to our range of services, in order to thereby become stronger and more effective, in other words. This concept proved its worth during the crisis in 2009 and 2010. But the world, and especially the IT world, continues to change rapidly. Yesterday's market champion has to battle tomorrow to stay in the game. For this reason, we need to further develop our corporate concept.

By forming divisions as major corporate units which are more efficient and assume a more visible and focused profile on the market, we will structure the Group more clearly for our customers and the capital market. Our existing corporate model, with its high degree of decentralised responsibility for its respective businesses, will be sharpened and augmented by the divisions. These divisions are also platforms for a constant and intelligent integration process, with as much standardisation as is required and meaningful, and consequently with as much freedom as possible. They do not replace the company level of the individual company, but instead form a structural and corporate unit between the company level and the Group level within a modern corporate organisation, which increasingly allows activity outside the restriction of a tight corporate law corset.

Finally, the Group's reorientation also serves to focus the business models' content, in particular. The IT market is so large and varied that highly differing business models each have their own entitlement to exist side-by-side with others, but also require extremely different corporate concepts. For example, some business models primarily demand size and comprehensive geographic presence, in the same way that the excellence of small innovative companies lies within a particular niche. For us, this means that we aim to develop and grow not only where we identify sector trend and future topics as growth-drivers, but also where we possess excellence and the requisite approaches within the Group. The analysis has shown that we are outstandingly positioned in this context, and can demonstrate the right approaches:

- In our Experts segment, we are the market-leader in Germany for flexible personnel solutions. Reality has long since changed considerably for customers due to the diversity of requirements made of IT and corresponding projects. The right mix of long-term support and specialists for selective deployment is required. Demands have also become more diverse on the employees and IT specialists side – for some, what counts is a secure job, whereas for others it is the greatest degree of variety of the challenges entailed in very differing projects. Modern personnel concepts allow the best possible solutions to meet all requirements between customers and IT specialists in this context. While modern labour market concepts are sometimes abused as social dumping in other sectors, they are now indispensable in IT, and work for all involved. Our success confirms our approach of playing a value-creating and irreplaceable role on the market with a high degree of acceptance among customers and employees.

FOREWORD BY THE MANAGEMENT BOARD

»We aim to acquire greater profile in 2013 and the following years, grow significantly faster, and considerably improve our profitability in doing so.«

- Allgeier combines a high extent of software know-how and its own products, as well as sought-after expertise in implementing software to support key corporate processes. For example, we are in demand as a partner for leading ERP products such as Microsoft Dynamics NAV and AX. Our own software products also enjoy a growing rating on the market, however. Our new cierp3 ERP solution received an innovation prize as the best Cloud solution last year, for example. Our document management solutions are deployed as Cloud solutions at some major customers, but are also urgently sought-after products in specialty areas such as medicine.
- Allgeier took an important step with the acquisition of the Nagarro Group in 2011, which today serves as the building block to expand our business area that perhaps offers the greatest future potential. For most companies, the development and management of individual software solutions forms an essential core component of their success. Today, the question as to who has the best IT solution proves decisive to success or failure in international competition in almost all sectors. IT has become a genuine competitive factor at international level.
For this, companies require experienced, competent and reliable IT partners that become genuine assets for customers as part of a cooperation over many years. The times when cheap services were purchased offshore are largely over. The best and most intelligent solutions at an acceptable and internationally competitive price are in demand today. The service-provider of the future is international in this context, but also close to the customer with a high innovative potential and major project expertise. In this context, Allgeier enjoys a major opportunity to become a notable player with its guiding principle of "the brightest minds", with employees in Germany, the USA, India, Sweden, Rumania and Austria, and other countries.

Acquisitions will continue to form part of corporate development in this context. Each new Group company represents an enrichment and delivers forward momentum. As part of market consolidation, many top companies seek the opportunity to join a strong group such as Allgeier, thereby allowing business to be further developed on a targeted and accelerated basis. The Group's divisions and segments create both an integration platform and a benchmark for the assessment of target companies' business models in this context. Future acquisitions should support the focusing of business models, rather than dilute them.

Given this, the Group's development in 2012 is not yet satisfactory. We have nevertheless used this time to launch the steps mentioned. We regard these internal processes, which also cost money in 2012 and required additional working time from our colleagues, as important investments in the coming years.

We aim to acquire greater profile in 2013 and the following years, grow significantly faster, and considerably improve our profitability in doing so. Above all, we aim to be a reliable and profitable partner for our customers, and an attractive employer for our staff. The result should be a sustainable enhancement of the company's value for our shareholders.

We would like to take this opportunity to thank our customers and business partners for their trust and confidence in us, and for our positive cooperation. In particular, we would like to warmly thank our employees, who form the backbone of our Group with their commitment and know-how. We would like to especially thank our shareholders for their continued loyalty and confidence in our development. All in all, we can also finally be a little proud of what we have jointly achieved.

Let us happily and vigorously approach the task of jointly achieving the next level in the Group's development. Much of what Allgeier will represent in the next few years will arise only on the basis of the approaches that we have adopted. We look forward to jointly structuring our successful future together.

Yours sincerely,

Carl Georg Dürschmidt
Management Board member

Dr. Marcus Goedsche
Management Board member

REPORT OF THE SUPERVISORY BOARD

»The Supervisory Board would like to thank the management and all staff of the Allgeier Group for their achievements in the 2012 financial year.«

Report of the Supervisory Board

Dear ladies and gentlemen,

In the 2012 financial year elapsed, the Supervisory Board fulfilled the tasks incumbent upon it pursuant to the law and the company's articles of association, and regularly supervised and consulted with the Management Board in its management of the company. From the perspective of the Supervisory Board, 2012 for the Allgeier Group was characterised by the implementation of the stronger strategic focus and the corresponding adaptation of the Group organisation. The aim is not only to more clearly position the Allgeier Group on the market, but also to bolster its structure for the future with a greater concentration on business areas offering above-average growth and earnings potential. In the 2012 financial year, the Supervisory Board met for five actual meetings where all members were present, and also held one meeting by way of telephone conference. The Supervisory Board also conducted several further discussions and coordinating sessions by way of telephone conference, and approved further resolutions by way of written circular. The Management Board members were present at all Supervisory Board meetings. The Supervisory Board met and passed resolutions without the Management Board when discussing and passing resolutions on individual topics, especially relating to the Management Board and its compensation. The Management Board informed the Supervisory Board or its Chairman between meetings regularly in telephone conversations and partly also in personal meetings concerning significant developments, and coordinated decisions in advance with the Supervisory Board or its Chairman. From the Supervisory Board's point of view, the Management Board consequently extensively fulfilled its reporting and informative duties to the Supervisory Board in the financial year elapsed, providing the Supervisory Board with current and comprehensive information about business trends, the position of both the parent company and the Group companies, and about significant business transactions both at Supervisory Board meetings, and also outside the scope of Supervisory Board meetings.

Significant topics with which the Supervisory Board concerned itself in its work both within and outside the scope of meetings included, in particular:

- current business trends and the Group's performance, in each case in comparison with the approved Group planning,
- the current financing and liquidity position,
- Group financing, particularly the conclusion of the EUR 70 million borrower's note loan in February 2012,
- specific acquisition plans,
- questions relating to the Group's strategic orientation,
- internal projects to boost integration within the Group through forming divisions as major business units with their own management teams,
- management and personnel topics,
- Management Board and compensation topics including stock option plans, as well as
- risk management and compliance.

In the consultations between the Management and Supervisory boards, and on the basis of information updated by the Management Board, the Supervisory Board was of the opinion that the Management Board's management of the company was correct and proper during the 2012 financial year. The Management Board further developed the organisation of Allgeier SE and its risk management in line with the development of the Group in the financial year elapsed. The Supervisory Board discussed with the Management Board and the auditors the risk management system installed within the company, and found it to be proper. If Supervisory Board approval was required for individual management measures, all such measures were examined by the Supervisory Board after having been presented in good time by the Management Board, and the requisite assent was granted. As a consequence, the Supervisory Board notes that the Management Board comprehensively enabled it to constantly supervise the Management Board's work. In this context, the Supervisory Board was of the firm opinion that the Management Board's management of the company complied with statutory requirements in all aspects, and gave no grounds to objections by the Supervisory Board. The Supervisory Board also examined the efficiency of its own work, and improved it, as is the case every year. No changes occurred to the Supervisory Board in the year under review.

The Supervisory Board also concerned itself with the composition of the Management Board and its compensation structure last year. Since May 2012, the Management Board has consisted of the two members Carl Georg Dürschmidt and Dr. Marcus Goedsche, after Management Board member Dr. Holger von Daniels voluntarily stood down from the Management Board in order to devote himself to a new business challenge within his family environment. The distribution of the Management Board work between the two Management Board members Carl Georg Dürschmidt and Dr. Marcus Goedsche represents a conscious decision to continue with the development that is already underway, and with a streamlined Group holding company. Besides the Management Board, the management structure has been supplemented by new managers below Management Board level, and by the newly created divisional management teams at operating level. The Supervisory Board also decided to lend a more long-term orientation than previously to the compensation scheme for the Management Board and selected other Group managers, approving a corresponding stock option program. This should support the Group development trend that is already underway towards a clearer and sustainable development of the company's value.

LOHR + COMPANY GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the separate financial statements of Allgeier SE and the consolidated financial statements as of December 31, 2012, and the management reports for both the parent company and the Group, which were prepared by the Management Board, and issued each of them with unqualified audit opinions. The aforementioned documents and the audit reports produced by LOHR + COMPANY GmbH were made available to the Supervisory Board for examination. The Supervisory Board reviewed the aforementioned documents, and discussed them in detail in the auditor's presence at the meeting on April 17, 2013. At this meeting, the auditor reported on the significant results of its audit, and noted that there were no significant weaknesses in the internal controlling system and the risk management system. The Supervisory Board subsequently came to the conclusion that the separate financial statements and the consolidated financial statements, as well as the corresponding management reports, had been compiled in compliance with the regulations applicable for the respective financial statements, and that they convey a true and fair view of the financial position and results of operations of Allgeier SE and of the Group. The review of the audit reports and the discussion with the auditors also resulted in no objections or criticisms on the Supervisory Board's part. Following intensive consideration, the Supervisory Board concurs with the auditor's findings, and approves the separate financial statements and consolidated financial statements as prepared by the Management Board. The annual financial statements have been adopted as a consequence.

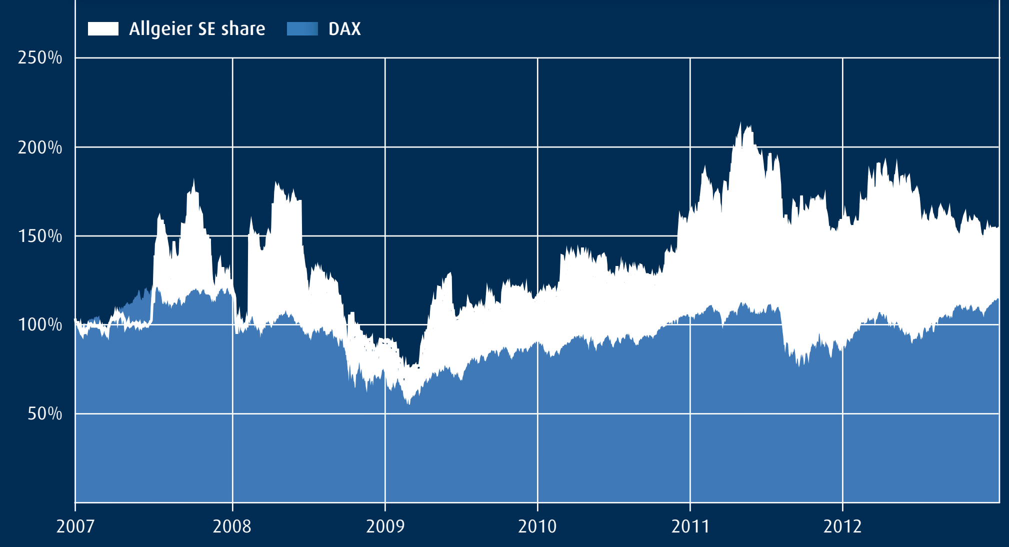
The Supervisory Board also reviewed the Management Board's proposal concerning the application of the unappropriated retained earnings of Allgeier SE for the 2012 financial year, which envisages the distribution of a dividend of EUR 0.50 per share. It concurs with the proposed resolution following extensive consideration of the interests concerned, especially the company's interests in financing its business operations, and the further growth of the Allgeier Group, on the one hand, and the interests of shareholders in a dividend payment, on the other hand.

The Supervisory Board would like to thank the management and all staff of the Allgeier Group for their achievements in the 2012 financial year.

Munich, April 17, 2013
The Supervisory Board of Allgeier SE

Detlef Dinsel
Supervisory Board Chairman

PERFORMANCE ALLGEIER SE SHARE AND DAX FROM 2007 UNTIL 2012



Allgeier on the capital market – The 2012 stock market year

Debt crisis continues – financial markets calm down

The 2012 stock market year remained under the influence of the European debt crisis, which continued to be the dominant topic in politics, media, the economy and business. With Spain and Italy, two major EU states came back into the spotlight. After a brilliant start to the year, capital markets were increasingly dominated until the mid-year stage by concerns about global economic downturn – especially due to the unresolved debt crisis, the weak condition of the US labour market along with a worsening economy, and the slowdown in emerging economies, especially China. Crisis management in the EU and the reforms launched in weaker Euro states brought visible successes over the course of the year, and the US real estate market stabilised. Financial markets also calmed down.

In the first quarter, the Eurozone states officially approved the second aid package for a troubled Greece, and agreed to top up the new ESM Euro rescue fund to around EUR 800 billion. In the second quarter, Spain was the fourth Euro country to be forced to seek shelter under the European bailout umbrella. As sentiment on financial markets grew ever more nervous, the European Central Bank (ECB) announced that it would in future buy unlimited volumes of bonds issued by crisis-hit states, as long as they came within the scope of the bailout scheme and satisfied the conditions entailed. The US central bank also stated that it would purchase mortgage-backed securities without limit in the future. Interest rates for countries such as Italy and Spain fell as a consequence, tangibly calming financial markets. Almost all global leading indices ended the year in positive territory. The German DAX equity index, one of such indices, reached its highest level since January 2008, thereby erasing all of the losses incurred during the financial crisis. Despite the continuing European crisis, 2012 turned out to be a profitable year for capital investments as a consequence.

Germany's leading equity index, the DAX, reached the 7,000 point level as early as March, although it fell again to below 6,000 points during the following three months. It then rallied by 25 percent until September. A renewed correction to 6,950 points followed in November. Confidence prevailed again at the year-end, with the DAX closing 2012 at 7,612 points. The DAX had stood at 5,898 points on the last trading day of 2011, with the corresponding gain over 2012 amounting to 29 percent.

DIVIDEND PAYMENT (IN EUR)	2008	2009	2010	2011	2012
Per share	2.50	0.60	0.50	0.50	0.50

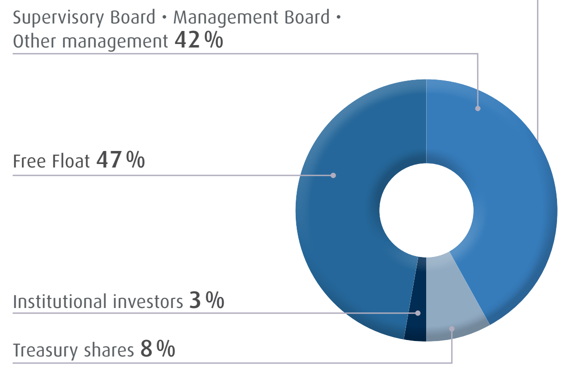
KEY FIGURES PER SHARE 2012 VS. 2011	2011	2012	% CHANGE
Earnings per share (in EUR)	0.52	1.00	92%
Dividend per share (in EUR)	0.50	0.50	-
XETRA annual high (in EUR)	14.21	12.89	-9%
XETRA annual low (in EUR)	9.26	9.57	3%
XETRA end-of-year price (in EUR)	10.735	10.05	-6%
Number of shares (in units)	9,071,500	9,071,500	-
End-of-year market capitalisation (in EUR millions)	97.4	91.2	-6%
Average XETRA stock market turnover (in number of shares per day)	9,418	9,220	-2%

The Allgeier share

The share of Allgeier SE (ISIN DE0005086300, WKN 508630, AEI), which is traded on the Regulated Market, started trading on January 2012 at an opening price of EUR 10.60. Following a good first quarter, it closed at EUR 12.61 on March 30. It marked its high for the year of EUR 12.885 on March 15. The share proved unable to retain its gains in the second quarter, and fell back to its level at the start of the year. The Allgeier share closed at EUR 10.39 on June 29. In the third and fourth quarters, the share remained largely stable at a level between EUR 10 and EUR 11. The Allgeier share closed the third quarter on September 28 at a price of EUR 10.17. It hit its low for the year during September 26 at EUR 9.57, although it then stabilised above the EUR 10 level at the year-end, concluding the stock market year on December 28, 2012 with a closing price of EUR 10.05. The Allgeier share relinquished 6.4 percent of its value over the course of the year. As a consequence, it generated a slightly negative total share return of -1.8 percent in 2012 (derived from the share price performance and the 0.50 Euro dividend that was distributed in June).

ALLGEIER SE SHARE	
Index	General Standard
ISIN	DE0005086300
WKN (German Securities Number)	508630
Number of shares	9,071,500
Share price (on April 02, 2013)	EUR 11.00
Market capitalisation (on April 02, 2013)	EUR 99.8 million

SHAREHOLDER STRUCTURE*



* As far as the company is informed (partially estimated)

»The Allgeier Group is a successful, internationally active service provider and an innovative corporation.«

Jens Marquardt, BMW Motorsport Director

The Allgeier Year 2012 in Review

European IT Workplace of the year 2012
BQI BEST QUALITY INSTITUTE

1st Quarter 2012

Allgeier further on a growth curve

The affiliated companies of Allgeier SE have made a good start into the year 2012 and can boost their sales in the first quarter of 2012 by 11 per cent to EUR 92.7 million compared to the previous year (Q1 2011: EUR 83.4 million). The operative growth of the companies long associated with the group as well as the corporation's acquisitions in the year 2011 have contributed to the boost in sales. The EBITDA can be increased by 24 per cent to 6.1 million Euros (Q1 2011: EUR 4.9 million). The EBIT (earnings before interest and taxes) fell as expected by 13 per cent to EUR 2.8 million (Q1 2011: EUR 3.2 million) in the review period. This earnings figure in the first quarter is also influenced by the acquisition activity in the year 2011. The acquisitions financially led to an increase in IFRS amortisation applied to purchase price allocations (in other words, amortization applied to order book positions, customer bases and products) by around EUR 1.3 million to around EUR 2.4 million (Q1 2011: EUR 1.1 million). The high amortisations are based on the high evaluation of the customer base relations in the companies acquired in the year 2011, which enjoy a good order situation and a large number of regular customer relations.

Positive Business Climate

The ifo Business Climate Index registers a boost in the economic situation forecast in Germany for each of the months January to March. The ifo experts maintain that the German economy has proved itself resistant. In its January forecast, the Federal Government predicts economic growth of approx. 0.7 per cent for the fiscal year 2012. As against the year 2011, the growth would be limited. Despite the volatile environment and the still smouldering European debt crisis however, leading economists see the German economy on an upward trend, and estimate that the German market will gain momentum in this year's summer. According to a market survey in April by BITKOM e.V. (the German Federal Association for IT, Telecommunications and New Media) the business climate in the High Tech sector in the first quarter of the year has further improved to a high level. For the fiscal year, the Inter-Trade Organisation estimates a revenue growth in the German High Tech market by 1.6 per cent to EUR 151 billion. The markets especially relevant for Allgeier for IT services, IT hardware and software should grow by 3.1 per cent to EUR 72.4 billion. The industry association mentions the IT megatrends above all as the driving force for this growth. Moreover, the demand for ERP, CRM or BI (Business Intelligence) solutions is rising.

Debenture bond successfully placed

On February 28, 2012 Allgeier announces the successful placement of a debenture bond to the tune of net EUR 69 million in the capital market. Within the framework of the placement, the bond will be offered for terms of 3.5 and 7 years at fixed as well as variable interest rate. Strong investor demand results in a clear oversubscription of the transaction to nearly EUR 100 million. The originally planned volumes of EUR 50 million are further extended to EUR 70 million. The placement will be done with over 25 investors, especially from the group of private banks, state banks and savings banks. Attractive conditions and credit volumes open up a wider scope for financing the corporation's growth and for targeted acquisitions. Further, through the debenture bond, an existing loan to the tune of EUR 19 million will be closed.

Acquisitions

On February 29, 2012, the Allgeier subsidiary TOPjects has taken over the majority of shares of SKYTEC AG with headquarters in Oberhaching, with effect from March 31 2012. Besides development of technological competence, Allgeier has consolidated with this acquisition its position in the automotive field as well as in Business Intelligence Planning and Reporting solutions. Strong existing partnerships of SKYTEC with the manufacturers Oracle, Microsoft and SAP additionally support the market position of the Allgeier Group. In addition, the system vendor terna has acquired the Braunschweig-headquartered AX Solutions GmbH at the beginning of March 2012. With this, Allgeier accelerates the further development of the ERP business in Germany. With its entry into the north German market, terna is promoting business from new customers in this region and is significantly expanding its customer and service portfolio.

Employer Award: Allgeier again chosen as "European IT Workplace of the Year".

The corporation of the Allgeier Group registered a huge success with the first ever employer award "European IT Workplace of the Year 2012": With Xiopia, TOPjects, DIDAS Business Services and 1eEurope (Switzerland), four Allgeier companies were included among the 25 companies awarded in total. For the competition, the independent Munich benchmark institute BQI and the IT Media House IDG determined the criteria for an attractive working environment. In this way a total of more than 1,100 corporations and organisations from all over Europe were evaluated. "It is and remains a major challenge to find qualified personnel in the IT field and retain them within the company in the long-term," says Dirk Kiefer, CEO of the Allgeier Company DIDAS Business Services. "The European IT Workplace Award stands for the highest employer attractiveness. We are happy to be counted among the top 25 IT employers in Europe."

Allgeier at BMW Motorsports

In February, Allgeier has announced its assistance in the comeback of BMW AG in DTM as "Official Partner of BMW Motorsport". Allgeier will be visible, amongst other things, on all six BMW race cars as well as on the driver overalls, helmets, on the rear walls of the pavilion and interview room, and on the trucks. Through this partnership, Allgeier aims to achieve the goal of strengthening the market perception of the brand as a high-performance and innovative service provider. An ideal background for this is provided by DTM as the internationally most popular touring car series, and BMW as one of the most successful premium manufacturers in motorsports for decades. "We look forward to this new partnership very much," says BMW Motorsport Director Jens Marquardt. "The Allgeier Group is a successful, internationally active service provider and an innovative corporation, whose roots go back all the way to 1977. This combination of performance, tradition and innovation also characterises BMW Motorsport."

Official Partner of **BMW Motorsport**

THE YEAR IN REVIEW

»For the fiscal year, the interbranch organisation predicts an unchanged sales growth in the German High Tech market by 1.6 per cent to EUR 151 billion. With this, the ITK branch would presumably grow even stronger than the overall economy.«

2nd Quarter 2012

Allgeier further registers constant growth

In the second quarter of 2012, the Allgeier concern has been able to further improve its sales constantly: the sales increased as against the previous year by 11.2 per cent to EUR 97.4 million (Q2 2011: EUR 87.6 million). The earning volumes, on the other hand, fall short of the extraordinarily good earnings of the second quarter of 2011. The EBITDA has fallen slightly by 1.3 per cent to EUR 3.8 million (Q2 2011: EUR 3.9 million). This includes an extraordinary expense to the tune of approx. EUR 1.7 million. A significant portion of this expense is the one-time effect of the advancement from another accounting period of a reserve for a reorganisation measure undertaken in previous years to the tune of EUR 0.5 million. EBIT fell to EUR 0.5 million (Q2 2011: EUR 2.0 million) during the reference period above all due to the an increase in IFRS amortisation applied to purchase price allocations in the course of the acquisitions undertaken in the year 2011 (Q2 2012: EUR 2.2 million, Q2 2011: EUR 1.3 million).

Clouding of the German Business Climate - the IT market continues to grow above average

The economic climate in Germany worsens according to the ifo market test after a positive start in the first three months of the year in the second quarter. After the ifo Business Climate Index could register a light increase for the commercial economy in Germany, it distinctively dropped in May and continued to fall even in June. Even the expectations for the second half of the year have been retracted. According to the ifo institute the German economy fears increasing detriments due to the Euro Crisis, but fundamentally, the market conditions in Germany would be favourable as before. For the fiscal year 2012, the Federal Government predicts a continued growth of 0.7 per cent in the German economy. The business climate in the High Tech sector continues to remain stable in the second quarter of the year according to the industry association Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM). For the fiscal year, the interbranch organisation predicts an unchanged sales growth in the German High Tech market by 1.6 per cent to EUR 151 billion. With this, the ITK branch would presumably grow even stronger than the overall economy. Besides the development of digital networks, the Megatrends of the industry especially are driving forces for this growth. Even the demand for ERP, CRM or BI (Business Intelligence) solutions would grow.

Legal Status Change

With effect from May 3, 2012, Allgeier has implemented a change in legal status to a European Corporation (Societas Europaea, SE). With the legal status conversion of the AG into SE, Allgeier is optimising the conditions to promote further development of the company that today is already operating beyond the boundaries of Germany and to further tap the European market.

Acquisition

The Allgeier IT Services AG, Munich, has in May 2012 acquired b+m Informatik AG, Melsdorf, with effect from June 1, 2012. b+m Informatik is an expert for IT consulting as well as the development of individual business solutions with a focus on the banking and insurance industry as well as trade and production. The company has around 120 employees. With the takeover, Allgeier is strengthening its industry expertise and is further expanding its regional presence in northern Germany.

3rd Quarter 2012

Allgeier boosts sales and operative earnings

The firm has increased its sales in the third quarter of 2012 once again: the sales have increased as against the previous year by 13.8 per cent to EUR 107.7 million (Q3 2011: EUR 94.6 million). EBITDA remains stable at EUR 6.1 million as against the reference quarter of the previous year. The EBIT accordingly dropped slightly by EUR 3.0 million (Q3 2011: EUR 3.5 million) in the reference period mainly due to the increase in standard depreciations on sales price allocations in the course of the acquisitions undertaken in the year 2011.

German economy with subdued expectations – Business climate and growth in the IT market above average

The slowdown in growth of the overall economy carries forward even in the third quarter. The ifo Business Climate Index for the commercial economy of Germany has also dropped significantly in the months July to September. The surveyed companies are once again less satisfied with their current business situation and take a pessimistic view of the future. On the other hand, the ifo Business Climate Index registers a slight increase for the service sector in Germany in September after three consecutive recessions. Especially the software industry describes its current business situation furthermore as good.

This positive perception is also mirrored in the earnings of the 40th industry barometer of the Inter-Trade Association Federal Association for Information Technology, Telecommunications and New Media (BITKOM) from October 2012. Thereafter, the High Tech industry looks confidently into the future. The business climate in the High Tech sector continues to remain stable even in the third quarter of the year despite a worldwide market slowdown. The inter-trade organisation is maintaining its expectations for the fiscal year.

Takeover Offer

The Allgeier SE announces on July 3, 2012 according to section 10 para. 1 in conjunction with sections 29, 34 WpÜG [German Securities Takeover Act], that the management board and supervisory board have decided to offer the shareholders of EASY SOFTWARE AG, by means of a voluntary public takeover offer, to purchase their no-par value bearer shares of EASY SOFTWARE AG at a price of EUR 4.00 per share in cash. With permission from the Federal Financial Supervisory Authority on July 23, 2012 to publicise the offer document, Allgeier SE publicised a corresponding takeover offer on July 24, 2012.

The acceptance period begins on July 24, 2012 and ends on August 21, 2012 at 24:00 midnight (Local time Frankfurt am Main). The takeover offer is tied to a minimum acceptance quota of 75 per cent of the existing share capital of EASY SOFTWARE AG at the time of conclusion of the acceptance period and is subject to the conditions and further provisions, which were mentioned in the offerdocument.

On August 7, 2012, EASY SOFTWARE AG announces the common statement of the management board and supervisory board of the company as per section 27 para. 3 clause 1, section 14 para. 3 clause 1 WpÜG. They approve in principle, a merger of both companies, but deems the consideration offered by Allgeier SE as not suitable in terms of section 31 para. 1 WpÜG. The major shareholder and chairman of the supervisory board argues against the sale of his shares. Accordingly the quota of 75 per cent of the share capital will not be reached at the conclusion of the acceptance period on August 21, 2012 and the offer becomes ineffective altogether due to the non-fulfilment of this condition.

THE YEAR IN REVIEW

Acquisition

On August 2, 2012, Allgeier agrees with the sole shareholder of tecops personal GmbH on the purchase of all shares of the company and closes corresponding contracts. Through the acquisition of the fast growing company, Allgeier is further developing its business and service portfolio as well as the coverage in emerging markets for IT personal services. TECOPS has over 20 years' experience in recruiting and in the procurement of personnel. The company employs around 1,400 employees at 12 locations and can access a pool of 60,000 IT specialists and qualified personnel. Highlights of the business portfolio are the personnel secondment in the IT and commercial field, procurement of IT specialists as well as project services. The company has grown strongly in sales and earnings in the past five years. In the year 2011 the company had a turnover of over EUR 50 million.

Allgeier comes 2nd in important customer survey

In this year's customer survey by Computerwoche and ChannelPartner on the best system vendors, Allgeier won on customer satisfaction and takes the outstanding second place. In the annually conducted poll, the customer friendliness of system vendors was gauged by over 3,500 users. For this the users first evaluate the quality of their partner. Additionally, in a detailed questionnaire, they give information about their satisfaction with the IT projects, which the system vendors have implemented for them. Mainly due to the high customer satisfaction, Allgeier is further improving itself and has advanced to 2nd place of the overall ranking.

Allgeier wins with new homepage Computerwoche Website Award

In September, the specialist magazine Computerwoche puts the websites of German IT companies under scanner for aspects like design, user friendliness, performance and user satisfaction. In this, the new Allgeier website achieved the outstanding second place and received the Computerwoche Website Award in silver. The Computerwoche testers specially mentioned the concept of the site, the good customer reviews and the strong performance in their judgement: "Allgeier packages its content in a classy and professional manner, with modern HTML 5 functions and very effective navigation." In June, Allgeier had undertaken a comprehensive relaunch of the internet presence www.allgeier.com with the aim to improve customer friendliness and market orientation. In addition, the redesign and expansion would make way for the successful development of international business activity and the growth of the previous years. Concept and programming of the new home page was realised by the Allgeier company Nagarro.

4th Quarter 2012

Allgeier sees further boost in sales and earnings

In the fourth quarter of 2012, the Group has been able to improve its sales further: the sales increased by around 11 per cent to EUR 125.9 million (Q4 2011: EUR 113.1 million) as against the previous year. The EBITDA remains nearly stable at EUR 6.8 million (Q4 2011: EUR 7.4 million) despite the one-time charges due to the issue of stock options of EUR 2.0 million as against the corresponding quarter of the previous year. Without the one-time expenses for the stock options the EBITDA increased by 19 per cent to EUR 8.8 million. The EBIT at EUR 2.8 million in the fourth quarter is slightly below the corresponding period in the previous year (Q3 2011: EUR 3.3 million) mainly due to the increase in standard depreciation on sales price allocations in the course of the acquisitions undertaken in 2011.

Brightening of the overall economy – IT industry confident

The German Federal Government has in its autumn projection in October raised its growth prediction for the fiscal year 2012 slightly from the original 0.7 per cent to 0.8 per cent, but in the same step reduced its growth prediction for the year 2013 distinctly to 1.0 per cent. In spring 2012, the government was still assuming a growth of the real gross domestic product by 1.6 per cent for 2013.

In the High Tech sector, the business climate continues to be above average. In its 41st industry barometer in December, the industry association BITKOM announces an increase in the ITK sales by 2.8 per cent for 2012. At EUR 152 billion, the industry had for the first time crossed the EUR 150 billion sales milestone. Even for 2013, the organisation predicts in its December industry barometer a growth of 1.6 per cent plus, which is higher than the Federal Government's prediction of 0.5 per cent for the overall economy. Nearly three fourth of the providers of information technology, telecommunication and consumer electronics have assumed a boost in sales in 2013 according to the organisation's data. This means the mood is still somewhat more optimistic than at the end of the year 2011. According to BITKOM, the providers of IT services and software are particularly confident, that is, in the market segments specially relevant for Allgeier.

Acquisitions

On October 8, 2012, Allgeier acquires 90 per cent of shares of the Turkish personal service company Oxygen Consultancy. Through this takeover, Allgeier can qualitatively and quantitatively promote the comprehensive performance and service portfolio in the emerging market for IT and commercial personal services, and strengthen presence in the vital future market Turkey. Oxygen Consultancy has over ten years' experience in recruitment services and in the procurement of IT experts and commercial specialists. At its two locations Istanbul and Izmir, the company operates especially for companies from the industries of IT, finance, consumer goods and pharmaceuticals – with a special focus on large-scale industry.

In addition, Allgeier has taken over the Leipzig software development company SF Software & Friends with effect from December 31, 2012. With more than 25 excellent software engineers, the company forms the stable foundation for the new, growth-oriented location of the Allgeier company mgm technology partners in Leipzig. In particular, the front-end competence of the company is of special strategic value for customers in the online business and also for administrative systems.

THE YEAR IN REVIEW

»With a total broadcasting time of over 560 hours and coverage of more than 440 million viewers, the DTM partnership has also been successful from economical viewpoints.«

Cloud Solution cierp3 has been awarded as "ERP System of the Year"

The Allgeier Cloud Solution cierp3® has been awarded with the important technology innovation award within the framework of the competition "ERP System of the Year" in October conducted by the Centre for Enterprise Research CER of the Potsdam University. The independent expert jury has thereby honoured the ERP Complete Solution cierp3® for its trendsetting system architecture, ergonomics, and integration capability. "The award is a great acknowledgement for us and a valuable distinction for our development approach of creating a special value for medium-sized companies through modern solutions which are flexibly adaptable to company requirements from the Cloud," says cierp3® Development Manager Ditmar Tybussek. "During the development of cierp3, it was up to us to design a modern and future-proof company software, which can be adapted to changing processes without much effort. Process orientation, ergonomics, integration capability, speed, internationality, industry functionalities and high scalability – these are the major characteristics of a solution, which will play a significant role in the future in deciding on the company's success."

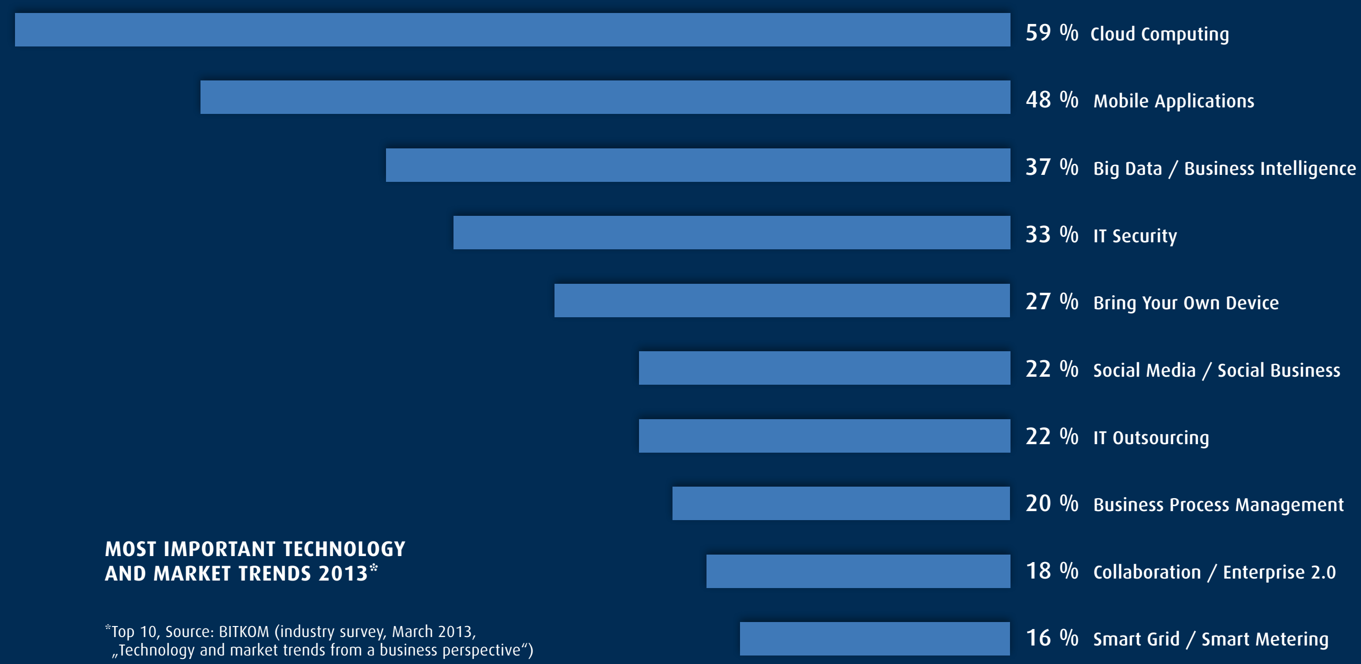
DTM a great success in sports and business: Allgeier Partner BMW wins all titles in 2012

The comeback season of BMW in the DTM is a great success from every perspective: In sports, BMW has been able to sensationally win all three DTM titles at the concluding racing season at the Hockenheimring. With his stage victory, Bruno Spengler (CAN) takes the lead in the overall driver ratings in a nail-biting finish and is crowned as the DTM Champion. As the official partner of BMW Motorsport, Allgeier was in the scene during the return of BMW to DTM through the entire season, and heartily congratulates the team, the drivers and those responsible. With a total broadcasting time of over 560 hours and coverage of more than 440 million viewers, the DTM partnership has also been successful from economical viewpoints. In the 2013 season, BMW has taken the lead as a defending champion with two more cars, amongst others with the former Formula 1 Pilot Timo Glock, in the widely viewed racing series.

Award as Top Employer

The Allgeier company Nagarro has taken first place in the leading Indian employer survey "DQ-CMR Best Employer Survey 2012" in the category General Personnel Practices. This category of the ranking determined on the basis of the total number of employees, the average seniority, the total average educational qualifications, the retention rate and the average salary increase. The DQ-CMR Best Employers Survey 2012 evaluates India's leading IT companies on the basis of the assessments by many thousand employees. For applicants, the survey is an important indicator. Nagarro was nominated in eight categories. Aside from the top placement in General Personnel Practices, Nagarro has gained four entire ranks in the category "Best Employer Overall" as the sixth best company. Apart from this, Nagarro is also among the best ten employers in other categories like Corporate Culture and Corporate Image. "Nagarro's positioning in the DQ-CMR Best Employers Survey has steadily improved year after year, till we finally achieved the first place in the overall personnel ranking this year. We invest in the careers and the success of all our employees – through this, Nagarro sets benchmarks for the creation of a stimulating and rewarding workplace," says Manmohan Gupta, Head of Engineering for Nagarro. The award is proof of the attractiveness of the Allgeier company as an outstanding employer and underlines the sustained success of the group in its endeavours for the best talents.

HIGH-GROWTH TECHNOLOGIES



MOST IMPORTANT TECHNOLOGY AND MARKET TRENDS 2013*

*Top 10, Source: BITKOM (industry survey, March 2013, „Technology and market trends from a business perspective")

Allgeier focuses on high-growth technology areas

ALLGEIER SECURES SUSTAINABLE SUCCESS THROUGH CONSISTENTLY ADDRESSING HIGH-GROWTH TECHNOLOGIES AND FUTURE IT TRENDS

IT as a growth-driver

We are currently witnessing far-reaching changes in society and the economy. IT functions as the most important innovative force and as a significant growth-driver in almost all sectors in this context.

IT has transformed the working and organisational methods of almost every industry and public-sector administration over the past years. Speed, mobility and flexibility are growing constantly. IT infrastructures and systems are becoming more sophisticated and complex – at the same time, IT solutions are becoming friendlier and more intuitive to use, are making our working lives easier, and are helping us to network, exchange knowledge, work together more closely, efficiently and productively, and achieve better results.

Intelligent IT solutions are changing companies' processes, systems and structures, and, not least, user behaviour and interaction. More than ever before, workers are thinking increasingly on a networked basis and in terms of IT structures. Companies are focusing on technologies that make them more streamlined, efficient and productive. Demand for more flexible working structures continues unabated. This pace of innovation and change is set to accelerate in the future. The constant adjustment of working environments to these processes also requires that the IT services on offer undergo continuous further development.

Consistent orientation to the market and customers

Allgeier has firmly established a leading position as an innovative and high-performing IT company through its consistent orientation to market trends and customers' specific requirements:

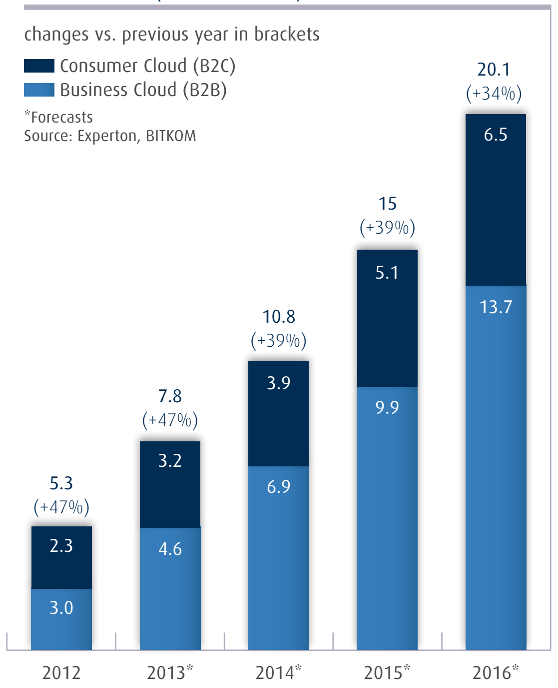
- Allgeier companies are expanding their portfolio services primarily in high-growth areas such as Cloud Computing, near- and off-shoring, mobile applications/ mobile computing, virtualisation, Business Intelligence/ Big Data, IT security, IT outsourcing, business process management and recruiting.
- Allgeier companies have many years of specialist and sector expertise, and offer their customers a broad range of high-performance solutions and products.
- Allgeier companies are constantly evaluating new business opportunities, and can rapidly respond to growth opportunities.
- In particular, Allgeier companies are further expanding their Cloud activities through focusing their solution and product portfolios, and are pushing ahead with developing proprietary solutions.
- Allgeier companies will continue to further enhance their performance and excellence in order to optimally meet customer requirements at all times.

Allgeier solutions and services reflect market dynamism and customer requirements in equal measure. Through deploying intelligent IT, Allgeier helps customers to work efficiently, achieve strategic advantages and consequently boost their profitability.

Innovation and future areas: high-growth technologies and intelligent solutions

Allgeier has positioned itself optimally for further growth. Allgeier focuses its services and solutions on high-growth market segments and the sector's significant innovation and future topics.

SALES THROUGH CLOUD COMPUTING IN GERMANY (in EUR billions)



Cloud Computing

Cloud Computing will remain one of the IT sector's most important growth-drivers in 2013. Leading analysts such as Gartner, Forrester Research, PAC and IDC continue to rank Cloud Computing as one of the key innovations and significant trend topics.

Cloud Computing enables the provision and mobile utilisation of all types of IT services in real time via data networks (the so-called "Cloud") instead of on local computers – ranging from computing capacities and data storage through to individual applications. The entire IT industry and almost all users are affected by this structural change. Especially in difficult economic circumstances, cost-efficient Cloud solutions will further advance the consolidation of IT environments within organisations. The Cloud Computing market in Germany grew almost 50% to EUR 5.3 billion in 2012, according to the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM). The association also anticipates double-digit growth rates to continue in coming years. More than a quarter of German companies meanwhile utilise Cloud Computing. The growing availability of Cloud services is resulting in a far-reaching change – both in information technology and user behaviour. The Personal Cloud will gradually replace the PC as the focus of digital life and as a location for storing personal data, according to market research company Gartner.

cierp3 – MANAGEMENT WITH A SMILE – WWW.ERP3.DE

The Allgeier companies are promoting the innovation potential inherent in this significant new technology area, and are already offering their customers a wide range of high-performance solutions and services from the Cloud, including Cloud Services as certified services relating to the "Managing Trust" topic, security, enterprise content management and merchandise management solutions such as the award-winning cierp3 ERP solution for medium-sized companies.

»With our Application Management Services (AMS), we take responsibility for our customers' entire application life-cycles – spanning development and project management, through to continuous and interruption-free operation, and minor adjustments and corrections during ongoing operation, and finally through to complex changes implemented as part of projects.«

CIERP 3 – ERP AS A SERVICE

CER Center for Enterprise Research – ERP-SYSTEM DES JAHRES 2012 Innovationspreis

The award-winning cierp3® is a cloud-capable, fully integrated ERP software. cierp3® streamlines the entire corporate management starting from planning to controlling, irrespective, whether in production, trade or service sector. Browser-based, hardware-independent business software solution is modularly designed, can be randomly compiled to form a customised ERP environment according to individual requirements, can be enhanced by required modules and can be flexibly customised for specific corporate processes.

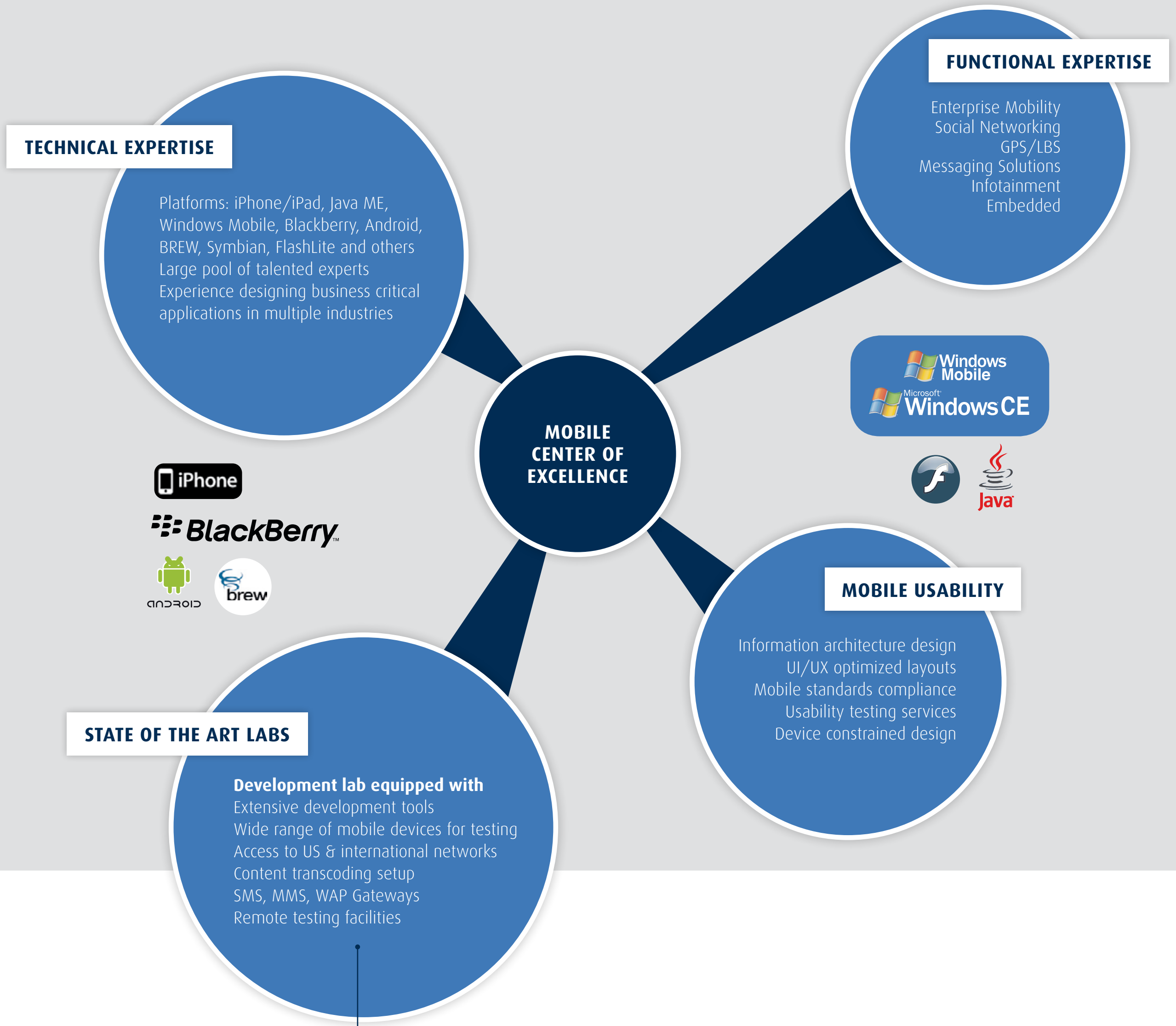
Thus, cierp3® offers an optimal combination of profitability, maximum performance, highest user-friendliness and virtually unlimited flexibility.

The Allgeier Cloud Computing Model enables IT services to be accessed 24/7 in accordance with individual requirements. Allgeier Software-as-a-service (Saas) solutions are individually coordinated to specific customer needs, and can be rapidly implemented. Such solutions are not only available at all times and anywhere, but also help to enhance flexibility and significantly reduce IT costs.

Mobile computing/mobile applications

Smartphones and tablets remain the most important drivers of IT growth in 2013. With the continued rapidly growing importance of mobile end-devices, companies and other organisations face the challenge of making mobile content, applications and solutions available for their target groups through apps and mobile websites.

Studies show that the growing dissemination of mobile devices is bringing about a change in working behaviour: tasks can be completed anywhere, and the boundary between private and professional life is becoming increasingly blurred. This is especially true of end-devices: Bring-Your-Own-Device (BYOD) represents a continuing challenge for corporate IT. BYOD refers to the integration of employees'



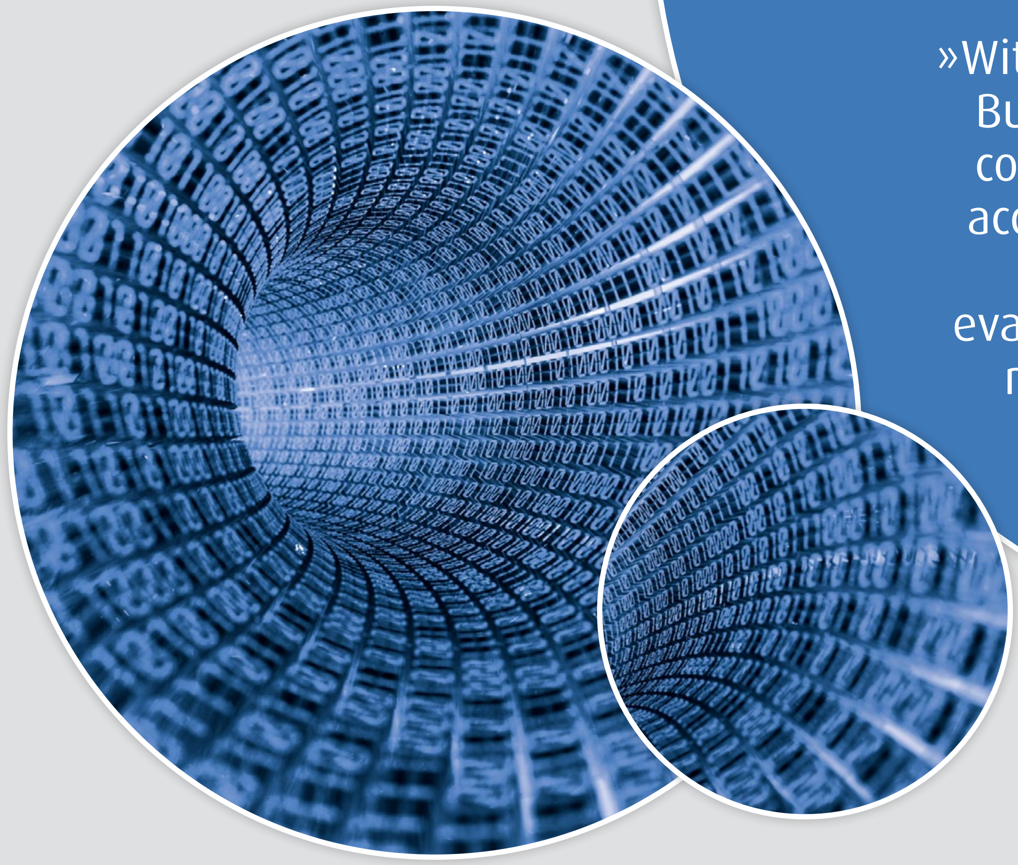
privately acquired mobile devices such as smartphones (or personal mobile devices provided by employers) into companies' IT environments. "The era of the PC is over," believes Phil Redman, Vice President at Gartner. As a consequence, securing corporate data and internal applications and the reliable integration of mobile devices into companies' own IT systems is becoming ever more important.

Allgeier companies are developing tailor-made mobile solutions for this high-growth technology area: with our Application Management Services (AMS), we take responsibility for our customers' entire application life-cycles – spanning development and project management, through to continuous and interruption-free operation, and minor adjustments and corrections during ongoing operation, and finally through to complex changes implemented as part of projects. We provide advice on all projects steps, ranging from preparation of offers, budgeting and project planning through to delivery, training, maintenance (including porting if required) and support.

MOBILE IS THE NEW WEB – EMPOWERING YOUR MOBILE BUSINESS

The Allgeier division Nagarro strengthens the business of customers with mobile applications that are seamlessly integrated in the present back-end systems. We offer mobile application development services from slick consumer iPhone/iPad applications up to enterprise tools that can be integrated into a multitude of ERP solutions and other back-end systems.

Our mobile solutions and services are implemented by Nagarro Mobile Center of Excellence. A team of selected experts with diverse backgrounds technology, UI/UX and functional mobility, track the latest developments and trends in order to realise most efficient mobile solutions for our customers. The team of experts uses the latest technologies in the iPhone development, in Windows mobile development as well as in Blackberry and Android development for the same.



»With high-performance Allgeier Business Intelligence concepts, companies not only have rapid access to correct and important information, but can also evaluate and utilise information relevant to their businesses.«

IT security

IT Security forms an integral topic for all companies, and is becoming ever more important given growing digitalisation and the increasing networking of further business areas. The trend towards Cloud computing bolsters this trend even further. It is accompanied by a switch from a security approach centred on devices and systems to an approach based on data and users. Where such data are located is of secondary importance – with the exception of compliance regulations and statutory data protection considerations.

As a consequence, trust and confidence in data security and protection (given constant data volume growth) is becoming a central precondition for the utilisation of Cloud services in this context. Companies, state entities and private users are being required to effectively protect their IT systems accordingly. Appropriate security levels are indispensable, not only for liability and data protection reasons, or to protect against industrial espionage, but also in order to launch new digital business processes.

Allgeier supports companies with extensive IT security solutions – ranging from architecture consulting on e-mail and web security, security and the development and operation of IT solutions, through to the conducting of penetration tests, and common criteria software certification. Our products offer complete protection as server- and Cloud-based solutions to encrypt and decrypt emails (JULIA MailOffice) as well as for centralised signature management and signature verification (Wednesday Signing Tool). Our JULIA MailOffice security solution forms the email component of the virtual post office of the German Federal Republic, and is successfully deployed by numerous banks, insurance companies and industrial companies.

Big Data/Business Intelligence

Big Data refers to the processing of enormous data volumes. Users are producing ever-growing data volumes, and making recourse to a constantly growing flood of data generated by third parties. Very large data volumes require that information be analysed intelligently and processed beyond the scope of conventional technologies.

To this end, Business Intelligence Systems are deployed that record and present increasingly complex material at high speed, while including highly varied formats and contents (texts, photos, videos etc) in their analysis. In this context, the focus of Big Data is increasingly switching away from individual databases towards multiple approaches – consisting of content management, database, data-mart and specialised file systems. Users can increasingly make specific recourse to context-based analyses, and modify them in line with specific requirements. Mobile BI enables the greater utilization of the information available on mobile devices. In its recent study on the most important high-tech topics of 2013, sector association BITKOM underscores the growing significance of Big Data. It notes that Big Data is becoming a core topic for the IT sector and users. "An increasing number of IT users are recognising the enormous possibilities offered by Big Data," notes BITKOM President Professor Dieter Kempf. "Big Data allows enormous data volumes from highly differing sources to be appraised at lightning speed. This enables entirely new analyses for business or scientific purposes."

With high-performance Allgeier Business Intelligence concepts, companies not only have rapid access to correct and important information, but can also evaluate and utilise information relevant to their businesses.

As an expert in Business Intelligence, Allgeier develops and operates well thought-out BI solutions – individual and tailor-made to customers' demands and requirements, including its mgm Hadoop for high-performance mass data processing, for example.

MASS DATA PROCESSING WITH MGM HADOOP - SCALABLE, EFFICIENT SOLUTIONS FOR BIG DATA

Business-critical application today must be in a position to process huge data quantities in terabyte range. On one hand, this occurs in the day-to-day activities. Additionally, not seldom the historicised data has to be considered. The databases used, however, often permit none or only very cost-intensive processing options in the terabyte range.

Allgeier division mgm technology partners have developed a solution for this problem that allows efficient storage and data processing with real time accesses to such huge data volumes. It is based on an integration of Solr, a platform for information access within the company, in a Hadoop cluster. Hadoop is the ideal platform to save and process unstructured mass data. By deploying Solr, this platform can be extended by a high performance real time search.

This solution is used in our projects, for example, to manage application landscape ELSTER with more than 15 terabyte of log messages with a daily data increase of 20 gigabytes.

IT outsourcing

IT outsourcing, or out-tasking, in other words, the flexible outsourcing of IT systems and business processes to external service-providers, remains an important growth market, although it is subject to a shift towards greater flexibility and individualisation. Greater quality and flexibility requirements, cost savings, transparency, and the focusing on core competencies continue to comprise the most important drivers for out-tasking projects. Services and user behaviour are nevertheless subject to change: the future lies increasingly in Cloud Services, where customers are no longer bound by long-term agreements but can instead purchase software and related services from different sources depending on their individual requirements. Customers also expect to have a partner that provides them with individual support in their projects. As a consequence, proximity to customers and the scalability of service products will prove decisive to selecting appropriate partners in the future.

As part of our flexible outsourcing model, Allgeier takes over for its customers very varied tasks in the area of software and application development, management and maintenance, as well as functions in the IT infrastructure environment, extending through to complete IT operation – including in-house. As a full-service provider, we provide comprehensive support to our customers during all project phases. All products and services are based on customers' specific requirements. Our customers retain complete control over costs and services at all times.

»As part of our flexible outsourcing model, Allgeier takes over for its customers very varied tasks in the area of software and application development, management and maintenance, as well as functions in the IT infrastructure environment, extending through to complete IT operation – including in-house.«

OUTSOURCING – HIGH-END SOFTWARE & APPLICATION DEVELOPMENT WITH FULL COST AND PROJECT CONTROL

No one understands their area of business as well as we do. So, be in full control if you work together with Allgeier in software and application development. Our flexible services are oriented to your requirements along with individual on-site consultation and efficient services. The Allgeier company Nagarro stands on your side as a powerful outsourcing service provider with more than 1000 highly qualified IT experts in the fields of engineering, development, implementation, testing, management and maintenance of company-specific applications. We provide consultation at all stages of project starting from proposal preparation, budgeting and project planning up to delivery, training, maintenance (including porting if required) and support.

A critical advantage in programming of software applications and enhancements is our progressive development concept, which is based on fast and comprehensive deployment of screen mock-ups or wireframes. This method is proven best in coordinating necessary objectives, collecting technical requirements, improving documentation and increasing acceptance and use of the delivered applications on the user side. Nagarro team converts the mutually created concepts and drafts into vivid screen mock-ups within the shortest time.

With Projistics, which is Nagarro online project management tool, customers get seamless communication and transparency with the team on site and overseas in order to ensure highest quality with respect to the project management. Projistics allows the customer to effectively and flexibly control the deployment of teams of various sizes and thus work cost-effectively without additional security risk.

Business Process Management

The market and competition demand that companies and public authorities constantly develop new strategies to improve operating efficiency. The requirement for higher productivity, business innovations and challenges, the implementation of technologies, and statutory regulations – these highly varied needs necessitate a change or restructuring of business processes. Allgeier offers its customers comprehensive support in the management of their business processes: ranging from operational assessment and calculation of optimisation and cost-saving potentials in organisational and process structures, the improvement of transparency and ease of maintenance of all processes through the complete recording and mapping of all organisational units, systems, interfaces, data and data flows entailed in the respective processes, through to the design, strategic planning, new development and implementation of optimal business processes that interconnect technology, people and companies.

Virtualisation/Green IT

Allgeier offers its customers tailored IT infrastructure solutions. Virtualisation continues to represent a highly effective instrument to combine cost reduction and performance enhancement. Numerous companies are planning to invest in the virtualisation of workplaces due to the greater flexibility and mobility it offers users, and the opportunity to reduce management costs. IT landscapes can be structured across their entire life-cycle on a basis that conserves the environment and resources through well-designed Green IT solutions.

Through optimal capacity utilisation and centralised systems management, Allgeier virtualisation solutions help to streamline IT landscapes, and boost their performance and availability. This not only allows customers more rapid access to all relevant data – they also realise significant savings in terms of electricity, climate-related performance, and maintenance costs.

GREEN IT FOR YOUR SERVER CENTRES – “STATE OF THE ART” POWER MANAGEMENT

IT-infrastructure makes continuously increasing demands on hardware, software, data traffic, mobility and security. Growing complexity of the existing solutions requires expert knowledge which can be maintained in several companies only with high costs.

Thanks to Allgeier IT Infrastructure solutions, the customers can now concentrate on what is important and rely on a strong partner for the definition and implementation of their requirements regarding IT management. In this case, we follow a holistic approach with a challenge to ensure an efficient operation through suitable measures in planning and implementation. We have acquired the necessary comprehensive competencies from our long-term cooperation with major customers and SMEs. As a result of independence from manufacturers, our customers always receive the correct solutions – exactly according to their individual requirements.

Allgeier IT infrastructure solutions help customers in an efficient resource utilisation.

With green IT concept, customers have power management, which is one of the most progressive and cost-effective solutions available in the market. This is ensured by a suitable industry standard for hardware, SNMP capability – whereby measurement values are available “on demand” for every user - maximum flexibility in RZ deployment through “plug ‘n’ play”, possible power benchmarking of the complete installed hardware in RZ as well as the possibility of measuring all the current outlets to every rack/server.

»Allgeier Green IT solutions help companies to efficiently utilise energy and resources.«

Allgeier Green IT solutions help companies to efficiently utilise energy and resources, and thereby realise significant cost-savings. Already today, every one in two IT decision-makers in Germany is convinced that IT can make a major, or very major, contribution to resource efficiency and climate protection. The importance of Green IT for companies is growing constantly. Not only individual jobs, but also IT networks and data processing centres offer cost-saving potentials. Further efficiency gains can also be achieved through adjusted processes and structures – accompanied by a high degree of acceptance among employees.

ECM & collaboration

Information is a central resource and plays an important role in all business processes. For optimal value-creation, the right information must be available at the right time, at any location (and with differing end-devices), and in the simplest manner. For this reason, the importance of Enterprise Content Management (ECM) within companies is growing constantly – to manage the growing flood of information – and particularly in the case of unstructured data. ECM has developed enormously over the past years, and today comprises almost all relevant corporate functions to manage information and documents in IT-based processes. Among other similar surveys, the results included in a study entitled “IT Trends” produced by technology consultancy Capgemini in 2012 shows how important ECM has become for companies. Half of the management board members surveyed plan to implement ECM solutions in order to deal with the rising inundation of information – particularly unstructured data. Apart from archiving, a growing number of companies are also utilising ECM to support, streamline or automate their business processes.

Allgeier helps companies to significantly boost their productivity with ECM solutions such as its modern scanview® archiving system. scanview® supports and manages business processes where information is exchanged, managed or stored.

scanview® covers all functions to record, manage, store and issue business documents. Its very open and modular structure allows it to be integrated into any IT landscape. Utilisation possibilities range from classic archiving systems through to modern document and Enterprise Content Management (ECM).

With our GEMED PACS modules, we supply high-performing image and data management solutions that cover all medical processes and management functions.

We also offer our customers comprehensive collaboration solutions for use both inside and outside their companies. Collaboration refers to the exchange of information, ideas and knowledge. Collaboration platforms create structures in companies to optimise collaboration, and make knowledge available to as many employees as possible. Allgeier has many years of experience in launching process-oriented corporate, departmental and extranet portals based on Microsoft SharePoint, including the integration of interactive Enterprise 2.0 and Web 2.0 elements for comprehensive collaboration solutions (blogs, wikis etc). With this comprehensive service, we offer precise customising and individual development to optimally coordinate collaboration platforms in line with customer processes and structures.

GROUP MANAGEMENT REPORT

Group management report

OF ALLGEIER SE 2012

GROUP MANAGEMENT REPORT

Group management report

1. BUSINESS AND GENERAL CONDITIONS

ALLGEIER, MUNICH		
SOLUTIONS	**EXPERTS**	**PROJECTS**
Allgeier Benelux Group The Netherlands & Belgium	Goetzfried Wiesbaden	mgm technology partners Group, Munich
Allgeier IT Solutions Group Bremen	Oxygen Istanbul, Turkey	Nagarro Group, San Jose, USA
BSR & Partner Zug, Switzerland	tecops Munich	Skytec Munich
DIDAS Business Services Langenfeld	TOPjects Munich	Softcon Group, Munich
GEMED Ulm	U.N.P. Software Düsseldorf	
Terna Group Innsbruck, Austria	Xiopia Munich	
1eEurope (Switzerland) Thalwil, Switzerland		

Business and structure of Allgeier Group

Allgeier Group comprises of 54 fully consolidated companies at the end of the reporting period. The operative business is carried out by 17 corporate units, which are classified into three segments. The organisational chart above gives an overview of the Group structure. Allgeier SE is responsible for the management and strategy development of the business divisions of the Group.

Tasks of Allgeier SE

- Coordination and organisational structuring of the Group,
- Organisation of finances and financing further Group development,
- Strategic direction and continued strategy supervision of the Group, business divisions as well as the associated companies on the basis of value-oriented corporate development,
- Identification, addressing and examination of further suitable associations in and outside the country based on the Group strategy,
- Negotiation and execution of the acquisition of companies and associations,
- Controlling, risk management and compliance,
- Setting up of assessment and accounting guidelines as well as preparation of consolidated financial statement as per IFRS
- Group planning,
- Guiding and support for the management of the Group companies and divisions
- Integration of acquisitions in the Group
- Organisation and coordination of Group-wide committees and processes, structuring of the Group
- Coordination of project and sales activities
- Structuring of Group-wide public relations, marketing and investor relations

Economic environment

Moderate economic growth –
Debt crisis remains dominant

Despite the progressive internationalisation of business activity, the German economic zone continues to be the most important market for Allgeier with 79 per cent of the total turnover, followed by Switzerland with 7 per cent and USA with 4 per cent of sales in the financial year 2012.

German economy registered a growth of 0.7 per cent in the year 2012, after the German Gross Domestic Product (GDP) in 2011 increased 3.0 per cent after price adjustment. In the final quarter of 2012, economic performance dropped by 0.5 per cent due to weak exports and declining investments. Despite this, the market situation in Germany during the previous year is much better than in most of the other European nations. For the first time in five years, a surplus could be achieved in the federal budget. Overall, even the year 2012 stood under the influence of continuing European debt crisis and the concern over a worldwide downturn as a consequence of troubled situation in the US-American job market as well as the market slump in numerous emerging economies. In the course of the year, however, the crisis management in the EU and the reforms initiated in the weaker Euro nations yielded results, even the US real estate market stabilised. In particular, there was reassurance in the capital markets.

For the year 2013, German Federal Government, in its annual financial report, expects an average economic growth of only around 0.5 per cent. As per this prognosis, the German economy should grow considerably faster again after a weak start in the second half of the year. This projection is based on the assumption that no further negative developments occur in the course of the sovereign debt crisis, as a consequence of which there is further insecurity among the market stakeholders. For German economy, the enduring European debt crisis continues to pose the greatest market risk according to the Federal Government.

For the OECD Economic Area, the Organisation for Economic Cooperation and Development (OECD) in its' economic forecast from November 2012 expects a hesitant and erratic recovery for the years 2013 and 2014. The growth in the OECD area should develop in accordance with this. As in 2012, the OECD expects a growth in the GDP by only 1.4 per cent in 2013 as well. The Eurozone would persist close to a recession until well into the year 2013. For the Euro nations, the OECD predicts a decline in the GDP by 0.1 per cent in the year 2013. The economic development would be limited by the consolidation of the public budgets, the debt reduction in private budgets to be observed in numerous countries, and low confidence.

In Switzerland, the second-most important market for Allgeier, the economic growth in 2012 has slowed down mainly due to the weakening in exports as well as the crisis in the banking sector – despite relative stability in most of the components of domestic demand. This development will continue even in 2013 according to the OECD prediction, whereby a gradual recovery of economic activity is expected. The OECD expects a growth in the GDP of 1.1 per cent in 2013. The Austrian market, at 2 per cent of the total sales also an important market for the Allgeier Group, will rise again in 2013 after a distinctive slowdown and stagnation in the second half of the year 2012, and profits thereby from increased domestic and foreign demand as well as from a gradual return of confidence and a boost in world trade. As per the OECD prediction, the Austrian GDP should grow in the year 2013 by 0.8 per cent

In the United States, the third most important market worldwide for the Allgeier Group, the gradual recovery of the economy will continue even in 2013 – the progression, however, will be only slow. Taking consideration of the yet to be expected fiscal drag, the OECD expects only a moderate expansion of macroeconomic production. The OECD expects a growth in the GDP by 2.0 per cent for 2013. A repatriation of the major deficits in the federal budget is necessary according to the estimates of OECD experts for restoration of sustainable finances.

Outside the OECD Economic Area, the international organisation expects an overall speedier recovery, since there would be more scope available for political-induced fiscal impulses. For the overall world economy, the OECD predicts a growth of 3.4 per cent for 2013. According to the OECD experts, the crisis in the Euro Area generally continues to present the greatest threat to the world economy, whose recovery has distinctly slowed down particularly due to the debt crisis as well as the unexpectedly strong economic downturn in many emerging economies. Of course, it has been possible through the latest initiatives in Europe to reduce the short-term pressure. To ensure long-term sustainability, however, much more would need to be undertaken – among other things through structural reforms in the deficit as well as the surplus nations. In the short term, a direct bank recapitalisation through the European Stability Mechanism (ESM) should be carried out, recommends the OECD.

Accordingly, vulnerable nations should engage in an EFSF/ESM programme, in order to enable purchase of government bonds by the European Central Bank if necessary. In the long-term there would be need for a banking union with a common financial hedge fund.

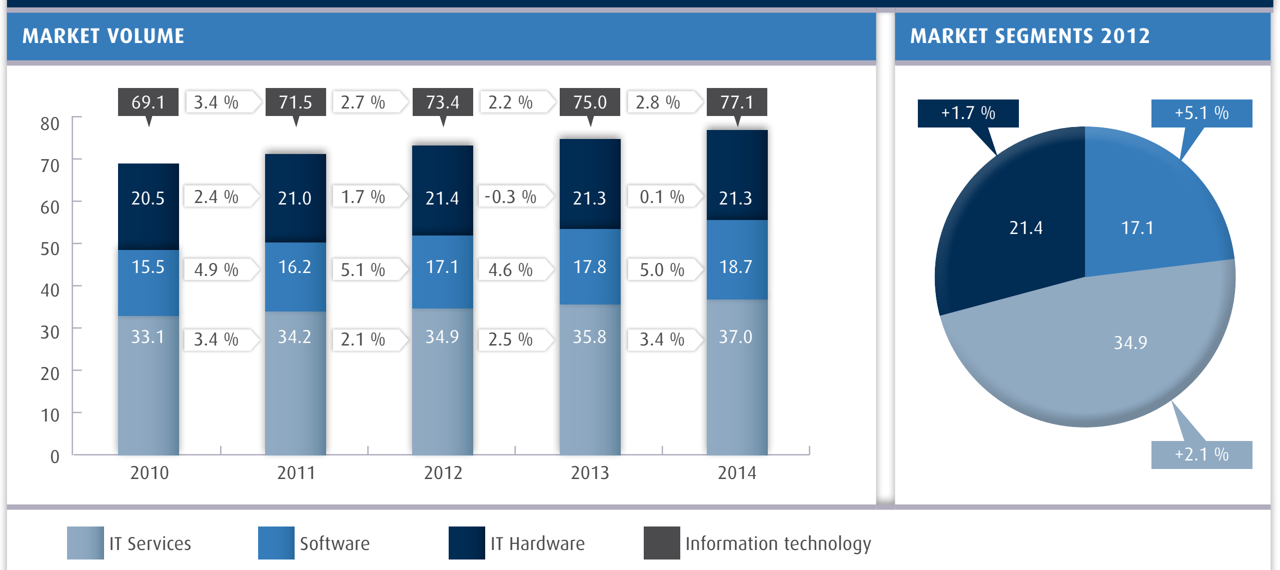
Summarised, it can be stated that the situation in the core markets of the Allgeier Group is still affected by the consequences of the European debt crisis or the fiscal weakness in the world market. At the same time, we maintain that the fiscal outlook in the most important markets of the Allgeier companies gives reason for cautious optimism.

Market for IT services continues to grow above-average

The ITC industry (Information Technology, Telecommunication and Consumer Electronics) registered above average growth rates even in 2012. In its latest projection from March 2013, the Inter-Trade Association BITKOM (Federal Association for Information Technology, Telecommunications and New Media) assumes a growth by 2.2 per cent to EUR 151.2 billion. With this, the market registers a significantly stronger growth than assumed at the beginning of the year. In particular, the numerous innovations ensured a strengthened demand and new investments. The markets especially relevant for Allgeier for IT hardware, software and IT services (information technology) could thus grow in greater proportions by 2.7 per cent to EUR 73.4 billion. Besides the development of digital networks, the driving forces for growth are mainly the megatrends of the industry as well as, for example, Cloud Computing or the growing demand for mobile applications for Smartphones and Tablet Computers, from which especially the IT services and software divisions profit. In this, the major innovation fields of the industry exhibit partially much over the average growth rates: Thus, according to the High Tech Association BITKOM's Cloud Monitor from March 2013, the sales through Cloud Computing in Germany, for example, should increase in 2013 by 47 per cent and the German market for Big Data should grow, as per the estimates of BITKOM from March 2013, by 85 per cent in 2013 alone in comparison to the previous year. Actual predictions by the European Information Technology Observatory (EITO) lie at the basis of the market evaluation.

For 2013, the Inter-Trade Association BITKOM assumes a growth in the German ITC overall market by 1.4 per cent to EUR 153.3 billion. The business expectations of the companies are high according to BITKOM's statements, because even the European debt crisis has so far not had an effect on the industry. The market for information technology especially relevant for Allgeier will register with an estimated 2.2 per cent a renewed above-average growth to EUR 75.0 billion. In particular, the market for software should again grow in distinctly greater proportions at 4.6 per cent. The rising demand for mobile solutions in the course of the on-going boom in mobile endpoints as well as the continued high demand for Cloud Computing is decisive for this growth.

GROWTH ON THE GERMAN INFORMATION TECHNOLOGY MARKET (in EUR billions)



Source: BITKOM, EITO; March 2013

2. BUSINESS DEVELOPMENT

Allgeier focuses on innovation and future fields and registers 12 per cent sales growth

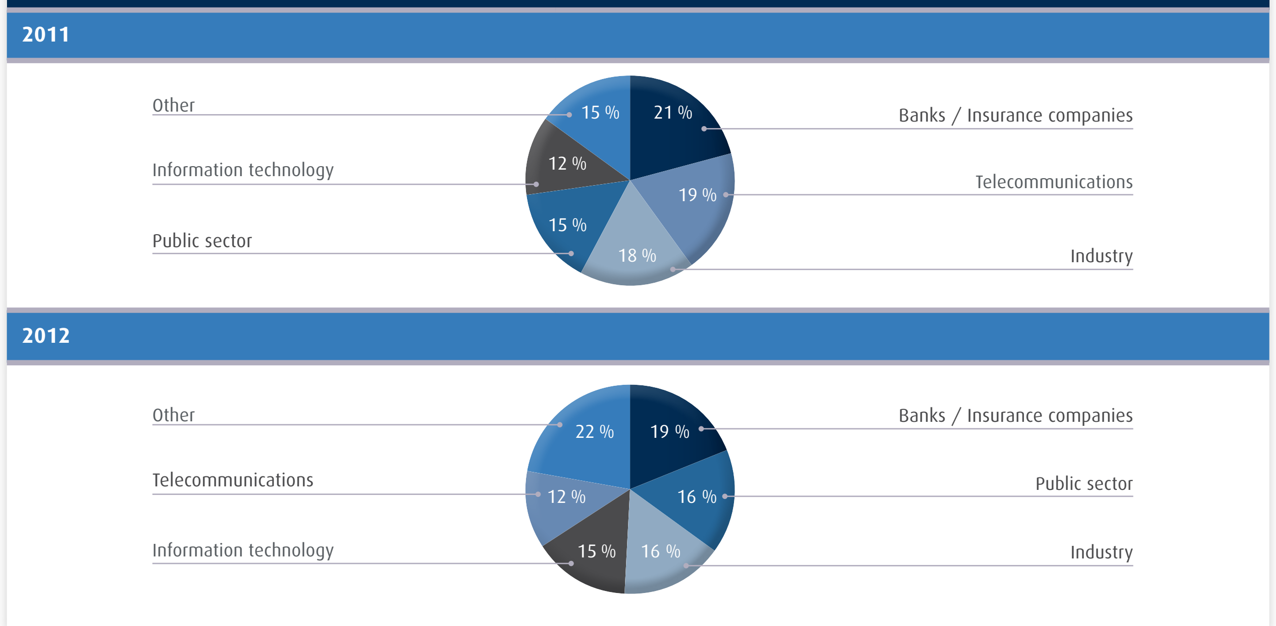
The past financial year 2012 was once again a positive year for Allgeier. Thus the sales could be increased by EUR 44.1 million from EUR 378.8 million in 2011 to EUR 422.8 million in the year 2012. This corresponds to an increase of 12 per cent and shows that Allgeier was able to gain market shares even in the previous financial year. Allgeier was able to further strengthen its market position in the past year and has established a leading position as an innovative and performance-driven IT company through consistent customer and market orientation.

The Group's EBITDA grew by 3 per cent to EUR 22.9 million (previous year: EUR 22.3 million). The output volumes below the EBITDA line were influenced by increased amortizations from the acquisition activity. Due to the higher additions of intangible assets (like book positions, customer bases and products) associated with the acquisition activity, the IFRS amortization applied to purchase price allocations rose by EUR 2.3 million to EUR 9.5 million. The Group EBIT fell from EUR 12.0 million in the previous year to EUR 9.1 million in 2012. The negative balance of interest expense and interest income increased by EUR 0.5 million from EUR 2.5 million to EUR 3.0 million due to the taking up of the borrower's note loan and the newly designed external financing structure. The resulting EBT after interest deduction (without EBT from sold business) amounted to EUR 6.1 million in the concluded financial year and fell below the value of EUR 9.5 million from the previous year. The tax expenses fell in the year 2012 by EUR 1.8 million from EUR 4.2 million to EUR 2.4 million.

Apart from the continued business, the Group achieved earnings amounting to EUR 5.1 million before tax after assessment of the subsequent claims and risks from the sale of the business Personal Services division in 2008.

Together with the earnings before taxes from the continued business amounting to EUR 6.1 million, the Group thereby gained earnings before tax amounting to EUR 11.3 million in total (previous year: EUR 9.5 million) and exceeded the corresponding amount of the previous year by 18 per cent. After deduction of all income taxes of the amount from the continued and sold business, the Group gained periodical earnings for the shareholders of Allgeier SE amounting to EUR 8.8 million, which was higher in comparison to the previous year by EUR 3.5 million (previous year EUR 5.3 million).

SALES REVENUE



GROUP MANAGEMENT REPORT

With its positioning in the market, Allgeier is very well placed strategically and operatively in the business divisions of Solutions, Experts and Projects. The products offered and the services performed in the individual business divisions reflect the market requirements and customer needs equally. The acquisition policy practised by Allgeier has led to a distinctive growth in sales and EBITDA and to a gain in market shares. The strategy comprises six points:

1. Focussing of the business models, designing the segments and forming corresponding divisions as central leadership elements
2. Continuation of the growth course by developing the internal growth and through strictly selective, value-generating acquisitions for strengthening the divisions
3. Further intensification of the cooperation between the Group businesses and the enhancement of synergies
4. Development of the integration process – thereby opening up of high-margin activity fields and the acquisition of further large projects that ensure full utilisation
5. Promoting presence in D-A-CH, India and the USA, step-by-step and targeted promotion of our international business with a focus on future growth markets like Eastern Europe and Turkey
6. Investment in the advanced qualification of our employees

In the implementation of the acquisition strategy, Allgeier continues to profit from the high fragmentation of the market for IT services and the on-going trend towards consolidation. A large number of companies are strategically well suited to Allgeier Group and can profit from the size, know-how and the customer access of the Group. In this respect the market allows the continuation of Allgeier Group's acquisition strategy even in the future.

In 2012 Allgeier Group executed a total of six acquisitions:

With two acquisitions in the Experts division, we have qualitatively and quantitatively expanded our comprehensive business and service portfolio in the important growing market for IT personnel services, and in addition strengthened our presence in the important growing market of Turkey. The tecops personal GmbH headquartered in Munich with over 1,400 employees and 12 branches ranks among the leading personnel service providers for IT experts and commercial specialists in Germany. The Turkish recruiting specialist Oxygen Consultancy headquartered in Istanbul operates for companies from IT, finance and industry – with a special focus on international groups.

In the Turkish commercial capital Istanbul, the company holds a leading position in the market for personnel services. Both TECOPS as well as Oxygen Consultancy have been showing positive outputs and continuous growth for years. With four more acquisitions, we built our software development competence as well as our solutions and business portfolio and strengthened our Solutions business division as well as the mgm technology partners group: Skytec with its headquarters in Oberhaching is a provider of Business Intelligence solutions for upscale medium and large enterprises. With this addition, we are expanding our software development competence for planning and reporting solutions. The company was acquired out of a difficult economic situation, but has very good and long-standing customer relations, in particular to large customers. The Braunschweig-based AX solutions is a specialist for ERP business solutions with a regional focus in Northern Germany and has been registering positive outputs for years. Through AX Solutions we are strengthening ERP competence in our Solutions business division and are further expanding our specific delivery capacities and range of services in Northern Germany. The b+m Gruppe from Melsdorf near Kiel is an expert for IT consulting as well as the development of individualised business solutions with a focus on the banking and insurance industry as well as trade and production. With this addition, our Solutions division expands its software development competence as well as the business and service portfolio for market-leading ERP solutions. The enterprise was in a difficult economic situation at the time of takeover, but through the in-house product solutions and a good customer base, it has an outstanding basis for a positive economic development in the future. S&F from Leipzig specialises in the development of high-value software solutions and applications, like for example document, compliance, and digital asset management systems. With highly qualified developers and a performance-oriented network in Eastern Germany, the company strengthens the mgm technology partners group. S&F commands long-term business relations and has been growing in a stable manner in the past years.

Allgeier strengthens customer relations

The Allgeier Group has further expanded and consolidated its customer relations with notable large customers in the concluded financial year. In the meantime, Allgeier has achieved an annual turnover of over EUR 1 million each with more than 60 customers. A significant aim of the Allgeier Group's growth strategy consists of using the gained volume and the broad service spectrum increasingly within the framework of public and private bids of major projects. The Allgeier Group counts among its customers enterprises from nearly all industries with varying project requirements and order volumes. The Group companies are thus working for globally operating firms as well as a large number of medium-scale enterprises.

The Allgeier Group counts among its customers 17 of the 20 highest selling German enterprises, 23 of 30 DAX companies and 28 of the German top 50 enterprises. Thus there are often several Groupaffiliated companies of Allgeier SE that work in various projects for the enterprises. The customers of the Allgeier Group include enterprises from nearly all industries.

The sales in important industries like services, health, trade and logistics, media, publishing and entertainment have clearly increased – in part also as a result of the addition of new Group companies. Thus, these industries constitute the strongest customer segment as per sales with a share of around 22 per cent.

In the sectors of banking and finance as well as insurance, which represent the second most important sales segment for the Group with around 19 per cent of the total revenue, the Allgeier Group provides the most varied services like IT consulting, recruiting and expert leasing, software development, infrastructure projects and service contracts. Innovation themes like outsourcing and the development and management of mobile applications thereby represent important growth areas. Allgeier works for 12 of the 20 highest performing German insurance groups as well as for 8 of the 10 biggest German banks and financial service enterprises in terms of balance sheet.

In the public sector, the third most important industry segment in terms of sales, the Allgeier Group is represented at all levels in nearly all of Germany. The products and services are in demand from the federation, states, administrative districts, rural districts, and municipalities. The service spectrum here spans from software and application development through expert leasing to complex IT consulting. Therefore, innovation themes like E-Government, Business Intelligence solutions for Big Data as well as mobile applications in particular are increasingly gaining in importance.

In industries including the automobile industry, Allgeier has been very well established for many years. Industrial enterprises form the fourth most important industry segment in terms of sales for the Allgeier Group. Among the customers of the Group are the major automobile manufacturers and the most important enterprises of the automotive parts industry. In addition, the long-standing customer base includes leading enterprises from varied industry branches like aeronautics, chemistry and pharmaceuticals, metallurgy and electronics, construction, wood and consumer goods as well as numerous enterprises of the energy supply sector. Internationally operational energy producers as well as many leading regional suppliers are asking for the Group's services. In various industrial branches, Allgeier Group companies are represented mainly through software development, application management services, IT consulting, service contracts and third party management. Especially in important innovation and cutting-edge areas like Cloud Solutions and services as well as mobile applications, Allgeier is registering increasing sales.

The sales with enterprises in information technology have grown strongly in the concluded financial year. This growth was organically as well as inorganically due to the consolidation of new Group companies. IT enterprises form the fifth biggest industry segment of the Allgeier Group with a sales percentage of around 15 per cent. Many leading national and international IT companies rely on the solution and service portfolio of the Group: Allgeier provides IT enterprises – in many cases as a premium partner – sophisticated services like expert staffing and recruiting, IT consulting, application management services, project management as well as services for client systems, data centre, back office infrastructure and back office systems. The Group is seeing increasing sales with IT customers especially in important innovation areas like Cloud Services (software as a service) and mobile applications.

In the telecommunications sector, a decline in sales, both relative as well as absolute, was seen compared to the previous year. Sales through telecommunication enterprises account for 12 per cent of the total sales. The described development is firstly due to the decline in sales to a major customer, who was in the process of restructuring in the past years, and also secondly due to a shift in revenue between the sectors on account of the enterprises newly added to the Group in the course of the financial year.

GROUP MANAGEMENT REPORT

3. NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATION

Income Situation

Allgeier achieves further growth

The Group sales as per IFRS could be increased in the reporting year by EUR 44.1 million totally to EUR 422.8 million (previous year: EUR 378.8 million) due to the good economic situation and the acquisitions completed, as well as the organic growth achieved in many companies. This corresponds to a growth of 12 per cent.

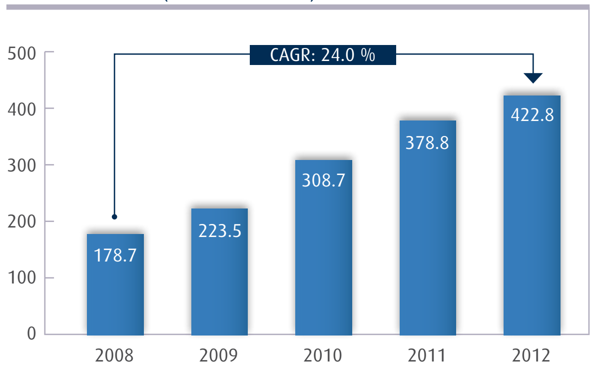
The EBITDA reported in the Group's consolidated financial statement rose to EUR 22.9 million (previous year EUR 22.3 million), which corresponds to an increase of around 3 per cent. The EBIT (Earnings Before Interest and Taxes) at EUR 9.1 million dropped less than in the financial year 2011 (previous year EUR 12.0 million).

The EBIT is majorly influenced by the acquisition activity. The acquisitions led to an increase in IFRS amortization applied to purchase price allocations (in other words, amortization applied to order book positions, customer bases and products) by EUR 2.3 million to EUR 9.5 million (previous year EUR 7.2 million). The higher level of amortization is based on the high valuation of customer relationships of the companies acquired in 2011 and 2012, which enjoy good order book positions and a large number of established customer relationships.

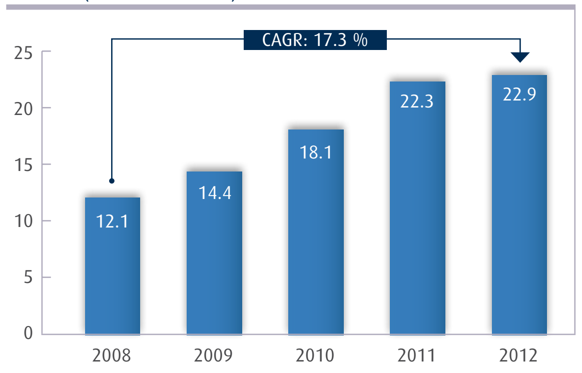
The negative balance of interest expenses and interest earnings rose by EUR 0.5 million from EUR 2.5 million to EUR 3.0 million in the financial year 2012 due to the acceptance of the borrower's note loan and the newly designed external financing structure. As earnings before tax, the Group was left with an EBT of EUR 6.2 million from the continued business (previous year: EUR 9.5 million).

In the entire management report and graphs, new acquisitions are consolidated from their acquisition date pursuant to IFRS.

SALES REVENUE (in EUR millions)



EBITDA (in EUR millions)



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

Apart from the continued business, the company gained earnings amounting to EUR 5.1 million before taxes from the business division Personnel Services that was sold in 2008. Along with the earnings before tax from the continued business amounting to EUR 6.1 million, the Group received earnings before tax amounting to EUR 11.3 million totally (previous year: EUR 9.5 million), this corresponds to an increase of 18 per cent. After the deduction of all income taxes, the Group reached a periodical earning amounting to EUR 8.8 million out of the amount from the continued and sold business, which was EUR 2.5 million higher than that of the previous year (previous year: EUR 5.3 million).

The earnings per share, including the earnings from the sold business and without the effect of the dilution of share options, increased by 92 per cent from 0.52 Euros in 2011 to 1.00 Euro in the reporting year. The earnings per share, adjusted for the effects of the acquisition activity (IFRS amortization applied to purchase price allocations and earnings from the adjustment of conditional purchase prices) and the one-time effect from the share options, stand at 1.85 Euro (previous year: 1.27 Euro). The previous year's value was thereby exceeded by 46 per cent.

To portray the adjusted operating profit for each share, the Allgeier Group adjusts profit from operating activity (EBIT) by the amortisations of intangible assets (effects from purchase price allocations) activated in relation with the corporate acquisitions, by earnings and expenses from profit or loss adjustment of purchase price as well as one-off expenses from the stock options given out in the fiscal year 2012. The operating profit per share increased by 47% from 1.27 EUR in 2011 to 1.85 EUR in 2012 while considering adjustments and utilisation of an unchanged group tax rate on the operating profit of the continued operation.

(in EUR millions)	2011	2012
Profit from operating activity (EBIT as reported)	12.0	9.1
Amortisations of intangible assets from company acquisitions	7.2	9.5
Value adjustment of goodwill and intangible assets	0.0	0.2
Purchase price adjustments recognised in profit or loss	-0.2	-2.2
One-off expenses from stock options	0.0	2.0
Net financial result	-2.5	-3.0
Adjusted earnings before tax	16.5	15.6
Group tax rate	30%	30%
Tax	-5.0	-4.7
Adjusted net result for the period of continued operations	11.6	10.9
Earnings of the divested business (after taxes)	0.0	5.1
Non-controlling shareholders	-0.9	-0.5
Earnings to calculate adjusted earnings per share	10.6	15.5
Number of shares outstanding	8,377,002	8,375,737
Adjusted earnings per share in EUR (undiluted)	1.27	1.85

Asset Situation

The asset situation of the Allgeier Group is dominated by the addition of new Group companies, the new design of the financing structure through the acceptance of external funds and factoring of receivables with simultaneous rescheduling of short-term financial debts in favour of long-term financing components as well as influences from the operative business trend. In the financial year 2012, the Group acquired AX Solutions, Skytec, the b+m Group, tecops, Oxygen and S&F and consolidated the asset values and liabilities of these companies in its consolidated financial statement. The Group financed acquisitions to a large extent from its own liquidity as well as from the borrower's note loan successfully placed in the first quarter. The accession of the new Group companies as well as the flow of liquidity both had a significant influence on the accounts and the financing of the Allgeier Group. The total assets increased in the financial year 2012 from EUR 242.1 million on December 31, 2011 by EUR 47.5 to EUR 289.6 million on December 31, 2012.

On the asset side, the long-term assets increased from EUR 113.9 million in the previous year by EUR 31.8 million to EUR 145.7 million in the reporting year. The intangible assets in particular increased due to the concluded acquisitions by EUR 25.6 million to EUR 128.4 million (previous year: EUR 102.8 million). These include the business and company values from the first consolidation of the Group companies, which increased from EUR 79.2 million in the previous year by EUR 24.2 million to EUR 103.4 million. The short-term assets increased from EUR 128.3 million in the previous year by EUR 15.7 million to EUR 143.9 million in the financial year 2012. On one hand, the receivables from deliveries and services reduced from EUR 81.8 million by EUR 5.4 million to EUR 76.4 million due to the first time use of factoring, whereas the stocks and other assets increased from EUR 14.5 million by 14.1 million to EUR 28.6 million. The liquid funds increased by EUR 7.0 millions (previous year: flow of EUR 29.4 million) from EUR 31.9 million to EUR 38.9 million due to the positive balance of the inflow from the operative business and the financial activity through payments for the investments carried out.

On the liabilities side the Group's equity capital went up from EUR 88.2 million by EUR 5.2 million to EUR 93.4 million. The equity capital quota dropped in the financial year 2012 from 36.4 per cent at the end of 2011 to 32.2 per cent on December 31, 2012 due to the increase in the total assets. The long-term debts increased from EUR 36.5 million at the end of the year 2011 by EUR 69.9 million to EUR 106.4 million at the end of 2012, largely due to the successful placement of a borrower's note loan. Similarly, the earnouts arising from corporate acquisitions attached to long-term liabilities remained nearly unchanged at EUR 20.7 million (previous year: EUR 22.2 million). The short-term debts dropped at the end of the financial year 2012 from EUR 117.5 million by EUR 27.7 million to EUR 89.8 million. This decline results largely from the repayment of short-term financial debts and profit-sharing liabilities, which dropped from 38.7 million by EUR 36.9 million to EUR 1.8 million, and in the reverse from EUR 78.7 million by EUR 9.3 million to EUR 88.8 million due to the addition of other short-term debts. The repayment of the short-term financial capital stood in the context of the borrower's note loan placed in the first quarter of 2012 to the tune of EUR 69.0 million net, as well as the first-time factoring of receivables from deliveries and services and a payment receipt of EUR 11.4 million resulting from this. The provisions contained in the short-term debts increased from EUR 11.5 million in 2011 to EUR 16.8 million in the financial year 2012.

TOTAL ASSETS 31/12/2012 (in EUR millions)

EQUITY 31/12/2012 (in EUR millions)

Financial Situation

The Allgeier Group has a sound financial basis for years. With a freely available liquidity of EUR 38.9 millions existing at the end of 2012 (previous year: EUR 31.9 millions) as well as unused volumes of current account flows and invoice finance facilities of EUR 13.5 million totally (previous year: EUR 3.5 million), and in addition assets in stocks of EUR 5.0 million, the management can continue its successful growth strategy and react quickly to acquisition opportunities in the market. Also, from the successful operative business development, the Group could expect high cash inflows. Thus in the financial year 2012, the Group collected payment receipts from the operational activity before working capital changes of EUR 28.9 million (previous year: EUR 28.4 million).

The liquidity of the 1st degree (currency/short-term loans) amounted to 43 per cent on December 31, 2012 (previous year: 27 per cent). The liquidity index of the 2nd degree (currency + receivables from deliveries and services/ short-term debts) amounted to 128 per cent (previous year: 96 per cent). Through the redemption of short-term debts in a medium and long-term financing, the liquidity ratio of short-term loans is positively influence.

From the short-term net liquidity (cash and cash equivalents), funds amounting to EUR 7.0 million totally flowed to the Group in the year 2012 (previous year: flow of EUR 29.3 million). The cash flow is the balance of inflows from operational activity of EUR 15.1 million (previous year: EUR 19.6 million), flow of funds from investment activity of EUR 44.2 million (previous year: EUR 33.7 million) and inflows from the financing activity of EUR 36.2 million (previous year: flow of EUR 15.2 million). The cash flow from the operational activity before working capital changes could be increased from EUR 28.4 million in the previous year to EUR 28.9 million in 2012. With an increase by EUR 13.9 million in 2012, the working capital changes were higher than that of the previous year with EUR 8.8 million. Including the higher budgetary commitment in the working capital, the Group gained a cash flow of EUR 15.1 million from the operational activity (previous year: EUR 19.6 million). In the financial year 2012, the Group spent EUR 34.8 million for investments in the acquisition of subsidiaries and business units (previous year: EUR 29.4 million) and EUR 4.4 million for operative investments (previous EUR 4.2 million). For short and mid-term cash forecasts, stocks amounting to EUR 5.0 million were purchased (previous year: EUR 0.0 million). Totally the cash flow from investment activity amounted to EUR 44.2 million (previous year: -EUR 33.7 million). In the financial year 2012, the Group took bank loans amounting to EUR 69.5 million (previous year: EUR 23.0 million) and repaid loans including a participation certificate and the termination of the ABS program amounting to EUR 36.2 million totally (previous year; EUR 30.6 million). On account of the first-time transfer of receivables to the factoring company, funds of EUR 11.4 million flowed to the Group.

In the year 2012, the Allgeier Group acquired its own shares amounting to EUR 0.8 million (previous year: EUR 1.1 million) and finalised a pay-out to the shareholders of Allgeier SE amounting to EUR 4.2 million (previous year: EUR 4.2 million). In addition, payments amounting toEUR 0.2 million (previous year: EUR 0.2 million) were made to non-controlling interest companies and shares of minority businesses amounting to EUR 0.8 million were repurchased (previous year: EUR 0.7 million). The Group had to pay interest amounting to EUR 2.6 million net in the financial year 2012 (previous year: EUR 2.4 million). In line with the financing activity, funds amounting to EUR36.2 million totally flowed to the Group (previous year: flow of EUR 15.2 million). In its financial management, the Allgeier Group is pursuing the aim to allocate the liquid funds necessary for growth and for the scheduled payments of the debts.

The income situation of the Allgeier Group in the first two months of the year 2013 developed as expected. With regard to the asset and financial situation, no major new events have occurred.

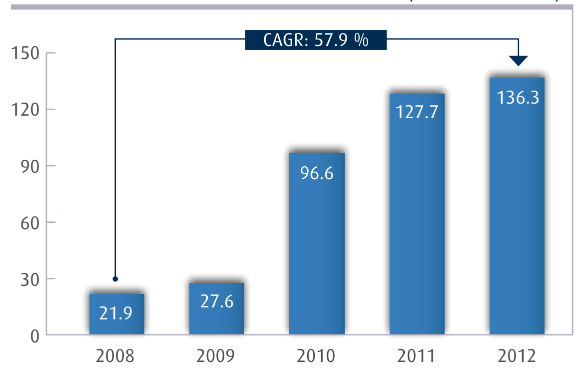
Business Divisions

PORTFOLIO OF SOLUTIONS AND SERVICES

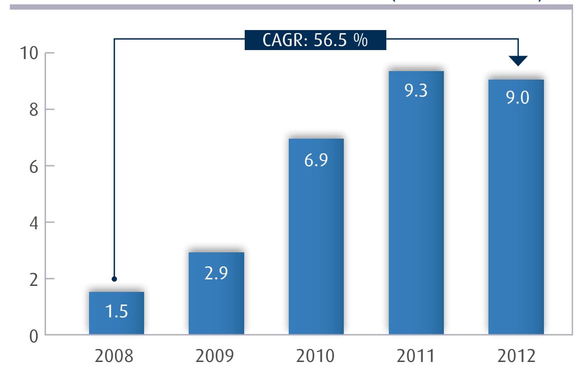
EXPERTS	PROJECTS	SOLUTIONS
Expert Staffing	Process & IT Consulting · IT Architectures · E-Commerce & Portals · Mobile Enterprise · Business Intelligence / Big Data · Apps	Industry Solutions · Microsoft, Infor, SAP, Oracle, IBM etc. · Allgeier products and solutions Solution Consulting
Placement Services	Software & Application Engineering · Nearshore/Offshore Development	Software & Cloud Services · ERP & ECM Application Management Services · Outtasking · Nearshore/Offshore Delivery · IT Service Management
Third Party Management	Software Lifecycle Projects · Development, Implementation, Management & Testing	Data Center & Infrastructure

Sales and profit shares from transactions between segments are included in the following illustrations and explanations.

REVENUE SOLUTIONS BUSINESS DIVISION (in EUR millions)



EBITDA SOLUTIONS BUSINESS DIVISION (in EUR millions)



Solutions business division

The business division Solutions serves more than 2,000 customers with innovative software products and solutions for the storage and administration of data in enterprises, in particular through so-called Data and Document Management Systems (Enterprise Content Management – ECM/DMS) as well as through security software and Enterprise Resource Planning software (ERP software). Apart from this, services and holistic solutions for IT infrastructure projects are offered, which also comprise hardware and software supply and their management, as well as so-called Cloud Services.

The latter involves the offer of IT services and functionalities, which are no longer tied down to a location (for e.g. virtual storage capacities). For this, Allgeier develops for its customers projects for modernisation or advancement of IT infrastructure (data processing centres, for instance) as well as services for their continued operation. Other core competencies are the analysis and optimisation of business processes for medium-scale manufacturing and other enterprises, the selection of the ideal business software for customers as well as the introduction of globally leading ERP software solutions, especially Microsoft Dynamics

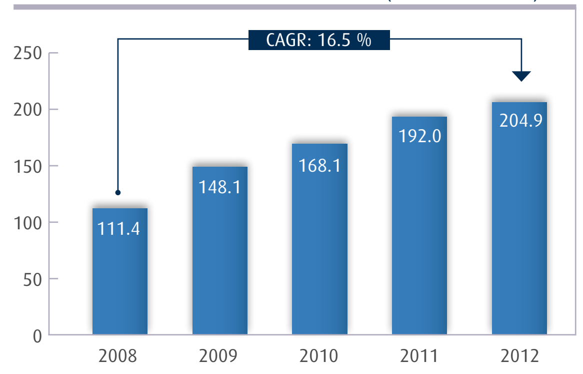
GROUP MANAGEMENT REPORT

AX, Infor/Lawson M3 and SAP. In addition, Allgeier offers customers its own performance-driven ERP solutions like for example syntona logic® or the multiple award-winner cierp3®. cierp3® is a cloud-capable, fully integrated ERP software, which comes into application in medium-scale and large enterprises. The platform-independent solution is modularly structured and can be arbitrarily prepared for any individual ERP landscape, expanded through necessary modules at any time, and adapted to specific company processes.

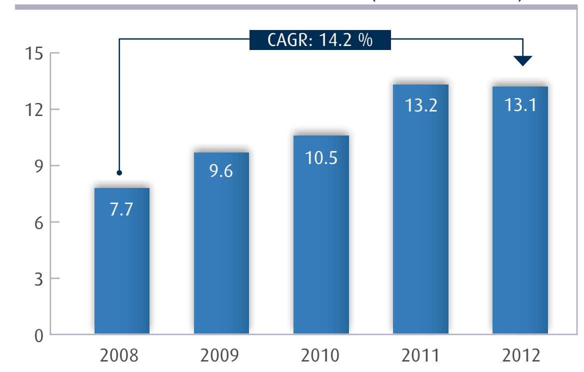
The business division Solutions gained a sales surplus of 7 per cent to EUR 136.3 million in the reporting period (previous year: EUR 127.7 million). The acquisitions undertaken in 2011 (1eEurope and GEMED) as well as in 2012 (AX Solutions and b+m Group), among other things, were crucial for this strong growth. The EBITDA in the business division Solutions did not develop in the dimensions of the sales development. It dropped by 3 per cent from EUR 9.3 million in the previous year to EUR 9.0 million in the year 2012. The earnings in 2012 were benefited by the write-off of purchase price liabilities amounting to EUR 2.2 million totally. The business division's EBIT dropped from EUR 3.0 million in 2011 to EUR 2.3 million in the reporting year, because the depreciations in the financial year 2012 at EUR 6.8 million were somewhat higher than in the previous year at EUR 6.3 million.

The decrease in earnings can be explained through the performance losses and one-time reorganisation costs due to the amalgamation of branch offices as well as start-up costs related to the entry into the Turkish market. The business division is further notably dependent on licensing business, which did not perform as expected in the financial year, in part as per the balance sheet date.

REVENUE EXPERTS BUSINESS DIVISION (in EUR millions)



EBITDA EXPERTS BUSINESS DIVISION (in EUR millions)



Experts business division

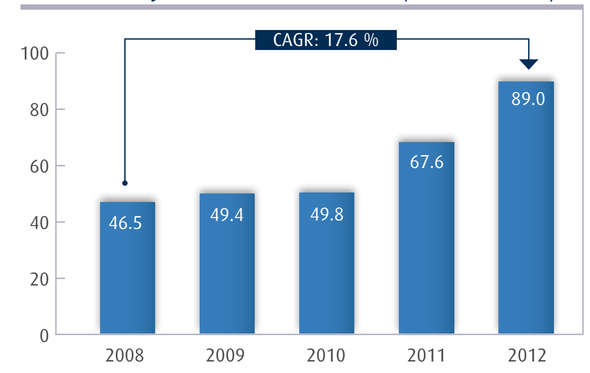
The Allgeier Business Division Experts, with its companies, is one of the leading providers of flexible personnel services in Germany, especially in the IT field. The offered services include recruiting, procurement and management of IT experts, engineers and commercial specialists, the implementation of IT projects, the planning and initiation of IT infrastructure solutions as well as the design and development of software. The core of this business activity involves providing special services and know-how according to the requirements of the customers and to render the corresponding services within the framework of the customer project through the employees or freelance IT specialists found for this purpose as sub-contractors.

In addition, the business division provides a complete spectrum of IT services for the sectors of banking, insurance, IT, telecommunication, industry, energy supply, public sector and media/publishing. The offered services include, among others, the development, implementation and administration of software applications as per individual customer requirements on the basis of large standard software solutions like, for example, SAP or Microsoft. Besides this, the companies also offer the management of networks and IT functionalities in this field.

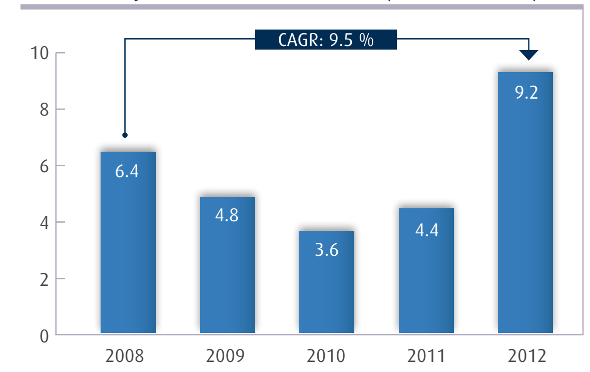
The biggest segment in the Allgeier Group in terms of sales and employees (incl. freelance experts), the business division Experts, was able to increase its sales by

EUR 12.9 million to EUR 204.9 million in the reporting period (previous year EUR 192.0 million), which corresponds to an increase of 7 per cent. The heightened demand for experts and the proper utilisation of IT consultants ensured the pleasing development in this field. The EBITDA, with EUR 13.1 million, was maintained at the same level as the previous year of EUR 13.2 million. The EBIT was under-proportionate on account of the increased depreciations due to the higher depreciations on customer bases and orders on hand caused by the acquisition of tecops and Oxygen Consultancy, and reduced from EUR 12.2 million in the previous year to EUR 10.6 million in the reporting period. In the business year 2012, the business division had to accept a decline in earnings due to certain situations with individual customers and could nearly compensate for them. Without these effects, the business division would have shown a growth in earnings, which additionally highlights the outstanding market position of the business division.

REVENUE PROJECTS BUSINESS DIVISION (in EUR millions)



EBITDA PROJECTS BUSINESS DIVISION (in EUR millions)



Projects business division

The mgm technology partners Group, the Nagarro Group, the Softcon Group and Skytec are part of the Allgeier business division Projects.

mgm technology partners specialises in the development of individual software solutions and the execution of corresponding projects from the planning of software architecture through its development to the initiation and maintenance for the customers. The target sectors include, in particular, the public sector, insurance, trade (eCommerce), and energy supply. The subsidiary mgm consulting partners advises the managerial levels of enterprises on matters ranging from strategy to the implemented solution – predominantly in the sectors of energy suppliers, insurance as well as IT. The emphasis of the management consulting services lies in the areas of Strategy & Change, Organisational and Process Consulting, Strategic IT Management, Risk Management and Programme Management.

Nagarro specialises in the development, testing, implementation, maintenance and management of complex software critical for business in large enterprises and software manufacturers. The business unit works internationally – in many cases for industry-leading enterprises. The most important markets are North America, Scandinavia and the German speaking region (Germany, Austria, Switzerland). With a strong foothold in India, flexibility and the highest scalability of services as well as highly qualified expert knowledge in software development is ensured. The projects in this field comprise particularly the development of individual software for the diverse enterprise processes and requirements of the customers, for whom no standard software solutions are available.

Softcon is a technology leader for sector solutions, individual applications and services in connection with SAP, Application Management, ECM, SOA, E-Government and RFID. In-house products in the field of mobile solutions like LogIDSoft, SC-OWI and SC-Mobil complete the range of offers. Besides the headquarters in Munich and the office in Leipzig, there is another facility in Timisoara (Romania), which enables cost-effective project execution through the integration of near-shore resources. The medium-scale IT service provider with more than 250 employees is established in the market for over 25 years and is a part of Allgeier since 2005.

The business division Projects achieved a sales increase by 32 per cent to EUR 89.0 million from the first consolidation of the Nagarro Group in July 2011, among other things (previous year: EUR 67.6 million). The sales increase is a sign for the performance-ability of the products and services offered in this segment. In this, the Nagarro Group has contributed significantly to the sales increase. Similarly, the business division achieved a distinctive, over-proportionate rise by 110 per cent in the EBITDA. This reached EUR 9.2 million in the reporting period (previous year: EUR 4.4 million). The EBIT, which is burdened with depreciations on purchase price allocations that are associated mainly with the acquisition of the Nagarro Group, also grew steeply. The earnings volume grew strongly by EUR 3.1 million from EUR 1.5 million in the year 2011 to EUR 4.6 million in the reporting period. This corresponds to an increase of 211 per cent.

4. OPPORTUNITIES AND RISKS RELATING TO FUTURE BUSINESS DEVELOPMENT

Organic growth of the Group companies is significantly dependent on the economic environment and especially on the development of IT services and the software market in Germany. After an increase in the German Gross Domestic Product of only 0.7 per cent in 2012 (after a growth of 3.0 per cent, adjusted for price, could still be registered in 2011) the growth in the running financial year 2013 will slow down further as per the annual economic report of the Federal Government and stand at only 0.5 per cent. After a weak start, the German economy should grow rapidly again in the second half of the year. This projection is based on the assumption that no other negative developments occur in the course of the sovereign debt crisis, as a result of which there is further insecurity among the market actors. According to the Federal Government, the enduring European debt crisis represents the greatest economic risk for the German economy even in 2013.

The total ITC sector (information technology, telecommunications, and consumer electronics) expects a sales growth of 1.4 per cent to EUR 153.3 Euro billion for 2013 in Germany, according to the Federal Association for Information Technology, Telecommunications and New Media (BITKOM). The ITC sector thereby seems to still be unaffected as far as possible by the European debt crisis. The markets especially relevant for Allgeier for software and IT services as well as the market for IT hardware together should grow by 2.2 per cent to EUR 75.0 billion in 2013. In particular, the market for software should clearly grow by 4.6 per cent. The main driving forces for growth are the megatrends in the sector, for example cloud computing or the rising demand for mobile applications for smartphones and tablet computers, from which especially the fields of IT services and software profit. Major innovation areas of the sector therefore exhibit much above average growth rates of partly over 40 per cent per year: thus according to March 2013 Cloud Monitor of the Hightech association BITKOM, the sales through Cloud Computing in Germany should rise by 47 per cent in the year 2013 and in the subsequent years 2014 and 2015 once again by 39 per cent each. Thus until 2016, the market should grow from EUR 5.3 billion in 2012 to a volume of over EUR 20 billion. The German market for Big Data should grow by 85 per cent in the year 2013 alone compared to the previous year as per the March 2013 estimates of BITKOM. Until 2016, the inter-trade organisation expects an average growth of 48 per cent. The high demand, according to studies, is based on the expectation from the enterprises of extensive advantages through the application of Big Data, says BITKOM. On account of the fast growing data volume, for example, solutions for Enterprise Content Management (ECM) are also more in demand. In the year 2013, the German market for corresponding hardware and software as well as services in Germany will grow by 6.3 per cent to over EUR 1.6 billion according to BITKOM. The market research enterprise IDC, in its Security Predictions for the year 2013, predicts a growth of 7.8 per cent in the market for IT Security Services (hardware, software, enterprise and consumer). On account of the overall good positioning of the Group, especially in the innovation and growth areas, Allgeier is convinced of the structural, above average growth chances in the various business divisions.

In the service business, there are significant chances but also risks in the collaboration with some large customers. Through collaboration with the Top 10 customers, the Allgeier Group companies together achieved a sales share of 31 per cent. Working with large customers means planning certainty for Allgeier and stands for a great measure of reliability and stability in the customer relationship. Allgeier enjoys a “Preferred Supplier Status” with many customers, which reduces the risk of loss of supplier status at a supplier consolidation. For Allgeier, the on-going consolidation in the German IT services market represents a chance. This market is presently still relatively strongly fragmented and dominated by a large number of smaller providers. Many large enterprises are increasingly consolidating their service provision portfolio in line with multi-sourcing strategies and are thereby restricting themselves to few, performance-driven collaboration partners. In the selection of future IT service providers, the geographical coverage as well as the size of the partner, the low default risk

GROUP MANAGEMENT REPORT

associated with it as well as the broad range of services play a significant role. The enterprise size and the breadth of the offered service and solutions portfolio are increasingly gaining importance as arguments in customer discussions as well as in the context of new acquisitions. Numerous IT service companies are perceived by customers as being too small to be maintained as a reliable business partner with a "Preferred Supplier Status".

Nevertheless, developments with some large customers can also lead to risks, for instance a significant sales decline in the course of restructuring at the customer end. Allgeier deals with possible structural problems related to risks from large customers through balanced risk management. The impending shortage of expertise and the resulting staffing bottlenecks – particularly in our core market D-A-CH – also pose a risk for the Group companies. The procurement of suitable, highly qualified employees is of great importance for us even in the coming years. Through the extensive promotion of our international presence in the past years, we have opened up access to more than 1,000 outstandingly qualified software developers in India. Through the Allgeier blended shoring approach, we are offering customers, apart from this comprehensive offshoring expertise pool, specialised near-shoring personnel resources at the branches in Prague (Czech Republic) and Timisoara (Romania). Our business division Experts is a specialist in custom-made personnel services oriented to the requirements of our customers. The business division with its portfolio of flexible, market-oriented personnel services is thereby in a position to profit from the skills situation in the Allgeier core markets and to pass this on to its customers.

Within the Group, Allgeier is enhancing synergies and strengthening the collaboration between the Group companies in order to thus utilise the existing expertise potential in the best possible way. At the same time, we are consistently investing in our employees and their competence to secure sustainable growth and maintain valuable knowledge within the enterprise. Hence our personnel policy aims at continuously furthering and developing the motivation and capabilities of our employees. The attractiveness of an enterprise for the existing staff as well as for highly qualified applicants is, in our opinion, a significant competitive factor. That is why we will be increasing our investments in the further development and qualification of our employees even in the future, and simultaneously enhance the processes and structures for optimisation of intra-Group collaboration and utilisation of the common expert pool. Other risks will be described in the section "Risk Management".

Allgeier has optimally positioned itself amongst the competition with the powerful growth in the past years and the strategic focus on innovation areas, future trends and significant emerging markets: Thus Allgeier possesses the necessary size and the required sector and process competence as well as a broad and well diversified portfolio, in order to be able to appear as a solid and reliable partner to large international customers. Allgeier has the potential to support the continuation of the organic growth course in the coming years through further acquisitions and to thereby create a bigger, more valuable corporate unit that is more strongly positioned in the market.

5. RESEARCH AND DEVELOPMENT

The Allgeier Group conducts the further development of the existing in-house products primarily for the fulfilment of the major technology and market trends. During the reporting period, development costs covered within the expenses of EUR 1,503 thousand were incurred totally (previous year: EUR 936 thousand). This is a clear increase by over 60 per cent compared to the previous year. An activation of development costs was not carried out in the financial year, since the stipulated conditions have not been fulfilled. Across the Group, 8 employees are employed in Research and Development.

The Allgeier Group participates in many customer projects through Research and Development services and through this acquires know-how, which is not accounted for in numbers. In the segment Experts, a large number of complex and challenging services like, for example, development services are performed. Since, however, the services are generally provided in the customer order, the value addition derived from this does not fall within the domain of Research and Development at the Allgeier Group itself.

Research and Development are mostly provided by the segments Solutions and Projects. In the Solutions segment, for example, the HTML and SOA-based ERP complete solution cierp3® was successfully developed further. Thus cierp3® was selected as the "ERP System of the Year 2012". This technology innovation award is presented by an independent, 12-membered expert jury comprising experts of science, consulting and leading specialised media. cierp3® was honoured for its trend-setting system architecture, ergonomics, and integrative ability. Even the ECM system scanview®, which has successfully established itself in the market since 1990, was sustainably developed further. scanview® was developed further such that it can be drawn directly from the Cloud. This enables the user to use scanview® as and when required via the Internet with maximum flexibility and consistent accessibility.

The solution logicApp was newly developed - an application for iPhones and iPads in the timber and construction material trade, which allows its users mobile access to information in the established Enterprise Resource Planning system syntona logic®. Users use the App as a mobile and networked knowledge source (information on article, price, customers) and for compilation of visit reports for a comprehensive CRM in the field.

As an example of the close association with scientific institutions, two research projects of b+m Informatik are additionally mentioned: in collaboration with the Christian Albrecht University of Kiel and associated industry partners, b+m Informatik is researching into Model-driven Modernisation of IT systems in a collaborative project with DynaMod. The collaborative project is supported by the German Federal Ministry of Education and Research. Through this undertaking, b+m is strengthening its competence in model-driven software engineering and simultaneously acquiring new market chances. In the research project MENGES, the company is investigating the possibilities for the reduction of investment costs through more efficient software development processes. In association with two professors of the Christian Albrecht University of Kiel and the Kiel Funkwerk Information Technologies GmbH, b+m is taking on the challenges of the model-driven design of traffic control systems critical for security and is bringing its know-how and experience into model-driven software engineering (MDSE) and in the field of domain-specific languages (DSL). The b+m Informatik is supported in this through the Future Programme for the Economy (ZPW) of the state Schleswig-Holstein in the activity sphere "Investments in RD-Infrastructure as well as Networking of Science and Economics" with funds from the ERDF: European Regional Development Fund (ERDF) of the European Union.

The products from the area E-Government SC-Mobil® and SC-OWI®, among others, were consistently developed further in the segment Projects. Both products are now running under the Google operating system Android. In this way, employees of the regulatory authority can record and process administrative offenses on an Android Smartphone.

6. HUMAN RESOURCES

Allgeier focuses on dedicated and loyal employees

Every enterprise lives critically on the expertise and the loyal dedication of its employees. They are constantly in contact with the customers, perform the agreed consulting and other services, and develop innovative solutions for complex challenges. Highly qualified and motivated employees are therefore an important success factor for the growth of our Group. The strategy of the Allgeier Group lives on the dedication of its employees. Hence, continuously promoting and enhancing the motivation and capabilities of our employees is a central aim of our personnel policy. Allgeier made good progress in the reporting year through the harmonisation of measures towards employee procurement and retention within the Group companies. The procurement of suitable, highly qualified employees is of great importance to us even in the coming years. In the past years, we have significantly expanded our international presence, and in the summer of 2011 we opened up access to more than 1000 outstandingly qualified software developers in India. In our core market D-A-CH, however, we are already finding shortages in well-qualified experts today. Also for this reason, we are constantly investing in our employees, in order to secure sustainable growth and to maintain valuable knowledge within the Group. Further increasing investments in the training and qualification of employees in the future are associated with this.

The attractiveness of an enterprise – for the existing staff as well as for good applicants – is an important competitive factor, in our opinion. In view of the special dynamics of the IT sector, the continuous professional training of the employees is a significant success factor in the competition for the best employees. To keep oneself professionally up-to-date, is also a deciding criterion to fulfil the rising demands of the customers and be involved in innovation measures within the sector. Conversely, the employees of the individual Group companies also benefit from the increasing size and stability of the Group. The existing jobs in the Group thereby become more secure and new jobs are created. New challenging orders with high-performing customers create interesting professional perspectives and personal development opportunities.

Clear increase in employee numbers

Altogether at the end of the financial year, the Allgeier Group employed a total of 5,730 permanent employees and freelance experts (previous year: 4,077), of which are 4,214 permanent employees and 1,516 freelance experts (previous year 2,546 permanent employees and 1,531 freelance experts). In Germany, at the end of the financial year, Allgeier employed 4,302 permanent employees and freelance experts (previous year: 2,803), while abroad it has been 1,428 permanent employees and freelance experts at the end of the financial year (previous year: 1,274). 75.1 per cent of all permanent employees and freelance experts were employed at the end of the financial year in Germany (previous year: 68.8 per cent).

Altogether, Allgeier has increased the number of salaried employees and freelance experts compared to the previous year by 1,653 employees and registered both within Germany (+1,499) as well as abroad (+154) a significant employee growth. The enormous increase results mainly from the acquisitions undertaken in the financial year 2012, through which alone 1,566 fixed permanent employees newly joined the Allgeier Group. Apart from this, the employee number in the Group also significantly grew organically in the preceding year: Without the employees gained through the acquisition of new companies, 102 permanent employees more than the previous year work in the Group companies, i.e. 4 per cent new jobs (salaried employees) were created.

In order to acquire the best employees in our highly competitive market at all times even in the future and then retain them within our Group, we want to develop Allgeier into one of the leading employers of our sector.

7. RISK MANAGEMENT

The Allgeier Group is exposed to various risks in the course of its widely diversified business activities. We define risks, in the broadest sense, as the danger of not being able to achieve our financial, operative or strategic goals as planned. To ensure long-term success of the enterprise, it is essential to identify the risks and eliminate or contain them through suitable control measures. For this we use graded risk management and control systems at the level of the Group companies and at the level of the Group management, which help us to identify in time the risks as well as developments, which threaten the survival of our enterprise. We have combined the elements of a Top-Down and Bottom-Up approach. We continuously develop our risk management and control systems further and adapt them to the changed requirements of the Group and its environment. Apart from this, the Supervisory Board of Allgeier SE monitors the efficiency of the risk management system at least annually.

At the level of the Group companies, each of the corporately independent and self-governing board of directors operates on the basis of their specific business. In the individual companies, we have deployed controlling systems and established a management organisation, which ensures high transparency in the companies, so that we receive real-time information about the development of the companies. The Group management additionally supervises and controls the working of the individual board of directors through the corresponding supervisory bodies like Supervisory Board and shareholders' meetings. In the business regulations for the management of Group companies, dedicated information obligations and approval requirements are stipulated. Apart from this, there is an intensive and regular exchange between the managements of the individual Group companies amongst one another and with the Group management. GroupGroup-wide, regularly meeting bodies like the executive committee, the management committee, the sales board and an annual financial meeting help to exchange information and to increase Group transparency.

At the level of Allgeier SE there exists a Group controlling and risk management, whose function and efficiency we also monitor regularly and adapt to changed circumstances. Systematically, this is based on integrated planning, controlling and reporting instruments, which ensure the constant operational analysis of the individual companies up to Group level. Every month, all Group figures are integrated into the system at the holding level, among others. We record and monitor the Group liquidity and the liquidity planning of all Group companies on a weekly basis. Apart from this, we survey the individual companies for economic performance data as well as their development like sales, orders on hand, incoming orders or employee figures, itemized in part down to the project level, in line with established routines, and record these in a business intelligence system, with whose help we evaluate the data. The annual business planning in terms of a budget for the following financial year to be approved by the Supervisory Board of Allgeier SE – consisting of profit and loss estimates, balance sheet as well as financial plan – is planned on the basis of a Bottom-Up planning of the individual companies, which is presented and discussed in planning meetings with the Group management. The budget is supplemented through a two-year planning for the subsequent years.

Every month we carry out a target and performance analysis as well as a comparison with the respective previous annual periods, which enables us to adequately manage the individual companies as well as the Group. The results of the analysis are discussed in a personal meeting with the management of the individual Group company, where possible deviations are debated, and wherever necessary corresponding measures are decided. For major deviations from the planning, we have defined an escalation process, which provides various measures like immediate, thorough examination up to the initiation of reorganisational measures. After conclusion of the first quarter of the following financial year, we review the overall planning and determine the possible need for modifications.

As a further means of risk management, we schedule a risk assessment. For this, we survey the responsible directors and managers of the Group companies at regular intervals for individual risk notifications on the basis of a standardised catalogue of risks according to the various risk areas. Furthermore, we consider the probability of occurrence as well as the extent of damages of the risks. Thus such methods are applied that are uniformly structured across the Group and thereby enable a comparability of risk assessment across the three business divisions. Closely associated with the issue of risk management is the topic compliance. Increasing attention and concretisation of this issue is occurring among the responsible bodies in the enterprise and in the judiciary as well as among the public. Against this background, the demands are growing for a corresponding company organisation, which stands under the watch of the Management Board and the Supervisory Board even in the Allgeier Group. Added to this is the increasing internationalisation of the Allgeier Group,

GROUP MANAGEMENT REPORT

which makes the supervision and expansion of the company structures necessary. In the concluded financial year, we have carried out a Due Diligence for Compliance with the support of a specialised external partner. The results show, that there are Compliance Management Systems or Compliance Regulations in the Group companies, which fundamentally fulfil the requirements in terms of the respective Group company. At the same time, we use these results as an opportunity to undertake improvements.

In the examination and execution of corporate acquisitions or other transactions, the Management Board of Allgeier SE operates under consideration of the high accuracy requirements for decisions, which are of special importance for the Allgeier Group. For this the Management Board also regularly falls back on the expertise and experience of internal consultants, like the members of the Supervisory Board or selected personnel from the Group, as well as external consultants like banks, corporate consultants, financial auditors, chartered accountants and lawyers. Before the execution of transactions, we carry out Due Diligence Checks to the appropriate extent. To safeguard against specific risks, we meet the corresponding contractual regulations.

Management and limitation of risks through the finalising of insurances is only carried out when we consider these as necessary and meaningful with regard to economical gain.

The Management Board of Allgeier SE regularly evaluates the existing information with the support of the Group Controlling and initiates suitable early measures for counteraction wherever necessary. On special occasions, specific projects for the analysis and initiation of corresponding measures are carried out. Further, the Management Board regularly reports to the Supervisory Board of Allgeier SE on the current development of the Group as well as on individual events and decisions and integrates this into the decisions of special importance for the Group.

Mentioned below are the major risks, which could have a significant, disadvantageous effect on the asset, financial and income situation of the Group and thereby also on the share price. The list of risks is not concluded. Besides the ones mentioned, there can be other risks, which our Group could be exposed to and which could affect our Group companies.

Market risks and strategic risks

Economic environment and market development:

Our market environment is strongly influenced by global and local factors, like the crisis in the capital markets, the financial crises caused due to sovereign debts and the associated austerity measures of the public budgets as well as other factors. Our business, which primarily comprises the performance of services for industrial and trade enterprises as well as for public contractors, is influenced by the general financial development which our customers are exposed to and which has varied effects on our customers. A conservative, volatile or any further recessive development of the markets, which is caused in the European market especially by the sovereign debt crisis in the Eurozone, can lead to a situation where individual customers no longer issue any orders or have lower budgets for IT services. In addition, we see ourselves exposed to the price pressure from our competitors, of which some are higher in sales and could have access to more extensive resources. Apart from this, it is possible that the competitors could react faster and more effectively to new market opportunities.

The aforementioned scenarios can result in reducing sales and a negative influence on our market shares, especially in our short-cycle business. On the other hand, we expect from our customers a further strengthening of the trend towards outsourcing of IT services to high-performing and flexible working partners. In this, however, the efforts towards cost reduction, especially by major customers, will mean that IT services will be assigned in part to enterprises working at lower costs from emerging countries, especially India.

Acquisitions:

Apart from the organic advancement of the Group companies, our strategy also includes the strengthening of the Group through new acquisitions. Every transaction is associated with significant investments and costs and involves the risk that the acquired companies may not grow as planned. There is a risk that the asset values including business or company values, which need to be balanced due to the transaction, must be depreciated on account of unforeseen developments, which can significantly burden the annual earnings. Further, there are financial risks when a transaction is partly financed through external funds.

Operative Risks

Management und IT Specialists:

A major success factor for our enterprise are the dedicated and entrepreneurially operating members of the business managements as well as other leaders and knowledge bearers of the Group companies. In the management field, we are confronted by the risk of developing follow-up solutions at the right time; in the employee field, of hiring IT experts in sufficient numbers and with sufficiently high qualifications, especially in the boom regions that we are active in. It is important for us to sustainably retain this personnel.

Customers:

Another success factor is the maintenance of relations with our customers through continuously good and competent assistance as well as the acquisition of new customer orders. As a Group we have the option to offer our customers, besides competence and long-standing reliability of the individual enterprises, the largest possible specialised and regional coverage through the collaboration of several Group companies. At the same time, there is the risk that we considerably lose customers, or that projects could be carried out only to a reduced extent, for example on account of financial difficulties at the customer end, or due to competitive offers. Besides a large number of medium-scale customers, we also work for international Groups in major projects (we have an annual revenue of over EUR 1 million with more than 60 customers). It has already been seen in the previous years, that the loss of parts of such major projects can have significant effects on the concerned Group company. But it has also been seen that the Group can deal with such a scenario and compensate for the loss relatively quickly through new business.

Research and Development:

IT trends and technological advancements continue to represent chances as well as risks, especially since the timely identification and examination of applicability of these trends is of immense importance to gain competitive ability. The Allgeier Group has installed a Trend Scoring Process in this area, which examines the so-called megatrends many times a year with the participation of the Group companies, and compares these to the in-house products, solutions and innovations. The development plans derived from this are assessed and approved by the Management Board. However, it cannot be guaranteed that the significant funds for Research and Development are always successfully deployed. Partnerships with software and hardware manufacturers are the basis for parts of the business activity, which can mean both chances as much as risks for these subareas.

Financial Risks

Liquidity and credit risks:

On the one hand, the Allgeier Group possesses a large amount of liquid funds as before amounting to EUR 38.9 million (previous year: EUR 31.9 million). On the other hand, there are obligations from credit agreements to a large extent, especially from the borrower's note loan taken in 2012. This funding leads to interest risks and contractual risks, which are presented individually in the appendix to the consolidated financial statement.

On account of our good liquidity and financial situation, we are in a position to be able to cover the existing and future financial needs of the Group even through the use of our own funds. At the same time we continuously carry out discussions and negotiations for the evaluation and examination of further financing for the Group's growth and acquisitions. In this respect our future growth development is also dependent on the development of the financial and capital markets and the opportunity for access to new external or internal capital. The future cash flow and the liquidity situation of the Group can also be negatively influenced by changed payment behaviour of the client, for e.g. longer payment deadlines or defaults.

Safety Policy and Financial Instruments

The Allgeier Group is exposed to price, interest and currency fluctuations in the course of its business activity. Currency risks, which the Allgeier Group barely had to encounter in the past years, have increased due to the strengthened internationalisation. We are continuously observing and assessing these risks. In individual cases, we have limited or avoided them through safety measures. Currency risks between the US Dollar and the Indian Rupee are covered through Forwards in the total volume of USD 2.8 million as well as between the Euro and the Indian Rupee through Forwards in the total volume of EUR 3.9 million.

The guarantee of the payment capability of the Allgeier companies is an important goal of the enterprise. Through implemented liquidity planning and management as well as Cash Management Systems, possible bottlenecks are made transparent in a timely manner and appropriate steps are initiated. To finance the working capital requirement of the operative companies, there are liquid funds and working capital financing available in the form of current account lines in sufficient amounts. The repayment of purchase price loans is aligned with the future earning power of the acquired and existing subsidiaries. The theoretical, maximum default risk in the original financial instruments corresponds to the value of all receivables minus the

GROUP MANAGEMENT REPORT

commitments of the same defaulters. We are anxious to keep the default risk as low as possible. To achieve this, we work with only restricted order volumes, in case the credit-worthiness of the customer is not satisfactory. We assume that the actual risk is covered by the allowances for default on receivables. Apart from this, receivable default risks are covered through insurances at the individual subsidiaries.

Other Risks

Legal Situation:
In the course of operative business, the companies assume, to some extent, contractual liabilities and warranties in the contracts with their customers, for e.g. in the context of fixed price calculations for project orders or for the maintenance of certain service levels. Good enterprise organisation including risk management is decisive in this regard. Concrete legal risks are partially covered through insurances or claims against a third party. For relevant legal risks, especially if concrete risks arise out of the contractual liabilities, appropriate reserves are set aside for the companies in question.

In the sales agreement of February 21, 2008 for the sale of the division Temporary Employment to the usg People Group, the seller, a Group company of the Allgeier Group, had assumed liabilities within a limited scope for the past of the sold enterprises, which are still valid to some extent. In view of the decision of the Federal Labour Court as of December 14, 2010 on the invalidity of the wage agreements finalised by the Christlichen Gewerkschaften CGZP, which were also applicable to some of the sold companies, the risks with regard to a liability for social security payments to be paid could still not be finally cleared. The questions of to what extent payment obligations can arise from the sales agreement and when, in what amount, is subject to legal judgement. Allgeier has already provided for potential risks from the sales agreement through the allowance for a part of the purchase price that is withheld on a trust account as well as through corresponding reserves. In addition, Allgeier is entitled to contractual counterclaims in the context of the final determination of a deductible item from the purchase price concerning minority interests, which can be recorded as a receivable in the consolidated financial statement on account of the entered declaration of facts. A final settlement with the usg People Group on these points is being sought; corresponding steps in this direction have already taken place.

Regulatory Risks:
Changes in legislations or in the interpretation of laws can affect the sales and profitability of the companies of our Group. If the legal prerequisites in Germany change, for example in the domain of taxes and social security payments, labour laws, service or works laws, then this can lead to greater expenses or to higher liability risks for the enterprise.

Due to the international structure of our business activity, regulatory risks in other countries are also becoming more relevant and are accordingly given greater attention in the future business activity. In concrete cases, fiscal issues arise in the context of "Transfer Pricing". This also applies to the increasing compliance requirements within Germany and abroad. Apart from this, our large customers define their own requirements, which we fulfil and which also influence the development of our internal organisation.

Major characteristics of the internal control systems and the risk management system with respect to the accounting process according to section 298 para. 5 HGB and section 315 para. 2 No. 5 HGB
Through the following characteristics of its internal control and risk management system in all its Group companies, Allgeier SE ensures that the facts relevant in the accounting process are compiled, processed and valued in a financially complete and proper manner, and the accounting complies with legal requirements. It is thereby further guaranteed that the information necessary for the purposes of Controlling and for fulfilment of the internal and external reporting obligations can always be made available by the accounting department in a prompt and reliable manner and the existing assets are not used for the wrong purposes. The significant characteristics of our internal control system and the risk management system with respect to the accounting process are:

- Important accounting-relevant processes are subject to regular analytical inspections.
- There is a clear organisational, control and monitoring structure.
- There is a distinct allocation of responsibilities and duties in the field of the accounting process.
- The IT systems used in the accounting department are protected against unauthorised access.
- Mostly standard software products are used in the field of the accounting-relevant IT systems.
- All personnel involved in the accounting process fulfill high qualitative requirements.
- The completeness and accuracy of the accounting department data is regularly monitored by means of random tests and plausibility checks through manual controls.
- For special accounting-relevant processes, the four eyes principle is continuously followed.
- The relevant risks are documented.
- The Supervisory Board delves itself into the significant matters of accounting and risk management, among others.
- Through the planning, reporting, controlling as well as early warning systems used in the Group, systematic analysis and management of risk factors and risks concerning the survival of the company is carried out.
- Adequate documentation is ensured.
- The internal Group balances as well as existing unrealised profits in assets, if any, are eliminated. Complete documentation of these positions is ensured through the account structure of the companies and additionally through a reporting procedure.

The above mentioned details, with the exception of the last point, apply even to the annual financial statement of Allgeier SE, which is included as a parent company of the Allgeier Group in the above presented accounting-related internal control and risk management system across the Group.

GROUP MANAGEMENT REPORT

8. CORPORATE GOVERNANCE REPORT

In the following we will report about Corporate Governance and the main features of the corporate governance of the Allgeier Group including the compliance declaration to the German Corporate Governance Code, the compensation report and further details according to the provisions of the German Commercial Code (Handelsgesetzbuch).

Corporate Constitution of the Societas Europaea (SE)

The General Body meeting on June 21, 2011 had resolved to convert Allgeier Holding Aktiengesellschaft into a European Company, the Societas Europaea (SE). The conversion was finalised legally through an entry in the Commercial Registry on May 3, 2012. As a European Company, Allgeier SE is subject to the specific European and German regulations for a European Company in addition to the provisions of the German Stock Corporation Act (Aktiengesetz). The significant features of the previous corporate constitution, especially the dual management system comprising a Management Board and a Supervisory Board, were preserved.

Corporate Governance Report

For sustainable corporate success, good Corporate Governance is a must. The major benchmarks for the corporate management of Allgeier SE are the stipulations of the Council Regulation (EG) No. 2157/2001 of the Council as of October 8, 2001 about the Statute of the European Company (SE) (SE-Council Regulation or SE-VO) as well as the SE Execution Act (SEAG) and the SE Participation Act (SE-Beteiligungsgesetz), the German Stock Corporation Act, the specifications of the Articles of Association and the Bylaws of the Management Board and Supervisory Board as well as the stipulations of the German Corporate Governance Code, as long as we follow its recommendations. The joint working of the Management Board and Supervisory Board is aligned to the interests of the company and the shareholders, to successfully develop further the existing business of the Allgeier Group as well as to sustainably increase the value of the Group through further acquisitions. However, even the strategic direction of the Group is subject to regular monitoring and modification wherever necessary. The Management Board and Supervisory Board work closely together in the interest of the company.

Supervisory Board

The Supervisory Board of Allgeier SE consists of three members. The term of the members of the first Supervisory Board of Allgeier SE ends with the conclusion of the annual shareholders' meeting 2013.

The Supervisory Board advises the Management Board on the management of the enterprise and supervises its activity. Committees were not formed in the Supervisory Board due to the number of members. Besides the legally established duties, like the appointment of the Management Board members and the establishment of the compensation system for the Management Board members, the control of the financial development of the company including the planning for the following financial years, the examination of risk management and the internal control system as well as the examination and approval of the annual financial statement and the proposal for the appropriation of net income, the Supervisory Board is also mainly involved with the issues, which require the consent of the Supervisory Board according to the Bylaws of the Management Board.

The consultation and decisions about acquisition plans form a key aspect of the activity of the Supervisory Board. Apart from this, the Supervisory Board is included in all decisions, which are of fundamental importance for the company, like for example the strategic advancement or important individual issues. For this, there exists a regular exchange between the Management Board and the members of the Supervisory Board, especially with the chairman of the Supervisory Board. Details of the collaboration between the members of the Supervisory Board are specified in the Bylaws of the Supervisory Board.

The Supervisory Board has set various objectives for itself as per section 5.4.1 of the German Corporate Governance Code. Due to the amendment of the German Corporate Governance Code in its May 15, 2012 version, the Supervisory Board has reviewed its previous objectives. It has modified and newly established its objectives:

The foremost objective is to ensure that the Supervisory Board comprehensively fulfils its legal advisory and supervisory duties in the proposed composition and the members possess the necessary skills, capabilities and experience to be able to fulfil their duties in an optimal and responsible manner. For Allgeier SE, whose articles of association stipulate the appointment of the Supervisory Board with three members, this concretely means that particularly the following qualifications should exist wherever possible in the Supervisory Board: the qualification as an independent financial expert as explicitly stipulated by the law, the ability to evaluate companies in the service sector (not only restricted to the IT business), the ability to evaluate acquisition options in Germany and abroad and the corresponding transaction experience as well as experience with the organisation and working methods of a fast growing Group in a Holding structure.

Due to the widespread internationalisation of the Allgeier Group, a sufficient number of members with international experience should belong to the Supervisory Board. The appointment of the Supervisory Board should further ensure that the Supervisory Board works efficiently and its members bring in sufficient capabilities for this responsible activity.

In addition, the Supervisory Board should include an adequate number of independent members. The Supervisory Board categorises a member as not independent, when he has a personal or business relationship with Allgeier SE, which can cause a significant and not just temporary conflict of interests. Due to the current number of three members in the Supervisory Board, the Supervisory Board should include at least one member, who is independent according to section 5.4.2 of the German Corporate Governance Code. Apart from this, no more than two former members of the Management Board should be part of the Supervisory Board. Finally, Supervisory Board members should not exercise directorships or similar positions or advisory tasks for important competitors of the enterprise.

Another objective of the Supervisory Board is that in the future appointments, in line with the diversity aspired to as per section 5.4.1 paragraph 2 of the German Corporate Governance Code, comparatively more, professionally similarly suited candidates should be preferred, who accordingly enrich the board with respect to their gender, nationality or other qualities. However the Supervisory Board does not see rigid quotas as an appropriate means. With regard to the specification of an age limit, the company deviates from the recommendation of the German Corporate Governance Code, since a fixed age limit can represent an undesired criterion for exclusion.

The Supervisory Board has implemented the self-defined objectives presented below:

In its resolution on the candidate proposals, the Supervisory Board has taken into consideration its defined objectives especially as per legal requirements as well as the requirements of the German Corporate Governance Code and the Bylaws of the Supervisory Board. At the 2013 annual shareholders' meeting, the Supervisory Board will propose to re-elect the current Supervisory Board members.

The Supervisory Board constitutes Mr. Detlef Dinsel, Mr. Thies Eggers and Mr. Christian Eggenberger. Mr. Dinsel and Mr. Eggers are German and Mr. Eggenberger is a Swiss citizen. They belong to different occupational Groups and have been operating internationally for many years, especially in the service sector and in the M&A business.

Apart from this, the recommendation of the German Corporate Governance Code that the Supervisory Board should not include more than two former Management Board members was also upheld; in the Supervisory Board there is currently only one former Management Board member, whose Management Board service now dates back to over 4 years.

Further details on the composition of the Supervisory Board can be found in the Notes to the Consolidated Financial Statements under G. Other Details IV. Bodies of the Parent Company. Information on the concrete work can be found in the report of the Supervisory Board.

Management Board

The management and leadership of the company lies with the Management Board. It leads the enterprise on its own responsibility. The Management Board of Allgeier SE consisted of three members in the concluded financial year until April 30, 2012 – Mr. Carl Georg Dürschmidt (Chairman), Dr. Marcus Goedsche and Dr. Holger von Daniels. Dr. Holger von Daniels resigned from the Management Board of his own volition with effect from the above-mentioned date, to devote himself to a new entrepreneurial challenge in a familiar field. Since then, the Management Board of Allgeier SE constitutes Mr. Carl Georg Dürschmidt and Dr. Marcus Goedsche.

Mr. Carl Georg Dürschmidt is authorised to sign individually; Dr. Marcus Goedsche is authorised to sign individually since May 4, 2012. Dr. Holger von Daniels was authorised to sign jointly until his resignation.

In its function as a managerial body of the Allgeier Group, the Management Board specifies, in particular, the strategy for the further development of the Group and works towards the goal of sustainable value-addition and value enhancement of the Group. In this the principle of overall responsibility applies, i.e. the members of the Management Board together bear the responsibility for the entire enterprise management. Due to the Group structure of the Allgeier Group and the specific position of Allgeier SE as a Holding company and the duties associated with it, there are no strict areas of responsibilities, which is common among enterprises with a classic management structure. At the same time, the duties and responsibilities within the Management Board are divided as per corresponding key activities and professional qualifications. On account of its size, the Management Board does not have any committees formed.

GROUP MANAGEMENT REPORT

The major decisions, for example on acquisition plans, are made by the entire Management Board. Details on the collaboration in the Management Board and on the collaboration with the Supervisory Board are specified in the Bylaws of the Management Board. Besides section 9 of the Articles of Association of Allgeier SE, the Bylaws of the Management Board also includes a catalogue of businesses, for which the Management Board requires the consent of the Supervisory Board.

The Management Board closely collaborates with the directors in 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 boards of directors as well as the supervisory bodies in the individual operational Group Companies. The Management Board of Allgeier SE carries out a management, coordination and controlling function in line with its shareholder position or the function of Supervisory Boards for the Group companies, as long as this is legally permitted.

Further details on the appointment of the Management Board can be found in the Notes to the Consolidated Financial Statements under G. Other Details IV. Bodies of the Parent Company.

Annual shareholders' meeting

Our shareholders exercise their rights in the annual shareholders' meeting. The annual shareholders' meeting of a concluded financial year takes place within the first six months of the following financial year, in which the Management Board and Supervisory Board give the shareholders an account of the concluded financial year. Every share has one vote. We support our shareholders in the voting process through the employment of a voting proxy, who exercises his voting rights only as per the directions given by the shareholders.

The annual shareholders' meeting elects the members of the Supervisory Board. It decides on the appropriation of net profits, the ratification of the actions of the Management Board and Supervisory Board as well as the appointment of the auditor. The annual shareholders' meeting is further responsible for passing resolutions about amendments in the Articles of Association, capital measures, corporate contracts and the compensation of the Supervisory Board.

Stock ownership by members of the Management Board and Supervisory Board

The members of the Management Board directly and indirectly held a total of 2,540,520 shares of Allgeier SE as of December 31, 2012 (previous year: 2,559,459). The members of the Supervisory Board directly and indirectly held a total of 1,239,977 shares of Allgeier SE as of December 31, 2012 (previous year: 1,239,977).

Directors' Dealings

The reportable transactions of shares of Allgeier SE by a Management Board or Supervisory Board member as well as personnel close to the member as per section 15a German Securities Trading Act (WpHG) have been rightfully publicised in the concluded financial year.

Comprehensive and transparent communication

We inform shareholders, shareholder representatives, analysts, the media and interested public regularly and in a timely manner about the current business development and the status of the enterprise. In this we treat the various Group of persons the same way. Through the annual report, the half-yearly financial report and two interim reports, we report particularly to our shareholders four times a year about the current business development as well as about the financial and income situation. In order to ensure that the financial reports have the necessary accuracy, we publish them within the legal periods.

Apart from this, for the information of our shareholders and all other persons close to the enterprise, we extensively use our Internet page, on which we publish, for example, apart from our financial reports, a financial calendar, ad-hoc notifications, analyst presentations and press releases.

Accounting and audit

The annual financial statement of Allgeier SE is compiled as per the German Commercial Code (HGB), the consolidated financial statement of Allgeier SE as per the International Financial Reporting Standards (IFRS). The annual financial statement and consolidated financial statement were checked by the auditing company LOHR + COMPANY GmbH, Düsseldorf.

Declaration to corporate management as per section 289a HGB

The declaration to the corporate management as per section 289a German Commercial Code (HGB)is a component of the status report; the specifications made therein are, however, not to be incorporated in the audit as per section 317 paragraph 2 clause 3 German Commercial Code (HGB).

Compliance declaration as per section 161 German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of Allgeier SE declare according to section 161 German Stock Corporation Act (AktG) to the German Corporate Governance Code:

Since the submission of the last compliance declaration in April 2012, the Allgeier SE has complied with the recommendations published by the Federal Ministry of Justice in the "Government Commission for German Corporate Governance Code" in its May 26, 2010 version as well as the recommendations of the German Corporate Governance Code in its May 15, 2012 version since its publication with the exceptions of section 2.3.2 (electronic conveyance of the annual shareholders' meeting), section 3.8 para. 3 (amount of deductibel with the D&O Insurance for the Supervisory Board), section 4.2.3 para. 4 Clauses 1 and 3 (compensation cap), section 4.2.4 (individualised disclosure of the Management Board's compensation), section 5.1.2 para. 2 clause 3 and section 5.4.1 para. 2 clause 1 (fixed age limit), section 5.4.6 para. 3 (disclosure of compensation of Supervisory Board members), section 6.6 (disclosure of shareholdings greater than 1 per cent) and section 7.1.2 clause 4 (accessibility to the consolidated financial statement and the interim reports).

Allgeier SE will comply with these recommendations even in the future with the following deviations:

German Corporate Governance Code section 2.3.2

"The company shall send notification of the convening of the General Meeting together with the convention documents to all domestic and foreign financial services providers, shareholders and shareholders' associations by electronic means if the approval requirements are fulfilled."

The publication and conveyance of the convention documents is carried out as per the legal and regulatory stipulations. According to these, the uniform information of all shareholders should be ensured, irrespective of whether the shareholders are individually known in the company and an electronic dispatch to them is possible. The relevant documents are published on the Internet page of the company, such that sufficient notice can be given to all interested shareholders by electronic means.

German Corporate Governance Code section 3.8 para. 3

"A similar deductible shall be agreed upon in any D&O policy for the Supervisory Board."

In the D&O policy for the Management Board, a deductible is agreed upon according to legal specifications. For the Supervisory Board, the law does not prescribe any such deductible, but rather leaves scope for the evaluation of the adequacy of such a provision with due consideration of the different characteristics and extent of the duties of Management Board and Supervisory Board. The company will continuously be watchful regarding the further development with relation to the adequacy of the D&O policy and deductibles and examine potential need for modifications.

German Corporate Governance Code section 4.2.3 para. 4 Clauses 1 and 3

"In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract.. ... The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year."

The Supervisory Board considers that an appropriate contractual design without a general severance payment cap is possible depending on the duration and other parameters. The premature termination of Management Board contracts that are finalised for a fixed duration and cannot be terminated without cause must be evaluated and negotiated before the case of each cancellation. While evaluating the adequacy of the conditions of premature contract termination, the question of a severance payment cap is thereby only one aspect among many, which the Supervisory Board must duly examine. The Supervisory Board preserves the right to individually examine and formulate every individual aspect, because even the establishment of a general severance payment cap does not absolve the Supervisory Board of this obligatory examination and evaluation.

German Corporate Governance Code section 4.2.4

As a precaution, Management Board and Supervisory Board indicate that the annual shareholders' meeting has resolved to disclose the Management Board compensations not in an individualised form and under the name of each individual Management Board member. The disclosure is carried out as per the applicable legal specifications annually in the annual report for the entire Management Board as per fixed and variable compensation components.

GROUP MANAGEMENT REPORT

German Corporate Governance Code section 5.1.2 para. 2 clause 3 and section 5.4.1 para. 2 clause 1

"An age limit for members of the Management Board shall be specified."
"The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account ... an age limit to be specified for the members of the Supervisory Board ... ."
While deciding on the composition of the Management Board and proposals for the election of members of the Supervisory Board, it decisively depends upon the evaluation of the personal and professional eligibility of a candidate for the enterprise. This evaluation is to be carried out for each individual case after comprehensive examination of the suitability and through the inclusion of all the suitable individuals. There is no cause thereby for the establishment of a general age limit, which only represents a singled-out criterion. Furthermore, a rigid age limit could be an undesired exclusion criterion for qualified members of the Management Board or the Supervisory Board.

German Corporate Governance Code section 5.4.6 para. 3

"The compensation of the members of the Supervisory Board shall be reported individually in the Notes or the Management Report, subdivided according to components. Also payments made by the enterprise to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or a gency services, shall be listed separately on an individual basis."
With regard to the handling of the disclosure of the Management Board compensation, the company does not consider the individualised disclosure of the Supervisory Board compensation as appropriate and necessary for the size of the company and the Supervisory Board. The regulation and compensation of the Supervisory Board in the Articles of Association, the publication of the total compensation and its structure as well as the compensation for other services in the annual report create sufficient transparency.

German Corporate Governance Code section 6.6

"Beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1 per cent of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1 per cent of the shares issued by the company, these shall be reported separately according to for the Management Board and Supervisory Board in the Corporate Governance Report."
In the annual report, the publication of the respectively held total share holdings is carried out separately for the Management Board and Supervisory Board. Besides this, sufficient transparency is created through the legally provided notification and publication obligations by directors ("Directors' Dealings") and in case the reporting threshold is reached, exceeded or fallen below.

German Corporate Governance Code section 7.1.2 clause 4

"The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period."
For the company, the accuracy and completeness of each of the statements and reports is of primary importance. The company strives to publicise the respective statements and reports as early as possible among the shareholders. At the same time, the company reserves the right to fully exploit the legal periods for publication, if this is necessary for the proper completion and examination of the statements and reports.

Specifications for Corporate Management Practices

The corporate management practices are further elaborated in the Corporate Governance Report under the above paragraph 8. .

Working Method of Management Board and Supervisory Board

The working method of the Management Board and Supervisory Board is included in the Corporate Governance Report under the above paragraph 8 in the sub-points Supervisory Board and Management Board. Management Board and Supervisory Board have no committees formed.

Compensation Report

Compensation of members of the Management Board

The compensation of members of the Management Board is oriented as per the economic and financial development of the Group with consideration of the duties and services of each Management Board member. It offers incentives for successful, sustainability-oriented corporate management. The compensation system for the Management Board is decided by the Supervisory Board and reviewed at regular intervals.

The salaries of the Management Board in the financial year 2012 comprise the following components: (i) a fixed annual income and (ii) a variable compensation component in the form of a bonus dependent on the Group earnings. The 12th part of this fixed annual income is paid monthly as a salary. For all members of the Management Board, upper limits (caps) are set for the variable compensation components.

The Supervisory Board resolved in 2012 to initiate a long-term compensation component oriented as per the share performance. The objective is to link the compensation of the Management Board members and other managers to the long-term corporate development, apart from the components to be calculated annually. For this purpose, the company has utilised the authorisation granted by the annual shareholders' meeting and issued a total of 300,000 stock options to the members of the Management Board. The stock options can be exercised at the earliest after the conclusion of four years in the time window planned for the exercise. For the exercise, further limitations to an annual maximum amount (cap) apply.

Apart from this, the Management Board receives the usual perquisites like, for example, the provision of a company car and benefits for medical insurance or pension within the legal framework.

The compensation of the Management Board for the year 2012 amounts to a total of 1,724 thousand Euros (previous year: 1,715 thousand Euros). The total compensation without stock options is divided into (i) fixed annual salaries of 883 thousand Euros totally (previous year: 1,000 thousand Euros) and (ii) variable compensation components of 721 thousand Euros totally (previous year: 715 thousand Euros) and (iii) a compensation amounting to 120 thousand Euros. In line with the stock option programme finalised by the annual shareholders' meeting in 2010, a total of 300,000 option rights with a mathematical value of 4.31 Euros per option right, i.e. with a mathematical value of totally 1,293 thousand Euros as a further long-term compensation component, were granted to the members of the Management Board in 2012. On account of the resolution of the annual shareholders' meeting on June 21, 2011, the individual Management Board salaries are not specified for the reporting periods up to December 31, 2015.

Compensation for members of the Supervisory Board

The compensation of the Supervisory Board has been specified by the annual shareholders' meeting on June 21, 2011 and is regulated in section 13 of the Articles of Association. The Supervisory Board' compensation is oriented as per the duties and the responsibilities of the Supervisory Board as well as the economic and financial development of the company. The compensation for the Supervisory Board comprises (i) fixed compensation components (fixed annual compensation and attendance fees) as well as (ii) a variable compensation component dependent on the Group earnings, which is limited by a Cap. The chairmanship in the Supervisory Board is taken into consideration for the amount of the fixed compensation components.

The compensation of the Supervisory Board for the year 2012 amounts to a total of EUR 433 thousand (previous year: EUR 378 thousand). The total compensation is divided into (i) fixed compensation components including attendance fees of totally EUR 106 thousand (previous year: EUR 108 thousand) and (ii) variable compensation components of totally EUR 327 thousand (previous year: EUR 270 thousand). On account of the resolution of the annual shareholders' meeting on June 21, 2011, the individual Supervisory Board salaries are not specified for the reporting periods up to December 31, 2015.

Apart from this, members of the Supervisory Board have provided consultation services worth EUR 3 thousand (previous year: EUR 8 thousand) in the financial year 2012.

GROUP MANAGEMENT REPORT

Takeover-relevant Information and Explanatory Report

Composition of common stock

The common stock of Allgeier SE added up to EUR 9,071,500 on the reporting date December 31, 2012 (previous year: EUR 9,071,500) and was divided into 9,071,500 no-par value bearer shares. Each share has a notional value of EUR 1.00. All no-par value shares of the company belong to the same stock category. The shares are fully paid in.

There is only one stock category. All shares confer the same rights and obligations; in particular, every share has one vote in the annual shareholders' meeting. Exempted from this rule are treasury shares held by the company, which do not entitle the company to any rights.

The shares of the company are listed in the Regulated Market (Regulierter Markt) of Frankfurt Stock Exchange (Frankfurter Wertpapierbörse). The shareholders' rights and obligations are governed by the provisions of the Articles of Association, and additionally from the SE-VO and the SE-Execution Act (SEAG) as well as the German Stock Corporation Act (AktG).

Restrictions on voting rights or transfer of shares

We are not aware of, nor have we been notified ofany restrictions, which affect the voting rights or the transfer of shares.

Equity interests exceeding 10 per cent of voting rights

The following individuals hold directly or indirectly investments, which exceed 10 per cent of the voting rights of Allgeier SE – as measured by a total number of voting rights of 9,071,500:

The chairman of the Supervisory Board, Mr. Detlef Dinsel, Germany, directly and indirectly holds 10.58 per cent of the voting rights. The Management Board chairman Mr. Carl Georg Dürschmidt, Germany, indirectly holds 27.57 per cent of the voting rights.

The Lantano Zweite Beteiligungen GmbH, Munich, directly holds a 27.57 per cent of the voting rights. Lantano Beteiligungen GmbH, Munich, indirectly holds 27.57 per cent of the voting rights. Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds 29.99 per cent of the voting rights. Mrs. Laura Dürschmidt, Germany, indirectly holds 27.57 per cent of the voting rights. Mrs. Linda Dürschmidt, Germany, directly and indirectly holds 27.57 per cent of the voting rights.

We are not aware of, nor have we been notified of any other shareholder directly or indirectly holding 10 per cent or more of the voting rights.

Shares with special rights conferring powers of control

There are no shares of the company with special rights conferring powers of control.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

We are not aware of, nor have we been notified of system of control of any employee share scheme where the control rights are not exercised directly by the employees.

Legislation and provisions of the articles of association applicable to the appointment and removal of members of the Managing Board and governing amendment to the Articles of Association

The appointment and removal of members of the Management Board as well as the amendment of the Articles of Association are subject to the provisions of the Articles of Association, the SE-VO and the SE Execution Act (SEAG) as well as the German Stock Corporation Act (AktG).

According to section 6.1 of our Articles of Association and Art. 39 of SE-VO, the Management Board is comprised of more than one member, the number of which is determined by the Supervisory Board. The Supervisory Board can appoint a chairman of the Management Board as per section 6.1 of the Articles of Association and Section84 AktG. If a required member of the Managing Board has not been appointed, the necessary appointment shall be made, in urgent cases, by a competent court upon motion by any party concerned, iin accordance with section 85 German Stock Corporation Act (AktG). As per Art. 39 of SE-VO and section 84 German Stock Corporation Act (AktG), the Supervisory Board may revoke the appointment of an individual as member of the Management Board and the nomination to Management Board chairman for good cause.

As per art. 46 of SE-VO and section 6.2 of our Articles of Association, the members of the Management Board are appointed for a maximum term of six years. They may be re-appointed as per Art. 46 SE-VO and section 6.1 of our Articles of Association. The Supervisory Board appoints the members of the Management Board through a resolution with simple majority of the votes cast.

Amendments of the Articles of Association require a resolution of the annual shareholders' meeting. As per Art. 59 SE-VO, section 51 SEAG and section 18.2 of the Articles of Association, a resolution to amend the Articles of Association requires, unless otherwise strictly specified by law, a two-thirds majority of the votes cast or a simple majority of votes cast, as long as at least half of the stock capital is represented. With this the Articles of Association makes use of the voting rights from section 51 SE Execution Act (SEAG). A greater majority is prescribed in section 51 SE-Execution Act (SEAG), for example, for the modification of the corporate purpose of the company or for a transfer of the registered office to another member nation. The Supervisory Board is authorised as per section 14.2 of our Articles of Association and section 179 German Stock Corporation Act (AktG) to execute amendments in the Articles of Association, which only affect its version.

Powers of the Management Board to issue and repurchase shares

Authorised capital

The Management Board is authorised to increase the stock capital of the company once or multiply by up to a total of EUR 2,267,875 through the issuance of up to 2,267,875 new no-par value shares against cash contributions and/or contributions in kind until June 16, 2015 with the approval of the Supervisory Board (Authorised Capital I).

Apart from this, the Management Board is authorised to increase the stock capital of the company once or multiply by up to a total of EUR 2,267,875 through the issuance of 2,267,875 new no-par value shares against cash contributions and/or contributions in until June 20, 2016 with the approval of the Supervisory Board (Authorised Capital II).

For both authorised capital, the Management Board is further authorised to exclude, with the approval of the Supervisory Board, preemptive rights of the shareholders in the following cases:

a) In case of a rights issue for fractional amounts arising on account of the subscription ratio;

b) For a capital increase against contribution in kind for the acquisition of enterprises or of investments in enterprises, if the acquisition is in the interests of the company;

c) For a capital increase against contributions in cash for a share in the authorised capital amounting up to a total of EUR 453,575, as long as the par value of the new shares does not significantly fall below the stock exchange price.

As of 31/12/2012, Allgeier SE possesses authorised capital of nominally EUR 4.5 million in total. Section 4 of the Articles of Association regulates the further details.

Contingent capital

Furthermore, through a resolution of the annual shareholders' meeting on June 16, 2009, the Management Board was authorised to contingently increase the stock capital of the company by up to EUR 3,000,000 through the issuance of up to 3,000,000 new no-par value bearer shares up to June 15, 2014 with the approval of the Supervisory Board (Contingent Capital 2009). The Contigent Capital 2009 is intended to finance convertible, option and/or participation bonds or profit-sharing rights with convertible or option rights, which can be issued by the Allgeier SE or an enterprise that is directly or indirectly majorly controlled by Allgeier SE. Allgeier SE has not issued any corresponding conversion or option rights until now.

Through a resolution of the annual shareholders' meeting on June 17, 2010, the Management Board was also authorised to contingently increase the stock capital of the company by up to EUR 750,000 through the issuance of up to 750,000 new no-par value bearer shares up to June 16, 2015 with the approval of the Supervisory Board (Contingent Capital 2010). The Contingent Capital 2010 is intended to finance option rights as per the Share Options Plan 2010, which can be issued by the company.

The company has made use of this authorisation, and finalised the Share Options Plan 2010 in 2012. The objective is to link the compensation of the Management Board members and other managers to the long-term enterprise development, apart from the annually calculated components. The company has issued a total of 460,000 share options to the members of the Management Board and other executives in line with the Share Options Plan. The share options can be exercised at the earliest after the conclusion of four years in the time windows planned for the exercise. For the exercise, further limitations to an annual maximum amount (cap) apply.

Purchase of own shares

Finally, the Management Board was authorised, through a resolution of the annual shareholders' meeting on June 17, 2010, to purchase own shares of the company in an amount of up to 907,150 no-par value shares (10 per cent of the stock capital) up until June 16, 2015. The aggregate of shares of stock of Allgeier SE repurchased under this authorization and any other Allgeier shares previously acquired and still held in treasury by the company or attributable to the company pursuant to sections 71d and 71e of

GROUP MANAGEMENT REPORT

the German Stock Corporation Act (AktG), may at no time exceed 10 per cent of the then existing capital stock. Any repurchase of Allgeier shares shall be accomplished at the discretion of the Managing Board either by acquisition over the stock exchange or through a public share repurchase offer. With the approval of the Supervisory Board, the Management Board is authorised to use the shares purchased as per section 71 Sect. 1 No. 8 German Stock Corporation Act (AktG)for all legally permitted purposes, in particular, (i) to sell them, (ii) to offer and transfer to a third party against non-cash contributions, (iii) to meet obligations or rights arising under or in connection with conversion or option rights, (iv) to issue them to employees or to revoke them without further resolutions by the annual shareholders' meeting.

In September 2012, we announced a repurchase of shares in a volume of up to 180,000 no-par value using the aforementioned authorisation. The repurchase of shares especially served the purpose that we will be able to use the shares to acquire enterprises or parts (assets) of enterprises or to invest in enterprises. A purchase price of EUR 760 thousand was finalised on December 31, 2012 after the repurchase of 73,539 shares.

Allgeier SE and a subsidiary held a total of 704,076 own shares on the reporting date December 31, 2012.

Significant agreements which take effect, alter or terminate upon change of control of the company following a takeover bid

After the repayment of the profit-sharing rights capital in the amount of EUR 6 million from the financing programme PREPS 2005-2 in December 2012, there no longer exists such an agreement.

Compensation agreements with members of the managing board or employees in the event of a takeover bid

In the event of a change of control, i.e. when a third party gains control over the company as per section 29 para. 2, section 30 German Securities Takeover Act (WpÜG), a member of the Management Board has the right to terminate the employment contract. In the exercise of this right, a claim for compensation arises, which is limited to one year's salary. Apart from this, Allgeier SE has not made any compensation agreements with members of the Management Board or employees for the case of a takeover bid.

9. FORECAST REPORT

The organic growth of the Group companies is majorly dependent on the economic environment and particularly on the development of the software and IT services market in Germany and the other relevant markets. After a growth in the German Gross Domestic Product of only 0.7 per cent in 2012 (after it was still able to register a growth of 3.0 per cent adjusted for price in 2011), the growth in the running financial year 2013 will slow down further and stand at only 0.5 per cent according to the annual economic report of the Federal Government. After a weak start, the German economy should grow rapidly again in the second half of the year. The projection is based on the assumption that no further negative developments arise in the course of the sovereign debt crisis, as a result of which there is further insecurity among the market participants. According to the Federal Government, the enduring European debt crisis represents the greatest economic risk for the German economy even in the year 2013.

The total ITC sector (Information Technology, Telecommunication and Consumer Electronics) expects a sales increase of 1.4 per cent to EUR 153.3 billion in Germany in 2013, according to the Federal Association for Information Technology, Telecommunications and New Media (BITKOM). In this, the ITC sector seems to continue to be unaffected as far as possible by the European debt crisis. The markets especially relevant for Allgeier for software, IT services and IT hardware should grow by 2.2 per cent to EUR 75.0 Euros in 2013. In particular, the market for software should register a distinct growth with 4.6 per cent. The megatrends of the sector like for example Cloud Computing, Mobile Applications, Big Data, Security and Outsourcing are the main driving forces for this growth. In addition, the demand for ERP, CRM or BI (Business Intelligence) solutions will rise. The Management Board expects that the dependence on IT in an increasingly stronger globalised word is not becoming less, but is growing. In the stated growth areas of the sector, the predicted growth has increased distinctly more than in the total average of everything. Even IT has been subject to a rapid transformation; areas that were still up-to-date today are being overtaken and replaced by other topics. Due to good positioning in the innovation and growth areas, Allgeier is convinced of the structural growth possibilities in the IT services and software field.

Allgeier expects sustainable growth in the sales and earnings of 2013

Allgeier intends to react to this overall positively evaluated but further changing market environment in the IT sector with an adequate strategy. The greater concentration of the business activity in divisions as larger entrepreneurial units and the focussing of the divisions on above-average demands , and in part the megatrends of the sector should contribute in making Allgeier grow above average even in the future and use the chances of the progressive consolidation in the sector. Thus greater attention should be paid to profitable growth with above-average improvement of the earning figures. Within the divisions, the already begun integration process should be continuously improved. Thus integration is not a status or an end in itself, but rather a process, which enables and calls for the flexible reaction to various requirements and thereby the support of actual business processes. If properly applied, additional value and synergies will arise from it, as well as a modern entrepreneurial and management structure. Between the divisions, the advantages of collaboration should be selectively used wherever it creates added value for the customers and for the company.

For the individual segments, the Management Board assesses the development as follows:

In the Solutions segment, the occupation with the innovation and growth themes of Cloud Computing, Security and Collaboration will presumably lead to a further growth in sales in the lower two-digit percent range and to an above-average increase in earnings in 2013. The offered software solutions in the field of ERP and DMS/ECM form the main focus. Allgeier will increasingly undertake investments in the development and marketing of its own software products. In this, the collaboration with other divisions of the Group will also play an increasing role, especially in the field of software development. The aim is to boost the contribution of the in-house software products to the total earnings. Further, with its long-standing know-how and its own supplementary software solutions, Allgeier is a successful partner for the consultation, distribution and implementation and maintenance with regard to leading software products from major manufacturers, like for example Microsoft in the field of ERP. Even this business is in focus for further development.

The Experts segment is anticipated to profit from the sustained high demand for freelance IT experts and commercial specialists in the year 2013. The market information service Lünendonk, in its 2012 market segment study, "The Market for Recruiting, Staffing and Supervision of Freelance IT Experts in Germany", indicates a growth in the field of Recruiting and Expert Staffing with 11.6 per cent p.a. for the years 2012 until 2017. The study demonstrates that the expectations of the leading IT Personnel Services providers from the market development are clearly above the expectations of the leading IT consultation and system integration enterprises in Germany. The companies belonging to this segment, especially Goetzfried AG and tecops personal GmbH have established themselves in the past years as among the market-leading Recruiting and Expert Staffing companies in Germany. They offer customers flexible models for the use of the increasingly scarce resource of IT specialists. The shortage of manpower will remain a decisive issue even in the coming years. It is therefore all the more important that Allgeier Experts is an attractive employer and partner for its employees and freelance experts, who offers them access to highly attractive projects and thus ensures their professional advancement.

In this, the companies of the segment also profit from a growing trend among large employers to contract freelance IT experts exclusively through agencies or IT consultation and system integration companies. Apart from this, the management expects positive effects from the organisationally and structurally closer collaboration of the companies in this segment as well as from the further growth of the business through outsourcing services. The full consolidation of tecops and Oxygen will also have a positive effect. Overall, an increase in sales and earnings clearly above the sector expectations are assumed for the segment. So that this can be achieved, Allgeier will further invest in integration, especially optimal systems and processes, as well in distribution, employee retention and acquisitions.

The Projects segment, with its focus on the development and operation of individual and complex software solutions, represents an increasingly important pillar of the Allgeier Group. The segment profits from the occupation with significant innovation topics and future trends like Mobile Applications, Security and Big Data, which register a growth clearly above the sector average. Besides the specialisation in trend topics and sector requirements, the development of international activities will also be promoted.

GROUP MANAGEMENT REPORT

The concepts utilised today like Near- and Offshoring will become a matter of course in an increasingly globalised world. In the related field of IT, the competition for scarce IT resources and the best possible know-how and innovation in appropriate cost models is already to a major extent international. The customer who stands internationally in competition will no longer be able to afford to fall back amidst the competition in IT matters and the costs associated with it. The offer will have to be simultaneously international and local in a flexible manner in terms of Best-Shoring. With the aim of utilising this possibly largest growing potential, Allgeier will invest distinctly more in qualified employees, in the construction of corporate structures and also further acquisitions. The Management Board expects an above-average growth in sales in the medium one-digit percent range and a clearly above-proportionate increase in earnings. For the financial year 2013 and the following years, the Management Board expects sustainable above-average growth in sales in the lower two-digit percentage range and a clearly above-proportionate increase in earnings for the entire Group. Target-oriented acquisitions even in the future will thereby contribute in supporting and accelerating the growth and positioning of the Group and its individual divisions in the market. The development of the service portfolio is continuously checked and adapted to the development of the market. Allgeier will finance the intended investments in an appropriate and balanced manner from its own resources as well as through external funds. For this purpose, existing and new funding is continuously checked and modified wherever necessary. This also includes the examination of possibilities for equity-based funding.

10. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

At the time of publication, there were no events due to be reported.

Munich, April 2, 2013

Carl Georg Dürschmidt	Dr. Marcus Goedsche
Management Board member	Management Board member

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2012 FINANCIAL YEAR

CONSOLIDATED BALANCE SHEET OF ALLGEIER SE, MUNICH, AS OF DECEMBER 31, 2012

CONSOLIDATED BALANCE SHEET (in EUR thousands)			
ASSETS	**Note**	**31/12/2012**	**31/12/2011**
Intangible assets	1	128,434	102,771
Property, plant and equipment	2	10,701	8,784
Other financial assets		24	23
Other non-current financial assets	3	4,319	473
Other non-current assets	4	257	447
Deferred tax assets	5	1,957	1,372
Non-current assets		**145,691**	**113,870**
Inventories	6	4,948	3,002
Trade receivables	7	76,401	81,800
Other current financial assets	3	15,003	2,703
Other current assets	4	5,851	6,880
Income tax receivables		2,773	1,932
Cash and cash equivalents	8	38,939	31,944
Current assets		**143,916**	**128,261**
Assets		**289,607**	**242,131**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (in EUR thousands)			
Equity and Liabilities	**Note**	**31/12/2012**	**31/12/2011**
Subscribed capital	9	9,072	9,072
Capital reserves	10	13,327	11,306
Retained earnings	11	102	277
Treasury shares	12	-5,491	-5,154
Profit carried forward	13	61,967	61,607
Results for the period		8,364	4,378
Changes in equity recognised directly in equity	14	1,565	2,236
Equity share of shareholders of the parent company		**88,906**	**83,721**
Equity share of shareholders with non-controlling interest	15	4,503	4,476
Equity		**93,409**	**88,197**
Non-current financial liabilities	16	71,975	2,634
Pension provisions	17	2,189	954
Other non-current provisions	20	408	186
Other non-current financial liabilities	18	21,312	22,780
Other non-current liabilities	19	756	748
Deferred tax liabilities	5	9,746	9,180
Non-current liabilities		**106,385**	**36,483**
Current profit-participation liabilities		0	6,000
Current financial liabilities	16	1,808	32,737
Other current provisions	20	16,736	11,485
Trade payables		33,347	36,520
Other current financial liabilities	18	20,965	17,368
Other liabilities	19	10,300	8,531
Income tax liabilities		6,656	4,810
Current liabilities		**89,812**	**117,451**
Equity and liabilities		**289,607**	**242,131**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR thousands)

Income statement	Note	2012	2011
Continuing Operations			
Revenue		422,842	378,792
Changes in inventory of finished goods and work in progress		646	263
Other capitalised company-produced assets		44	78
Other operating income	22	7,286	6,565
Material costs	23	218,844	220,244
Personnel expenses	24	149,013	108,975
Other operating expenses	25	40,012	34,186
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**22,949**	**22,293**
Depreciation and amortisation	26	13,843	10,332
Earnings before interest and tax (EBIT)		**9,107**	**11,961**
Other interest and similar income		570	432
Interest and similar expenses	27	3,556	2,895
Earnings before tax		**6,121**	**9,498**
Income tax results	28	-2,379	-4,185
Net income		**3,742**	**5,312**
Discontinued Operations			
Earnings from discontinued operations before tax	3	5,147	0
Income tax results	28	-86	0
Earnings from discontinued operations		**5,061**	**0**
Net earnings from continuing and discontinued operations			
Earnings before tax		11,268	9,498
Income tax results		-2,465	-4,185
Net income		**8,804**	**5,312**
Allocation of net income:			
to parent company shareholders		8,364	4,378
to non-controlling interests		440	934

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in EUR thousands)

Other comprehensive income	Note	2012	2011
Currency differences		-748	3,439
Proportional acquisition of subsidiaries using treasury shares		275	275
Purchase of shares from non-controlling shareholders above carrying amount		-300	-1,173
Cash flow hedge		72	-101
Bonds		58	0
Other comprehensive income	**D.**	**-643**	**2,440**
Total comprehensive income		**8,160**	**7,752**
Attribution of total comprehensive income:			
to parent company shareholders		7,693	6,781
to non-controlling interests		468	971
Undiluted earnings per share			
Average number of shares outstanding weighted pro rata temporis		8,375,737	8,377,002
Earnings of the period per share including profit from discontinuation in Euros	29	1.00	0.52
Earnings of the period per share before profits from discontinuation in Euros		0.39	0.52
Diluted earnings per share			
Average number of shares outstanding weighted pro rata temporis		8,377,840	-
Earnings of the period per share including profit from discontinuation in Euros	29	1.00	-
Earnings of the period per share before profits from discontinuation in Euros		0.39	-

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

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF ALLGEIER SE, MUNICH, FOR THE PERIOD FROM JANUARY 1, 2011 UNTIL DECEMBER 31, 2011

		Cost						Value adjustments						Carrying amount	
	Note	01/01/11	Currency differences	Additions to consolidation scope	Additions	Disposals	31/12/11	01/01/11	Currency differences	Scheduled additions	Unscheduled additions	Disposals	31/12/11	31/12/11	31/12/10
Intangible assets	1														
Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets		22,028	542	17,746	655	-5,896	35,075	-9,491	-35	-7,779	-79	5,885	-11,499	23,576	12,537
of which purchased		22,028	542	17,746	655	-5,896	35,075	-9,491	-35	-7,779	-79	5,885	-11,499	23,576	12,537
of which self-created		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill		51,912	3,649	30,706	0	-83	86,184	-7,070	0	0	-2	83	-6,988	79,195	44,842
Intangible assets		**73,940**	**4,191**	**48,452**	**655**	**-5,979**	**121,259**	**-16,560**	**-35**	**-7,779**	**-81**	**5,968**	**-18,488**	**102,771**	**57,379**
Property, plant and equipment	2														
Property, property rights and buildings including constructions on third-party property		1,979	-110	1,051	80	0	3,000	-1,121	0	-48	0	0	-1,168	1,832	858
Financial leasing		879	-94	738	505	-375	1,653	-437	7	-414	0	278	-567	1,086	442
Other plant, operating and office equipment		9,265	-41	675	3,276	-1,887	11,288	-5,213	0	-2,010	0	1,801	-5,422	5,866	4,052
Property, plant and equipment		**12,124**	**-246**	**2,463**	**3,861**	**-2,262**	**15,941**	**-6,772**	**7**	**-2,472**	**0**	**2,079**	**-7,157**	**8,784**	**5,353**
Other financial assets															
Investments		0	0	23	0	0	23	0	0	0	0	0	0	23	0
Other financial assets		**0**	**0**	**23**	**0**	**0**	**23**	**0**	**0**	**0**	**0**	**0**	**0**	**23**	**0**

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF ALLGEIER SE, MUNICH, FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

		Cost						Value adjustments						Carrying amount	
	Note	01/01/12	Currency differences	Additions to consolidation scope	Additions	Disposals	31/12/12	01/01/12	Currency differences	Scheduled additions	Unscheduled additions	Disposals	31/12/12	31/12/12	31/12/11
Intangible Assets	1														
Licenses, industrial property rights and similar rights, as well as licenses for such rights and assets		35,075	46	11,307	710	-3,878	43,259	-11,499	8	-10,462	0	3,687	-18,266	24,993	23,576
of which purchased		35,075	46	11,307	710	-3,878	43,259	-11,499	8	-10,462	0	3,687	-18,266	24,993	23,576
of which self-created		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill		86,184	-593	25,029	0	-190	110,429	-6,988	0	0	-190	190	-6,988	103,441	79,195
Intangible assets		**121,259**	**-547**	**36,336**	**710**	**-4,068**	**153,689**	**-18,488**	**8**	**-10,462**	**-190**	**3,877**	**-25,255**	**128,434**	**102,771**
Property, plant and equipment	2														
Property, property rights and buildings including constructions on third-party property		3,000	-60	0	730	0	3,670	-1,168	1	-53	0	0	-1,220	2,450	1,832
Financial leasing		1,653	-69	0	891	-323	2,153	-567	27	-584	0	285	-839	1,313	1,086
Other plant, operating and office equipment		11,288	-24	898	2,923	-619	14,467	-5,422	6	-2,554	0	441	-7,529	6,938	5,866
Property, plant and equipment		**15,941**	**-152**	**898**	**4,544**	**-941**	**20,290**	**-7,157**	**33**	**-3,191**	**0**	**726**	**-9,589**	**10,701**	**8,784**
Other financial assets															
Investments		23	0	0	0	0	24	0	0	0	0	0	0	24	23
Other financial assets		**23**	**0**	**0**	**0**	**0**	**24**	**0**	**0**	**0**	**0**	**0**	**0**	**24**	**23**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALLGEIER SE, MUNICH, AS OF DECEMBER 31, 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in EUR thousands)

	Subscribed capital	Capital reserves	Retained earnings	Treasury shares	Profit carried forward	Net income	Result neutral change in equity	Changes carried directly to equity of the parent company shareholders	Equity share of non-controlling interests	Equity
Balance as at January 1, 2011	**9,072**	**11,306**	**277**	**-4,468**	**57,426**	**8,345**	**-167**	**81,790**	**3,706**	**85,496**
Transfer of previous year's net income to profit carried forward	0	0	0	0	8,345	-8,345	0	0	0	0
Addition of Allgeier SE treasury shares	0	0	0	-1,109	0	0	0	-1,109	0	-1,109
Disposal of treasury shares of Allgeier SE within the scope of the acquisition of Nagarro Inc.	0	0	0	423	0	0	275	698	0	698
Purchase of shares of non-controlling shareholders of G-AG	0	0	0	0	0	0	-1,173	-1,173	-12	-1,185
Cash flow hedge	0	0	0	0	0	0	-101	-101	0	-101
Dividends	0	0	0	0	-4,164	0	0	-4,164	-189	-4,353
Net income	0	0	0	0	0	4,378	0	4,378	934	5,312
Currency differences	0	0	0	0	0	0	3,401	3,401	37	3,439
Balance as at December 31, 2011	**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 treasury shares of Allgeier SE within the scope of acquisition 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 acquisition of Oxygen	0	0	0	0	0	0	0	0	149	149
Addition to equity share of non-controlling interests arising from acquisition 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 as at December 31, 2012	**9,072**	**13,327**	**102**	**-5,491**	**61,967**	**8,364**	**1,565**	**88,906**	**4,503**	**93,409**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT OF ALLGEIER SE, MUNICH FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

CONSOLIDATED CASH FLOW STATEMENT (in EUR thousands)

	Note	2012	2011
Earnings before interest and tax (EBIT)		9,107	11,961
Depreciation and amortisation		13,843	10,332
Expenses from the disposal of non-current assets		406	194
Change in non-current provisions		511	-46
Non-cash change in provisions		9,442	8,136
Other non-cash expenses and income		128	1,628
Income tax paid		-4,525	-3,784
Cash flow from operating activities before changes in working capital		28,913	28,422
Cash flow from changes in working capital		-13,855	-8,794
Cash flow from operating activities		**15,058**	**19,628**
Payments for investments in non-current assets		-4,362	-4,279
Payments received from the disposal of non-current assets		79	66
Payments made for the acquisition of subsidiaries		-29,349	-24,863
Payments made for the acquisition of assets and rights		-1,366	-510
Payments made for purchase price shares for companies not acquired in the financial year		-4,179	-4,010
Payments received from the disposal of at equity investments		0	-68
Acquisition of bank bonds		-5,047	0
Cash flow from investing activities		**-44,223**	**-33,662**
Addition of treasury shares		-760	-1,109
Repayment of profit-sharing rights		-6,000	-7,000
Drawing down of bonded loans		69,030	0
Drawing down of bank borrowings		517	23,000
Repayment of bank borrowings		-19,395	-23,645
Repayment of other borrowings		-256	0
Payment receipts from first-time application of factoring of trade receivables		11,382	0
Payment balance from the assignment of receivables owed by customers		-10,591	949
Interest received		542	417
Interest paid		-3,136	-2,779
Dividends		-4,192	-4,164
Payments made arising from the purchase of shares of non-controlling interests		-780	-720
Payments balance with shareholders with non-controlling interests		-179	-189
Cash flow from financing activities		**36,183**	**-15,240**
Total cash flow		**7,018**	**-29,275**
Change in cash and cash equivalents attributable to exchange rates		-40	-210
Total changes to cash and cash equivalents		**6,978**	**-29,485**
Cash and cash equivalents at the start of the period		31,625	61,110
Cash and cash equivalents at the end of the period	F.	38,603	31,625

Consolidated Notes

OF ALLGEIER SE
ACCORDING TO IFRS FOR THE 2012 FINANCIAL YEAR

Consolidated Notes to the annual financial statements of Allgeier SE in accordance with IFRS for the financial year 2012

A. GENERAL SPECIFICATIONS

I. Information on the Group and on Allgeier SE

The Allgeier Group is a group of enterprises, which offers IT services, IT solutions and products as well as personnel services towards more flexible work and cost structures. The parent company of the Group is Allgeier SE. It has its headquarters in Wehrlestrasse 12, 81679 Munich, Germany, and is entered in the Commercial Registry of the Munich District Court under HRB 198543. The Allgeier SE acquires, holds and liquidates enterprises in the domain of information technology and the service field as well as allied fields. Apart from this, Allgeier SE consults enterprises and executes other business management-related tasks for enterprises. In the financial year 2012, Allgeier SE put into effect the change of its name and legal form from Allgeier Holding AG to Allgeier SE.

II. Accounting and Valuation Principles

These consolidated notes of Allgeier SE were compiled in accordance with the International Financial Reporting Standards (IFRS) to be applied in the European Union and as per the commercial provisions to be applied according to Section 315a HGB. The consolidated notes of Allgeier SE fulfil the prerequisites for the release of the compilation of Consolidated Notes as given in section 290 HGB. The consolidated notes consist of the following components:

- Balance Sheet
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the financial statements

The consolidated notes of Allgeier SE follow the principle of the enterprise management. The bonds, cash flow hedges and purchase price liabilities from enterprise acquisitions still dependent on the fulfilment of terms, which are accounted for in the financial assets and liabilities, have been valuated at fair value. The valuation of all other assets and debts was carried out through continued purchasing and manufacturing costs. The applied accounting and valuation methods are unchanged from the previous year. Exceptions from this are the balance sheet disclosures of:

- Non-current parts of the financial assets and the other assets as well as of the other provisions, the financial liabilities and other liabilities, which are shown in the balance sheet in non-current assets and in non-current liabilities from the financial year 2012 onwards. In the previous year, the details were given in the notes.

- Income tax provisions, which were summarised with the income tax liabilities in the financial year 2012.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

For the sake of comparability, the previous year's figures were adjusted during the change in the accounting and valuation methods.

All the amounts in the consolidated notes are presented in EUR thousands, unless otherwise specified. In the tables, variations by +/- EUR 1 thousand can occur due to rounding off. The comparative figures of the previous year have been juxtaposed against the figures specified in the consolidated notes for this financial year.

III. Accounting regulations to be applied for the first time in the current financial year

Since the financial year 2012, the following standards and interpretations revised or newly issued by the IASB have become mandatory for application:

STANDARD/INTERPRETATION	TITLE OF THE STANDARD/THE INTERPRETATION RESPECTIVELY THE AMENDMENT
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets

Overall, the mandatory application of standard modifications or interpretations did not result in any effects on the asset, financial or income situation of the Allgeier Group.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

IV. Standards and Interpretations that have not previously been applied

The IASB and IFRIC have issued the following standards, interpretations and modifications of the existing standards, the application of which was not yet mandatory for the financial year 2012:

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD/THE INTERPRETATION RESPECTIVELY THE AMENDMENT	TITEL DES STANDARDS/DER INTERPRETATION BZW. DES AMENDMENTS
EU endorsement already effected		
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	01.07.2012
Amendments to IAS 12	Recovery of underlying assets	01.01.2013
IAS 19 (rev. 2011)	Employee Benefits	01.01.2013
Amendments to IAS 27	Separate Financial Statements	01.01.2014
Amendments to IAS 28	Investments in Associates and Joint Ventures	01.01.2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	01.01.2014
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	01.01.2013
IFRS 10	Consolidated Financial Statements	01.01.2014
IFRS 11	Joint Arrangements	01.01.2014
IFRS 12	Disclosure of Interests in Other Entities	01.01.2014
IFRS 13	Fair Value Measurement	01.01.2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	01.01.2013
EU endorsement still pending		
Improvements to IFRS 2009 – 2011		01.01.2013
IFRS 9	Financial Instruments	01.01.2015
Amendments to I FRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosures	01.01.2015
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance	01.01.2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	01.01.2014

For the following new or modified standards and interpretations, which are mandatory for application only in later financial years, the Allgeier Group has not planned any premature application. These modified standards and interpretations will presumably not have any significant consequences for the Allgeier Group. The modifications that will be of importance to the Allgeier Group in the future have been elaborated below:

IAS 19 – Employee benefits (revised 2011)

Currently there is an option as to how unexpected deviations in pension obligations, the so-called actuarial gains and losses, can be presented in the financial statement. These can be recorded either (a) as affecting the income in the the statement of income, (b) in other Income (OCI) or (c) in a deferred manner as per the so-called corridor method.

In the revised version of the IAS 19, this option is abolished for a more transparent and comparable depiction, such that only a direct and full entry in the other Income is allowed. Apart from this, past service costs must henceforth be recorded directly in the profit or loss in the year of occurrence.

In addition, the expected earnings from plan assets are currently determined at the beginning of the accounting period on the basis of the expectations of the management from the value development of the asset portfolio. With the application of IAS 19 (revised 2011), only a typifying interest calculation of the plan assets in the amount of the discounted interest rate of the pension obligations at the beginning of the period is allowed. The expected amount in administrative costs for the plan assets has been so far taken into consideration in the interest income. As per the modifications, administrative costs for the plan assets must be recorded as a part of the new evaluation components in the other Income, whereas the other administrative costs must be assigned to the net income at the time they are incurred.

With the application of IAS 19 (revised 2011), only a typified interest calculation of the plan assets in the amount of the current discounted interest rate of the pension obligations is allowed. The modification is to be applied for the first time in the financial year 2013. Since the Allgeier Group currently uses the method affecting income in the statement of income, this would not lead to any modification of the pension provisions or group equity. With the shift to the modified method, the statement of income of the Allgeier Group will remain free from the effects of actuarial gains and losses in the future (e.g. due to interest rate fluctuations), since these must then be compulsorily recorded in Other Income.

V. Consolidation Principles

Allgeier SE and all the Group companies associated with Allgeier SE (“subsidiaries”) have been included in the consolidated notes. Allgeier SE directly or indirectly exercises control over all the subsidiaries and directly or indirectly holds the majority of the voting rights. It can determine the finance and business policy for all its subsidiaries and derive economic benefits from it.

The balance sheet date of Allgeier SE and its subsidiaries is December 31, 2012. Both Indian group companies, Nagarro Software Pvt. Ltd, Gurgaon, and Nagarro Software Jaipur Pvt. Ltd, Jaipur, are exempted from this. In India, the balance sheet date for the local annual statements is March 31 on account of legal stipulations. For integration into the consolidated financial statement, an interim report was compiled on December 31, 2012 for both companies.

The companies acquired by the Group were consolidated as per the purchase method through realisation of hidden reserves. On the acquisition dates, the assets, liabilities and contingent liabilities of the acquired enterprises were identified and accounted for with their fair values and the necessary deferred taxes applicable on them. The shares of the non-controlling shareholders were fixed at the amount of their shareholding in the fair values of the assets and liabilities. The remaining surplus between the purchasing costs of the enterprise acquisition and the fair values of the assets, liabilities and shares of non-controlling shareholders was activated as goodwill. Other purchasing-related costs for legal and consultation services, due diligence and commissions were entered as other operational expenditure affecting income.

The acquired companies were consolidated in the Group from the time of exercising control. The expenses and earnings of the subsidiaries were incorporated into the consolidated financial statement from this point onwards. Internal group balances, transactions, earnings and expenses as well as profits and losses, which are included in the book value of assets, were eliminated. Deferred taxes were raised on the consolidation procedures affecting income.

The disclosure of shares of non-controlling shareholders in the equity and earnings of subsidiaries was carried out in a separate position within the Group equity. The income for the period applicable on the shares of non-controlling shareholders was openly disclosed in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity in separate columns.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

VI. Group of consolidated enterprises

Allgeier SE and all Group companies, over which Allgeier SE exercises direct or indirect control, have been consolidated in the consolidated financial statement of the Allgeier Group for the financial year 2012. On December 31, 2012 the group of consolidated enterprises consisted of 54 Group companies (previous year: 52 companies). Of those, 30 companies have their headquarters within Germany (previous year: 30) and 24 companies have their headquarters abroad (previous year: 22). The number of the companies integrated into the Group has developed in the financial year 2012 as follows:

GROUP COMPANIES (number)	2012	2011
Number of group companies on 1st January	**52**	**40**
Establishments	3	4
Enterprise acquisitions	7	12
Mergers of group companies	-7	-4
Liquidations	-1	0
Number of group companies on 31st December	**54**	**52**

In the financial year 2012, the Allgeier Group established:

- Allgeier Group Executives AG, Munich
- Allgeier Project MBO GmbH, Munich
- Allgeier Global Services Asia PTE Ltd., Singapore

In the financial year 2012, the Allgeier Group acquired the following companies through company acquisitions:

- AX Solutions GmbH, Braunschweig (“AX Solutions”)
- Skytec AG, Oberhaching (“Skytec”)
- b+m Informatik AG, Melsdorf (“b+m AG”)
- b+m Informatik GmbH, Hamburg (“b+m GmbH”)
- tecops personal GmbH, Munich (“tecops”)
- Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey (“Oxygen”)
- SF Software & Friends GmbH, Leipzig (“S&F”)

The following companies were merged with other companies of the Allgeier Group in the financial year 2012

- Next GmbH, Heusweiler
- Solveos Vendor Solutions GmbH, Munich
- AX Solutions GmbH, Braunschweig
- G-AG Beteiligungen GmbH, Munich
- Allgeier Expert Staffing & Recruiting GmbH, Munich
- ICC Solutions GmbH, Munich
- Allgeier IT Solutions GmbH, Bremen

The mgm technology partners Köln GmbH i.L. was liquidated in the financial year 2012.

The company acquisitions have a significant influence on the assets, financial and income situation of the Allgeier Group. Comparability of the consolidated financial statement for the financial year with the consolidated financial statement of the previous year is only partially possible due to the enterprise acquisitions.

Acquisition of the shares of AX Solutions GmbH

Terna GmbH Zentrum für Business Software, Innsbruck, Austria, acquired all company shares of AX Solutions GmbH, Braunschweig on March 5, 2012. As a purchase price, a fixed purchase price was agreed upon amounting to EUR 205 thousand, as well as an additional variable purchase price, which is linked to the target agreements for the years 2012 and 2013. The variable purchase price for the year 2012 was achieved with EUR 122 thousand. For 2013, a further earn out of maximum EUR 73 thousand can be achieved, as long as the established target amounts for service revenues are exceeded. In case the sales targets are not achieved or are not up to the expected mark, the respective earn outs will be reduced or considered completely inapplicable. The fixed purchase price and a part of the earn out for 2012 to the tune of EUR 37 thousand were paid in the financial year 2012. The remaining earn outs are due for payment within 3 months after achievement of the target. Within the scope of the acquisition, costs to the tune of EUR 1 thousand were incurred for the registration, which were booked as other operating expenses.

The business activity of AX Solutions is the distribution, implementation and support of Microsoft Dynamics AX for medium-scale industry and trade enterprises. In the financial year 2011 the company achieved a turnover of EUR 954 thousand and earnings before tax of EUR 84 thousand. With AX Solutions, the Terna Group could gain an experienced team of colleagues, and expand its market presence in North Germany through the location of Braunschweig.

On the first consolidation date of February 29, 2012, AX Solutions brought with it assets worth EUR 456 thousand and liabilities amounting to EUR 226 thousand. This includes hidden reserves in customer relations, which were identified and valuated at EUR 195 thousand within the scope of the purchase price allocation. Book values and purchase price allocations of the acquired net assets of AX Solutions in detail are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS OF AX SOLUTIONS AS AT FEBRUARY 29, 2012 (in EUR thousands)	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	0	195	195
Property, plant and equipment	10	0	10
Trade receivables	170	0	170
Other current assets	79	0	79
Cash and cash equivalents	1	0	1
Deferred expenses	1	0	1
Acquired assets	**261**	**195**	**456**
Deferred tax liabilities	0	49	49
Trade payables	39	0	39
Tax provisions	22	0	22
Other provisions	43	0	43
Other liabilities	69	0	69
Deferred income	4	0	4
Acquired liabilities	**177**	**49**	**226**
Net assets	**84**	**146**	**230**

From the purchase price for the company shares of AX Solutions amounting to EUR 400 thousand and the net assets amounting to EUR 230 thousand, there remained a difference of EUR 170 thousand, which was accounted for as goodwill. The goodwill justifies the synergies to be expected from the acquisition of AX Solutions. The company was merged with Terna GmbH Zentrum für Business Software, Innsbruck in the financial year 2012. Turnover and earnings of AX Solutions are no longer entered separately since the time of acquisition.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Acquisition of the shares of Skytec AG

TOPjects AG acquired all 54,163 shares and a silent partnership in Skytec AG, Oberhaching ("Skytec") in the financial year 2012. The majority of 51,070 share units (94.3%) and the silent partnership were acquired through purchase and transfer agreements on February 24, 2012. The remaining 3,093 share units (5.7%) were taken over by the Allgeier Group in July 2012. As a purchase price for all the shares of the company, EUR 80 thousand was fixed, and as a price for the takeover of the silent partnership an amount of EUR 450 thousand was fixed. Within the scope of the transaction, booked purchasing-related costs amounting to EUR 10 thousand were incurred as other operating expenses. The purchase prices were paid in the financial year 2012.

Skytec provides software solutions and services in the fields of automotive, infrastructure management, innovation and idea management as well as business intelligence. The company brought in new customer relations and a qualified and innovative team of colleagues to the Allgeier Group.

The first consolidation of Skytec was undertaken on March 31, 2012, after the condition precedents finalised in the purchase and transfer agreements from February 24, 2012 were fulfilled and the control of the company was transferred to the Allgeier Group. With the acquisition of the company, assets worth EUR 1,941 thousand and liabilities worth EUR 1,861 thousand went to the Group. This includes the assets worth EUR 1,847 thousand and liabilities worth EUR 1,714 thousand accounted for as per commercial law on March 31, 2012 and the customer relations identified and valuated at EUR 71 thousand in the purchase price allocation, as well as an increase in the provision for unoccupied rented premises by EUR 147 thousand. The book values and the purchase price allocation of the acquired net assets of Skytec in detail as of March 31, 2012 are as follows:

»Skytec provides software solutions and services in the fields of automotive, infrastructure management, innovation and idea management as well as business intelligence. The company brought in new customer relations and a qualified and innovative team of colleagues to the Allgeier Group.«

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS OF SKYTEC AS AT MARCH 31, 2012 (in EUR thousands)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	6	71	77
Property, plant and equipment	67	0	67
Inventories	59	0	59
Gross trade receivables	1,361	0	1,361
Value adjustment of trade receivables	-20	0	-20
Other current assets	162	0	162
Cash and cash equivalents	118	0	118
Deferred expenses	40	0	40
Acquired assets	**1,847**	**94**	**1,941**
Trade payables	224	0	224
Other provisions	232	147	379
Silent partnership	450	0	450
Other liabilities	771	0	771
Deferred income	37	0	37
Acquired liabilities	**1,714**	**147**	**1,861**
Net assets	**133**	**-53**	**80**

No difference amount resulted from the purchase price for the shares of Skytec and the net amount of the acquired assets and liabilities. Skytec AG achieved a turnover of EUR 4,820 thousand and earnings before interest, taxes, and amortizsation of EUR 153 thousand in the period from April 2012 till December 2012.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Acquisition of the shares of b+m Informatik AG and b+m Informatik GmbH

Allgeier IT Services AG, Munich, a 100% subsidiary of Allgeier SE, acquired all shares of b+m Informatik AG, Melsdorf on May 11, 2012. b+m Informatik AG carries out the development and distribution of software and provides services related to it. It in turn holds 100% of the shares of b+m Informatik GmbH, Hamburg. EUR 2 were finalised as a fixed purchase price for the shares of b+m AG. Apart from this, a variable purchase price component was established up to a maximum of EUR 1,300 thousand, amounting to 20% of the earnings before interest and taxes ("EBIT") of the b+m Group, consolidated and adjusted for one-time effects for the years 2012 to 2016. For the fixing of the purchase price for the purposes of the first consolidation, the plans of the company were referred to. Thereafter, b+m AG expects a consolidated EBIT of EUR 6,048 thousand totally in the earn-out years 2013 to 2016, on the basis of which a purchase price for the shares was calculated to the amount of EUR 1,210 thousand or after discounting on the day of the first consolidation - EUR 1,037 thousand. The year 2012 remained out of consideration during the calculation due to the negative EBIT after adjustment. The variable purchase price is due annually with the shares applicable to the respective years. Purchasing-related costs to the tune of EUR 84 thousand were incurred during the course of the acquisition. The book entries of these costs wereaccounted as other operating expenses. Through the merger, the Allgeier Group is supplementing its product range with more software solutions for credit institutions and in the field of company pension schemes.

The first consolidation of the b+m Group was carried out on May 31, 2012. The measures for restructuring the balance sheet of b+m AG to be carried out by the sellers, which were finalised in the share purchase agreement, were resolved on this date. The b+m Group had consolidated assets of EUR 4,502 thousand and consolidated liabilities to the tune of EUR 6,915 thousand on the reporting date. The assets included hidden reserves in intangible assets, which were identified and disclosed at EUR 1,973 thousand in the course of the first consolidation. The liabilities included an increase in value of the pension provision as per commercial law by EUR 151 thousand. Deferred taxes amounting to net EUR 458 thousand were charged on the intangible assets and the pension obligation. Book values and purchase price allocation of the net liabilities of the b+m Group in detail are as follows:

»b+m Informatik AG conducts the development and marketing of software and provides services related to it.«

BOOK VALUES AND PURCHASE PRICE ALLOCATION OF THE B+M GROUP AS AT MAY 31, 2012 (in EUR thousands)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	29	1,973	2,002
Property, plant and equipment	185	0	185
Inventories	218	0	218
Gross trade receivables	593	0	593
Value adjustments of trade receivables	-20	0	-20
Other current assets	1,275	0	1,275
Cash and cash equivalents	131	0	131
Deferred expenses	118	0	118
Deferred tax liabilities	**2,529**	**1,973**	**4,502**
Deferred tax liabilities	0	458	458
Trade payables	311	0	311
Current account usage	2,102	0	2,102
Bank borrowings	775	0	775
Pension provisions	438	151	589
Tax provisions	79	0	79
Other provisions	787	0	787
Other liabilities	944	0	944
Deferred income	870	0	870
Acquired liabilities	**6,306**	**609**	**6,915**
Net assets	**-3,777**	**1,364**	**-2,413**

From the purchase price for the shares of b+m AG amounting to EUR 1,037 thousand and the net liabilities of EUR -2,413 thousand, there remained a difference of EUR 3,450 thousand, which was accounted for as goodwill. The goodwill indicates the synergies to be expected from the merger as well as the expectations from the fulfilment of plans of the b+m Group. The b+m Group achieved consolidated revenues of EUR 6,379 thousand and consolidated earnings before taxes, interest and amortisation of EUR -43 thousand in the period from June to December 2012.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Acquisition of the shares of tecops personal GmbH

With a contract on August 2, 2012, Allgeier IT Services AG acquired all company shares of tecops personal GmbH, Munich ("tecops"). EUR 26,500 thousand were fixed as a purchase price for the shares of the company. Besides the purchase price, transaction costs amounting to a total of EUR 179 thousand were incurred for legal and consultation services and due diligence, which were booked as other operating expenses. The purchase price of EUR 26,500 thousand and the related costs were paid in the financial year 2012.

tecops operates in the domain of temporary employment and commercial supply of temporary employees in the IT and commercial field in the Federal Republic of Germany. With the acquisition of tecops, the Allgeier Group is further expanding its business and service portfolio as well as its coverage in the growing market for IT personnel services.

The first consolidation of tecops was carried out on August 31, 2012, after the condition precedents finalised in the purchase agreement were fulfilled and the control of the company was transferred to the Allgeier Group. With the first consolidation of the company, the Group acquired assets worth EUR 20,408 thousand and liabilities of EUR 12,986 thousand. This includes the hidden reserves in customer relations identified in the course of the purchase price allocation amounting to EUR 7,242 thousand, and deferred tax liabilities incurred on them amounting to EUR 2,173 thousand, as well as the deferred tax assets, which are balanced in the deferred tax liabilities, from losses carried forward and temporary differences amounting to a total of EUR 310 thousand. The book values and the purchase price allocations of the acquired net assets of tecops as of August 31, 2012 in detail are as follows:

BOOK VALUES AND PURCHASE PRICE ALLOCATION OF TECOPS AS AT AUGUST 31, 2012 (in EUR thousands)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	83	7,242	7,325
Property, plant and equipment	554	0	554
Gross trade receivables	6,870	0	6,870
Value adjustments of trade receivables	-170	0	-170
Other current assets	4,666	0	4,666
Cash and cash equivalents	1,069	0	1,069
Deferred expenses	94	0	94
Acquired assets	**13,166**	**7,242**	**20,408**
Deferred tax liabilities	0	1,863	1,863
Trade payables	1,580	0	1,580
Tax provisions	396	0	396
Other provisions	5,113	0	5,113
Other liabilities	4,034	0	4,034
Acquired liabilities	**11,123**	**1,863**	**12,986**
Net assets	**2,043**	**5,379**	**7,422**

From the purchase price for the company shares of tecops amounting to EUR 26,500 thousand and the net assets, there was a difference of EUR 19,078 thousand, which was accounted for as goodwill. The goodwill evaluates the growth expectations of the company as well as the performance of the employees and the management of the company in being able to further enhance the enterprise value of tecops. The income statement of tecops was integrated into the Group consolidated statement of income from September 1, 2012 onwards. Since the time of acquisition, tecops achieved a turnover of EUR 20,503 thousand and earnings before interest, taxes and amortizsation of EUR 823 thousand in the financial year.

»tecops operates in the domain of temporary employment and commercial supply of temporary employees in the IT and commercial field in the Federal Republic of Germany.«

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Acquisition of the shares of Oxygen

With a share purchase agreement on September 28, 2012, Allgeier Dritte Beteiligungs GmbH, Munich, acquired 90% of the shares of Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey ("Oxygen"). The purchase price for the acquired shares amounted to TRY 7,260 thousand or EUR 3,116 thousand when converted as per the exchange rate on the first consolidation date of TRY 2.3294 per Euro. This consists of a fixed purchase price component of TRY 6,072 thousand or EUR 2,606 thousand and a contingent purchase price component of maximum TRY 1,188 thousand or EUR 510 thousand, which was dependent on the achievement of targets for the year 2012. Since the targets were achieved, the amount of TRY 1,188 thousand is to be paid in the year 2013. The fixed purchase price was paid in the financial year 2012. In the course of the acquisition, purchasing-related costs of EUR 66 thousand and an expenditure of EUR 32 thousand were incurred from the exchange rate difference between the day of payment and the conversion on the first consolidation date. The related costs and the rate difference were booked in the other operating expenses.

Oxygen operates in the market for personnel services and offers the procurement of IT experts and commercial specialists as well as recruitment services. Apart from its headquarters in Istanbul, the company has a branch in Izmir. Through the acquisition of Oxygen, the Allgeier Group has entered the Asiatic region that is strongly growing in this sector as a provider of personnel services.

On the first consolidation date of October 31, 2012, Oxygen brought with it assets of EUR 1,812 thousand and liabilities amounting to EUR 321 thousand. The assets include hidden reserves in customer relations, which were identified as EUR 629 thousand in the course of the purchase price allocation. The deferred taxes applicable on them were charged to the tune of EUR 126 thousand. Book values and purchase price allocations of the acquired net assets of Oxygen in detail are as follows:

»Oxygen operates in the market for personnel services and offers the procurement of IT experts and commercial specialists as well as recruitment services.«

BOOK VALUES AND PURCHASE PRICE OF OXYGEN AS AT OCTOBER 31, 2012 (in EUR thousands)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	5	629	634
Property, plant and equipment	66	0	66
Inventories	2	0	2
Trade receivables	238	0	238
Other current assets	15	0	15
Cash and cash equivalents	841	0	841
Deferred tax assets	10	-10	0
Deferred expenses	16	0	16
Acquired assets	**1,193**	**619**	**1,812**
Deferred tax liabilities	0	116	116
Trade payables	87	0	87
Current account usage	3	0	3
Tax provisions	52	0	52
Other provisions	26	0	26
Other liabilities	37	0	37
Acquired liabilities	**205**	**116**	**321**
Net assets	**988**	**503**	**1,491**

From the purchase price for the company shares of Oxygen amounting to EUR 3,116 thousand, the net assets of EUR 1,491 thousand and the share of net assets to be assigned to non-controlling shareholders worth EUR 149 thousand, a difference of EUR 1,774 thousand remained, which was accounted for as goodwill. The goodwill reflects the performance of the management and the employees in developing the company in the emerging market of Asia and improving the enterprise value. Oxygen achieved a turnover of TRY 708 thousand or EUR 303 thousand and earnings before interest, taxes and amortisation of TRY 294 thousand or EUR 126 thousand in the months of November and December 2012.

Acquisition of the shares of SF Software & Friends GmbH

Through a purchase and transfer agreement on December 4, 2012, mgm technology partners GmbH, Munich, a 80% subsidiary of Allgeier SE, acquired all company shares of SF Software & Friends GmbH, Leipzig ("S&F"). As a purchase price for the acquired shares, the parties finalised a fixed purchase price of EUR 250 thousand, a price for the part of the company cash flow that is not necessary for the running business operations ("Exceeding Cash"), as well as a part of the service external sales for the years 2013 to 2015 as a variable purchase price component. The exceeding cash will presumably amount to EUR 360 thousand. It consists of the cash and cash equivalents of the company on December 31, 2012 amounting to EUR 305 thousand, the payment balance from the receivables and payables, which have their origin in the year 2012, amounting to an estimated EUR 204 thousand, and minus a cash amount necessary for the running business amounting to EUR 150 thousand. 9% of the service external sales of S&F Leipzig for the years 2013 to 2015 were agreed as variable purchase price components. On the basis of the turnover planning of EUR 2,890 thousand for 2013, EUR 3,971 thousand for 2014 and EUR 5,048 thousand for 2015, an earn-out of EUR 1,072 thousand was calculated. In the first consolidation and for recognition as a non-current purchase price liability, the amount was discounted to EUR 974 thousand. The variable purchase price component is limited to a maximum amount of EUR 1,250 thousand. The fixed purchase price was paid in the financial year 2012. The variable purchase price components are payable annually after the amounts have been fixed. The payment of the exceeding cash is to be carried out in tranches in 2013 and the final payment - at the beginning of 2014. In the course of the acquisition, purchasing-related costs to the tune of EUR 4 thousand were incurred, which were booked in the other operating expenses.

The business activity of S&F is the development and distribution of software, the distribution and the administration of hardware, as well as other services based on information and communications technology. The company has its headquarters in Leipzig and a branch in Amstetten (Ulm). In the financial year 2012, the company achieved a turnover of EUR 1,407 thousand and earnings before interest, taxes and amortisation of EUR 118 thousand. Through the merger, the position in Leipzig could be strengthened and the customer relations and the access to manpower could also be enhanced.

On the first consolidation date of December 31, 2012, S&F brought with it assets worth EUR 1,769 thousand and liabilities amounting to EUR 486 thousand. This includes hidden reserves in customer relations, which were identified and valuated at EUR 1,072 thousand in the course of the purchase price allocation. The customer relations incurred deferred tax liabilities of EUR 322 thousand. Book values and purchase price allocations of the acquired net assets of S&F in detail are as follows:

»The business activity of S&F is the development and distribution of software, the distribution and the administration of hardware, as well as other services based on information and communications technology.«

BOOK VALUES AND PURCHASE PRICE ALLOCATIONS OF S&F AS AT DECEMBER 31, 2012 (in EUR thousands)

	Before purchase price allocation	Purchase price allocation	After purchase price allocation
Intangible assets	1	1,072	1,073
Property, plant and equipment	17	0	17
Gross trade receivables	251	0	251
Value adjustments of trade receivables	-2	0	-2
Other current assets	119	0	119
Cash and cash equivalents	305	0	305
Deferred expenses	6	0	6
Acquired assets	**697**	**1,072**	**1,769**
Deferred tax liabilities	0	322	322
Trade payables	12	0	12
Other provisions	19	0	19
Other liabilities	133	0	133
Acquired liabilities	**164**	**322**	**486**
Net assets	**533**	**750**	**1,283**

From the accounted purchase price for the company shares of S&F amounting to EUR 1,584 thousand, the net assets of EUR 1,283 thousand and the share of non-controlling shareholders apportionable to the net assets amounting to EUR 257 thousand, a difference of EUR 558 thousand remained, which was accounted for as goodwill. The goodwill reflects the expectations from the growth of S&F, synergies from the merger and the qualification of the management and the employees of the company.

Pro Forma Earnings of the Acquired Enterprises

Had the enterprises acquired in the financial year 2012 already been consolidated from January 1, 2012 onwards and those acquired in the financial year 2011 already been consolidated from January 1, 2011 onwards, the revenue and the earnings of the continuing business of the Group would have been as follows:

REVENUE AND EARNINGS (in EUR thousands)	2012	2011
Revenue	472,918	395.684
Earnings Before Interest, Taxes, and Amortisation	26,139	24.273
Earnings Before Taxes	8,881	11.360

Profit and Loss Transfer Agreements

On December 31, 2012 there were profit and loss transfer agreements between the following companies:

- Allgeier SE, Munich, as the controlling company and Allgeier IT Solutions AG, Munich
- Allgeier SE, Munich, as the controlling company and Allgeier IT Services AG, Munich
- Allgeier IT Solutions GmbH, Bremen, as the controlling company and BSH IT Solutions GmbH, Bremen
- Allgeier IT Services AG, Munich, as the controlling company, and Xiopia GmbH, Unterföhring
- Allgeier IT Services AG, Munich, as the controlling company, and Goetzfried AG, Wiesbaden
- Allgeier IT Services AG, Munich, as the controlling company, and TOPjects AG, Munich
- Softcon MBO GmbH, Munich, as the controlling company, and SOFTCON AG, Munich

Terna GmbH Zentrum für Business Software, Innsbruck, Austria, and Terna Holding GmbH, Innsbruck, Austria, are subject to the group taxation as per Austrian law.

VII. Events after the accounting date and before establishment of the balance sheet

On January 24, 2013, Terna GmbH Zentrum für Business Software, Innsbruck, Austria, acquired all shares of OPUS Solution AG with headquarters in Root Längenbold, Switzerland ("OPUS"). OPUS is a provider of business software solutions based on Microsoft Dynamics AX. OPUS concentrates on customers with project-related businesses and across many sectors on the fields of personnel administration and payroll accounting. In the financial year 2012, the company achieved a turnover of CHF 4,275 thousand and company earnings of CHF 113 thousand. The purchase price for the acquired shares of the company presumably amounts to CHF 1,079 thousand. It is subdivided into a fixed purchase price of CHF 540 thousand and two profit-related purchase price tranches of maximum CHF 270 thousand each, which are dependent upon the achievement of certain turnover targets. In case of underachievement of the targets, the profit-related purchase price tranches reduce up to a complete omission of the amounts. The key date for the first-time consolidation of the company in the Allgeier Group is January 31, 2013. After the preliminary purchase price allocation, as of this date, OPUS brings with it assets amounting to CHF 2,093 thousand and liabilities amounting to CHF 1,014 thousand. With this, the purchase price amounting to CHF 1,079 thousand or EUR 900 thousand stands against an equally high net asset value. The identification, valuation and accounting of the acquired assets and liabilities and the purchase price allocation were not available till the approval of the present consolidated financial statement of Allgeier SE.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

VIII. Currency Conversion

The Group companies book the accounting transactions with foreign currency using the exchange rate on the day of the transaction. The rate gains and losses arising from this at later points due to payments or valuations at other exchange rates are recognised in income. Allgeier SE and its subsidiaries compile their annual reports in their respective national currency, which corresponds to the functional currency of the companies. The annual statements of the subsidiaries, which were compiled in foreign currency, were converted into Euros, the reporting currency of the Allgeier Group. Assets and liabilities are converted as per the exchange rate on the accounting day, the positions of the income statement as per the annual average rate and the remaining equity are converted as per historical rates. The differences arising from the conversions of the individual statement currencies into the reporting currency of the Group were recorded in the statement of comprehensive income as other income, and were booked in the balance sheet as changes in equity not recognised in income.

In the Group fixed assets, the historical purchasing and replacement costs are evaluated at historical currency rates. The differences arising from the conversion of the historical rates into the accounting date rates are adjusted in separate columns. The provisions analysis indicates the conversion differences between historical rates and accounting date rates in a separate column.

The currency conversion of the Group companies, who compile their annual reports in a currency other than the Euro are based on the following exchange rates:

EXCHANGE RATES	Average rates per EUR 1		Accounting date rates per EUR 1	
	2012	2011	31.12.12	31.12.11
CHF (Swiss Francs)	1.204	1.231	1.207	1.217
CZK (Czech Koruna)	25.112	24.565	25.089	25.680
RON (Romanian Leu)	4.455	4.223	4.434	4.313
SEK (Swedish Krona)	8.687	9.100	8.611	8.923
INR (Indian Rupee)	69.140	67.593	72.270	70.292
USD (US Dollar)	1.291	1.381	1.322	1.295
MXN (Mexican Peso)	16.937	18.060	17.189	18.094
TRY (Turkish Lira)	2.319	2.466	2.364	2.463
AED (United Arab Emirates Dirham)	4.742	5.114	4.854	4.755
SGD (Singapore Dollar)	1.600	-	1.617	-

The profit and loss estimate of the companies acquired in the financial year is converted at the average rates of the period from the acquisition date onwards.

IX. Balance Sheet
Intangible Assets

- Concessions, industrial property rights and similar rights as well as licenses for such rights and values

Concessions, industrial property rights and similar rights as well as licenses for such rights and values are valuated according to the purchasing cost method with purchasing costs and manufacturing costs. The orders on hand, customer lists and products are activated with their expected contribution to operating income. The amortisation of orders on handis carried out as “unit of production amortisation” depending on the share of the performed order volume of the respective period for the acquired total orders on hand. Brands and domains are amortised over a period of 15 years. All remaining concessions, industrial property rights and similar rights as well as licenses for such rights and values are amortizsed as per plan over 3 to 5 years. Interest for borrowed capital is not incorporated into the manufacturing costs.

Concessions, industrial property rights and similar rights as well as licenses for such rights and values are activated when it is likely that the company will accrue a future economic benefit from the asset value and the purchasing and manufacturing costs of the assets can be reliably valuated. On every balance sheet date, the Group reviews whether unscheduled amortisations must be carried out on the assets.

- Goodwill

Goodwill values are accounted as per the purchasing cost method and are treated as non-depreciable non-current assets as per IFRS 3. For the assessment of amortisation, all goodwill values are subjected to annual impairment tests at the level of cash-generating units, in order to identify possible unscheduled amortisations. Apart from this, instance-specific impairment tests are carried out, if certain events demand it.

When it emerges from the reviews that the fair value of the cash generating units are under their respective book values, unscheduled amortisations are undertaken. For the determination of the fair values of cash generating units, their estimated future cash flows are ascertained through inclusion of the company budgets and expected general growth rates, and discounted with an appropriated interest rate.

Property, plant and equipment

- Property, property rights and buildings including buildings on external property and other facilities, factory and office equipment

This tangible fixed asset is accounted for as per the purchasing cost method to purchasing and manufacturing costs minus cumulative depreciations. Traceable costs, pro-rata overhead costs and depreciations are included in the manufacturing costs of company-manufactured assets. Interest for borrowed capital is not included in the manufacturing costs. Repair and maintenance costs are booked at the time of their occurrence as expenditure. The depreciations are carried out on a straight-line basis for the presumably expected lifetime of the asset. The book values of the tangible fixed assets are checked for unscheduled depreciations as soon as there are indicators for the same. Upon disposal of the asset, the historical purchasing and manufacturing costs, the cumulative depreciation and the book values of the tangible fixed assets are derecognised. Property, property rights and buildings including buildings on external property are evaluated as per the purchasing cost model. The straight-line basis depreciation for buildings is carried out over a maximum usage period of 50 years. Other facilities, factory and office equipment are depreciated on a straight-line basis over a period of 3 to 15 years.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

- Financial Leasing

As long as the prerequisites of financial leasing are fulfilled, the tangible assets used on the basis of leasing agreements are activated and depreciated. The financial ownership of leased items is assigned to the lessee, as long as he bears most of the risks and opportunities from the leased item that are associated with ownership. In this case, the activation is carried out at the time of finalising the agreement at the cash value of the leasing rates in addition to associated costs to be borne by the lessee. The depreciation methods and usage periods correspond to those of comparable acquired assets. Payment obligations resulting from the future leasing rates are carried within the non-current and current liabilities. The leasing payments are divided into financing costs and the redemption component of the residual debt.

Besides financial leasing contracts, the Group has made leasing agreements, which fall under the criteria of operating leasing and are not accounted for. This especially includes leasing contracts for company vehicles with duration of 3 years, as a rule, and subsequent return of the leased items to the lessor at the end of the contract period. The leasing expenses from operating leasing are booked as other operating expenses. The future obligations from these contracts are represented under the other financial obligations.

Other financial assets

The other financial assets are balanced as per the purchasing costs method in the purchasing costs.

Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences between the tax and balance sheet valuations as well as for consolidation activities affecting income. The deferred tax assets also comprise tax credit entitlements, which result from the expected usage of the existing losses carried forward into subsequent years and whose realisation is guaranteed with sufficient likelihood.

The deferred taxes are determined with taxation rates, which are applicable or expected according to the current legal position in the affected countries at the expected realisation time. Deferred taxes are levied at country-specific taxation rates on the asset and liability differences as well as the realisable losses carried forward. The country-specific taxation rates are presented as follows:

COUNTRY	TAX RATE
Germany	30%
Austria	25%
Switzerland	16% / 19%
India	34%
USA	40%
Sweden	25%
Mexico	18%
Turkey	20%

A balancing of deferred tax assets and liabilities is undertaken, as long as they can be cleared with respect to a tax authority. The disclosure of deferred tax assets and liabilities is carried out within the non-current assets and non-current liabilities.

Inventories

The evaluation of inventories is carried out at the lower value from purchasing costs, manufacturing costs and net realisable value. The determination of purchasing costs is carried out as per the weighted average. In case of reduced purchasing costs or net realisable value on the balance sheet date, devaluations are undertaken. The manufacturing costs comprise all traceable material and production costs as well as material and production overheads. General administrative costs and distribution costs as well as interest on borrowed capital are not included in the inventories, unless the prerequisites are fulfilled as per IAS 23. The evaluation of incomplete services is carried out according to their degree of completion on the basis of individually agreed regulations on individual costs in addition to pro-rata production overheads.

Trade receivables

Trade receivables are applied to continued purchasing costs. These correspond to the nominal value of receivables minus specific value adjustments. Value adjustments on receivables are undertaken as soon as there are recognisable indications for payment defaults or the receivables are behind schedule for a longer period of time. Flat-rate value adjustments are not recognised. Trade receivables are written off, when no more payments are to be expected.

Other financial assets

The other financial asset items are applied with their nominal amounts minus individual value adjustments. Individual value adjustments are undertaken when a payment default is likely to occur.

- Hedge Relationships

The Allgeier Group deploys forward exchange contracts and interest swaps as derivative financial instruments, in order to reduce exchange rate and interest risks. These hedge contracts are balanced as per the market value, wherein positive market values lead to the application of a financial receivable and negative values lead to the application of a financial liability. The recording of profits and losses from the modification of the fair value is recognised in the income, unless special regulations of hedge accounting come into application. The recognition of fair value modifications in hedge accounting is dependent on the underlying transaction. In Fair Value Hedge, an income-affecting recognition of the hedging instrument as well as that of the profits and losses assignable to the hedged transaction takes place. In a Cash Flow Hedge (hedging of future payment streams), the income from the effective part from the hedge relationship is directly recorded in equity and the ineffective part is directly recorded in the income statement. The income realisation is carried out as soon as the hedged transaction becomes recognised in income. The balance sheet recording of derivatives is carried out respectively on the trading day.

- Securities

Securities involve stock exchange-listed fixed and variable interest-bearing loans from European financial institutions, which are held for treasury management. The securities refer to all financial assets of the valuation category "available for disposal" and are applied with their fair value, wherein unrealised profits and losses from rate fluctuations are disclosed up to realisation not recognised in income separately in equity, taking into consideration deferred taxes. In case an objective indication of depreciation exists, the cumulative loss in equity is separated from the equity and recognised as affecting income.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Other assets and income tax receivables

The other assets are balanced with their nominal amounts.

Cash and cash equivalents

Cash and cash equivalents comprise the cash on hand, bank balance and short-term deposits with original maturities of less than three months. The evaluation is carried out with nominal values.

Own shares

The own shares are represented as negative values within the equity. A sale or purchase of own shares is not recognised in income. All received or issued considerations are recorded directly in equity.

Pension provisions

The provisions for pension are depicted for obligations from defined benefits to company pension schemes for active or former employees of the Group. The evaluation of the benefits is carried out as per the projected unit credit method with consideration of future wage, salary and pension trends. In the calculation as per actuarial principles, the "Mortality Tables 2005 G" by Heubeck, individual pension assurances and usually the following general parameters are taken as a basis:

	2012	2011
Calculated interest rate	3.60%	5.20%
Increase in the current pension	1.50%	1.50%
Wage dynamics in case of income-related benefits	2.00%	2.00%
Fluctuation	0.00%	0.00%

For the coverage of pension obligations, liability insurances were partly issued. The fair value of insurances will be cleared within the pension provisions, as long as the liability insurance is mortgaged to the insured person.

CONSOLIDATED NOTES • GENERAL SPECIFICATIONS

Other provisions

Other provisions are generated, whenever there is a legal or factual obligation towards a third party resulting from a past event, which is likely to lead to an outflow of assets in the future and this outflow can be assessed reliably. The provisions are considered for all recognisable risks and uncertain liabilities in the amount of their likely occurrence. With the exception of the provision generated for a liability in the course of the first consolidation of DIDAS Business Services GmbH, the provisions were not cleared with recovery claims. Provisions for guarantee claims are generated on the basis of the hitherto existing or estimated future nature of damage. The expenditure for generation of provisions is disclosed in the income statement after deduction of expected reimbursements.

Financial Liabilities

The interest-bearing loans are put forth with the collected amount at the time of contribution. Transaction costs are deducted for the financial liabilities. In this order, the financial liabilities are evaluated with ongoing purchasing costs, wherein transaction costs are distributed according to the effective interest method over the duration. Borrowed capital costs are directly recognised as expenditure in the period, in which they are incurred.

Trade payables

Trade payables are charged in the first-time entry with the purchasing costs. The subsequent evaluation is carried out for the ongoing purchasing costs.

Other financial liabilities

The other financial liabilities are charged in the first-time entry with the purchasing costs. The subsequent evaluation is carried out for the ongoing purchasing costs. The other financial liabilities include contingent liabilities from enterprise acquisitions, which are evaluated at the time of the first book entry and in the subsequent evaluation with the fair value. The long-term components of the other financial liabilities are charged with the cash value of their estimated future payment. Duration-dependent market interests come into effect as interest rates.

Other liabilities

The other liabilities are charged in the first-time entry with the purchasing costs. The subsequent evaluation is carried out for the ongoing purchasing costs.

Financial Instruments

Financial instruments are contracts, which comprise financial assets, financial liabilities and equity instruments. The financial assets include financial investments, credits and receivables, derivatives with a positive fair value, securities available for sale and cash. The financial assets are classified into the categories "Evaluated for Ongoing Purchasing Costs", "Evaluated at Fair Value Not Affecting Income", and "Financial Assets Available for Sale" due to their characteristics and the purpose for which they were acquired. The financial liabilities comprise liabilities towards credit institutions, trade payables, liabilities from financial leasing, derivative financial instruments with a negative fair value and other financial liabilities. The financial liabilities are divided into the categories "Evaluated for Ongoing Purchasing Costs", "Evaluated at Fair Value Affecting Income", and "Evaluated at Fair Value Not Affecting Income" due to their characteristics. The Allgeier Group does not make use of the categories "Financial Investments Held to Maturity". The Allgeier Group does not apply the fair value option of categorising financial instruments as fair value affecting income for the first-time charge.

The financial assets evaluated for ongoing purchasing costs are non-derivative financial assets with fixed or definable payments, which are not listed in an active market. After their first-time entry, such financial assets are evaluated within the scope of a subsequent evaluation for ongoing purchasing costs minus possible depreciations, which are recorded under other operational expenses or as a reversal of value adjustments in the other operational income. On every reporting date, the Group examines whether there are indications for necessary depreciations. If there is evidence that the cash value of the expected future cash flows are below the book value, the amount of the depreciation loss arises from the difference between the book value of the financial asset and the cash value of its expected future cash flow. The book value of the assets is reduced through the usage of a value adjustment account and the depreciation loss is recognised as affecting income. If the amount of the depreciation expenditure increases or decreases in a subsequent reporting period due to an event, which occurred after the recording of the depreciation, the earlier recorded depreciation expenditure is increased or decreased with effect on the income through an adjustment of the value adjustment account. The financial assets evaluated at fair value not affecting income comprise derivatives with hedge relationships on the balance sheet and securities available for sale, which were evaluated at fair value not affecting income during their first-time charge. The subsequent evaluation of these financial assets is carried out according to the allocation in this category.

The financial liabilities evaluated for ongoing purchasing costs are non-derivative financial liabilities with fixed or definable payments. Their first-time entry and the subsequent evaluation are carried out through an application of the effective interest method. In case of a write-off of liabilities, the profits resulting from this are recorded as other operating income. The financial liabilities evaluated at fair value affecting income comprise derivatives and contingent purchase price liabilities from enterprise acquisitions, which were classified as evaluated at fair value affecting income during their first-time charging. The subsequent evaluation of these financial liabilities is carried out according to the allocation in this category. Effects of the re-evaluation of the contingent purchase price liabilities are recognised as affecting income.

X. Statement of income

The statement of income was drawn up as per the total expenditure format.

Revenues and other income are realised, when the services have been provided, the significant risks and opportunities are transferred to the beneficiary and it is sufficiently likely that the Group will accrue economic benefits from the provision of the service. The revenues are shown with deductions of discounts, customer accounts and bonuses granted to customers.

As a consideration for the performed services, the Allgeier Group grants share-based compensations to managerial staff with an adjustment through equity instruments (share options). The expenses from the performance of the employees, who were assured the options with regard to shares of Allgeier SE in exchange, are determined through the fair value of the options on the date of granting including market-related performance conditions. The remaining exercise terms and conditions not affected by the performance or the market, which lead to non-exercise, are not incorporated into the calculation of the fair value. Exercise terms not affected by the market are considered in the assumption of the number of exercisable options to be expected. The calculated total value of the share options was recognised as personnel expenses affecting income due to vesting. The counter entry is carried out directly in equity (capital reserves). At the end of every reporting period, the expected number of options, which are exercisable due to exercise terms not affected by the market, must be reviewed. Deviations from the first-time evaluation are adjusted in the income statement and recognised in the equity. During the exercise of options, new shares are issued. The received cash is entered minus the directly assignable transaction costs in the subscribed capital (nominal amount) and the capital reserves.

Operating expenses are entered at the time of availment of the service.

Borrowed capital costs are recorded as expenditure in the period, in which they are incurred.

Income taxes are determined according to the stipulations of taxation law in the countries in which the respective group company operates.

XI. Estimates and Assumptions

In the consolidated financial statement, estimates are raised and assumptions made, which have effects on the value and disclosure of the assets and liabilities on the balance sheet as well as on the disclosure of income and expenses. Although these estimates and assumptions were made to the best of knowledge, the actual resulting values may deviate from them. The estimates and assumptions are continuously reviewed. Necessary modifications are carried out in the period of adjustment. The estimates and assumptions mainly refer to the evaluation of purchase price components for enterprise acquisitions dependent on terms, the allocation of value adjustments to the current assets, the calculation of income tax liabilities and the evaluation of provisions. As long as the estimates and assumptions are significant, the illustrative specifications of the balance sheet will go into their details. From today's point of view, no significant adjustment of the assets and liabilities disclosed in the Group balance sheet needs to be assumed for the subsequent financial year.

B. NOTES ON THE CONSOLIDATED BALANCE SHEET

1. Intangible Assets

The intangible assets are handled as follows:

INTANGIBLE ASSETS (in EUR thousands)

	Orders on hand	Customer lists	Products	Websites	Software, Licenses & Rights	Goodwill or Company value	Overall
Carrying amount 31/12/2010	**717**	**9,739**	**953**	**0**	**1,128**	**44,842**	**57,379**
Changes 2011:							
Additions to consolidation scope	4,303	9,146	2,280	189	1,828	30,706	48,452
Additions	0	0	0	0	655	0	655
Disposals	0	0	0	0	-12	0	-12
Currency differences	118	387	0	14	-12	3,649	4,156
Scheduled additions	-3,008	-3,579	-503	-12	-676	0	-7,778
Unscheduled additions	0	-79	0	0	0	-2	-81
Carrying amount 31/12/2011	**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	0	0	0	0	-191	0	-191
Currency differences	17	43	0	-2	-4	-593	-539
Scheduled additions	-3,656	-4,932	-965	-34	-874	0	-10,461
Unscheduled additions	0	0	0	0	0	-190	-190
Carrying amount 31/12/2012	**374**	**19,145**	**2,650**	**156**	**2,668**	**103,441**	**128,434**

Intangible assets include software, licenses and rights necessary for the operative business as well as orders on hands, customer lists, products, websites, goodwill identified in the acquired companies in the framework of corporate acquisitions.

In the fiscal year 2012, there were orders on hand to the tune of EUR 1,883 thousand (previous year: EUR 4,303 thousand). The orders on handwere evaluated with their probable profit identified from the order value of the orders minus full costs. The orders on hand are amortised at the time of realisation and billing of the underlying orders.

In the fiscal year 2012, customer lists of EUR 8,414 thousand were received (previous year: EUR 9,146 thousand). For the purpose of evaluation of customer lists, historicised sales were examined according to regular customers and other customers and it was analysed, how much sales can be achieved with regular customers presumably in the next five years. These sales were entered in the balance sheet as customer lists with their expected operating profits based on full cost and minus surcharges for possible decline in earnings, risks due to time lapse based on customer dependencies. Customer lists are amortised on a straight-line basis over useful life of 5 years.

In the fiscal year 2012, products of EUR 885 thousand (previous year: EUR 2,280 thousand) were received. Acquired products are evaluated based on revenue planning and results to be expected from the products minus deduction for risks due to age and technical re-conditioning. A planning period of 5 years was taken as the basis for the evaluation. Products are amortised on a straight-line basis over a term of 5 years.

The website is amortised orderly and on a straight-line basis over a period of 5 years.

In the fiscal year 2012, the goodwill was to the tune of EUR 25,029 thousand (previous year: EUR 30,706 thousand). The goodwill shows positive differences between the acquisition costs of the company acquisitions and the fair values of the assets, liabilities and contingent liabilities of the acquired companies on the day of acquisition. The goodwill was subjected to annual impairment tests and checks during the year if there were indications of impairment. The use values of cash-generating units were determined, on the one hand, according to the value-in-use approach based on a three-year plan and future cash flows resulting from the same. An increase of 2% is assumed for the years outside the planning period. Cash flows in the infinite period are discounted with a capitalisation rate of interest after taxes 3.37% (previous year: 4.40%). The interest rates were always reduced by a growth discount of 1% point in the planning phase after third year of planning. Debt ratios and equity ratios derived from a group of comparable companies unchanged compared to the previous year, were included in the interest rate. Scrutinisation showed that the use values of the cash-generating units were above their respective goodwill based on their planning and thus value adjustments of the goodwill were not required. Furthermore, as in previous years, an alternative value determination, in which an increase of 2% is assumed in all the future years, was created based on the operating profits in 2012 adjusted by special influences. This analysis indicates that the goodwill of SOFTCON S.r.l. was not covered by the use value of the company. Based on this result, the goodwill of the Group is adjusted to the fullest.

The following parameters were included in the calculation of the capitalisation rate of interest:

CAPITALISATION RATE OF INTEREST	2012	2011
Interest rate for 10-year bonds	2.10%	3.22%
Equity ratio comparison group	44.09%	50.65%
Debt ratio comparison group	55.91%	49.35%
5-year beta factor	0.5136	0.5483
Interest rate for outside capital	3.36%	4.40%
Risk premium for equity	5.00%	5.00%

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

Goodwill is to be allocated to the subsidiaries as cash-generating units, as is given below:

GOODWILL (in EUR thousands)

	31/12/2012	Transfer posting	Amortisation	Currency difference	First time consolidation	31/12/2011
Nagarro Group	30,080	0	0	-617	0	30,697
tecops	19,078	0	0	0	19,078	0
Goetzfried	9,121	2,944	0	0	0	6,177
Terna Group	8,813	0	0	0	170	8,643
Xiopia	7,625	0	0	0	0	7,625
TOPjects	5,461	0	0	0	0	5,461
BSR	4,301	0	0	33	0	4,268
b+m Group	3,449	0	0	0	3,449	0
mgm tp Munich	2,940	0	0	0	0	2,940
1eEurope	2,896	0	0	23	0	2,873
SOFTCON AG	2,457	0	0	0	0	2,457
DIDAS	2,455	0	0	0	0	2,455
UNP	2,012	0	0	0	0	2,012
Oxygen	1,748	0	0	-26	1,774	0
S&F	558	0	0	0	558	0
mgm cp Hamburg	239	0	0	0	0	239
GEMED	208	0	0	0	0	208
SOFTCON S.r.l.	0	0	-190	-6	0	196
Next	0	-2,944	0	0	0	2,944
	103,441	**0**	**-190**	**-593**	**25,029**	**79,195**

The still separately identifiable cash-generating units of Goetzfried and Next in the previous year could no longer be inspected separately due to the merger approved on 1st January 2012. Both were consolidated in the goodwill of Goetzfried. Acquisition of EUR 170 thousand to the goodwill of the Terna Group shows the difference from the acquisition of AX Solutions merged to the Terna Zentrum für Business Software, Innsbruck, Austria in the fiscal year 2012.

All the intangible assets were acquired after purchase.

2. Tangible Assets

The tangible assets are handled as follows:

TANGIBLE ASSETS (in EUR thousands)	Property, property rights and buildings	Other plant, operating and office equipment	Financial leasing	Total
Carrying amount 31/12/10	**858**	**4,053**	**442**	**5,353**
Changes 2011:				
Additions to consolidation scope	1,051	675	737	2,463
Additions	80	3,276	505	3,861
Disposals	0	-86	-97	-183
Currency differences	-109	-42	-87	-238
Scheduled additions	-48	-2,010	-414	-2,472
Carrying amount 31/12/11	**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	0	-181	-38	-219
Currency differences	-59	-18	-42	-119
Scheduled additions	-53	-2,554	-584	-3,191
Carrying amount 31/12/12	**2,450**	**6,938**	**1,313**	**10,701**

Individual group companies have entered into finance lease contracts for financing machinery and equipment and fixtures and fittings, software licenses and vehicles. The book values of these contracts amounted to EUR 1,313 thousand on 31st December 2012 (previous year: EUR 1,086 thousand). New leasing contracts to the tune of EUR 891 thousand were added in the fiscal year 2012 (previous year: EUR 505 thousand). The new contracts have a term of 36 months. There is the option after the expiry of the contract term to return the objects or purchase them at a low remaining purchase price.

Existing leases have a term between 3 and 5 years. Generally, purchase or return options have an effect in the contracts at the end of the term. No agreements were made in the contracts that restrict business activities, dividend payments, inclusion of additional debts or further leasing.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

Minimum lease payments for the remaining period of finance leases and the passivated present values are as follows:

MINIMUM LEASE PAYMENTS AND PASSIVATED PRESENT VALUES (in EUR thousands)	31/12/12	31/12/11
Minimum lease payments:		
Due within a year	705	567
Due between 1 and 5 years	676	624
Total	**1,381**	**1,191**
Present value of the minimum lease payments:		
with remaining period up to 1 year	638	509
with remaining term between 1 and 5 years	654	588
Total	**1,292**	**1,097**

The conversion of minimum lease payments of foreign currency companies is done with the spot exchange rate on 31st December 2012.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

3. Other financial assets

The other financial assets are classified as follows:

OTHER FINANCIAL ASSETS (in EUR thousands)	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Remaining purchase price from divestment Allgeier DL GmbH (including accrued interest)	10,554	0	10,554	4,756	0	4,756
individual allowances on the residual purchase price	-4,765	0	-4,765	-4,614	0	-4,614
Securities	5,066	3,869	1,197	0	0	0
Receivables from factoring	4,567	0	4,567	0	0	0
Funds in transit	959	0	959	0	0	0
Receivables against employees	652	20	632	430	40	390
Security deposits	577	428	149	435	433	2
Security to suppliers	423	0	423	399	0	399
Receivables from ABS program	309	0	309	1,018	0	1,018
Derivative financial instruments	89	0	89	0	0	0
Creditors with debit balances	71	0	71	76	0	76
Loan receivables	0	0	0	42	0	42
Other	820	2	818	634	0	634
	19,322	**4,319**	**15,003**	**3,176**	**473**	**2,703**

Allgeier Group sold Allgeier DL GmbH, Munich, in 2008. On 31st December 2012, there was a total remaining receivable of EUR 10,554 thousand (previous year: EUR 4,756 thousand) that comprised of a receivable to an escrow account to the tune of EUR 4,765 thousand (previous year: EUR 4,756 thousand) and a receivable based on a withhold of the purchase price to the tune of EUR 5,789 thousand (previous year: EUR 0 thousand), which is regulated in the purchase contract.

- An amount of EUR 4,500 thousand was hedged in an escrow account to secure a part of the guarantees and warranties. The escrow account is interest-bearing. The interests accrued up to 31st December 2012 have increased the warranty sum to EUR 4,765 thousand (previous year: EUR 4,756 thousand). The interests are due to the Allgeier Group upon the release of guarantee amount. The escrow account was value-adjusted in the fiscal year 2012 to the full amount of EUR 4,765 thousand (previous year: EUR 4,614 thousand) once the risks from the guarantees and warranties (in particular for tax and social security risks) could still not be finally resolved. Modification in the value adjustment account for the amount of EUR 8 thousand (previous year: EUR 40 thousand) was entered as expensed addition in the profit and loss calculation. The increase in value adjustment by EUR 141 thousand took place in the course of posting the receivables from the purchase price withholding and was reported in the net earnings from discontinued operations.
- A clause to refund the withholding of purchase price was made in the purchase contract, as long as the buyer does not make use of an existing investment budget for specific payments. At the end of 2012, the Allgeier Group learnt that the deduction amount was not used to the fullest by the buyer and an amount of EUR 5,789 thousand was due to the Allgeier Group as a result. In the balance sheet, the amount was reported in other financial assets and a provision of EUR 500 thousand was created for any remaining risks. In the consolidated statement of comprehensive income the sales are shown as profit from the divestment of a business area outside the continuing operations.

Securities are listed fixed and floating interest-bearing bonds from European financial institutions that are retained for treasury management. The securities were purchased in the fiscal year 2012.

The remaining purchase price from the divestment of Allgeier DL, securities and loan receivables are interest-bearing.

4. Other Assets

The other assets are classified as follows:

OTHER ASSETS (in EUR thousands)	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Accruals and deferrals	4,572	203	4,369	5,512	446	5,066
VAT receivables	1,233	0	1,233	1,567	0	1,567
Active reinsurances	54	54	0	0	0	0
Other current assets	249	0	249	247	0	247
	6,108	**257**	**5,851**	**7,326**	**446**	**6,880**

5. Deferred taxes

The temporary differences between the fiscal and financial amounts stated, profit or loss consolidation measures, existing loss carryforwards and value adjustments on active and deferred taxes on loans between group companies need to be allocated to the following balance sheet and income statement items:

DEFERRED TAXES (in EUR thousands)						
			31/12/2012			31/12/2011
	Active deferred taxes	Deferred taxes	Profit and loss	Active deferred taxes	Deferred taxes	Profit and loss
Intangible Assets	440	6,886	2,584	377	6,174	1,863
Tangible Assets	46	204	98	0	256	86
Remaining assets	163	94	-221	376	19	-23
Pension provisions	383	15	204	72	19	20
Other allowances	1,089	29	807	368	192	-116
Other financial liabilities	2	1	-391	392	0	-135
Balancing	-625	-625	0	-241	-241	0
Temporary differences and profit and loss consolidations	**1,498**	**6,604**	**3,081**	**1,344**	**6,419**	**1,695**
Loss carryforwards	471	0	-249	420	0	-364
Balancing	-12	-12	0	-392	-392	0
Loss carryforwards	**459**	**-12**	**-249**	**28**	**-392**	**-364**
Value adjustment of inter-company loans	0	3,154	0	0	3,154	0
Balancing	0	0	0	0	0	0
Value adjustment of loans to group companies	0	3,154	0	0	3,154	0
Deferred taxes	**1,957**	**9,746**	**2,832**	**1,372**	**9,181**	**1,331**

On 31st December 2012, there were corporate income tax-related loss carryforwards in Allgeier Group to the tune of EUR 6,439 thousand (previous year: EUR 8,340 thousand) and commercial tax-related loss carryforwards to the tune of EUR 5,083 thousand (previous year: EUR 5,140 thousand). Resulting from this, the Group has deferred tax receivables to the tune of EUR 1,784 thousand (previous year: EUR 2,065 thousand). Out of this, an amount of EUR 471 thousand (previous year: EUR 420 thousand) was reported in the balance sheet as deferred tax assets and an amount of EUR 1,313 thousand (previous year: EUR 1,645 thousand) was not added due to uncertain usage option. The value adjustment of an inter-company loan necessitated deferred taxes of altogether EUR 3,154 thousand (previous year: EUR 3,154 thousand).

It is expected that EUR 1,244 thousand (previous year: EUR 580 thousand) from the deferred taxes assets and EUR 2,735 thousand (previous year: EUR 2,651 thousand) from the deferred taxes are realised within twelve months after the accounting date.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

6. Inventories

The inventories are classified as follows:

INVENTORIES (in EUR thousands)	31/12/12	31/12/11
Raw material, auxiliary and working materials	105	114
Unfinished products, incomplete services	2,306	1,389
Finished products and goods	2,413	1,426
Advance payments made	124	73
	4,948	**3,002**

Procurement and manufacturing costs of the inventories were EUR 5,374 thousand (previous year: EUR 3,250 thousand). Based on this, value amortisations to the tune of EUR 326 thousand (previous year: EUR 248 thousand) were calculated. The expenses to be borne in the fiscal year 2012 resulting from the increase in value amortisation on the inventories of EUR 78 thousand (previous year: EUR 125 thousand) were accounted for in the material costs. The net divestment value of the inventories, where value adjustments were made, amounted to EUR 400 thousand (previous year: EUR 77 thousand).

The inventories recorded as expenses in the year 2012 amounted to EUR 317 thousand (previous year: EUR 294 thousand).

7. Trade receivables

Trade receivables are classified as follows:

TRADE RECEIVABLES (in EUR thousands)	31/12/12	31/12/11
Receivables to customers	77,651	72,674
Decrease in value of the receivables to customers	-1,250	-1,465
Receivables from ABS program	0	10,591
	76,401	**81,800**

All trade receivables are generally due between 30 and 90 days. Value adjustments were made on the receivables to the tune of 50% in case overdue by more than 180 days and 100% in case overdue by more than a year. Value adjustments were generally made on the amounts reduced by VAT. Furthermore, newer trade receivables were value adjusted either fully or partially as soon as indications of bad debt losses could be identified. Receivables, which were covered by bad debts insurance, were value-adjusted maximum with the deductibles. There were receivables of EUR 130 thousand (previous year: EUR 137 thousand), whose contractual terms were re-negotiated and which would, otherwise, be either behind schedule or value-adjusted. Trade receivables are not interest-bearing.

The delay structure of trade receivables is as follows:

DELAY STRUCTURE (in EUR thousands)								
	Balance	Not overdue						Overdue in days
	31/12/12		<30	30-60	61-90	91-180	181-360	>360
Not value-adjusted trade receivables	75,817	52,520	16,928	3,878	1,215	767	380	129
Gross amount of the value-adjusted trade receivables	1,834	0	0	1	41	112	640	1,040
Decrease in value	-1,250	0	0	0	-37	-91	-365	-757
Carrying amount	**76,401**	**52,520**	**16,928**	**3,879**	**1,219**	**788**	**655**	**412**
	Balance	Not overdue						Overdue in days
	31/12/11		<30	30-60	61-90	91-180	181-360	>360
Not value-adjusted trade receivables	81,366	65,474	11,486	1,712	1,136	1,148	187	223
Gross amount of the value-adjusted trade receivables	1,899	0	33	58	65	98	384	1,261
Decrease in value	-1,465	0	-33	-58	-64	-86	-171	-1,053
Carrying amount	**81,800**	**65,474**	**11,486**	**1,712**	**1,137**	**1,160**	**400**	**431**

The decrease in value on trade receivables is handled as follows:

DECREASE IN VALUE (in EUR thousands)	2012	2011
Balance as at 01.01.	1,465	1,553
Additions to consolidation scope	211	235
Additions having an effect on the expenses	197	198
Consumption and liquidation	-624	-525
Currency differences	1	4
Balance as at 31.12.	**1,250**	**1,465**

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

The maximum theoretical default risk of trade receivables corresponds to the accounted gross value of EUR 77,651 thousand (previous year: EUR 83,265 thousand). The risk is reduced through securities, credit insurance and other credit rating improvements.

Until December 2012, Goetzfried AG used an asset-backed securities program ("ABS program"), with which the company offered a part of its trade receivablesto the buyer of receivables and transferred those to the buyers after accepting the offer. The ABS program was accounted "on-balance" once the significant opportunities and risks from the divested receivables have remained in the group company and the prerequisites of the economic transfer of ownership and write-off of the receivables was not fulfilled. ABS program was replaced by a factoring contract in the fiscal year 2012 and the trade receivables transferred at the time of replacement were transferred to the agent and all the liabilities from the ABS program were paid back (previous year: EUR 10,591 thousand). An amount of EUR 309 thousand from the reductions that the buyer company retained from the ABS program to cover costs and risks for the transferred receivables, was still open on the date of accounting. This amount was activated as other financial asset.

Besides Goetzfried AG, the tecops personal GmbH acquired by the Allgeier Group in 2012 also uses the financial instrument factoring. A total factoring volume of EUR 25,000 thousand is available for both the companies, which was utilised with EUR 15,373 thousand on 31st December 2012. Up to 90% of the receivables can be paid out immediately to the subsidiaries. The remaining amounts are reimbursed after the settlement of bill by the customer. The part of the receivables retained by the agent is shown in the other financial assets. As on 31st December 2012, it amounted to a total of EUR 4,567 thousand (previous year: EUR 0 thousand). In the context of factoring contract, present and future receivables will be pledged, which are or will be available to the subsidiaries from the banking business ties with respect to the pledged accounts with the account holding banks. The pledged accounts had a total balance of EUR 8,499 thousand (previous year: EUR 0 thousand) as on 31 December 2012. The accounting was done as "off balance" by the Allgeier Group once the entire default risk of the receivables sold was passed on to the buyer of receivables. Interest is calculated for financed receivables with the Euribor plus a margin of up to 2.95% points.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

8. Cash and Cash Equivalents

The cash and cash equivalents are classified as follows:

MEANS OF PAYMENT (in EUR thousands)	31/12/12	31/12/11
Bank balance	38,900	31,918
Cash balance	39	26
	38,939	**31,944**

The bank balances with credit institutions contain fixed deposits and current account balances. These are highly liquid and are available as means of payment on short notice. The current accounts are subject to none or only insignificant value fluctuation risks.

9. Subscribed capital

The subscribed capital of Allgeier SE amounted to EUR 9,071,500.00 (previous year: EUR 9,071,500.00) on 31st December 2012 and is divided in 9,071,500 no-par value shares of the owner with a calculated percentage in the subscribed capital of EUR 1.00 per share. The subscribed capital is fully paid.

The share of Allgeier SE was evaluated with a spot exchange rate of EUR 10.05 in the Xetra trade on Frankfurt securities exchange as on 28th December 2012. In the previous year, the share had a spot exchange rate of EUR 10.73 as on 30th December 2011. No preference shares or other shares with special rights or restrictions were issued.

Conditional capital

The subscribed capital of Allgeier SE was conditionally increased by EUR 3,000,000 following the decision in the general shareholders meeting (Conditional Capital 2009) as on 16th June 2009. The conditional capital 2009 helps in handling conversion rights, option and/or income bonds or participation rights with conversion rights or options that can be issued up to 15th June 2014 by the company or a group, in which the company is a direct or an indirect predominant investor, based on the decision of the general shareholders meeting as on 16th June 2009. Allgeier SE has not issued any corresponding change or option rights so far .

The base capital of Allgeier SE was conditionally increased by EUR 750,000 through the decision of the general shareholders meeting (Conditional Capital 2010) as on 17th June 2010. The conditional capital 2010 helps in handling option rights in line with the Shares Option plan 2010 that can be issued by the company until 16th June 2015 (see C.24 below).

Authorised Capital

By virtue of the decision of the general shareholders meeting on 17th June 2010, the board is authorised to increase the subscribed capital of Allgeier SE by a total of EUR 2,267,875.00 until 16th June 2015, with the approval of the supervisory board against a one-time or multiple cash contribution or contribution in kind (Authorised Capital I). Here, the board, with the approval of the supervisory board, is authorised to exclude the entitlement of the shareholders for the following cases:

(a) in case of a rights issue for a fractional amount emerging due to the subscription ratio.

(b) for a capital increase against investment in kind to purchase companies or investment in companies if the acquisition is in the interest of the company,

(c) for a capital increase against cash contribution for a share in the authorised capital to the total amount of up to EUR 453,575.00 if the issue amount of the new shares does not fall significantly below the share price.

Moreover, by the decision of the general shareholders meeting on 21st June 2011, the board is authorised to increase the subscribed capital of Allgeier SE by a total of EUR 2,267,875.00 until 20th June 2016, with the approval of the supervisory board against a one-time or multiple cash contribution or contribution in kind (Authorised Capital II). With the approval of the supervisory board, the board is authorised to exclude the subscription right of the shareholders for the following cases:

(a) in case of a rights issue for a fractional amount emerging due to the multiplier/exchange ratio.

(b) for a capital increase against contribution in kind to purchase companies or investment in companies if the acquisition is in the interest of the company,

(c) for a capital increase against cash contribution for a share in the authorised capital to the total amount of up to EUR 453,575.00 if the issue amount of the new shares does not fall significantly below the share price.

In the fiscal year 2012, the board has not used any authorisation to increase the subscribed capital with the utilisation of Authorised Capital I or Authorised Capital II.

10. Capital reserves

The capital reserves include amounts over the denomination of the subscribed capital and are combined as follows:

CAPITAL RESERVES (in EUR thousands)	2012	2011
Capital reserves of Allgeier SE	11,306	11,306
Issued share options	2.021	0
	13,327	**11,306**

The counter entry of the personnel expenses recorded from the evaluation of shares option program took place in the capital reserves.

11. Retained earnings

The retained earnings include capital surplus of Allgeier SE to the tune of EUR 102 thousand (previous year: EUR 102 thousand). The difference compared to the value accounted as retained earnings of EUR 277 thousand in the previous year was transfer posted to the profit carried forward in the fiscal year 2012.

12. Own shares

The general shareholders meeting of Allgeier SE held on 17th July 2010 authorised the board to purchase own shares of the company in a scope of up to 907,150 shares (10% of the subscribed capital at the time of resolution) until 16th June 2015 provided that not more than 10% of the subscribed capital is attributed to the same along with other own shares which the company has already purchased and already possesses. The board has used this authorisation in purchasing a total of 73,539 units (previous year: 87,142 units) own shares at an average rate of EUR 10.34 (previous year: EUR 12.73).

The number of own shares have developed as follows:

OWN SHARES (in EUR thousands)	2012	2011
Number as at 01.01.	686,954	656,229
Additions	73,539	87,142
Disposal of own shares with respect to the purchase of Nagarro, Inc.	-56,417	-56,417
Deposit of own shares as at 31.12.	**704,076**	**686,954**

EUR 5,491 thousand (previous year: EUR 5,154 thousand) were spent for purchasing own shares held as on 31st December 2012. Evaluated with the spot exchange rate on 31st December 2012 (spot exchange rate on 28th December 2012 in the Xetra trade of Frankfurt securities exchange) of EUR 10.05 per share, a total time value of EUR 7,076 thousand is calculated for the own shares and a hidden reserve of EUR 1,585 included in the own shares. A share of the subscribed capital of 7.76% (previous year: 7.57%) is attributed to the own shares on the accounting date 31 December 2012. 56,417 shares from the own shares were pledged to cover the warranty receivables with respect to the acquisition of Nagarro, Inc. and stored in a portfolio of Allgeier Nagarro Holding AG. The own shares do not yield dividends.

13. Profit carried forward

The Group's profit carried forward is handled as follows:

PROFIT CARRIED FORWARD (in EUR thousands)	2012	2011
Profit carried forward as at 01.01.	61,607	57,426
Net profit or loss for the period of the previous year	4,378	8,345
Transfer of retained earnings	174	0
Pay-out to shareholders of Allgeier SE	-4,192	-4,164
Profit carried forward as at 31.12.	**61,967**	**61,607**

The net profit or loss of the previous year of EUR 4,378 (previous year: EUR 8,345 thousand) attributed to the shareholders of Allgeier SE was transferred to the profit carried forward.

The annual general shareholders meeting of Allgeier SE decided on a profit distribution of EUR 0.50 per share as on 15th June 2012 (previous year: EUR 0.50 per share). The dividends, in total, were EUR 4,192 thousand (previous year: EUR 4,164 thousand). There were 8,384,546 units of shares (previous year: 8,328,129 units of shares) yielding dividend.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

14. Changes in equity recognised directly in equity

The changes in equity recognised directly in equity are classified as follows:

CHANGES IN EQUITY RECOGNISED DIRECTLY IN EQUITY (in EUR thousands)	31/12/2012	31/12/2011
Currency differences	3,350	4,126
Proportionate acquisition of subsidiaries with own shares	869	594
Value changes of securities	58	0
Cash Flow Hedge	-29	-101
Acquisition of shares of non-controlling shareholders over book value	-2,683	-2,383
	1,565	**2,236**

The Allgeier Group purchased all 20% of outstanding shares of the non-controlling shareholders of Softcon MBO GmbH, Munich, with a purchase and transfer contract as on 23rd July 2012. A purchase price of EUR 966 thousand was agreed for the shares out of which an amount of EUR 600 thousand was paid in the fiscal year 2012 and the remaining amount was settled after assessment of the financial statements of 2012 of the company. The purchase price was settled with the equity of non-controlling shareholders for the amount of EUR 666 thousand and the excess amount was posted as changes in equity recognised directy in equity.

15. Equity share of shareholders with non-controlling interests

The equity share of shareholders with non-controlling interests shows the shares attributed to other shareholders for the equity of subsidiaries. It was handled as follows:

EQUITY SHARE OF SHAREHOLDERS WITH NON-CONTROLLING INTERESTS (in EUR thousands)	2012	2011
Balance as at 01.01.	4,476	3,706
Addition of shares of non-controlling shareholders	406	0
Net profit or loss for the period attributed to non-controlling shareholders	440	934
Purchase of shares of non-controlling shareholders	-666	-12
Pay-outs to non-controlling shareholders	-180	-189
Exchange rate changes not affecting net income	27	37
Balance as at 31.12.	**4,503**	**4,476**

With the purchase of Oxygen and S&F, the shares attributed to the net equity of both the companies for non-controlling shareholders to the tune of EUR 406 thousand were passed on to the Allgeier Group. Based on the purchase of all the outstanding shares of the non-controlling shareholders of Softcon MBO GmbH, Munich, the accrued equity shares on these shareholders were written-off.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

16. Financial liabilities

The financial liabilitiesare classified as follows:

FINANCIAL LIABILITIES (in EUR thousands)						
	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Borrower's note loan	69,213	69,213	0	0	0	0
Vendor loans from the acquisition of Nagarro, Inc.	2,407	1,605	802	2,354	2,354	0
Mortgage credit of Nagarro Software Jaipur Pvt. Ltd.	517	517	0	0	0	0
IKB loan from the acquisition of b+m AG	370	370	0	0	0	0
MGB loan from the acquisition of b+m AG	110	110	0	0	0	0
Sparkasse loan of Terna Zentrum Innsbruck	350	0	350	350	0	350
Acquisition bank loan of Terna Zentrum Innsbruck	280	160	120	400	280	120
Working capital loan of Nagarro Software Jaipur Pvt. Ltd.	266	0	266	288	0	288
Vendor loans from the acquisition of mgm tp Munich	200	0	200	382	0	382
Other	69	0	69	32	0	32
Borrowings of Allgeier SE	0	0	0	19,000	0	19,000
Liabilities from ABS program	0	0	0	10,591	0	10,591
Vendor loans from the acquisition of Goetzfried AG	0	0	0	1,974	0	1,974
	73,782	**71,975**	**1,807**	**35,371**	**2,634**	**32,737**

The Allgeier SE could place a borrower's note loan for the amount of EUR 70 million in February 2012. It is divided into three tranches of EUR 29.5 million with maturity of 3 years, EUR 31.5 million with maturity of 5 years and EUR 9.0 million with maturity of 7 years. Fixed interest was agreed for a partial amount and variable interest for the remaining partial amount based on a 3-month Euribor:

TRANCHES (in EUR thousands)	**MATURITY** (months)	**INTEREST** (months)	**INTEREST RATE** (%)
11,500	36	fixed	3.08%
18,000	36	3-Month Euribor+1.9%-Points (AdR: with respect to interest percentage points)	2.09%
13,500	60	fixed	3.93%
18,000	60	3-Month Euribor+2.4%-Points (AdR: with respect to interest percentage points)	2.59%
7,000	84	fixed	4.78%
2,000	84	3-Month Euribor+2.9%-Points (AdR: with respect to interest percentage points)	3.09%

The Allgeier SE including the controlled companies linked to them and other companies of the Allgeier Group are jointly liable for the borrower's note loan. With the borrower's note loan, Allgeier SE is obliged to adhere to certain financial relations. In connection with the placement of the borrower's note loan, total one-time costs of EUR 970 thousand were accrued which were distributed over the maturity of the loan under the consideration of the repayment agreements.

A purchase price in the form of a vendor loan for the amount of USD3,000 thousand was agreed with the sellers of Nagarro, Inc acquired by the Allgeier Group in the fiscal year 2011, to cover the warranty receivables from the share purchase contract. The loan has a fixed interest rate of 4.177 % p.a. The interests increase the loan amount and must be repaid along with the payment rates. A part of the loan to the tune of USD 1000 thousand plus interest is to be returned on 30th September 2013 if there are no receivables of the buyer against the seller from purchase agreement warranties. The remaining USD 2000 thousand plus interest are to be transferred upon request of the seller to an escrow account from 30th September 2014 onwards which only the buyer and the seller can have together. If the parties do not agree on an earlier release, then the remaining amount of the purchase price retention is to be released and paid out after final clarification of all possible tax risks with respect to the transaction, latest by 30th September 2018.

Nagarro Software Jaipur Pvt. Ltd., Jaipur, India, received a mortgage loan of a total of EUR 1 million in June 2012 to finance a new office building in Jaipur. The loan was disbursed over the course of the building progress. On 31st December 2012, an amount of EUR 517 thousand was recalled. The interest rate of the loan is based on the 6 month Libor plus a margin of 6% points. A total interest rate of 6.526% was applicable as on 31st December 2012. The loan will be repaid from January 2014 onwards in 78 monthly tranches. A guarantee of Nagarro Software Pvt. Ltd. Gorgon and the fixed assets of the borrower were provided as collateral. The fixed assets had a book value of EUR 1,169 thousand as on 31st December 2012.

With the acquisition of the b+m AG in May 2012, two long-term loans, one IKB loan and an MBG loan to finance the business of the company, were passed on to the Allgeier Group. The IKB loan had a book value of EUR 370 thousand as on 31st December 2012. The loan has a fixed interest rate of 4.8% p.a. and is to be repaid in a lump sum on 31st March 2016. The MGB loan had a book value of EUR 110 thousand as on 31st December 2012. It has a fixed interest rate of 10.5% p.a. and is to be repaid on 31st August 2015.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

Terna Zentrum Innsbruck was granted a Sparkasse loan of EUR 350 thousand for financing exports. The loan is for an unlimited period and has a variable interest rate, currently of 1.85% (previous year: 2.00%). Terna Holding GmbH, Innsbruck is liable as a guarantor as a collateral for this loan amount.

The acquisition loan of Terna Zentrum Innsbruck was accepted in March 2010 for purchasing a subsidiary that meanwhile merged with the Terna Zentrum Innsbruck. It had an original amount of EUR 600 thousand and EUR 10 thousand must be repaid per month. On 31st December 2012, the residual obligation from the loan was EUR 280 thousand (previous year: EUR 400 thousand). The interest rate of the loan, as on 31st December 2012, was 2.75% (previous year: 3.25 %).

Nagarro Software Jaipur Pvt. Ltd. Gorgon, India, was granted a working capital loan. It had a book value of EUR 266 thousand(previous year: EUR 288 thousand). The loan is for an unlimited period and is charged with an interest rate of 4.14% (previous year: 8.018%).

A vendor loan of EUR 300 thousand was agreed with a seller of the mgm tp Munich in the year 2006. The loan increased in the course of the previous years by the accrued interest. The accrued interest and a partial loan amount of EUR 100 thousand were repaid in the fiscal year 2012. On 31st December 2012, the book value of the loan was still EUR 200 thousand (previous year: EUR 382 thousand). The loan is unlimited and is charged with 5% interest.

Payment problems have not occurred during the reporting period and after the end of the fiscal year.

17. Pension provisions

In the Allgeier Group, there are benefits for 17 persons for pension provisions in the form of immediate direct commitments. Six employees out of the authorised persons were actively working on 31st December 2012 in the Allgeier Group, seven persons are retired former employees and four are pensioners. In all 16 cases, the appeals provide payment of agreed fixed monthly amounts or of fixed amounts based on the last salary. A fully dynamic pension with an annual increase of 2% was agreed in one case. The pension payments are made from the promised retirement age of 60 or 65 years or in case of disability. Certain widow pensions were agreed. All commitments are non-lapsable.

The number of the pension beneficiaries has developed in the year 2012 as follows:

NUMBER OF PENSION BENEFICIARIES	Active employees	Former employees	Pensioners	Total
Balance as at 01/01/2012	5	6	2	13
Change in consolidation scope	1	3	0	4
Status changes	0	-2	2	0
Balance as at 31/12/2012	**6**	**7**	**4**	**17**

In the Allgeier Group, provisions were generated to the amount EUR 2,190 thousand (previous year: EUR 954 thousand) for pension obligations and assets for non-pledged cash in reinsurance policies to the tune of EUR 54 thousand (previous year: EUR 0 thousand). They can be reconciled as follows:

PENSION PROVISIONS (in EUR thousands)	2012	2011
Transition of fair value of entitlement:		
Fair value of entitlement as at 01.01.	1,316	1,217
Change in consolidation scope	957	0
Current service cost	68	39
Interest expenses	89	68
Actuarial losses	669	11
Pension payments	-37	-19
Disposals	0	0
Fair value of entitlement as at 31.12.	**3,062**	**1,316**
Reconciliation of plan assets:		
Plan assets fair value as at 01.01.	362	285
Change in consolidation scope	380	0
Returns on plan assets	25	-3
Employer contributions	167	80
Paid benefits	-8	0
Disposals	0	0
Plan assets fair value as at 31.12.	**926**	**362**
Net obligation	**2,136**	**954**
of which pension provisions	2.190	954
of which assets	54	0

The actuarial profits and losses include differences between the planned and actual value of entitlement at the end of the year and the effects from the change in the evaluation parameters. They are immediately charged against income and in full amount. The plan assets comprise of the cash values of reinsurances. Market-conforming returns currently of 2 per cent p.a. are expected from the insurances. In three (previous year: two) cases, the defined benefits affect the key persons employed in the subsidiaries. The value of entitlement for these persons was EUR 1,626 thousand (previous year: EUR 447 thousand) in total as on 31st December 2012. The relevant plan assets were EUR 476 thousand (previous year: EUR 214 thousand).

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

The fair values covered by plan assets are as follows:

FAIR VALUES (in EUR thousands)	2012	2011
fully funded	210	0
partially funded	2,048	748
not funded	804	568
Fair value of entitlement	**3,062**	**1,316**

The income and expenses from the change in the pension provisions were included in the income statement as follows:

INCOMES AND EXPENSES FROM THE CHANGE IN PENSION PROVISIONS (in EUR thousands)	2012	2011
Pension expenses		
Current service cost	68	39
Actuarial losses	669	11
Pension payments	-37	-19
Pension expenses	**700**	**31**
Interest and similar expenses		
Interest expenses	89	68
Interest and similar expenses	**89**	**68**
Other operating expenses/incomes		
Returns on plan assets	25	-3

The net obligation of the pension commitments has developed in the last 5 years as follows:

DEVELOPMENT OF THE NET OBLIGATION (in EUR thousands)	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
Fair value of entitlement of the pension commitment	3,062	1,316	1,217	1,265	729
Fair value of plan assets	-926	-362	-285	-313	-441
Net obligation	**2,136**	**954**	**932**	**952**	**288**
Discrepancies between the actual and expected course of the pension commitments	374	-295	-306	-215	-242
Discrepancies between the actual and expected course of the plan assets	-3	-9	1	4	-6

A return of 2 per cent per year was assumed to determine the expected course of the plan assets. The deposits in the plan assets in 2013 will probably be EUR 99 thousand.

In the fiscal year 2012, new leasing contracts for the amount of EUR 11 thousand (previous year: EUR 11 thousand) were made for defined pension commitments.

18. Other financial liabilities

The other financial liabilities are classified as follows:

OTHER FINANCIAL LIABILITIES (in EUR thousands)	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Purchase price liabilities from company acquisitions, the actual amount is not yet known	20,376	19,931	445	25,145	21,494	3,651
Purchase price liabilities from company acquisitions, the actual amount is already fixed	2,997	727	2,270	1,529	698	831
Pending incoming invoices	4,642	0	4,642	3,749	0	3,749
Leave entitlements	3,815	0	3,815	2,568	0	2,568
Payments received on orders	2,069	0	2,069	2,053	0	2,053
Liabilities from wages and salaries	3,889	0	3,889	1,898	0	1,898
Liabilities from finance lease	1,292	654	638	1,097	588	509
Working time account	1,058	0	1,058	746	0	746
Liabilities with respect to social security	625	0	625	439	0	439
Debtors with credit balances	224	0	224	172	0	172
Derivative financial instruments	113	0	113	101	0	101
Remaining	1,177	0	1,177	651	0	651
	42,277	**21,312**	**20,965**	**40,148**	**22,780**	**17,368**

The purchase price liabilities from company acquisitions for which the actual amount is not yet known and depends on conditions, was evaluated with their probable future payments based on the budgets of the companies and the contractual agreements. Depending on the degree of the target achievement, the conditional purchase price shares can go higher or lower or be completely eliminated. In these cases, the adjustments for the purchase price liabilities then required are posted relative to the income statement. Exceptions are the adjustments to the purchase price liabilities whose purchase dates back no more than 12 months. The adjustments, in such cases, are done not affecting the income.

The long-term shares of the purchase price liabilities were recognised with the cash value of their probable future payouts. Market interests disclosed by the German Central Bank (Bundesbank) are used as interest rates. These rates fluctuate between 3.72% (previous year: 3.86%) and 4.33% (previous year: 4.28%) depending on the maturity of the long-term liabilities. The face value of the long-term purchase price liabilities was EUR 23,016 thousand (previous year: EUR 23,946 thousand). The other long-term financial liabilities have a maturity between 1 and 5 years.

The invoices not yet received until the closure of trade receivables received in the fiscal year are passivated in the outstanding invoices.

The obligations from the leaves granted to the employees of the Allgeier companies for the fiscal year and still not used till the balance date were passivated in the leave obligations. The expenses for each day of leave were computed from the individual average salary of the employees in the fiscal year including social security expenses. One-time payments were not considered in the calculation. Receivables from advance leaves of the next year were not settled.

The liabilities from wage and salary involve the salary payments to employees of the group companies due in January 2013 and payment obligations for salary and church tax.

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

The working time accounts show the obligations from time balances of the working time accounts of the employees of the group companies. Evaluation of the time accounts was done with the individual average salaries of the employees including social costs without considering leave, sick leaves and holidays as well as one-time payments.

19. Other Liabilities

The other liabilities are classified as follows:

OTHER LIABILITIES (in EUR thousands)	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Liabilities from VAT	4,224	0	4,224	2,750	0	2,750
Accruals and deferrals	6,832	756	6,076	6,529	748	5,781
	11,056	**756**	**10,300**	**9,279**	**748**	**8,531**

20. Other Provisions

The other provisions comprise of the following:

OTHER PROVISIONS (in EUR thousands)	31/12/2012			31/12/2011		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Royalties and bonuses	8,675	0	8,675	7,524	0	7,524
Warranties	1,575	0	1,575	254	0	254
Gratuities	1,546	28	1,518	873	0	873
Social insurance risks	1,004	0	1,004	0	0	0
Annual report	920	0	920	671	0	671
Professional association	865	0	865	368	0	368
Passivated contingent liabilities from purchase price allocations	758	0	758	1,033	0	1,033
Risk of discontinued business	500	0	500	0	0	0
Storage	358	294	64	227	186	41
Disability levy	94	0	94	90	0	90
Other	849	86	763	631	0	631
	17,144	**408**	**16,736**	**11,671**	**186**	**11,485**

The other provisions have developed as follows:

OTHER PROVISIONS (in EUR thousands)	31/12/2011	Additions to consolidation scope	Consumption	Liquidation	Additions	Currency differences	31/12/2012
Royalties and bonuses	7,524	2,761	7,760	166	6,348	-31	8,675
Warranties	254	1,219	191	19	311	1	1,575
Gratuities	873	189	255	0	740	0	1,546
Social insurance risks	0	1,004	0	0	0	0	1,004
Annual report	671	105	617	63	823	0	920
Professional association	368	284	379	8	600	0	865
Passivated contingent liabilities from purchase price allocations	1,033	0	275	0	0	0	758
Risk of discontinued business	0	0	0	0	500	0	500
Storage	227	123	38	4	51	0	359
Disability levy	90	1	74	1	77	0	94
Other	631	427	460	86	338	-2	849
	11,671	**6,113**	**10,049**	**347**	**9,789**	**-33**	**17,144**

The provisions for royalties and bonuses was created for the agreed service-dependent remuneration components for the management and employees of the Allgeier companies.

Provisions for individually recognised warranty receivables are recognised in the warranties.

Gratuities and salaries for retired employees are passivated in the provision for gratuities.

The provisions for social security involves obligations from possible additional payments of social security contributions due to non-completion of legal proceedings.

The provisions for the annual costs include external and internal costs that presumably accrue with respect to the creation and inspection of the annual accounts and the consolidated accounts as well as the tax returns. The direct costs for the company's staff plus the social security expenses are recognised in the internal expenses. Furthermore, this item includes pro rata temporis legal and consultation costs that presumably accrue with respect to the future audits.

The contingent liabilities from the purchase price allocations passivated with respect to the company acquisitions include a liability risk unchanged compared to the previous year, of EUR 758 thousand from the purchase of a subsidiary.

The provisions for the risks from the discontinued operations cover the remaining possible risks from the activated receivables with respect to the Allgeier DL GmbH, Munich, sold in 2008.

The provision for storage covers the costs for the legal storage obligation. The calculation is based on a warehouse rent for a 10-year storage period with a discount rate based on the average market interest rate of the last seven years.

The other provisions include impending losses from an unused lease of EUR 216 thousand (previous year: EUR 216 thousand) and remaining provisions of EUR 633 thousand (previous year: EUR 415 thousand).

The other non-current provisions do not include any significant effects from accumulations due to time expiry and the changes in interest rates.

21. Financial Instruments

The book and market values of the financial instruments are classified according to the balance sheet items, classes and evaluation categories, as follows:

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

	evaluated for amortized costs		related to net income	no effect on net income	
31/12/2012	**Market value**	**Book value**	**evaluated at fair value**	**evaluated at fair value**	**Total book value**
Other financial assets	**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	0	0	0	89	89
Securities available for divestment	0	0	0	5,065	5,065
Cash, 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 Debts	**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	21,952	666	40,871
Derivatives	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**

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

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

	evaluated for amortized costs		related to net income	no effect on net income	
31/12/2011	**Market value**	**Book value**	**evaluated at fair value**	**evaluated at fair value**	**Total book value**
Other financial assets	**23**	**23**	**0**	**0**	**23**
Investments	23	23	0	0	23
Trade receivables	**81,800**	**81,800**	**0**	**0**	**81,800**
Loans and receivables	71,209	71,209	0	0	71,209
ABS Program	10,591	10,591	0	0	10,591
Other financial assets	**3,176**	**3,176**	**0**	**0**	**3,176**
Loans and receivables	3,176	3,176	0	0	3,176
Cash, cash equivalents and short-term deposits	**31,944**	**31,944**	**0**	**0**	**31,944**
Loans and receivables	31,944	31,944	0	0	31,944
Financial assets	**116,943**	**116,943**	**0**	**0**	**116,943**
Participation right	**6,000**	**6,000**	**0**	**0**	**6,000**
Other liabilities	6,000	6,000	0	0	6,000
Financial liabilities	**35,371**	**35,371**	**0**	**0**	**35,371**
Other liabilities	24,780	24,780	0	0	24,780
ABS Program	10,591	10,591	0	0	10,591
Trade payables	**36,520**	**36,520**	**0**	**0**	**36,520**
Other liabilities	36,520	36,520	0	0	36,520
Other financial liabilities	**14,871**	**14,871**	**24,912**	**465**	**40,248**
Other liabilities	14,283	14,283	24,811	465	39,559
Derivatives	0	0	101	0	101
Leases	588	588	0	0	588
Financial liabilities	**92,762**	**92,762**	**24,912**	**465**	**118,139**

The financial liabilities evaluated at fair value, are assigned according to three hierarchy levels of fair values in accordance with IFRS 7 and financial instruments, as follows:

FINANCIAL LIABILITIES EVALUATED AT FAIR VALUE (in EUR thousands)

31/12/2012	Level 1	Level 2	Level 3	Total
Net income-related financial liabilities evaluated 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 evaluated at fair value with no effect on net income				
Conditional purchase price liabilities	0	0	666	666
Derivatives	0	83	0	83
	0	**83**	**666**	**749**

FINANCIAL LIABILITIES EVALUATED AT FAIR VALUE (in EUR thousands)

31/12/2011				
Net income-related financial liabilities evaluated at fair value				
Conditional purchase price liabilities	0	0	24,811	24,811
Derivatives	0	101	0	101
	0	**101**	**24,811**	**24,912**
Financial liabilities evaluated at fair value with no effect on net income				
Conditional purchase price liabilities	**0**	**0**	**465**	**465**

The Allgeier Group describes the hierarchy levels of the fair values and the application of financial instruments as follows:

Level 1: Quoted prices for identical assets or liabilities on active markets

Level 2: Other evaluation factors that can be observed directly or indirectly for assets or liabilities or are derived from prices.

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

The following table shows a reconciliation of the financial instruments categorised in level 3:

FINANCIAL INSTRUMENTS CATEGORISED IN LEVEL 3 (in EUR thousands)

	Net income-related financial liabilities evaluated at fair value	Financial liabilities evaluated at fair value with no effect on net income	Total
Balance as at 01/01/2011	**5,195**	**0**	**5,195**
Additions	19,888	465	20,353
Net income-related recorded fair value changes	116	0	116
Disposals	-1,980	0	-1,980
Currency differences	1,592	0	1,592
Balance as at 31/12/2011	**24,811**	**465**	**25,276**
Additions	3,033	366	3,399
Net income-related recorded fair value changes	-2,185	0	-2,185
Disposals	-3,570	-180	-3,750
Interest effect	300	15	315
Currency differences	-437	0	-437
Balance as at 31/12/2012	**21,952**	**666**	**22,618**

The evaluation of fair values of the conditional purchase price liabilities was done based on the approved plans of the companies. The results expected according to plans for the future years were compared with the target results agreed in the purchase contracts and the fair value of the conditional purchase price liability was determined from the same. The net income related fair value changes recorded in the fiscal year 2012 pertained to the derecognition of conditional purchase price shares from the acquisition of 1eEurope for the amount of EUR 1,532 thousand, GEMED for the amount of EUR 234 thousand and Terna Holding GmbH, Innsbruck, for the amount of EUR 419 thousand once the objectives underlying the passivated liabilities were not or only partially achieved.

Derivative financial instruments

The Allgeier Group includes foreign exchange futures to hedge future cash flows in foreign currency occurring with high probability. In the case of the Nagarro Group, the currencies Euro (EUR) and US Dollar (USD) in which the rendered services are mainly billed to the end customer, are converted to Indian Rupees (INR) in which the reference cost (personnel expenses and purchase of third-party services) are accrued. The tenor of businesses always is under a year. The completed futures are shown based on the high effectiveness of hedge accounting in the annual report as per the clauses of cash flow hedge. The transactions are shown in particular as follows:

FOREIGN EXCHANGE FUTURES (in EUR thousands)

	31/12/2012			31/12/2011		
	Nominal	Assets	Liabilities	Nominal	Assets	Liabilities
INR / EUR	3,900	0	83	1,200	0	8
INR / USD	2,750	89	0	2,700	0	93
		89	**83**		**0**	**101**

Where the incomes or expenses for the foreign exchange futures can be recognised for tax purposes, deferred taxes have been delimited. The Cash Flow Hedge is accounted in the following equity changes with no changes in net income. It has developed as follows against the delimitation of deferred taxes:

(in EUR thousands)	2012	2011
Balance as at 01.01.	101	0
Addition with no effect on net income	6	101
Net-income related deduction	-101	0
Balance as at 31.12.	**6**	**101**

CONSOLIDATED NOTES • NOTES ON THE CONSOLIDATED BALANCE SHEET

Future hedged cash flows from the foreign exchange futures will influence the net income for the period of 2013 by a total amount of EUR 6 thousand.

Furthermore there is an interest swap over nominal EUR 600 thousand that swaps variable interest with fixed interest for a subsidiary acquired in the fiscal year 2012. The interest swap helps to hedge a possible increase in interest of the average overdraft line of the acquired subsidiary. Since the previous ownership of the subsidiary to Allgeier, direct hedge accounting for overdraft line is omitted due to future alternative group-internal financing options such that value changes in the interest swap can be recoded via the profit and loss statement. The market value of this interest swap is EUR -30 thousand as on 31st December 2012.

Net profit and loss from the financial instruments

The net profit and loss from the financial instruments of the continuing operations is composed as follows:

NET PROFIT AND LOSS FROM THE FINANCIAL INSTRUMENTS (in EUR thousands)

31/12/2012	Other operating income	Other operating expenses	Interest and similar income	Interest and similar expenses	Total
Cash in hand	0	0	392	0	392
Loans and receivables	1,010	-645	1	0	366
of which decrease in value	0	-197	0	0	-197
Transferred financial assets that do not fulfil the prerequisites of a derecognition (ABS program)	382	-170	1	-170	43
Factoring	0	0	0	-41	-41
Derivative financial instruments	0	1	0	0	1
Securities	0	-18	128	0	110
Leases	0	0	0	-88	-88
Financial liabilities at fair value	2,639	-147	0	-303	2,189
Other liabilities	317	-613	0	-2,743	-3,039
Total net profit / loss from financial instruments	**4,348**	**-1,592**	**522**	**-3,345**	**-67**

The net profit and loss from the financial instruments in the previous year are comprised as follows:

NET PROFIT AND LOSS FROM THE FINANCIAL INSTRUMENTS (in EUR thousands)

31/12/2011	Other operating income	Other operating expenses	Interest and similar income	Interest and similar expenses	Total
Cash in hand	0	0	376	0	376
Loans and receivables	831	-530	1	0	302
of which decrease in value	0	-198	0	0	-198
Transferred financial assets that do not fulfil the prerequisites of a derecognition (ABS Program)	0	-160	2	-280	-438
Leases	0	0	0	-38	-38
Financial liabilities at fair value	1,054	-904	0	-324	-174
Other liabilities	1,409	-2,698	0	-2,179	-3,468
Total net profit / loss from financial instruments	**3,294**	**-4,292**	**379**	**-2,821**	**-3,440**

C. NOTES ON THE GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Group statement of total earnings includes the earnings of the newly acquired subsidiaries on a pro rata basis from the time of the first consolidation.

22. Other operating income

The other operating income is classified as follows:

OTHER OPERATING INCOME (in EUR thousands)	2012	2011
Taxation of employees' benefits in kind	1,836	2,021
Income from currency conversion	771	1,409
Liquidation of liabilities from enterprise acquisitions	2,185	1,054
Use and liquidation of value adjustments on receivables	624	525
Liquidation of reserves	347	383
Entry of written-off receivables	386	306
Others	1,137	867
	7,286	**6,565**

23. Material costs

The material costs are divided into the following:

MATERIAL EXPENDITURE (in EUR thousands)	2012	2011
Raw, auxiliary and operational material	53,550	49,091
Related services	165,294	171,153
	218,844	**220,244**

The related services comprise external employees and sub-contractors, who were involved in terms of projects or were deployed in other companies within the scope of the recruiting and procurement of IT specialists and engineers.

24. Personnel expenses

The personnel expenses are divided into the following:

PERSONNEL EXPENSES (in EUR thousands)	2012	2011
Wages and salaries	123,057	89,074
Bonus and gratuities	6,434	6,035
Social security expenditure	19,522	13,866
	149,013	**108,975**

The number of employees employed in the Allgeier Group as per working areas is as follows:

SALARIED EMPLOYEES	2012 Average	2011 Average	31/12/2012 Reference date	31/12/2011 Reference date
Working on customer orders	2,689	1,462	3,427	1,926
Working in other areas	709	537	787	620
	3,398	**1,999**	**4,214**	**2,546**

Determination of the average values was carried out on the basis of the employee numbers on March 31, June 30, September 30 and December 31. Number of salaried employees includes management boards, managing executives, and trainees.

The Allgeier Group incurred costs amounting to EUR 1,503 thousand for the development activities that could not be activated (previous year: EUR 936 EUR thousand).

Share performance-based remuneration programme

The aim of the stock options programme initiated in the Allgeier Group is to motivate executives additionally through long-term effective remuneration components. As a security against the authorisation of the issue of totally 750,000 option rights with respect to one no-par share each of Allgeier SE, the stock capital was conditionally increased by nominally up to EUR 750 thousand in line with the stock option plan.

On November 19, 2012, the first tranche of 460,000 option rights was issued to the executives. The exercise price of these options corresponds to a premium of 10 per cent on the average share price of the last five days before the day of awarding, according to the terms of the stock option plan. The first exercise of the awarded options is possible at the earliest four years after issue (exercise threshold). Thereafter, the exercise of the options is generally restricted to a period of two weeks each after the official general body meeting as well after publication of the annual, half-yearly and quarterly figures. In addition, the option terms include an exercise limit (cap), which restricts the maximum number of exercised options per beneficiary to an exercise gain (share price minus exercise price) of EUR 1.0 million per calendar year. Apart from this, to avoid dilution effects, there are adjustments in the exercise price in case of capital changes and in case of pay-outs, which exceed the earning per share. The option rights lapse ten years after the issue or award.

Total value of the stock options awarded in 2012, which are relevant for accounting as per IFRS, were defined on the issuing date with the help of an option price evaluation model. The calculated total value of the stock options was recorded as personnel expenditure with an effect on earnings on account of vesting. Expenditure estimation was carried out through a multi-staged binomial model (Cox-Ross-Rubinstein model). During expenditure estimation, the following evaluation parameters were used as a basis:

PARAMETERS OF THE BINOMIAL MODEL	
AVERAGE SHARE PRICE	
Five days before option award	9.90 Euro
Exercise price per share	10.89 Euro
Expected volatility of the share	41.16%
Risk-free interest	1.30%

The expected volatility corresponds to the annualised historical standard deviation of the progressive interest-bearing earnings per share. The estimate of volatility is based on a statistical analysis of the share prices including a consideration of dividend payments on a weekly basis over a medium expected period of options exercise of seven years. Dividend payments to be expected in the future are similarly integrated into the evaluation model. The evaluation of the option programme gives a result of a personnel expenditure of EUR 2,021 thousand in the financial year 2012.

The development of the outstanding stock option rights as well as the effective exercise prices are presented as follows:

DEVELOPMENT OF THE OUTSTANDING STOCK OPTION RIGHTS AS WELL AS EFFECTIVE EXERCISE PRICES		
2012	**Exercise price** (per option in EUR)	**Options** (unit)
As of 01.01.	-	0
Awarded options	10.89	460,000
Exercised options	-	0
Lapsed options	-	0
As of 31.12.	**10.89**	**460,000**

The stock option rights outstanding on December 31, 2012 lapse on November 19, 2022.

25. Other operating expenses

The other operating expenses are divided into the following:

OTHER OPERATING EXPENSES (in EUR thousands)	**2012**	**2011**
Property and building costs	7,885	5,832
Travel costs	5,836	4,204
Vehicle costs	5,354	4,972
Advertising costs	2,221	1,637
Legal and consultation costs	2,145	1,636
Communication costs	2,102	1,733
Other personnel expenditure	1,814	1,699
Services	1,767	1,196
Distribution particulars costs	1,512	1,344
Insurances, Premiums	1,273	857
Maintenance	994	621
Costs from acquisition activities	948	624
Annual report costs	852	633
Exchange losses from payment transactions and conversions	760	2,698
Amortizations and value adjustments on receivables	645	530
Entertainment Expenses	517	422
Office requirements	440	418
Executive board remuneration	433	378
Financing costs	175	418
Expenditure from increase of conditional purchase price liabilities	0	904
Remainder	2,339	1,430
	40,012	**34,186**

The other operating expenses include fees for the auditor of the current consolidated financial statement on December 31, 2012 as follows:

FEES FOR THE AUDITOR (in EUR thousands)	**2012**	**2011**
Audit checks	298	265
Tax consultation services	61	54
Other services	53	53
Other certifying and valuation services	7	0
	419	**372**

26. Amortisations and depreciations

Amortisations and depreciations are divided into the following:

AMORTISATIONS AND DEPRECIATIONS (in EUR thousands)	**2012**	**2011**
Amortisations:		
Acquired fixed customer relations and customer lists	4,932	3,579
Acquired order book positions	3,656	3,008
Other equipment, operational and business facilities	2,555	2,010
Acquired market-worthy products	965	504
Acquired software, licenses, rights	874	676
Financial leasing	584	414
Properties and buildings	53	48
Acquired websites	34	12
	13,653	**10,251**
Depreciations:		
Business or company values	190	2
Acquired fixed customer relations and customer lists	0	79
	13,843	**10,332**

In the financial year 2012, business or company value of SOFTCON S.r.l. was value-adjusted to the full extent, after the review of recoverability showed that the business or company value was no longer covered by the use value.

CONSOLIDATED NOTES • NOTES ON THE GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

27. Interest and similar expenses

The interest and similar expenses are divided into the following:

INTEREST AND SIMILAR EXPENSES (in EUR thousands)	**2012**	**2011**
Interest for bonded loans	1,880	0
Interest for profit-sharing rights	389	910
Accrued interest on long-term liabilities	303	324
Interest from the ABS program	177	280
Interest from acquisition financing	115	980
Interest for vendor loan	113	122
Interest component from the increase in pension provisions	105	68
Interest from financial leasing contracts	88	38
Interest from Factoring	33	0
Other interest expenses	353	173
	3,556	**2,895**

28. Income tax results

Income tax expenditure of the continued business is divided into the following:

INCOME TAX EXPENDITURE (in EUR thousands)	**2012**	**2011**
Current taxes	5,211	5,516
Latent taxes	-2,832	-1,331
	2,379	**4,185**

The calculation of income taxes is carried out on the basis of the applicable or expected tax rates of the states and municipalities. In the subsequent tax offsetting reconciliation, the expected income tax earnings of the continued business are offset to the actual tax earnings. The expected tax earnings are based on a group tax rate of 30 per cent.

TAXATION OFFSET RECONCILIATION (in EUR thousands)	**2012**	**2011**
Earnings before income tax from continued business	6,121	9,498
Group taxation rate	30.00%	30.00%
Expected income tax earnings	**-1,836**	**-2,849**
Tax rate-dependent deviations	171	208
Taxation effect of the non-deductible expenses	-465	-428
Remaining tax-free earnings	37	13
Losses for which no active latent taxes were calculated	-706	-981
Use of loss carryforwards, for which no active latent taxes were calculated	484	488
Release of value-adjustments on active latent taxes on loss carryforwards.	405	10
Amortisations on business or company values	-57	1
Adjustment of earn out liabilities	697	-630
Non-tax-deductible acquisition incidental expenses	-108	-31
Group-internal restructuring	-1	0
Group-internal pay-outs	-6	-7
Expenditure from component-based remuneration (stock options)	-606	0
Effects of operational audits of previous years on current year	219	0
Taxes from other accounting periods	-581	-11
Other deviations	-26	32
Actual income tax earnings	**-2,379**	**-4,185**
Effective taxation burden in %	**38.87%**	**44.06%**

Earnings from the divested business amounting to EUR 5,147 thousand incurred income taxes of EUR 86 thousand (effective tax burden 1.67 per cent). The application of the Group taxation rate of 30 per cent on the earnings from divestment would have resulted in income taxes on the earnings from the divestment amounting to EUR 1,544 thousand. The difference between the actual taxes of the divested business and the calculated Group taxes to the tune of EUR 1,458 thousand are tax-free earnings from the sale of stakes.

29. Earnings per share

The Allgeier Group achieved undiluted earnings per share of 1.00 EUR from the earnings of the period in the financial year 2012 (previous year: EUR 0.52). From the undiluted earnings per share of the financial year 2012, EUR 0.39 is incurred on the continued business and EUR 0.61 on the divested business. The earnings per share are calculated from the period earnings incurred by the shareholder of the parent company amounting to EUR 8,364 thousand (previous year: EUR 4,378 thousand), divided by the number of average outstanding shares of 8,375,737 share units (previous year: 8,377,002 share units). Average number of outstanding shares was established under exact consideration of the additions and disposal.

The diluted earnings per share are established under the assumption that all option rights in circulation are being exercised (maximum dilution potential). Besides the exercise of options, the receipt of the exercise prices to be paid out in case of deemed exercise is also assumed. The amount to be paid in case of exercise of the option is compared with the value of the shares awarded for this at an annual average price of EUR 10.94.

A dilution occurs when the value of the awarded 460,000 shares exceeds the value of the equivalent (exercise price) of EUR 10.89 per share. For this, as issue of bonus shares to the tune of 2,103 units is mathematically implied.

The number of shares is divided as follows:

NUMBER OF SHARES	**31/12/12**	**31/12/11**
Shares in circulation	8,367,424	8,384,546
Own shares	704,076	686,954
	9,071,500	**9,071,500**

In the annual general meeting on June 18, 2013, the management board of Allgeier SE will recommend the resolution of a dividend distribution from the net profits of Allgeier SE amounting to EUR 0.50 per share for the financial year 2012. The own shares are not entitled to dividends.

D. OTHER COMPREHENSIVE INCOME

The components of the other comprehensive income were specified under deduction of taxes in the statement of comprehensive income. The taxes on the items of the other comprehensive income are as follows:

TAXES ON THE ITEMS OF THE OTHER COMPREHENSIVE INCOME (in EUR thousands)						
	Gross amount		**Taxes**		**Net amount**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**	**31/12/2012**	**31/12/2011**
Currency differences	-748	3,439	0	0	-748	3,439
Proportional acquisition of subsidiaries using treasury shares	275	275	0	0	275	275
Purchase of shares from non-controlling shareholders – above carrying amount	-300	-1,173	0	0	-300	-1,173
Cash Flow Hedge	107	-101	35	0	72	-101
Securities	90	0	32	0	58	0
	-576	**2,440**	**67**	**0**	**-643**	**2,440**
Shares attributed to non-controlling shareholders, of which:						
Currency differences	28	37	0	0	28	37

CONSOLIDATED NOTES • SEGMENT REPORTING

E. SEGMENT REPORTING

Segment reporting to the highest level of decision makers of Allgeier group was done in the fiscal year 2012 in the following segments: “Solutions”, “Experts”, “Projects” and “Others”. A distinction is made between segments based on the type of products and services and in the value addition and the segments are organised mutually independent from one another as per company law. Accounting and evaluation methods of the group are applicable in the segments. The designation of the segments was changed in the fiscal year from the existing “IT Solutions” to “Solutions”, “IT Services & Recruiting” to “Experts” and “Project Solutions” to “Projects”.

The Allgeier segment “Solutions” focuses on innovative software products and solutions for storing and administering data in the company, in particular through the so-called Data and Document Management Systems (ECM) as well as the security software and corporate management software (ERP). Additionally, services and holistic solutions for IT infrastructure projects, which also include hardware and software delivery and their management, as well as so-called cloud services are also offered. The Allgeier segment “Experts”, with its associations, is one of the leading providers of flexible personnel services in Germany. Services offered include enrolment, mediation and management of IT experts, engineers and commercial specialists, implementation of IT projects, planning and introduction of IT infrastructure solutions as well as design and development of software applications. Complex solution projects with focus on the development of software solutions, management and IT consulting, business process consulting, application management, portal technology as well as SAP consulting are conducted within the business of the Allgeier segment “Projects”.

The expenses by holding and service companies Allgeier SE, Allgeier Management AG, Allgeier Group Executives AG and DL Beteiligungen GmbH which are not passed on to the segments, as well as consolidation effects between these companies and segments form the segment “Others”. Transactions between individual segments were settled at the market prices. Results primarily remain in the service-providing segment for sub-contractor transactions between the segments.

Results for the segments of continued business have been given below:

SEGMENTS (in EUR thousands)

	Solutions		Experts		Projects		Others		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External sales revenues	136,129	127,451	199,957	185,191	86,757	66,180	0	-29	422,842	378,792
Sales revenues with other segments	181	223	4,920	6,829	2,228	1,459	-7,329	-8,511	0	0
Material expense	-62,958	-61,715	-142,359	-144,217	-20,497	-22,512	6,969	8,200	-218,844	-220,244
Personnel expense	-52,432	-44,969	-44,080	-29,881	-47,417	-31,349	-5,084	-2,776	-149,013	-108,975
Planned depreciations	-6,761	-6,242	-2,466	-1,080	-4,365	-2,885	-61	-43	-13,652	-10,251
Unplanned depreciations	0	-79	0	-2	-190	0	0	0	-190	-81
Segment result of the operating activity	**2,251**	**3,001**	**10,623**	**12,156**	**4,621**	**1,486**	**-8,389**	**-4,682**	**9,107**	**11,961**
Interest incomes	1,743	833	2,052	1,852	78	19	-3,303	-2,272	570	432
Interest paid	-2,069	-1,861	-3,803	-3,694	-2,164	-2,608	4,481	5,268	-3,556	-2,895
Segment result before tax on profits	**1,924**	**1,973**	**8,872**	**10,314**	**2,535**	**-1,103**	**-7,211**	**-1,687**	**6,121**	**9,498**
Tax on profits	792	-645	-132	-2,220	-1,435	-619	-1,604	-701	-2,379	-4,185
Segment result	**2,716**	**1,327**	**8,740**	**8,094**	**1,101**	**-1,722**	**-8,815**	**-2,387**	**3,742**	**5,312**
Other expenses (+)/ income (-) not having any effect on payment	1,670	3,252	2,327	2,307	2,938	2,153	3,946	1,164	10,880	8,876
Segment assets	85,983	86,723	153,657	118,201	80,317	74,479	-30,349	-37,271	289,607	242,131
Segment liabilities	73,351	76,985	137,290	105,645	77,198	94,519	-91,642	-124,612	196,197	152,537
Receipts of fixed assets and immaterial asset values	7,822	15,330	29,693	231	4,898	39,843	74	26	42,488	55,431

CONSOLIDATED NOTES • SEGMENT REPORTING

External sales are classified according to products and services as illustrated below:

EXTERNAL SALES (in EUR thousands)	2012	2011
Sales revenue with products	73,648	56,397
Sales revenue with services	349,194	322,395
	422,842	**378,792**

External sales are classified according to countries as given below:

EXTERNAL SALES classified according to countries (in EUR thousands)	2012	2011
Germany	334,747	310,042
Switzerland	30,629	26,554
USA	16,851	5,804
Austria	8,536	6,861
Finland	7,772	9,696
Sweden	5,812	2,371
Belgium	5,001	4,182
Luxembourg	4,531	6,356
Netherlands	3,079	2,932
Others	5,884	6,926
Abroad Total	**88,095**	**71,682**
	422,842	**378,792**

Allocation of external sales is done depending on the location of the receiving company.

Sales revenues of EUR 19.4 million (in the previous year: EUR 28.2 million) were generated in the fiscal year 2012 with the largest single customer. This corresponds to a percentage of 4.6 per cent (in the previous year: 7.5 per cent) of the Group turnover. Sales with this customer were mainly generated in the segments "Experts".

Long-term assets are classified according to domestic and foreign country as illustrated below:

LONG-TERM ASSETS classified according to countries (in EUR thousands)	2012	2011
Germany	127,552	92,711
Switzerland	5,294	7,136
Austria	3,393	4,511
USA	2,418	3,828
India	4,952	3,378
Sweden	851	1,537
Turkey	633	3
Others	598	766
Abroad Total	18,139	21,159
	145,691	**113,870**

F. CASH FLOW STATEMENT

Allgeier Group reports cash flows from the operational activities in the cash flow statement as per indirect method and all the remaining cash flows as per direct method. Received and paid interests are reported in the cash flows from the financial activities.

The Group purchased shares of AX Solutions, Skytec, b+m group, Tecops, Oxygen and S&F in the financial year 2012. Payments to the tune of EUR 29,350 thousand were made for the acquisition of companies in the financial year 2012. Purchase prices for business consolidations and cash flows for purchase prices are as follows:

(in EUR thousands)	AX Solutions	Skytec	b+m Gruppe	Tecops	Oxygen	S&F	Total
Procurement costs	400	80	1,037	26,500	3,116	1,584	32,717
Shares not affecting payments in 2012	-158	0	-1,037	0	-510	-1,334	-3,039
Currency differences	0	0	0	0	32	0	32
Purchase price payable in cash	**242**	**80**	**0**	**26,500**	**2,638**	**250**	**29,710**
Acquired cash and cash equivalents	-1	-118	1,971	-1,069	-838	-305	-360
Outflow of cash	**241**	**-38**	**1,971**	**25,431**	**1,800**	**-55**	**29,350**

The following assets and liabilities were passed on to the Allgeier Group along with the company acquisitions:

(in EUR thousands)	AX Solutions	Skytec	b+m Gruppe	Tecops	Oxygen	S&F	Total
Intangible assets	195	77	2,002	7,325	634	1,073	11,306
Tangible assets	10	67	185	554	66	17	899
Provisions	0	59	218	0	2	0	279
Trade receivables gross	170	1,361	593	6,870	238	251	9,483
Value adjustments on trade receivables	0	-20	-20	-170	0	-2	-212
Other assets	79	162	1,275	4,666	15	119	6,316
Liquid funds	1	118	131	1,069	841	305	2,465
Deferred taxes on assets	0	77	0	0	0	0	77
Accrued income	1	40	118	94	16	6	275
Deferred tax on liability	-49	0	-458	-1,863	-116	-322	-2,808
Trade payables	-39	-224	-311	-1,580	-87	-12	-2,253
Current account borrowing	0	0	-2,102	0	-3	0	-2,105
Bank credits	0	0	-775	0	0	0	-775
Provision for pensions	0	0	-589	0	0	0	-589
Tax provisions	-22	0	-79	-396	-52	0	-549
Other allowances/provisions	-43	-379	-787	-5,113	-26	-19	-6,367
Silent participation	0	-450	0	0	0	0	-450
Other liabilities	-69	-771	-944	-4,034	-37	-133	-5,988
Accrued expenses	-4	-37	-870	0	0	0	-911
Net assets	**230**	**80**	**-2,413**	**7,422**	**1,491**	**1,283**	**8,093**
Shares of non-controlling shareholders	0	0	0	0	-149	-257	-406
Goodwill	170	0	3,450	19,078	1,774	558	25,030
Total purchase price	**400**	**80**	**1,037**	**26,500**	**3,116**	**1,584**	**32,717**

The financial resources equivalents are classified as follows:

FINANCIAL RESERVES (in EUR thousands)	31/12/12	31/12/11
Liquid funds	38,939	31,944
Utilisation of advance in current account	-336	-319
	38,603	**31,625**

CONSOLIDATED NOTES • OTHER DETAILS

G. OTHER DETAILS

I. Contingent liabilities and other financial obligations

Besides the liabilities reported in the balance sheet, there are other financial obligations in the group from the leasing of vehicles and rent. On December 31, 2012, the present value of these obligations amounted to EUR 28,403 thousand (previous year: EUR 26,046 thousand). A discounting factor of 5.0 per cent, which is unchanged compared to the previous year, is used to determine the present value.

Minimum obligations and remaining periods are as follows:

MINIMUM OBLIGATIONS AND REMAINING TERMS (in EUR thousands)	**31/12/12**	**31/12/11**
Payable within a year	8,624	7,761
Payable between one and five years	16,221	15,761
Payable later than five years	8,435	9,213
	33,280	**32,735**

In the financial year 2012, total expenses from these contracts amounted to EUR 9,318 thousand (previous year: EUR 7,484 thousand). After the conclusion of the agreed minimum term of lease, there are, as a rule, extension options for operate leasing agreements.

In “Operating Leasing”, the Group leases out hardware and software to cities and municipalities for the mobile logging of breach of rules. Up to the end of the terms, the group expects the following minimum lease payments:

MINIMUM LEASE PAYMENTS (in EUR thousands)	**31/12/12**	**31/12/11**
Payable within a year	24	10
Payable within one and five years	61	31
	85	**41**

There are no contingent liabilities and other miscellaneous financial obligations.

II. Capital management

Allgeier group operates its capital management with the objective of sufficient liquidity at any time and an optimisation of the capital structure. Allgeier group will achieve these objectives through solid economic development of the operative business, a forward-looking dividend policy and, in individual cases, other equity measures. Decisions about acquisitions and divestments of subsidiaries are carried out bearing in mind their influences on the capital structure and effects of transactions on the future years. For financing the acquisitions, the group utilises options for external funding of investments. Capital management of Allgeier group has another goal of planned reduction or refinancing of existing debts. Key figures at the level of the subsidiaries and group will be used for the regulation in capital management. Equity quota on December 31, 2012 stood at 32.2 per cent (previous year: 36.4 per cent) and the debt ratio (financial debts minus liquid funds divided by the earnings before depreciations, interest and taxes) stood at 1.7 (previous year: 0.4). On December 31, 2012, Allgeier group had a net borrowing (cash on hand minus financial debts) of EUR 34,844 thousand (previous year: EUR 9,426 thousand). Capital management is the central task of Allgeier SE. The goals, processes and methods of capital management remained unchanged compared to the previous year.

III. Risks from financial instruments

Financial instruments of the Allgeier group are subject to various risks in the course of business activity, like liquidity risks, default risks and market risks due to change in market prices and exchange rates. For identification, assessment and limitation of risks, Allgeier deploys graded risk management and control systems in the subsidiaries and in the group and takes precautionary and safeguarding measures for the avoidance, early detection and minimisation of risks.

CONSOLIDATED NOTES • OTHER DETAILS

Liquidity risks

The Allgeier group at present sees no risks in the eventuality that the payment obligations resulting from the financial instruments cannot be fulfilled in time. On December 31, 2012, there were financial liabilities to the tune of EUR 149,406 thousand (previous year: EUR 118,139 thousand), which were covered up to 90 per cent (previous year: 99 per cent) through financial assets amounting to EUR 134,686 thousand (previous year: EUR 116,943 thousand). Through the placement of a long-term bonded loan in March 2012, the till then predominantly short-term financing structure could be turned into a long-term financing situation for the majority of its part. A comparison of short-term payable financial liabilities with short-term financial assets shows that the short-term financial assets cover the short-term financial liabilities by 132 per cent (previous year: 26 per cent).

A minimum equity capital and a debt coverage ratio were agreed upon with the lenders of the bonded loan based on the Allgeier group figures, both of which have to be maintained. If these relations are repeatedly breached, the lender is entitled to recall the loan without the observance of a time limit. In this merely theoretically conceivable case, there would not be enough free liquid funds available in the short-term for a complete repayment of the bonded loan. Besides, the group figures need to be maintained, maintenance of an earnings ratio and a minimum earning is agreed upon for all the subsidiaries affiliated to Allgeier SE through a profit and loss transfer agreement and other subsidiaries obligated within a liability range of the bonded loan. If the existing group of companies does not fulfil these criteria, Allgeier has pledged to accordingly increase the number of liable companies. In case of a violation of these obligations, the lender is likewise entitled to an exceptional right to recall.

Financial liabilities include interest-bearing financial debts amounting to a total of EUR 74,569 thousand (previous year: EUR 41,371 thousand). Of these, EUR 1,807 thousand are due for repayment in the financial year 2013 and EUR 72,762 thousand are due in the years subsequent to that. The following future cash flows result from the financial debts: (see below).

The cash flow forecast presumes that the funds made available indefinitely will be repaid by December 31, 2013.

The Allgeier group possessed discretionary cash amounting to EUR 38,939 thousand on December 31, 2012 (previous year: EUR 31,944 thousand). Apart from this, variably usable current account credit lines committed by banks to individual subsidiaries for the coverage of working capital fluctuations amounting to EUR 6,603 thousand were available (previous year: EUR 3,814 thousand). On the balance sheet dated December 31, 2012, the companies utilised these lines to the tune of EUR 1,121 thousand (previous year: EUR 319 thousand). Two companies of the Allgeier group entered into agreements about the factoring of customer receivables over a total volume of EUR 25 million (previous year: EUR 0 thousand). On the balance sheet, dated December 31, 2012, this volume was utilised in the amount of EUR 17 million.

CASH FLOWS (in EUR thousands)

	31/12/12	Cash-Flows 2013		Cash-Flows 2014		Cash-Flows 2015		Cash-Flows >2015	
	Book Value	Repayment	Interest	Repayment	Interest	Repayment	Interest	Repayment	Interest
Bonded Loan	70,000	0	2,124	0	2,124	29,500	1,842	40,500	3,183
Vendor loan from the acquisition of Nagarro, Inc.	2,407	802	25	1,605	117	0	0	0	0
Mortgage loan of Nagarro Software Jaipur Pvt. Ltd.	517	0	34	80	31	80	26	358	54
IKB loan from the acquisition of b+m AG	370	0	18	0	18	0	18	370	4
MBG loan from the acquisition of b+m AG	110	0	12	0	12	110	8	0	0
Savings bank loan of Terna Zentrum Innsbruck	350	350	6	0	0	0	0	0	0
Acquisition loan of Terna Zentrum Innsbruck	280	120	6	120	3	40	0	0	0
Working capital loan of Nagarro Software Pvt. Ltd.	266	266	11	0	0	0	0	0	0
Vendor loan from the acquisition of mgm tp Munich	200	200	10	0	0	0	0	0	0
Miscellaneous	69	69	0	0	0	0	0	0	0
Financial debts	**74,569**	**1,807**	**2,246**	**1,805**	**2,305**	**29,730**	**1,894**	**41,228**	**3,241**

Default risks

In the financial assets, there is generally a risk that loans and receivables are defaulted. Theoretically, the maximum default risk corresponds to the book value of the loans and receivables amounting to EUR 90,569 thousand (previous year: EUR 84,976 thousand). In theory, there is also a default risk for the liquid funds safeguarded with credit institutions to the tune of EUR 38,900 thousand (previous year: EUR 31,918 thousand).

The Allgeier group views only less risks that the financial assets will default beyond the already adjusted book value. Allgeier has a broad customer structure, through which larger individual risks are minimised. With the biggest individual customers, less than 5 per cent of the sales revenue was operated in the financial year 2012 (previous year: 7.5 per cent). None of the other customers had turnover shares of more than 4.4 per cent (previous year: more than 5.2 per cent). The management of loans and receivables and the tracking of payment receipts is carried out in a decentralised manner through the subsidiaries. Before finalising orders with new customers, credit assessments are undertaken if required. In case of a delay in payments, necessary steps for the recovery of loans and receivables are promptly initiated. Individual subsidiaries have taken out credit insurances for the eventuality of unexpected receivable defaults. At present there are no known indications of possible payment defaults for financial assets.

Interest risks

The interest-sensitive assets and debts mainly refer to securities and financial debts.

The securities are listed on the stock exchange and pertain to fixed-interest bonds of EUR 4,455 thousand and variable interest bonds of EUR 611 thousand. All variable interest bonds were sold in January 2013 with accounting profits. The fixed interest bonds have mostly short-term periods (of these EUR 2,417 thousand payable within one year, EUR 1,011 thousand within two and EUR 1,027 thousand within three years). Hence there are overall only low risks from interest fluctuations in case of the securities.

Of the interest-bearing financial debts of the Allgeier group, EUR 39,414 thousand bear variable interest (previous year: EUR 32,695 thousand). These variable interest debts are subject to interest risks from the change in money and capital market interest. For all remaining financial debts, fixed interest rates were set. For the variable interest financial debts, a sensitivity analysis was carried out with the conclusion that a reduction in the capital market interest rate by 100 basis points p.a. would have resulted in additional interest income of EUR 394 thousand p.a. (previous year: EUR 327 thousand) and an interest increase by 100 basis points p.a. would have resulted in additional interest expenditure of EUR 394 thousand p.a. (previous year: EUR 327 thousand). The analysis was generated taking into consideration the repayments to be made in the year 2013. For indefinitely available funds, the repayment in 2013 was assumed.

CONSOLIDATED NOTES • OTHER DETAILS

Currency Risks

The majority of companies of the Allgeier group is operational in the Euro region and is subject to currency risks only to a low extent. Sales with foreign currency nations are generally invoiced in Euros by these companies. Outside the Euro region, companies in Switzerland, Czech Republic, Romania, India, the USA, Mexico, Turkey, the United Arab Emirates and Singapore belong to the Allgeier group. These companies compile their annual financial reports in the respective national currency. Through the conversion from these reports in the consolidated financial statement of Allgeier SE, the assets, debts and earnings of the Allgeier group are subject to currency risks. A sensitivity analysis of the currency risks leads to the conclusion that if the Euro were stronger against the currencies of these countries by 10 per cent, the converted sales revenue would be lower than declared in the present consolidated financial statement for 2012 by EUR 7,423 thousand (previous year: EUR 5,468 thousand), the annual profit would be lower by EUR 210 thousand (previous year: EUR 464 thousand) and the equity would be lower by EUR 7,176 thousand (previous year: EUR 5,198 thousand). Currency risks are insured only to a low extent.

Income tax risks

The Allgeier group is obligated to pay income taxes in various countries. For the determination of income tax obligations as of December 31, 2012, the group had to make major assumptions to some extent, particularly when the final taxation could not be conclusively ascertained. In case the final taxation deviates from the assumed anticipated tax obligations, this will have effects on the income tax expenditure in the period in which the taxation is conclusively ascertained. If the final values deviate by 10 per cent at the expense of the values calculated in the profit and loss statement, the group would have to increase the tax liability by EUR 530 thousand for current income tax and by EUR 283 thousand for deferred tax.

IV. Organs of the parent company

Supervisory board

The following were part of the supervisory board of Allgeier SE in 2012:

Mr Dipl.-Ing. Detlef Dinsel MBA (Chairman),
Managing partner of IK Investment Partners GmbH, Hamburg,
and IK Investment Partners Ltd., London, UK, residing in Hamburg
Mr Dinsel is a member of the domestic and foreign supervisory boards
in the following companies to be legally formed:
Hansa-Werke AG, Stuttgart (Chairman)
KWC AG, Aarau, Switzerland (President)
Minimax GmbH, Bad Oldesloe

Further, Mr Dinsel is also a member in the comparable domestic and foreign supervisory committees
in the following financial enterprises, formed voluntarily and legally not binding:
Agros Nova S.p.r.o., Warsaw, Poland (Chairman)
Axtone S.p.r.o., Kanczuga, Poland
Flabeg GmbH, Nürnberg (Chairman)
GHD GesundHeits GmbH Deutschland, Ahrensburg (Chairman)
IK Investment Partners Ltd., London, United Kingdom
IK Investment Partners S.A.R.L., Luxembourg, Luxembourg
Schenck Process GmbH, Darmstadt (Deputy Chairman)
Sport Group GmbH, Burgheim (Chairman)

Mr Thies Eggers (Deputy Chairman),
Independent auditor, residing in Pullach im Isartal.
Mr Eggers is a member of domestic and foreign supervisory boards in the following
companies to be legally formed:
Bayerische Gewerbebau AG, Munich (Chairman)
DIBAG Industriebau AG, Munich (Deputy Chairman)
Plenum AG, Frankfurt am Main (Deputy Chairman)
NOVENTa Ltd., St Helier, Jersey (until July 31, 2012)
Corona Equity Partner AG, Grünwald (since January 1, 2013)

Mr Dipl.-Kfm. Christian Eggenberger
Managing director of CHE Consulting GmbH, Binningen, Switzerland residing in Binningen, Switzerland.
Mr Eggenberger is a member of domestic and foreign supervisory boards
in the following companies to be legally formed :
Clamatopo Holding AG, Flurlingen, Switzerland
Focus Discount AG, Basel, Switzerland (President)
IDALEG AG, Kerzers, Switzerland (President)

The emoluments of the members of the supervisory board amounted to a total of EUR 433 thousand for the fiscal year 2012 (previous year: EUR 378 thousand). The emoluments include a provision for a variable remuneration amounting to EUR 327 thousand (previous year: EUR 270 thousand), which will be due for payment in the fiscal year 2013. Apart from this, members of the supervisory board have performed consultation services of EUR 3 thousand in the financial year 2012 (previous year: EUR 8 thousand). For further details on remuneration, refer to the remuneration report in the consolidated financial statement under Section 8.

Management board

The following members belonged to the management board of Allgeier SE in 2012:

Mr Carl Georg Dürschmidt, Dipl. Betriebswirt, Bad Abbach (Chairman)
Mr Dr. Marcus Goedsche, Lawyer, Munich
Mr Dr. Holger von Daniels, Dipl. Kaufmann, Munich (until April 30, 2012)

Mr Dr. Holger von Daniels was a member of the advisory council for Scan EMEA Holding GmbH, Oberhausen,
during the reporting period.

In the financial year 2012, emoluments of the members of the management board amounted to a total of EUR 1,724 thousand without the share options (previous year: EUR 1,715 thousand). The emoluments refer to the financial year 2012 and are payable shortly. Emoluments include a variable remuneration dependent on the operating profit of the Group, which was accounted for as provision and will be due for payment after the endorsement of the consolidated financial statement 2012. Apart from this, in line with the 2010 share option programme finalised by the general body meeting, a total of 300,000 option rights with a mathematical value of EUR 4.31 per option right upon allocation were conceded to the members of the management board in the financial year 2012, and with that a value of EUR 1,293 thousand to be added as a further remuneration component. Based on the resolution by the general body meeting on June 21, 2011, the disclosure of individual management board emoluments is omitted till December 31, 2015. For further details on the remuneration, please refer to the remuneration report in the consolidated financial statement under Section 8.

V. Business relations with closely associated individuals

Business relations between all the companies included in the consolidated financial statement were completely eliminated in the consolidated financial statement.

VI. Publication

The approval of the consolidated financial statement by the supervisory board and its release for publication is scheduled for April 17, 2013. The consolidated financial statement will be posted in the electronic Federal Gazette.

The following group companies have been included in the consolidated financial statement of Allgeier SE and make partial or complete use of the exemption as per section 264 para. 3 HGB:

- Allgeier IT Solutions AG, Munich
- Allgeier IT Services AG, Munich
- Goetzfried AG, Wiesbaden
- Xiopia GmbH, Unterföhring
- TOPjects GmbH, Munich

VII. Corporate Governance Code

Declaration about the Corporate Governance Code prescribed as per section 161 AktG was submitted and made accessible to the shareholders on the homepage of Allgeier SE.

Munich, April 02, 2013
Allgeier SE

Carl Georg Dürschmidt
Management Board member

Dr. Marcus Goedsche
Management Board member

DISCLOSURE OBLIGATIONS AS PER GERMAN ACCOUNTING (HGB)

In accordance with Section 315a of HGB, Allgeier SE, which is obligated to follow international accounting standards, must include the following additional notes in the consolidated financial statement:

Section 313 para. 2 no. 1 and no. 2 HGB:

Name and location of the companies included in the consolidated financial statement. The capital share of subsidiaries, which belongs to the parent company and the companies included in the consolidated financial statement. For this, refer to the list of group companies in the appendix.

Section 314 para. 1 n. 4 HGB:

Average number of employees in the companies included in the consolidated financial statement during the financial year as well as personnel expenditure caused in the financial year. For this, refer to the explanations for Point 24, Personnel expenditure, in segment C, Explanations about Group profit and loss statement.

Section 314 para. 1 no. 6 HGB in conjunction with para. 2 S. 2 HGB:

The total emoluments granted to the members of the management organisation, a supervisory board, an advisory council or similar establishments of the parent company, to each personnel group respectively for the realisation of their tasks in the parent company and subsidiaries in the financial year. Apart from the emoluments for the financial year, other benefits, which have been granted in the financial year but have not yet been indicated in any consolidated financial statement, must be disclosed. For this, refer to the details on IV, Organs of the parent company, in segment G. Other Details.

Section 314 para. 1 n. 8 HGB:

For every stock exchange-listed company included in the consolidated financial statement, that the declaration prescribed according to section 161 AktG has been submitted and made accessible to the shareholders. For this, refer to the details on VII, Corporate Governance Code, in segment G. Other Details.

Section 314 para. 1 no. 9 HGB:

The total professional fee calculated by the auditor of the consolidated financial statement for the financial year 2012, broken down into professional fees for
a. audits,
b. other certification and valuation services,
c. tax consulting services,
d. other services,
must be declared. The required details can be found under point 25, Other operating expenses, in section C. Explanations about Group profit and loss statement.

Independent Auditor’s Report

CERTIFICATE OF THE AUDITOR

We have verified the consolidated financial statement – consisting of balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and appendix – as well as the annual report prepared by Allgeier SE, Munich for the financial year from January 1, 2012 to December 31, 2012. The preparation of the consolidated financial statement and annual report according to IFRS, as is applicable in EU, and according to the additionally applicable commercial provisions as per Section 315a para.1 HGB, fall under the responsibility of the management board of Allgeier SE, Munich. It is our task to submit an assessment of the consolidated financial statement and the annual report on the basis of the verification performed by us.

We have conducted our audit of the consolidated financial statement according to section 317 HGB bearing in mind the German principles for an appropriate audit defined by Institut der Wirtschaftsprüfer (IDW). According to this, the audit must be planned and executed such as to detect, with enough certainty, faults and violations that have a significant effect on the presentation of the asset, financial and income situation provided by the consolidated financial statement taking into account the accounting provisions to be applied and by the annual report. While identifying audit proceedings, knowledge about the business activity and about the economic and legal environment of the Group, as well as the expectations of possible faults are taken into consideration. Within the framework of audit, effectiveness of the internal accounting-related control system as well as proof of disclosures in the consolidated financial statement and annual report are also assessed, primarily based on random checks. Audit comprises evaluation of the annual financial statements of companies included in the consolidated financial statement, limitation on the consolidation scope, applied accounting and consolidation principles and significant assessments of the management boards as well as an appraisal of the overall presentation of the consolidated financial statement and annual report. We are of the view that our audit is a sufficiently secure basis for our evaluation.

Our audit has not found any objections.

As per our evaluation on account of the findings gained through the audit, the consolidated financial statement complies with the IFRS as is applicable in EU and the additionally applicable commercial provisions as per section 315a para. 1 of HGB, and conveys an image of the asset, financial and income situation of the Group that is consistent with actual circumstances taking these provisions into consideration. The annual report is consistent with the consolidated financial statement, conveys a completely accurate picture of the situation of the Group and presents the chances and risks of future development.

Düsseldorf, April 5, 2013
LOHR + COMPANY GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr
Wirtschaftsprüfer

Frank Otto
Wirtschaftsprüfer

LISTING OF THE GROUP COMPANIES

Listing of the Group companies

LISTING OF THE GROUP COMPANIES

		Share in Capital	Equity 31/12/2012				Jahresergebnis 01/01/2012-31/12/2012							
	Company	31/12/12	Foreign Currency		Exchange Rate	Euro	Foreign Currency		Exchange Rate	Euro		Profit and Loss Transfer Agreement with	Segment	Disclosure
1,	Allgeier SE, Munich		115,623,893			115,623,893	-1,304,616			-1,304,616			Others	Annual Report and Consolidated Financial Statement in the Federal Gazette
	Direct Shareholdings of Allgeier SE:													
2,	Allgeier Management AG, Munich	100.00%	87,546			87,546	18,454			18,454			Others	Electronic Federal Gazette
3,	Allgeier Group Executives AG, Munich	100.00%	47,686			47,686	-2,314			-2,314			Others	Electronic Federal Gazette
4,	DL Beteiligungen GmbH, Munich (formerly: Allgeier Beteiligungen GmbH)	100.00%	4,937,360			4,937,360	4,953,898			4,953,898			Others	Electronic Federal Gazette
5,	Allgeier Middle East Ltd., Dubai, United Arab Emirates	100.00%	10,000	AED		2,060	0	AED		0			Others	
6,	Allgeier IT Solutions AG, Munich	100.00%	11,145,441			11,145,441	0			0	(1)	1,	Solutions	
7,	Allgeier IT Services AG, Munich	100.00%	31,629,000			31,629,000	0			0	(1)	1,	Experts	
8,	Allgeier Project Solutions GmbH, Munich	100.00%	20,595,683			20,595,683	-1,594,867			-1,594,867			Projects	Electronic Federal Gazette
	Indirect Shareholdings through dependent subsidiaries:													
9,	Allgeier IT Solutions GmbH, Bremen	100.00 %	1,998,280			1,998,280	1,080,410			1,080,410			Solutions	Electronic Federal Gazette
10,	BSH IT Solutions GmbH, Bremen	100.00 %	64,348			64,348	0			0	(1)	9,	Solutions	Electronic Federal Gazette
11,	Allgeier Documents Solutions GmbH, Vienna, Austria	100.00 %	125,098			125,098	11,202			11,202			Solutions	
12,	b+m Informatik GmbH, Hamburg	100.00 %	-415,880			-415,880	202,837			202,837			Solutions	Electronic Federal Gazette
13,	b+m Informatik AG, Melsdorf	100.00 %	-2,306,162			-2,306,162	2,586,801			2,586,801			Solutions	Electronic Federal Gazette
14,	CUBE Management GmbH, Munich	100.00 %	149,109			149,109	16,642			16,642			Solutions	Electronic Federal Gazette
15,	Allgeier Computer B.V., Oosterhout, Netherlands	100.00 %	1,409,940			1,409,940	110,899			110,899			Solutions	
16,	Allgeier Computer NV, Zaventem, Belgium	100.00 %	523,884			523,884	-237,579			-237,579			Solutions	
17,	Allgeier Ltd., Nicosia, Cyprus	100.00 %	73,273			73,273	6,105			6,105			Solutions	
18,	Allgeier S.A., Luxemburg	100.00 %	10,999			10,999	11,462			11,462			Solutions	
19,	ALLGEIER BİLGİ İŞLEM SİSTEMLERİ DANIŞMANLIK VE TİCARET LİMİTED ŞİRKETİ, Istanbul, Turkey	80.00 %	-969,439	TRY	2.3637	-410,141	-852,211	TRY	2.3186	-367,558			Solutions	
20,	DIDAS Business Services GmbH, Langenfeld	100.00 %	4,349,687			4,349,687	-362,618			-362,618			Solutions	Electronic Federal Gazette
21,	BSR & Partner AG, Zug, Switzerland	75.00 %	8,264,500	CHF	1.2073	6,845,270	1,722,491	CHF	1.2040	1,430,665			Solutions	
22,	Terna Holding GmbH, Innsbruck, Austria	100.00 %	1,363,432			1,363,432	350,513			350,513			Solutions	
23,	Terna GmbH Zentrum für Business Software, Innsbruck, Austria	100.00 %	1,155,947			1,155,947	-1,029,223			-1,029,223			Solutions	
24,	Terna AG Zentrum für Business Software, Hünenberg, Switzerland	100.00 %	1,831,154	CHF	1.2073	1,516,697	941,462	CHF	1.2040	781,958			Solutions	
25,	1eEurope (Switzerland) AG, Thalwil, Switzerland	100.00 %	5,250,168	CHF	1.2073	4,348,577	464,079	CHF	1.2040	385,454			Solutions	
26,	GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm	100.00 %	834,192			834,192	216,004			216,004			Solutions	Electronic Federal Gazette
27,	Goetzfried AG, Wiesbaden	100.00 %	8,733,970			8,733,970	0			0	(1)	7,	Experts	Electronic Federal Gazette
28,	Goetzfried AG, Allgeier IT Solutions GmbH u.a. GbR, Wiesbaden	100.00 %	0			0	0			0			Experts	
29,	U.N.P.-Software GmbH, Düsseldorf	100.00 %	813,300			813,300	482,190			482,190			Experts	Electronic Federal Gazette
30,	Xiopia GmbH, Unterföhring	100.00 %	1,050,100			1,050,100	0			0	(1)	7,	Experts	
31,	TOPjects GmbH, Munich (formerly: TOPjects AG)	100.00 %	50,000			50,000	0			0	(1)	7,	Experts	
32,	tecops personal GmbH, Munich	100.00 %	2,813,357			2,813,357	-266,740			-266,740			Experts	Electronic Federal Gazette
33,	Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey	90.00 %	2,552,286	TRY	2.3637	1,079,784	1,231,331	TRY	2.3308	528,279			Experts	Electronic Federal Gazette
34,	Allgeier Dritte Beteiligungs GmbH, Munich	100.00 %	-18,012			-18,012	-39,568			-39,568			Experts	Electronic Federal Gazette
35,	Softcon MBO GmbH, Munich	100.00 %	-291,593			-291,593	-340,200			-340,200			Projects	Electronic Federal Gazette
36,	SOFTCON AG, Munich	100.00 %	11,054,321			11,054,321	46,375			0	(1)	35,	Projects	Electronic Federal Gazette
37,	SOFTCON IT Service S.r.l., Timisoara, Romania	100.00 %	1,564,315	RON	4.4341	352,793	168,070	RON	4.4549	37,727			Projects	
38,	mgm technology partners GmbH, Munich	80.00 %	2,645,464			2,645,464	1,605,724			1,605,724			Projects	Electronic Federal Gazette
39,	mgm technology partners s.a.r.l., Grenoble, France	80.00 %	125,080			125,080	82,705			82,705			Projects	
40,	mgm technology partners s.r.o., Prague, Czech Republic	80.00 %	46,810,802	CZK	25.0887	1,865,812	4,759,928	CZK	25.1117	189,550			Projects	
41,	mgm consulting partners GmbH, Hamburg	56.00 %	211,346			211,346	86,717			86,717			Projects	Electronic Federal Gazette
42,	SF Software & Friends GmbH, Leipzig	80.00 %	532,768			532,768	76,204			76,204			Projects	Electronic Federal Gazette
43,	Skytec AG, Oberhaching	100.00 %	77,459			77,459	-371,476			-371,476			Projects	Electronic Federal Gazette
44,	Allgeier Project MBO GmbH, Munich	100.00 %	24,102			24,102	-898			-898			Projects	Electronic Federal Gazette
45,	Allgeier Global Services Asia Pte, Ltd., Singapore	100.00 %	94,800	SGD	1.6170	58,627	-5,200	SGD	1.6	-3,250			Projects	
46,	Allgeier Nagarro Holding AG, Munich	100.00 %	21,428,785			21,428,785	-132,047			-132,047			Projects	Electronic Federal Gazette
47,	Nagarro Inc., San Jose, USA	100.00 %	1,348,184	USD	1.3346	1,010,146	412,489	USD	1.2913	319,448			Projects	
48,	Nagarro Software Pvt, Ltd., Gurgaon, India	100.00 %	625,500,873	INR	72.0581	8,680,511	169,259,438	INR	69.1397	2,448,078	(2)		Projects	
49,	Nagarro Software Jaipur Pvt, Ltd., Jaipur, India	100.00 %	34,718,884	INR	72.2704	480,403	-1,366,769	INR	69.1397	-19,768	(2)		Projects	
50,	Nagarro Software GmbH, Frankfurt	100.00 %	371,624			371,624	90,133			90,133			Projects	Electronic Federal Gazette
51,	Nagarro Software AB, Stockholm, Sweden	100.00 %	3,200,636	SEK	8.6107	371,703	1,459,983	SEK	8.6872	168,061			Projects	
52,	Nagarro Software S.A., Monterrey, Mexico	100.00 %	-2,331,755	MXN	17.1886	-135,657	-1,826,005	MXN	16.9369	-107,812			Projects	
53,	Synchronization Technologies Inc., San Jose, USA	100.00 %	29,676	USD	1.3215	22,457	5,873	USD	1.2913	4,548			Projects	
54,	Koolseek Inc., San Jose, USA	100.00 %	100	USD	1.3215	76	0	USD		0			Projects	

(1) After profit transfer or loss assumption, (2) As-If annual income for the financial year 1.1.2012-31.12.2012

Glossar

1eEurope	1eEurope (Switzerland) AG, Thalwil, Switzerland
ABS-Program	Transferred financial assets, which do not meet the criterion for a write-off
Allgeier DMS Turkey	ALLGEIER BİLGİ İŞLEM SİSTEMLERİ DANIŞMANLIK VE TİCARET LİMİTED ŞİRKETİ, Istanbul, Turkey
Allgeier Cyprus	Allgeier Ltd., Nicosia, Cyprus
AX Solutions	AX Solutions GmbH, Braunschweig
b+m AG	b+m Informatik AG, Melsdorf
b+m GmbH	b+m Informatik GmbH, Hamburg
b+m Group	b+m Informatik AG, Melsdorf b+m Informatik GmbH, Hamburg
BSR	BSR & Partner AG, Zug, Switzerland
DIDAS	DIDAS Business Services GmbH, Langenfeld
Earn Out	Conditional purchase price from company acquisitions
EBIT	Earnings before interest and taxes
EBT	Earnings before taxes
G-AG	G-AG Beteiligungen GmbH, Munich
GEMED	GEMED Gesellschaft für medizinisches Datenmanagement mbH, Ulm
Goetzfried	Goetzfried AG, Wiesbaden
mgm cp Hamburg	mgm consulting partners GmbH, Hamburg
mgm tp Munich	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 Technologies, Inc., San Jose, USA Koolseek, Inc., San Jose, USA
Next	Next GmbH, Heusweiler
off-balance	Not indicated in the balance sheet
on-balance	Indicated in the balance sheet
OPUS	OPUS Solution AG, Längenbold, Switzerland
Oxygen	Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, IIstanbul, Turkey
S&F	SF Software & Friends GmbH, Leipzig
Skytec	Skytec AG, Oberhaching
SOFTCON AG	SOFTCON AG, Munich
SOFTCON S.r.l.	SOFTCON IT Service S.r.l., Timisoara, Romania
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 AX Solutions GmbH, Braunschweig
Terna Zentrum Innsbruck	Terna GmbH Zentrum für Business Software, Innsbruck, Austria
Subsidiaries	Group enterprises associated with Allgeier SE
TOPjects	TOPjects AG, Munich (operates under the name of TOPjects GmbH since 10.12.2012)
UNP	U.N.P.-Software GmbH, Düsseldorf
Xiopia	Xiopia GmbH, Unterföhring

Management Board and Supervisory Board

Management Board
Carl Georg Dürschmidt
(Chairman of the Management Board)
Dr. Marcus Goedsche
Dr. Holger von Daniels (until April 30, 2012)

Supervisory Board
Detlef Dinsel
(Chairman of the Supervisory Board)
Thies Eggers
Christian Eggenberger

Responsibility Statement of the Allgeier SE Management Board

The management board of Allgeier SE declares, to the best of its knowledge, that, in line with the applicable accounting principles, the consolidated financial statement conveys an image of the asset, financial and earnings situation of the Group that is consistent with actual circumstances, that the business development, including the company output and situation of the Group, is presented in the annual report in such a way that an image consistent with actual circumstances is conveyed, and also that the significant chances and risks of the anticipated development of the Group have been illustrated.

Munich, April 02, 2013
Allgeier SE

Carl Georg Dürschmidt
Management Board member

Dr. Marcus Goedsche
Management Board member

Imprint

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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.

For the latest financial information online visit www.allgeier.com/en/investor-relations

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