



exceet

ANNUAL REPORT 2013

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MEMBERS OF THE MANAGEMENT BOARD



ULRICH REUTNER
Chief Executive Officer



WOLF-GÜNTER FREESE
Chief Financial Officer



JAN TROMMERSHAUSEN
Chief Operating Officer – ECMS



ROBERT WOLNY
Chief Operating Officer – IDMS

MEMBERS OF THE BOARD OF DIRECTORS



DIRK-JAN VAN OMMEREN
Chairman



ULRICH REUTNER



ROLAND LIENAU



HANS HOFSTETTER



DR. HAGEN HULTZSCH



THOMAS BRAUCHLI*

*Prof. Dr. Hartmut Griepentrog will replace Mr. Thomas Brauchli as permanent representative of White Hills Management & Co S.C.S. as of 26 February 2014

MANAGEMENT REPORT

EXCEET: A STRONG GROUP

STRUCTURE & REPORTING

exceet Group SE (hereafter the “Company”) is a company incorporated as a Société Européenne under the law of Luxembourg and is listed on the regulated market on the Prime Standard of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155).

The consolidated exceet Group SE (“Group” or “exceet”) is an international technology group specialized in the development and manufacturing of intelligent, mission critical and secure electronics of small and mid-sized volumes. The Group provides highly sophisticated solutions and distinguishes through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets. exceet consists of 6 manufacturing sites in the heart of Europe and 7 technical sales & development centers for customer proximity to ensure smooth and close communication for innovative solutions and attractive time-to-market for the customer.

exceet reports in three business segments:

- Electronic Components Modules & Systems (ECMS)
- ID Management & Systems (IDMS)
- Embedded Security Solutions (ESS).

BUSINESS MODEL

Distinguished engineering, manufacturing and software skills enable exceet to offer solutions with a high degree of customization and qualified certifications to fulfil demanding customer requirements. In the ECMS segment, the Group is focussed on miniaturization and industrialization with cost optimal product design. Furthermore, exceet is a full service supplier for card-based security technology including personalized solutions.

exceet`s competences in the field of electronics are based on in-depth understanding of secure electronics, embedded components, modules and computers

combined with a flexible and innovative development environment. This results in a fully coordinated product development and industrialization process, from the feasibility of new products and processes to complete certified production under clean room conditions.

For the security market, exceet designs and manufactures contact and contactless smart cards, multi-functional cards and card readers. In addition the Group provides related services for access, retail, transportation and banking applications. NFC, RFID and state of the art biometric technology are exceet`s key capabilities to fulfil the challenging market environment in the smart card business.

OBJECTIVES AND STRATEGY

exceet executes a clearly defined growth strategy which is based on the following pillars:

LEVERAGE CUSTOMER RELATIONSHIPS

One of the most important strategic objectives for the Group is to increase its market share in its core markets with existing long-term customers. Close cooperation with its customers in joint-development projects lead to early insights in the latest market trends, customer requirements and new business opportunities.

NEW APPLICATIONS

Extending the customer base through new applications (e.g. medical implants, NFC Smart Cards, Opto-electronics) and marketing efforts is another key strategic point of action. exceet pursues a “pull marketing strategy”, i.e. attract sustainable customer demand and interest by offering services and showing convincing capabilities that are valuable for selected potential customers. Targets are major systems integrators and OEMs in exceet`s key markets, which have a strong demand for high-quality solutions.

CROSS SEGMENT COLLABORATION

The internal sharing of technical competences and qualifications is exceed`s key to offer the best available solution to its customers. Therefore, marketing and sales teams regularly provide important feedback from the market to be reflected for new developments. Through this constant internal information exchange exceed is closer to the market and able to adapt its development activities faster according to changing market conditions and customers` immediate needs. Through the combination of know-how and expertise across its segments, exceed is able to offer unique comprehensive and secure solutions.

GEOGRAPHICAL EXPANSION

exceed`s core markets are today Germany, Switzerland and Austria. Further geographic expansion is already initiated in France, UK, the Nordic countries and the US with local sales teams, combining regional market know-how and technical expertise.

STRATEGIC ACQUISITIONS

The Group will continue to focus on its “buy & build” strategy. Further market consolidation and growth generated by strategic acquisitions is a key element of exceed`s strategy.

MAJOR EVENTS DURING THE REPORTING PERIOD

MANAGEMENT

The chairmanship of the Board of Directors changed as of 1 October 2013 from Mr. Hans Hofstetter to Mr. Dirk-Jan van Ommeren. Mr. Hans Hofstetter will continue to be a board member.

The meeting of shareholders on 31 May 2013 accepted the resignation of Mr. Brauchli as director of the Company and appointed White Hills Management & Co S.C.S. (“White Hill”) as director of the Company with Mr. Thomas Brauchli as representative. Prof. Dr. Hartmut Griepentrog will succeed him and is the new representative of White Hill as of 26 February 2014.

Effective 1 October 2013, the Board of Directors of exceed Group SE has appointed Mr. Wolf-Günter Freese as Chief Financial Officer.

STREAMLINING OPERATIONS

exceed combines under the new brand “exceed Electronic Systems (EES)” three business locations to strengthen the market presence. Competencies in production of high-quality and complex electronic systems will be stronger synergized with the competencies in development, engineering, new product introduction, production and sales. EES will realize synergies in improved procurement management, process alignment and sales.

exceed continues to streamline its IDMS segment by further reducing the number of operating entities and by consolidating sales, marketing and administration activities. exceed`s customers and partners will benefit from a uniform administration and a unified segment-wide quality management system, and a high degree of flexibility within the manufacturing facilities.

SELECTED NEW APPLICATIONS

The health sector is in the main focus of exceed`s ECMS research and development efforts. Current development projects cover amongst others medical imaging, implants, neurostimulation, hearing aids and pacemakers.

IDMS reinforced significantly its sales team which resulted quickly in relevant new orders.

exceet's ESS segment proved its IT security competence by winning one of Europe's largest public key infrastructure (PKI) projects. ESS underlines to be the ideal partner for such projects since it is certified and experienced in the handling of confidential data and an expert in data communication.

MAJOR INVESTMENT

exceet invested into a new development and production facility in Berlin (Germany) to cover the strong market demand for high-end health applications. Highly automated assembly lines, engineering and administration are located in a 6,200 m² competence center which still has space for further expansion. The new facility has been completed in August 2013 fully in line with the foreseen budget and timelines.



FUNDAMENTALS OF EXCEET SHARES

The Company's issued share capital currently amounts to 34,734,221 shares, including 20,523,695 Class A Shares (Public Shares). The Class B and C Shares can only be converted into Class A Shares when the publically traded share price is in various tranches above EUR 12.00 on 20 consecutive trading days (see Financial Statements note 13 "Equity").

The market capitalization of exceet Group SE accumulated to EUR 79.0 million at the beginning of 2013 (01/01/2013) and reached approx. EUR 112.9 million at the end of 2013 (31/12/2013). Final share price at the last trading day in 2013 was EUR 5.499. This reflects a share price performance of +42.8%, by a daily trading volume of approx. 5,400 shares.

EXCEET SHARE PRICE DEVELOPMENT 2013



Currently, except is covered by the investment and research banks Hauck & Aufhäuser Institutional Research (<http://www.ha-research.de>) and Kepler Cheuvreux (<http://www.keplercheuvreux.com>).

450,000 Class A Shares held in treasury by the Company have been deducted from equity in accordance with IAS 32 (see consolidated financial statements note 13 "Equity").

BUSINESS DEVELOPMENT

OVERALL ECONOMIC ENVIRONMENT

The global economic environment remains challenging and uncertain for the near future. Global growth of Gross Domestic Product (GDP), adjusted for inflation, is expected to improve from 2.9% in 2013 to 3.5% in 2014. The recovery of Eurozone from its negative growth of -0.3% in 2013 is expected to improve by 1% in 2014. The world's major economies still face many structural flaws and policy constraints that hinder more investment and faster productivity growth, making the medium-term outlook for a significantly faster path of global growth more uncertain.

SECTOR-SPECIFIC ENVIRONMENT

Expectations for except's major end-markets show promising growth rates for the future:

Health

except's relevant market, the global medical device industry, has experienced significant growth over the last five years and is expected to continue, reaching approximately USD 302 billion in 2017 with a CAGR of 6.1% during the six year period from 2011 to 2017.

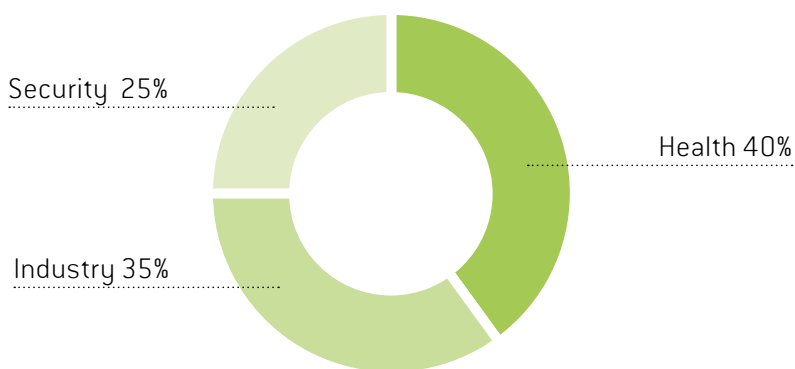
Industry

The global process automation market revenue, which is a good indicator for exceeT's activities within the industry market, is expected to grow from USD 86.07 billion in 2012, to USD 124.29 billion in 2018, at an estimated CAGR of 6.05% from 2013 to 2018. Furthermore, Berg Insight estimates that shipments of industrial automation; machine-to-machine communication (M2M) devices will grow at a CAGR of 22.5% over that period.

Security

Analysts forecast the global data center security market to grow at a CAGR of 8.23% over the period 2013 to 2018. One of the key factors contributing to this market growth is the need to upgrade high-speed network devices.

EXCEET'S REVENUE 2013 BY MARKETS



NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

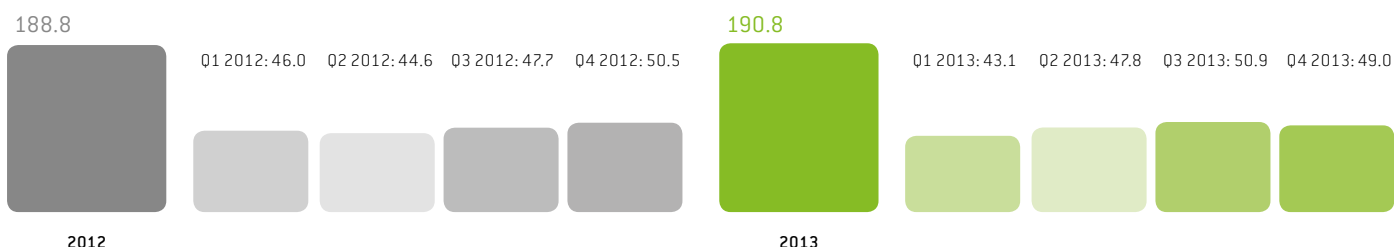
RESULTS OF OPERATIONS

exceeT improved in 2013 its profitability despite a challenging market environment with subdued global economic growth and weak demand for capital goods.

Group sales 2013 increased by 1.1%, reaching EUR 190.8 million against EUR 188.8 million for the same period of the previous year. The development was

negatively affected by the exchange rates of the Swiss franc and the US-dollar to the euro which reduced the consolidated net sales by 0.7%. On 31 December 2013 exceeT's order backlog amounted to EUR 106.1 million which is 6.2% higher as of 31 December 2012 (EUR 99.9 million) and reflects a book-to-bill ratio of 1.03 (2012: 0.99).

Quarterly sales development 2012 and 2013 in EUR million



The Group improved the overall sales performance in 2013, achieving sales of EUR 43.1 million in Q1 (2012: EUR 46.0 million), EUR 47.8 million in Q2 (2012: EUR 44.6 million), EUR 50.9 million in Q3 (2012: EUR 47.7 million), and EUR 49.0 million in Q4 (2012: EUR 50.5 million). Q1 sales were impacted by postponements of deliveries requests from customers. This development began to reverse in Q3, but did not fully compensate the weak start until the year end, resulting in an organic growth rate for the full year being at -2.2%.

Due to the focus on higher margin products, the gross profit margin improved from 15.2% to 16.9%, which represents an increase from EUR 28.7 million to EUR 32.3 million (+12.5%). The operating costs increased by EUR 3.0 million from EUR 21.5 million to EUR 24.5 million. This change is mainly impacted by lower operating income compared to the previous year (2012: EUR 2.7 million released earn-out provisions).

except achieved an EBITDA of EUR 18.3 million (9.6% of net sales) in 2013 compared to EUR 16.5 million (8.7% of net sales) in 2012. Depreciation and amortization in the amount of EUR 10.5 million were up EUR 1.2 million against the previous year (2012: EUR 9.2 million). EUR 6.0 million (2012: EUR 5.9 million) relate to the depreciation of tangible assets, EUR 3.9 million (2012: EUR 3.3 million) relate to the amortization of intangible assets and EUR 0.5 million (2012: none) to the impairment of intangible assets related to a software development project.

The effect for the year 2012 resulting from the application of the amendments to IAS 19 „Employee benefits“ resulted in an increase of personnel costs of EUR 0.3 million, reducing EBITDA accordingly from EUR 16.8 million to EUR 16.5 million and increased finance costs by EUR 0.1 million – these changes have already been included in the 2012 comparison figures. For further details please refer to note 33 “Changes in accounting policies” in the consolidated financial statements.

The net financial income of EUR 2.1 million (2012: net financial loss of EUR 2.3 million) includes a gain of EUR 3.0 million which was a result of the revaluation of warrants (2012: loss of EUR 0.8 million), a positive net foreign currency effect of EUR 0.3 million (2012: loss of 0.4 million) and interest and other financial cost in the amount of EUR 1.2 million (2012: 1.2 million).

Net income increased from EUR 3.1 million to EUR 7.5 million.

The calculation of basic earnings per share (EPS) on 31 December 2013 is based on the net income of EUR 7.5 million, attributable to the shareholders of the parent company and the weighted average number of issued shares, being 20,073,695 Class A Shares (excluding 450,000 treasury shares), 5,210,526 Class B Shares and 9,000,000 Class C Shares respectively, which totals to 34'284'221 issued shares.

		2013	2012
Profit for the year (in EUR 1,000) attributable to Equity holders of the Company	Class A Shares	7,398	2,951
	Class B/C Shares	142	142
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings per share (EUR/share)	Class A Shares	0.37	0.15
	Class B/C Shares	0.01	0.01

SEGMENT REPORTING

Electronic Components, Modules & Systems (ECMS)

Sales in this segment increased by 6.4% to EUR 140.7 million against EUR 132.2 million during the same period of the previous year. In 2013, EBITDA reached EUR 20.2 million against EUR 15.8 million in 2012. The EBITDA margin improved accordingly from 11.9% in 2012 to 14.3% in 2013 due to strong customer demand for intelligent electronics especially in the health sector.

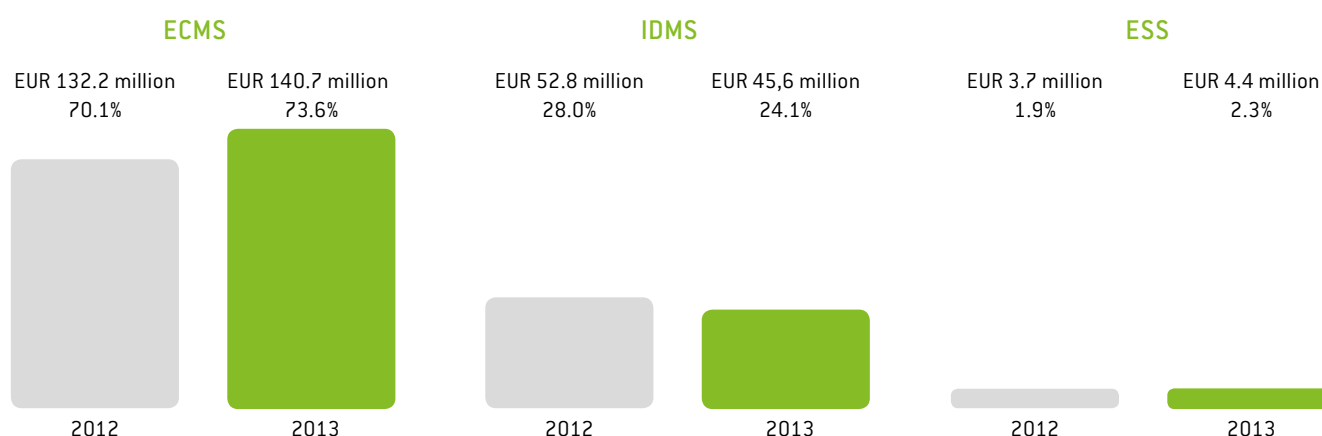
ID Management & Systems (IDMS)

The IDMS segment was able to move the product mix towards higher margin products improving the EBITDA margin from 4.7% to 5.5% with an EBITDA of EUR 2.5 million

(same level as 2012) despite a decrease of net sales of -13.6% to EUR 45.6 million (2012: EUR 52.8 million). However, overall performance in 2013 was below expectations due to dramatically reduced order volumes for the German Health Card (Q1), discontinuation of non-strategic low margin business in Eastern Europe and weak demand for skiing cards due to the warm winter in Europe.

Embedded Security Solutions (ESS)

The ESS segment achieved sales of EUR 4.4 million during the reporting period (2012: EUR 3.7 million). The ESS segment invested in 2013 in the development of new projects in the M2M market as well as in the security market which will boost sales in 2014.



BALANCE SHEET POSITIONS

Cash and cash equivalents increased to EUR 31.2 million at the end of the financial year (2012: EUR 24.4 million), due to a free cash flow of EUR 6.9 million (2012: cash out of EUR 10.6 million).

Net working capital decreased by EUR 4.8 million from EUR 35.8 million to EUR 31.0 million, which is 16.3% of net sales (2012: 19.0%). Main driver was the reduction of inventory levels from EUR 35.8 million to EUR 31.3 million. Trade receivables increased by EUR 2.7 million to EUR 22.8 million from EUR 20.1 million, due to the

increased sales level in the last two quarters of the year. Trade payables also increased from EUR 10.7 million to EUR 11.4 million – partially offsetting the increase of trade receivables. Other receivables and accrued income decreased by EUR 1.9 million and other payables and accrued expenses increased by EUR 1.1 million.

Non-current assets amounted to EUR 95.1 million (2012: EUR 94.6 million), including tangible assets of EUR 35.4 million (2012: EUR 31.4 million) and intangible assets of EUR 58.6 million (2012: EUR 62.3 million). The main increase in tangible assets can be attributed to the new factory building in Berlin with EUR 8.0 million, whereof EUR 2.6 million were already invested in the previous year. The goodwill position decreased from EUR 35.7 million to EUR 35.4 million, due to FX-effects. As in the previous years, no impairment was recorded against goodwill during the reporting period.

Non-current liabilities decreased by EUR 1.2 million, from EUR 48.3 million on 31 December 2012 to EUR 47.1 million on 31 December 2013. This movement was mainly caused by a reduction of pension liabilities by EUR 1.5 million, a decrease of deferred tax liabilities of EUR 1.2 million and an increase in long-term borrowings of EUR 0.7 million. Other financial liabilities decreased from EUR 3.9 million to EUR 0.9 million due to the revaluation of the public warrants based on IFRS requirements.

As of 31 December 2013, the Company's equity amounted to EUR 98.7 million, an increase against the equity position of 31 December 2012 (EUR 90.3 million). This is attributable to net profits of EUR 7.5 million, gains from remeasurement of the defined benefit obligations net of taxes of EUR 1.7 million, foreign exchange loss impacts of EUR 0.9 million and accruals for share-based

payments of EUR 0.1 million. Overall, this results in an increase of the equity ratio from 53.5% in 2012 to 57.1% for 2013.

Net debt as at 31 December 2013 fell by EUR 7.0 million, now representing a net debt position of EUR 7.0 million, compared to the net debt position at 31 December 2012 of EUR 14.0 million. The net debt to EBITDA ratio dropped to 0.39x versus 0.85x in 2012.

Financial situation

During the 2013 financial year, operational cash inflow amounted to EUR 18.3 million, compared to EUR 0.3 million in 2012. The increase of EUR 18 million is mainly attributable to a higher profit before tax, a significant reduction of inventories and a lower level of tax payments compared to the previous year.

The cash outflow from investment activities of EUR 10.5 million is including capital expenditure for tangible assets of EUR 8.9 million and EUR 1.3 million for intangible assets. Furthermore, EUR 0.6 million represent the last payment for the acquisition of The Art of Packaging s.r.o. (today: excecet C.Z. s.r.o.). This transaction was closed in 2010.

Capital expenditures

Net capital expenditures, including leasing, of EUR 11.3 million, representing 6.0% of revenues, were invested in property, plant, equipment and software during 2013. Main projects were the new ECMS production facility in Berlin with EUR 5.4 million in 2013 (2012: EUR 2.6 million), new equipment within the IDMS-segment for EUR 1.2 million and the implementation of new ERP-software within the ECMS-segment. Nearly two-thirds of total capital expenditures apply to the ECMS segment (EUR 8.8 million).

EMPLOYEES

As of 31 December 2013, the Group employed 954 full-time equivalents (FTE), representing an increase of 6.1% over the past year (2012: 899). On the reference date, 372 FTE (2012: 355) were employed in Germany, 148 (2012: 154) in Austria, 262 (2012: 268) in Switzerland, 155 (2012: 107) in the Czech Republic and 17 (2012: 15) in the Netherlands.

NON-FINANCIAL PERFORMANCE INDICATORS

Staff as a key success factor

exeect is an attractive employer, offering interesting job prospects in an international environment. The loyalty of our employees and their motivation and expertise represent important success factors, and a great competitive advantage.

The human resource strategy supports the core objectives of the corporate strategy. exeect's HR strategy focuses on internationalization, competitiveness and diversity. Specifically, this strategy entails the forward-looking establishment of expertise through global talent recruitment and the attractive and flexible structuring of working conditions.

In due consideration of individual qualification and the integration capacity of an applicant, exeect aims to enhance the quota of female staff on all hierarchy levels.

A further focus of personnel management is to support employees' personal and professional development. Due to the intensive competitive environment, special significance is also allocated to recruiting additional specialist and managerial staff to implement international projects, and to further standardize processes and systems in international functions.

The number of employees (FTE) as of 31 December 2013 was 954 (2012: 899), divided into production & technical 677 (2012: 608), management & administration

94 (2012: 110), sales & marketing 99 (2012: 93), and research and development 84 (2012: 88).

Corporate responsibility

exeect supports projects in environmental, social and scientific areas, thereby reflecting the Group's corporate responsibility. exeect contributes actively to environmental protection through its careful handling of natural resources, avoidance and recycling of production waste and development of energy-saving products. Product innovations that enable intelligent and efficient use of energy are an example of the Group's commitment in this field. The Group also benefits from close partnerships and collaborations with public and private research institutions and research and technology businesses, such as the Fraunhofer Institute of Reliability and Microintegration (IZM), the German Federal Ministry of Education and Research (BMBF) and the Leibniz Institute for High-Frequency Technology (Ferdinand-Braun-Institut, Leibniz-Institut für Höchstfrequenztechnik).

Sustainability

As a diversified technology group, exeect provides innovative products and solutions worldwide that secure sustainable success for our customers and therefore contributes continuously to global sustainable development. This is based on a responsible corporate management geared to long-term value creation. exeect therefore set the target of a sustainable value creation for customers, company and stakeholders.

Development and technology investments

Development capacities were further expanded in 2013, and investments were realized in a large number of projects and products. exeect's research and development expenditures for the year 2013 amounted to EUR 8.7 million (2012: EUR 8.5 million), representing 4.6% of the Group's net sales. Due to the unchanged high level of investments the Group keeps technology and quality on a leadership level.

OPPORTUNITIES AND RISK REPORT

except is exposed to numerous risks and opportunities as part of its business activity; these are invariably linked to the Group's commercial activities. except adopts a comprehensive risk management strategy through the Group for early detection and control of risks and to benefit from opportunities resulting from operating activities or improved market conditions. A balanced risk profile is observed in every decision-making instance. The risk policy is oriented on the objective of securing and enhancing except's position in its markets in order to achieve a long-term increase in the Group's value. The Board of Directors and the Management Board have established an internal control system for the diverse organizational, technical and commercial processes within the Group. A central component of except's risk policy is to take risks only if there is a high probability that the associated business activities will provide added value for the Group. The underlying requirement is that the risks must always remain transparent and manageable.

OPPORTUNITY MANAGEMENT

The management board of the Group regularly debates the Group's strategic opportunities. The task of the Group's companies is to identify opportunities at the operational level and attain a better-than-expected earnings performance where possible.

RISK MANAGEMENT

except manages company risks with a group-wide risk management system, which is an integral component of the business processes and a significant element of the decision-making in the company. This permits timely identification of potential risks arising in connection with business activities, as well as risk monitoring and limitation using suitable control measures. At the same time, the risk management system serves as a tool to help seize opportunities in the best possible manner in terms of the Group strategy. The risks relevant for except Group can be divided into external, i.e. market and sector-specific

risks, as well as internal risks. The latter include financial, operational and company related risks.

SECTOR- AND MARKET-RELATED RISKS

Sustained weak economic development or a downturn of the economy, particularly in Europe, can have a negative impact on demand for except's products. This would result in decreasing sales and margin pressure. except counters these risks by way of a growth-oriented company strategy. The objective is to continue to grow profitably both organically and through strategic acquisitions in the markets targeted by except. In addition, the technology leadership position in all segments will continue to be enhanced by permanent and comprehensive development activities as well as innovative product offers.

STRATEGIC RISKS

except pursues part of its growth strategy via strategic acquisitions in sectors and markets relevant to except. If the Group is not able to identify suitable companies in the future or not able to successfully integrate the acquired companies into the Group, this could have a negative impact on the Group's competitive position, growth opportunities and profitability. However, these risks are considered to be minimal, given the long-term experience of management and the conservative acquisition policy.

INTEREST RATE, LIQUIDITY AND CURRENCY RISKS

except is exposed to interest rate, liquidity and currency risks as part of its business activity. Derivative financial instruments are used in order to limit interest rates. This relates to specific hedging of the risks arising from operational business. Financial instruments entered into and yet to be entered into are continually monitored with the aid of the implemented risk management system.

The group companies generate revenue mostly in euro, Swiss francs and to a smaller extent in US dollars. Generally, foreign currencies are kept only if future payments are expected to be made in the respective currency. Foreign currency exposure is mitigated by balancing currency needs among the group companies. The Group is not involved in hedging transactions. However, the Group is exposed to foreign exchange risks, especially with regard to Swiss francs and US dollars.

Liquidity risks arise where payment obligations cannot be fulfilled, can be only partially fulfilled, or are fulfilled late due to a lack of liquidity. Solvency is ensured by way of revolving liquidity planning. The Company also has adequate lines of credit to achieve short-term flexibility.

CREDIT RISKS

Credit risks exist regarding financial institutions and customers. The credit risk with respect to financial institutions, which has gained significance in light of the global banking crisis, predominantly arises from the investment of liquid funds. In order to minimize a possible risk of default, financial instruments are only entered into with counterparties with prime credit ratings. The credit risk with respect to customers consists of granting terms of credit and the associated risk of default. Credit risk is managed on a group wide basis. Credits risks arise from cash and cash equivalents, and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions, are managed by the individual group companies.

QUALITY RISKS

Ensuring maximum and consistent quality of all except products requires close collaboration with all contract partners. Therefore, procurement, production and logistic risks are all monitored regularly to achieve the target of maximum and consistent quality. One risk factor is a potential decrease of product quality. except counters these risks with numerous regular audits and quality tests by independent testers and quality assurance measures.

LEGAL RISKS

Legal risks in connection with product liability, warranties or employment law are comprehensively analyzed by the legal department and, where required, external specialist consultants. except is thus in a position to adequately counter potential risks in a timely manner. Despite these measures, the outcome of current or future actions cannot be predicted with certainty.

PERSONNEL RISKS

except places great value on the proper and respectful treatment of all employees. However, the Group also depends heavily on the Management Board and other managers. Loss of managers could have a negative impact on the development of the Group. except counters this risk by creating a good working environment as well as attractive remuneration agreements, taking the Group's long-term objectives into consideration.

IT RISKS

The availability and efficiency of IT infrastructure and applications is crucial for the performance of the Group. IT risks consist of the possible failure of operational and administrative IT systems which could impair business transactions. A failure of IT systems could entail existential risks for the Group. except therefore specifically invests in the expansion and continual development of modern IT systems in order to ensure functionality at all times and to increase the effectiveness of processes. Although all IT systems have multiple safeguards, it cannot be ruled out that data may be lost, for example as a result of fire, power failures, system errors, hacker attacks, fraud or terrorism.

EVALUATION OF THE OVERALL RISK SITUATION

Risks that could threaten the continued existence of the Group are currently not present. Overall, there have been no significant changes regarding the Group as compared to the end of the 2012 financial year.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK FOR 2014

The Group is well-positioned in its core markets health, industry and security to face the challenging market environment and will continue to focus on business activities with high margins.

Management expects for 2014 moderate organic revenue growth and a further improvement of the profitability. This is supported by the actual positive market trends and the on-going streamlining of the group structure.

SUPPLEMENTARY REPORT

Up to February 2014, no noteworthy operational and structural changes or business transactions have occurred that would significantly change net assets, financial position and results of operations of except Group as compared to 31 December 2013.

CORPORATE GOVERNANCE

except Group SE recognizes the importance of corporate governance. The corporate governance rules of except Group SE are based on Luxembourg Law, its Articles of Association (the "Articles"), and its internal regulations. The internal regulations comprise (i) the Bylaws of the Board of Directors of except Group SE, approved on 13 September 2011, (ii) the Charter of the Audit Committee, approved on 13 September 2011, and (iii) the Charter of the Compensation and Appointment Committee, approved on 13 September 2011.

Electronic copies of the Articles, the above mentioned bylaws and charters of the audit committee as well as of the compensation and appointment committee can be downloaded from the website of except Group SE at <http://ir.exceet.lu/investor-relations>.

The main characteristics of the except's internal control and risk management systems, as far as the establishment of financial information is concerned, can be found in

the financial statements under note 2.8 "Financial Risk Management".

THE BOARD OF DIRECTORS AND THE GROUP MANAGEMENT BOARD

The Board of Directors is responsible for the strategic orientation, the organizational principals and material financial aspects of except. Management of the business as such is delegated to the Group's Management Board. The authority and the responsibilities of the Board of Directors and its committees, as well as the rules governing authority over group management, are set out in the bylaws of the Company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors as a whole is supported by the audit committee for reasons of obtaining information and as a counterbalance to the Group's Management Board. The audit committee consists of independent and non-executive directors. The compensation committee elaborates the principles for remuneration of the Board of Directors and the Group's Management Board. The compensation committee consists of independent and non-executive directors. Both committees meet at least once a year.

AUDITORS

PricewaterhouseCoopers, Luxembourg, represented by lead auditor Philippe Duren, have been the statutory and group auditors of except Group SE and the except Group, respectively, since the financial year 2012. The auditors are elected by the annual general meeting for the term of office of one year.

Information on the composition and function of the administrative, management and supervisory bodies of the Company and its committees can be found under note 31 "Ultimate controlling parties and related-party transactions" of the financial statements.

TAKEOVER LAW

The following disclosures are made in compliance with article 11 of the Luxembourg Act of 19 May 2006 (the “Takeover Law”)

SHARES

The Company’s issued share capital is set at EUR 527,960.16, represented by 34,734,221 shares (the “Shares”) as set out in the table below:

<i>Class of Shares</i>	<i>Number of Shares</i>	<i>of total</i>
Class A	20,523,695	59.08 %
Class B2	2,105,263	6.06 %
Class B3	2,105,263	6.06 %
Class B4	1,000,000	2.88 %
Class C1	3,000,000	8.64 %
Class C2	3,000,000	8.64 %
Class C3	3,000,000	8.64 %

The Company thus currently has 34,734,221 Shares with voting rights attached in issue. The 20,523,695 Class A Shares (Public Shares) listed on the regulated market of the Frankfurt Stock Exchange. None of the other Shares are listed on any stock exchange.

The Class B Shares (Founder Shares) were granted to the original founders of the Company. The Class C Shares (Earn-out shares) were granted to the sellers.

As of 31 December 2013, 450,000 Class A Shares are held as treasury shares to cover the management stock option plan.

The Class B2, B3, B4, C1, C2 and C3 Shares are automatically converted into Class A Shares in accordance with the conditions set out in articles 14 and 15 of the Articles. A copy of the Articles can be accessed at <http://ir.exceet.lu/investor-relations>

RIGHTS ATTACHED TO THE SHARES

Each share entitles the holder thereof to one vote. All shares carry equal rights as provided for by Luxembourg Law and as set forth in the Articles, including rights to receive dividends (if declared) or liquidation proceeds. However, each Class A Share is entitled to the same fraction of (and the Class B Shares and the Class C Shares are entitled to none of) any dividend distribution in excess of EUR 0.01.

In accordance with the Luxembourg Law of 11 January 2008, as amended (the “Transparency Law”), holders of voting rights in the Company are required to notify the Company and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) without undue delay, and no later than within four trading days, of the level of their holdings if they reach or pass certain downward or upward thresholds. The thresholds, as set out in article 8 of the Transparency Law, are 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of the shares. The notification obligation also applies in defined cases in which a person is entitled to acquire, dispose of or exercise voting rights, as set out in article 9 of the Transparency Law.

Furthermore, any shareholder together with any affiliate (as defined at article 14.1 of the Articles) and any shareholder with whom such a shareholder is acting as a group and whose aggregate shareholding exceeds two percent of the issued Class A Shares at any time or any multiple thereof must provide the Company with written notice of such event within four business days of such event, as set out in article 7.6 of the Articles.

For purposes of the Articles, “acting as a group” means, shareholders who cooperate on the basis of an agreement either express or tacit, either written or oral, for the purpose of acquiring, holding, voting or disposing of Class A Shares of the Company. The Board of Directors determines if shareholders are acting as a group and, absent manifest error, the determination will be binding.

SPECIAL CONTROL RIGHTS

There are no special control rights attaching to any of the Shares, other than in respect to the declaration of dividend and interim dividend payments as set out in articles 27 and 28 of the Articles respectively.

Shareholders	Number of Shares	Percentage of total shareholding notified ⁴⁾
Oranje-Nassau Participaties BV, (Wendel) ¹⁾ Eiflia Holdings GmbH ¹⁾ Greenock S.à r.l. ¹⁾ Mr. Ulrich Reutner ¹⁾ Mr. Robert Wolny ¹⁾ Mr. Jan Trommershausen ¹⁾	28,097,080	80.89%
The following shareholder are part of the group above:		
Vorndran Mannheims Capital GmbH ²⁾	14,807,168	42.63%
Wendel SA ³⁾	10,345,275	29.78%

¹⁾ The holdings of Oranje-Nassau Participaties BV, Eiflia Holdings GmbH, Greenock S.à r.l., and Messrs Ulrich Reutner, Robert Wolny, and Jan Trommershausen are aggregated by virtue of Article 9(a) of the Transparency Law.

²⁾ Vorndran Mannheims Capital GmbH, formerly Ventizz Holding GmbH & Co. KG, has notified that it holds the Shares indirectly via Greenock S.à r.l.

³⁾ Wendel SA has notified that it holds the Shares indirectly via Oranje-Nassau Participaties BV.

⁴⁾ The Company has reduced the number of its outstanding Shares from 39,385,526 to 34,734,221 as of 21 November 2011. Consequently the percentages indicated in this column diverge from the percentages notified to the Company.

RESTRICTIONS ON VOTING RIGHTS

Each share issued and outstanding in except Group SE represents one vote.

The Articles do not provide for any voting restrictions. Shareholder votes are exercisable by the persons who are shareholders on the record date as further set out in article 10 of the Articles, and proxies must be received by the Company a certain time before the date of the relevant shareholder meeting, as set out in article 11 of the Articles. In accordance with the Articles, the company's Board of Directors may determine such other conditions as must be fulfilled by shareholders who take part in any meeting of shareholders in person or by proxy.

The Company recognizes only one holder per share. In case a share is owned by several persons, they must designate a single person to be considered as the sole owner of such share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a share held by several owners until one owner has been designated.

In accordance with article 28 of the Transparency Law and in accordance with article 7.6 of the Articles, the exercise of

voting rights related to the shares exceeding the fraction that should have been notified under the respective provisions as set out above is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the relevant notification.

SHARE TRANSFER RESTRICTIONS

As at the date of this report all Class A Shares are freely transferable. The Class B and Class C Shares are subject to the restrictions on shareholdings set out in article 7.3 of the Articles.

CONTRACTUAL TRANSFER RESTRICTIONS

Other than the restrictions set out in the Articles, except Group SE is not aware of any factors, including agreements between shareholders, which may result in restrictions on the transfer of Shares or voting rights.

SIGNIFICANT SHAREHOLDINGS

The details of shareholders holding 5% of the Shares

or more as notified to except Group SE are published under “Notifications of Voting Rights” on the “Investor Relations” page at www.exceet.lu. Furthermore, the Company currently holds 450,000 own Class A Shares (1.30% of the total outstanding Shares) in Treasury. The current major shareholders known to except Group SE are set out in the table above.

SYSTEM OF CONTROL OF THE MANAGEMENT STOCK OPTION PLAN

except Group SE has currently one management stock option plan (see note 16 of the financial statements “Share-based payments”). The Company holds 450,000 shares in treasury to cover obligations out of the management stock option plan. Prior to the allocation thereof to beneficiaries, voting rights of such shares are suspended. Once shares will be allocated under the existing management equity program, the voting rights will be exercised by relevant beneficiaries.

APPOINTMENT OF BOARD MEMBERS, AMENDMENTS TO THE ARTICLES

The Company’s appointment and replacement of board members are governed by Luxembourg Law and articles 20 and 21 of the Articles. The Articles are amended in accordance with Luxembourg Law and article 12 of the Articles.

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to take any actions necessary or useful to fulfil the Company’s corporate object, with the exception of the actions reserved by law or by regulation or the Articles to the general meeting of shareholders.

The Board of Directors is authorized to issue Class A Shares, Class B Shares and/or Class C Shares regardless of whether such shares are paid for in cash or in kind, to grant options to subscribe for shares and to issue any other instruments convertible into shares within the limit of the authorized share capital of the Company, to such persons and on such terms as the Board sees fit, and specifically to proceed to such issue without reserving a preferential subscription right for the existing shareholders during a period of time of five

years from the date of publication of the resolution of the general meeting of shareholders taken on 21 July 2011 at the Mémorial in Luxembourg.

THE EFFECT OF A TAKEOVER BID ON SIGNIFICANT AGREEMENTS

The Company is part of finance agreements which terminates upon a change of control of the Company following a takeover bid (see note 14 of the financial statements “Borrowings”). No other significant agreements are known which take effect, alter or terminate in that case.

AGREEMENTS WITH DIRECTORS AND EMPLOYEES

No agreements exist between except Group SE and its board members or employees that provide for compensation if the board members or employees resign or are made redundant without valid reason, or if their employment ceases due to a takeover bid for the Company.

RESPONSIBILITY STATEMENT

In accordance with Article 3(2) c) of the Transparency Law the undersigned declares that, to the best of his knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings included in the consolidation taken as a whole. The undersigned further declares that, to the best of his knowledge, the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Luxembourg, 28 February 2014



Ulrich Reutner
CEO

On behalf of the Board of Directors
and Management Board

except Group SE

FORWARD-LOOKING STATEMENTS

This annual report contains statements that refer to the future. Forward-looking statements are generally characterized by terms such as “could”, “will”, “should”, “potential”, “intend”, “expect”, “seek”, “attempt”, “predict”, “estimate”, “overestimate”, “underestimate”, “believe”, “may”, “forecast”, “continue”, “plan”, “project” or similar terms and formulations. Forward-looking statements are based on certain assumptions, outline future expectations, describe future plans and strategies, contain predictions on the earnings and financial position or express other forward-looking information. The possibilities of predicting results or the actual effects of forward-looking plans and strategies are limited. Even though except Group SE assumes that the expectations expressed by these forward-looking statements are based on appropriate assumptions, the actual results and developments may deviate significantly from the information presented in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties and depend on other factors, based on which the actual results in future periods may deviate significantly from the forecast results or communicated expectations. except Group SE does not intend, nor shall it undertake, to update the forward-looking statements on a regular basis, as these are based solely on the conditions present at the date of publication.

FINANCIAL CALENDAR 2014

Date	Publication
31 March	Annual Accounts in accordance with Luxembourg Law
2 May	Interim First Quarter Report 2014 (QI)
7 May	Annual General Meeting of except Group SE in Luxembourg
8 August	Interim First Half Year Report 2014 (QII)
3 November	Interim 9 Months Report 2014 (QIII)

except will be present on the German Equity Forum 2014 in Frankfurt/M. (24 - 26 November 2014).

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in EUR 1,000)	Note	31 December 2013	31 December 2012 ¹⁾	restated 1 January 2012 ¹⁾
ASSETS				
Non-current assets				
Tangible assets	5	35,425	31,415	27,101
Intangible assets	6	58,597	62,334	51,746
Deferred tax assets	7	836	617	131
Other financial investments		28	27	26
Other non-current receivables	10	181	178	265
Total non-current assets		95,067	94,571	79,269
Current assets				
Inventories	8	31,335	35,833	31,122
Trade receivables, net	9	22,777	20,066	17,916
Other current receivables	10	1,230	2,429	1,753
Current income tax receivables		555	1,297	220
Accrued income and prepaid expenses	11	661	632	755
Financial assets at fair value through profit or loss		0	6	15
Cash and cash equivalents	12	31,170	24,426	40,132
Total current assets		87,728	84,689	91,913
Total assets		182,795	179,260	171,182
EQUITY				
Share capital	13	528	528	528
Reserves	13	98,214	89,813	86,305
Equity attributable to Shareholders of the parent company		98,742	90,341	86,833
Total equity		98,742	90,341	86,833
LIABILITIES				
Non-current liabilities				
Borrowings	14	33,480	32,802	25,718
Retirement benefit obligations	15	4,192	5,662	5,171
Deferred tax liabilities	7	7,597	8,795	7,053
Provisions for other liabilities and charges	20	855	755	556
Other non-current liabilities	19	952	304	1,535
Total non-current liabilities		47,076	48,318	40,033
Current liabilities				
Trade payables		11,416	10,703	10,838
Other current liabilities	19	3,367	5,207	5,235
Accrued expenses and deferred income	17	8,181	7,625	7,136
Current income tax liabilities		2,538	879	6,157
Borrowings	14	10,347	11,186	9,786
Other financial liabilities	18	854	3,890	3,073
Provisions for other liabilities and charges	20	274	1,111	2,091
Total current liabilities		36,977	40,601	44,316
Total liabilities		84,053	88,919	84,349
Total equity and liabilities		182,795	179,260	171,182

¹⁾ Restatement related to amendment of IAS 19 – for further details please refer to note 2.1 and 33.

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

CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)	Note	2013	restated 2012 ¹⁾
Revenue		190,765	188,752
Cost of sales	21-25	(158,508)	(160,026)
Gross profit		32,257	28,726
<i>Gross profit margin</i>		16.9%	15.2%
Distribution costs	21-25	(13,617)	(12,946)
Administrative expenses	21-25	(12,185)	(12,763)
Other operating expenses	21-25	(498)	0
Other operating income	23	1,838	4,198
Operating result (EBIT) ²⁾		7,795	7,215
<i>EBIT margin</i>		4.1%	3.8%
Financial income		1,682	1,297
Financial expenses		(2,631)	(2,828)
Changes in fair value in financial instruments		3,035	(816)
Financial result, net	25	2,086	(2,347)
Profit before income tax		9,881	4,868
Income tax expense	7	(2,341)	(1,775)
Profit for the period		7,540	3,093
<i>Profit margin</i>		4.0%	1.6%
PROFIT ATTRIBUTABLE TO:			
Shareholders of the parent company		7,540	3,093
Minority interests		0	0
EARNINGS PER SHARE IN EUR (BASIC = DILUTIVE)			
	26		
Class A Shares		0.37	0.15
Class B/C Shares		0.01	0.01
Operating result (EBIT)		7,795	7,215
Depreciation, amortization and impairment charges		10,465	9,247
Operating result before depreciation, amortization and impairment charges (EBITDA) ³⁾		18,260	16,462
<i>EBITDA margin</i>		9.6%	8.7%

¹⁾ Restatement related to amendment of IAS 19 – for further details please refer to note 2.1 and 33.

²⁾ Earnings Before Interest and Taxes

³⁾ Earnings before Interest, Taxes, Depreciation and Amortization

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR 1,000)	Note	2013	restated 2012 ¹⁾
Profit for the period		7,540	3,093
Other comprehensive income			
Items not to be reclassified to profit and loss:			
Remeasurements of defined benefit obligation	15	1,970	(149)
Deferred tax effect on actuarial (gains)/losses	7	(317)	49
Total items not to be reclassified to profit and loss		1,653	(100)
Items to be reclassified to profit and loss:			
Currency translation differences		(888)	459
Total items to be reclassified to profit and loss		(888)	459
Total comprehensive income for the period		8,305	3,452
Attributable to:			
Shareholders of the parent company		8,305	3,452
Minority interests		0	0

¹⁾ Restatement related to amendment of IAS 19 – for further details please refer to note 2.1 and 33.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1,000)	Note	2013	restated 2012 ¹⁾
Profit before income tax		9,881	4,868
Adjustments for non-cash transactions			
Amortization on intangible assets	6	3,926	3,311
Impairment on intangible assets	6	498	0
Depreciation on tangible assets	5	6,041	5,936
Losses/(gains) on disposal of assets	23/24	(115)	(93)
Change of provisions		(658)	(140)
Release of earn-out provision	2.8/23	(250)	(2,662)
Adjustments to retirement benefit obligation/prepaid cost (provision)	15	539	230
Financial (income)/expenses	25	1,184	1,144
Changes in fair value in financial instruments	25	(3,035)	816
Other non-cash (income)/expenses		(643)	30
Operating net cash before changes in net working capital		17,368	13,440
Changes to net working capital			
- inventories		4,269	948
- receivables		(1,077)	(626)
- accrued income and prepaid expenses		(32)	236
- liabilities		(203)	(2,582)
- provisions for other liabilities and charges		(79)	(877)
- accrued expenses and deferred income		586	(212)
Tax received (prior periods)		1,761	200
Tax paid		(3,366)	(9,447)
Interest received		51	117
Interest paid		(1,023)	(937)
Cashflows from operating activities		18,255	260
Acquisition of subsidiaries, net of cash acquired	29	(600)	(10,855)
Purchase of tangible assets		(8,938)	(5,886)
Sale of tangible assets		154	233
Purchase of intangible assets		(1,300)	(1,241)
Sale of intangible assets		233	0
Cashflows from investing activities		(10,451)	(17,749)
Increase of borrowings		4,308	7,451
Repayments of borrowings		(3,052)	(3,027)
Proceeds/Repayments of other non-current liabilities		648	(34)
Proceeds from finance lease prepayments ²⁾		751	2,596
Payments of finance lease liabilities		(3,304)	(5,454)
Cashflows from financing activities		(649)	1,532
Net changes in cash and cash equivalents		7,155	(15,957)
Cash and cash equivalents at 1 January		24,426	40,132
Net changes in cash and cash equivalents		7,155	(15,957)
Effect of exchange rate gains/(losses)		(411)	251
Cash and cash equivalents at 31 December		31,170	24,426

¹⁾ Restatement related to amendment of IAS 19 – for further details please refer to note 2.1 and 3.3.

²⁾ The execeet Group made prepayments to suppliers for equipment which have been reimbursed to execeet Group by the finance lease company. These prepayments amount to EUR 751 FY 2013 (2012: EUR 2,596). These cash flows have been presented in the Cash Flow Statement in the line proceeds from finance lease prepayments.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR 1,000)	Note	Issued and paid-in share capital	Capital reserves	Treasury shares	Share-based payments IFRS 2	Retained earnings	Foreign currency transl. diff.	Total shareholders of the parent company
BALANCES AT 1 JANUARY 2013	13	528	65,485	(4,525)	56	19,488	9,309	90,341
Profit for the period					7,540			7,540
Other comprehensive income:								
Remeasurements of defined benefit obligation	15					1,970		1,970
Deferred tax effect on actuarial (gains)/losses	7					(317)		(317)
Currency translation differences							(888)	(888)
Total other comprehensive income for the period		0	0	0	0	1,653	(888)	765
Total comprehensive income for the period		0	0	0	0	9,193	(888)	8,305
Share-based payments	16				96			96
Total other equity effects		0	0	0	96		0	96
BALANCES AT 31 DECEMBER 2013		528	65,485	(4,525)	152	28,681	8,421	98,742
BALANCES AT 1 JANUARY 2012	13	528	65,485	(4,525)	0	15,263	8,850	85,601
Restatement IAS 19						1,480		1,480
Tax effect restatement IAS 19						(248)		(248)
BALANCES AT 1 JANUARY 2012 RESTATED¹⁾		528	65,485	(4,525)	0	16,495	8,850	86,833
Profit for the period						3,093		3,093
Other comprehensive income:								
Remeasurements of defined benefit obligation	15						(149)	(149)
Deferred tax effect on actuarial (gains)/losses	7						49	49
Total other comprehensive income for the period		0	0	0	0	(100)	459	359
Total comprehensive income for the period		0	0	0	0	2,993	459	3,452
Share-based payments	16				56			56
Total other equity effects		0	0	0	56		0	56
BALANCES AT 31 DECEMBER 2012 RESTATED		528	65,485	(4,525)	56	19,488	9,309	90,341
BALANCES AT 31 DECEMBER 2012 RESTATED		528	65,485	(4,525)	56	19,488	9,309	90,341

¹⁾ Restatement related to an amendment of IAS 19 – for further details please refer to note 2.1 and 3.3.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION CONCERNING THE COMPANY

exceet Group SE (“Company”) - collectively with its subsidiaries - is the successor company of a reversed asset acquisition of exceet Group SE (formerly named Helikos SE) and exceet Group AG with effect from 26 July 2011. The reversed asset acquisition was the result of a planned arrangement whereby exceet Group AG was acquired by exceet Group SE with former exceet Group AG shareholders receiving de facto control of exceet Group SE and with the Management and Board of Directors of exceet Group AG becoming the Management and Board of Directors of exceet Group SE.

exceet Group SE, is incorporated as a Société Européenne under the law of Luxembourg. The Company was incorporated on 9 October 2009 as Helikos SE and renamed to exceet Group SE on 27 July 2011. The registered office is at 115 avenue Gaston Diderich, L-1420 Luxembourg. exceet Group SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) under the symbol “EXC” on 4 February 2010.

The consolidated exceet Group SE (“Group” or “exceet”) includes all relevant companies in which exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. All companies consolidated into the Group are disclosed in note 30 “List of consolidated subsidiaries of exceet Group SE”.

exceet is an international technology group specialized in the development and manufacturing of intelligent, mission critical and secure electronics of small and mid-size volumes. The Group provides worldwide added value solutions and distinguishes through its

technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets.

The Group differentiates and reports in three business segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Embedded Security Solutions (ESS).

The ECMS segment (74% of Group Sales 2013) develops and produces complex, integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of the customers. This segment offers a wide portfolio of innovative, integrated electronic solutions. The products and services of the ECMS segment are aimed primarily at customers in the sectors of medical and healthcare, industrial automation, security and avionics.

The IDMS segment (24% of Group Sales 2013) is engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the Company considers itself as one of the leading providers of comprehensive solutions for high-tech smart cards and the corresponding card reading devices in Europe. IDMS security solutions are used primarily in the sectors of financial services, security, public sector, transportation, healthcare, as well as retail.

The ESS segment (2% of Group Sales 2013) combines the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected mar-

kets. The ESS segment focuses on security solutions for customers in the sectors of medical and healthcare, industrial automation, financial services, security, avionics and the public sector.

except is mainly focusing on the markets in Europe, but is also active in the markets of USA and Asia-Pacific. The Group consists of 20 legal entities with 14 locations in Austria, the Czech Republic, Germany, Luxembourg, the Netherlands and Switzerland. This setup allows the Group to benefit from specific local advantages (e.g. customer proximity) and to apply a flexible production process necessary to fulfill the specific requirements of customers.

The consolidated financial statements as of 31 December 2013 were approved by except Group SE's Board of Directors on 28 February 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of except are based on the financial statements of the individual group companies drawn up according to uniform accounting principles at 31 December. They were drawn up in accordance with the International Financial Reporting Standards (IFRS) 2013 and comply with Luxembourg law. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets at market value.

The accounting principles applied to the consolidated annual financial statements at 31 December 2013 have been amended to comply with all new and revised IFRS standards and interpretations issued by the International Accounting Standards Board ('IASB') as well as the IFRS Interpretations Committee and adopted by the European Union (EU) with effective date in 2013:

- IAS 1 (Amendment)
"Financial statement presentation regarding other comprehensive income".
Requirement for entities to arrange items presented in 'other comprehensive income' (OCI) into groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
This change of presentation is reflected in the statement of comprehensive income.
- IAS 19 (Amendment)
"Employee benefits"
All past service costs have to be immediately recognized; and to replace interest cost and expected

return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

See note 33 "Changes in accounting policies" for the impact on the financial statements.

- IFRS 7 (Amendment)
"Financial instruments: Disclosures on asset and liability offsetting".
New disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
Not relevant for except.
- IFRS 13 (New)
"Fair value measurement"
The new standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.
The more precise definition of fair value is used for all measurements and disclosures.
- IAS 36 (Amendment)
"Impairment of assets"
The amendment removed certain disclosures concerning recoverable amounts of cash-generating Units (CGU).
The Group has decided to early adopt the amendment as of 1 January 2013 (see note 6 "Intangible assets").

A number of new standards, amendments and interpretations are effective for annual periods beginning after 31 December 2013 and have not been applied in preparing these consolidated financial statements.

- IFRS 9 (New)
“Financial instruments”
(no effective date set by the IASB)
The standard covers the classification, measurement and recognition of financial assets and financial liabilities. The requirement is to classify financial assets into two measurement categories: those measured at fair value and those measured at amortized cost. The main change concerns cases where the fair value option is taken for financial liabilities. The part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than in the income statement. The effect on the consolidated accounts cannot yet be determined with sufficient reliability.
 - IFRS 10 (New)
“Consolidated financial statements”
(effective date: 1 January 2014)
This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
No impact on the consolidated financial statements is expected.
 - IFRS 11 (New)
“Joint arrangements”
(effective date: 1 January 2014)
The new standard establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly: i.e. joint arrangements. The standard defines the two types of joint arrangements: joint operations or joint ventures and focuses on the rights and obligations of the parties to the arrangement rather than its legal form.
No impact on the consolidated financial statements is expected.
 - IFRS 12 (New)
“Disclosures of interests in other entities”
(effective date: 1 January 2014)
New disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- No impact on the consolidated financial statements is expected.
- IAS 27 (Revised)
“Separate financial statements”
(effective date: 1 January 2014)
This amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity, defined in the amendment. The effect on the consolidated accounts cannot yet be determined with sufficient reliability.
 - IAS 32 (Amendment)
“Financial instruments: Presentation -offsetting financial assets and financial liabilities”
(effective date: 1 January 2014)
Clarification on the requirements for offsetting financial assets and financial liabilities on the balance sheet.
No impact on the consolidated financial statements is expected.
 - IFRIC 21 (New)
“Levies”
(effective date: 1 January 2014)
This new interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised.
No impact on the consolidated financial statements is expected.

2.2 PRINCIPLES OF CONSOLIDATION

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which except Group SE directly or indirectly exercises control (see note 30 with a list of the significant group companies). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than

50 % of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

For the consolidated entities, 100 % of assets, liabilities, income and expenses are included. Group companies acquired during the year are included in the consolidation from the date on which control over the acquired company is transferred to the Group, and are excluded from the consolidation as of the date the Group ceases to have control over the company. Intercompany balances and transactions (including unrealized profit on intercompany inventories) are eliminated in full.

2.3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services. The operating business segments are based on Management's internal reporting. The Group has three main business segments, representing different subsidiaries (see also section "1 General information"). The Management Board's decisions are based on the Management reporting.

2.4 CURRENCY TRANSLATION

REPORTING CURRENCY AND FUNCTIONAL CURRENCY

Items contained in the subsidiaries' financial statements are recognized in the currency of the primary economic environment in which the respective subsidiary operates ("Functional Currency"). Each entity within the Group determines its own functional currency. In principle, the functional currencies of the subsidiaries included in the consolidated financial statements are their respective local currencies.

The consolidated financial statements of except are prepared in euro (EUR), the presentation currency of the Group.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction between the functional currency and the foreign currency. All resulting foreign exchange differences are recognized in the income statement.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate differences are recorded in the income statement. Non-monetary assets and liabilities are translated at the historical rate.

GROUP COMPANIES

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for balance sheet are translated at the closing rate at the balance sheet date
- Income and expenses for income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)
- All resulting exchange differences are recognized in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. At the time the foreign operation is partially disposed of or sold, these exchange differences that were recorded in equity are recognized into the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the transaction date rate.

2.5 ACCOUNTING AND VALUATION PRINCIPLES

CASH AND CASH EQUIVALENTS

This item includes cash in hand and cash at banks, time deposits and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The cash flow statement summarizes the movements on cash and cash equivalents.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables initially are recorded at original invoice amount, which is considered to be at fair value, less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the invoice. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

INVENTORIES

Purchased raw materials, components and finished goods are valued at the lower of cost or net realizable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

To evaluate cost, the standard cost method is applied, which approximates historical cost determined on an average basis. Standard costs take into account normal levels of materials, supplies, labor, efficiency and capacity utilization. Standard costs are regularly reviewed and, if necessary, revised in the light of current conditions. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Manufactured finished goods and work in progress are valued at the lower of production cost or net realizable value. Provisions are established for slow-moving, obsolete and phase-out inventory.

TANGIBLE ASSETS

Tangible assets are valued at purchase cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the expected useful lives of the individual assets or asset categories. Where an asset comprises several parts with different useful lives, each part of the asset is depreciated separately over its applicable useful life.

Land is not depreciated. The applicable useful lives are:

- buildings 30 - 50 years
- machinery & production facilities 5 - 10 years
- equipment 5 - 8 years
- vehicles 4 years
- IT hardware 3 years

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy for owned assets. If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure on an item of tangible assets is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures for repair and maintenance which do not increase the estimated useful lives of the related assets are recognized as expenses in the period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 5 "Tangible assets").

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other operating income/loss in the income statement.

LEASING

Assets that are held under leases which effectively transfer to the Group the risks and rewards of ownership (finance leases) are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Minimum lease payments are the payments over the lease term that the Group is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by the Group and reimbursed from the lessor, together with any amounts guaranteed by the Group or by a party related to the Group. Assets under financial leasing are depreciated over their estimated useful life. The corresponding financial obligations are classified as “current borrowings” or “non-current borrowings”, depending on whether they are payable within or after 12 months.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group’s benefit.

INTANGIBLE ASSETS

Purchased intangible assets are measured initially at cost; intangible assets acquired in a business combination are measured at fair value. Intangible assets are recognized when they are identifiable and controlled by the Group, when it is probable that future economic benefits to the Group can be expected from the asset and when cost can be measured reliably. With respect to intangible assets, it must first of all be determined whether they have finite or indefinite useful lives. Intangible assets with a finite useful life are amortized over their useful life and shall be tested for possible impairment whenever an indication exists that such intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each financial year. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category that corresponds to the intangible asset’s function. Intangible assets that are not ready to use are not subject to amortization and are tested annually for impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Client base, technology, brands

Client base purchased or acquired through a business combination is amortized over a useful life. The useful life is estimated between 10 – 15 years. Purchased technology is amortized over a useful life; usually a period of 5 years and technology acquired through a business combination is amortized between 5 – 10 years, due to the additional know-how basis included (e.g. employees). Brands are amortized over 5 – 15 years depending on the useful life. For amortization, the Group applies the straight-line method. Except for goodwill, the Group has no intangible asset with an indefinite useful life.

Software

Software is amortized over a useful life of 3 – 5 years, unless the software is part of a machine. In this case, the useful life could depend on the machine or the technical equipment.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

BUSINESS COMBINATIONS AND GOODWILL

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred the amount on non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested at least annually for impairment and carried at cost, less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

OTHER FINANCIAL LIABILITIES

Public warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore, they are classified as financial liabilities at fair value through profit or loss. The fair value is determined by the rating of the warrants on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) at the reporting date.

Other financial liabilities such as trade and other payables as well as accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

PROVISIONS

A provision is only recorded if the Company has a present (legal or constructive) obligation arising from a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If a provision could not be recorded because not all of the aforementioned criteria were fulfilled, the relevant obligation is then disclosed as a contingent liability.

Provisions are reviewed at each balance sheet date and adjusted to the currently available best estimate. If the resulting interest rate effect is material, the provision is discounted to the present value of the estimated cash outflows necessary to settle the obligation. For provisions that are discounted, the increase in the provisions that reflect the time lapsed is recorded as interest expense. Where it is expected that another party will partly or fully settle the obligation that has been provided for, the reimbursement will only be recognized once it is virtually certain that the Group will receive the reimbursement.

INCOME TAXES/DEFERRED INCOME TAXES

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted

at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns,

discounts and after eliminating intercompany sales. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity when specific criteria have been met for each of the Group's activities as described below.

The revenue of the Group mainly comprises revenues for the sale of goods. In addition, except generates some revenues from the sale of services.

Revenue from Sale of Goods

Revenue from the sale of produced goods and prototypes is recorded as income at the time of delivery. Trade discounts and returns are deducted. The Group typically sells its products through purchase orders under contracts that include fixed or determinable prices and that generally do not include a right of return or similar provisions or other significant post-delivery obligations. Delivery does not occur until products have been shipped to the specified location and the risks of obsolescence and loss have been transferred to the customer.

Revenue from Services

The Group sells consulting, research and development services to its ECMS customers. Services for IDMS customers encompass administrative services, like personalization, as well as initialization of cards. Sales of services are recognized in the accounting period in which the services are rendered.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group reviews at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or, where it is not possible to estimate the recoverable amount of an individual asset, a cash-generating unit, is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment of financial assets is described under the section on financial instruments.

RELATED PARTIES

A party is related to an entity if the party directly or indirectly controls, is controlled by, or is under common control of the entity, has an interest in the entity that gives it significant influence over the entity, has joint control over the entity or is an associate or a joint venture of the entity. In addition, members of key management and close members of their families are also considered as related parties.

RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit pension plans. A defined benefit plan is a pension plan which defines the pension obligation amount that the employee will receive at retirement age. This amount usually depends on one or more factors, such as age, period of service and salary.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses, resulting from changes in actuarial assumptions and differences between assumptions and actual experiences, are recognized in the period in which they occur outside the income statement directly in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in the income statement.

SHARE-BASED PAYMENTS

The Group operates one equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant

of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g. an entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expenses are recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

It is the intention to use the currently held treasury shares for the settlement of the options at grant date.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

DEFINITION OF NON-GAAP MEASURES

Earnings before interest and taxes (EBIT) are a subtotal which includes all operating income and expenses before addition/deduction of financial income and expenses and income taxes.

Earnings before interest, taxes, depreciation and amortization (EBITDA) are a subtotal which includes all operating income and expenses before addition/deduction of depreciation of fixed assets, amortization of intangibles, impairment of assets, financial income and expenses and income taxes.

GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

RECLASSIFICATIONS

Certain amounts in the 31 December 2012 financial statement notes have been reclassified to conform to the 31 December 2013 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on total revenues, expenses, profit for the year or equity as previously reported.

2.6 FINANCIAL ASSETS

except classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the investments were

acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever their intention or ability changes.

- Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.
- Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (see note 2.5 “Accounting and Valuation Principles”).

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “Financial assets at fair value through profit or loss” category are presented in the income statement within “Change in fair value in financial instruments”, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group’s right to receive payments is established.

The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in the consolidated statement of comprehensive income.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in the section “2.5 Accounting and Valuation Principles – trade receivables and other receivables”.

The fair value hierarchy has the following levels:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, alternative prices) or indirectly (that is, derived from prices)

Level 3: Classification for asset or liabilities which are not valued on observable market data (that is, unobservable inputs, for instance estimation and assumptions)

2.7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CRITICAL JUDGMENTS IN APPLYING ENTITY'S ACCOUNTING POLICIES

Deferred tax

Certain deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Inventories

For the valuation adjustment of inventories, Management uses judgment which is based on past experience. To determine the inventory provision, the past

experience turnover of the inventory is used as the basis for the calculation.

Intangible and tangible assets

except reviews regularly the useful life of its intangible assets with definite useful life and also if there are triggering events for a potential impairment. Such triggering events could be a change of the customer base, of the technology or reputation damage of the brand or the software not to be useful anymore. Such assessments are based on estimates which are substantially based on the continued benefit of the intangible asset for the Group.

The Group also regularly assesses the useful life of its tangible assets life and also if there are triggering events for a potential impairment. Such assessment is made on estimates which are based on the technical efficiency, the applicability and the continued use of the tangible assets.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations with an appropriate discount rate. These calculations require the use of estimates.

The Group has performed a sensitivity analysis on the following critical factors of the calculation:

- If the estimated gross margin at 31 December 2013 had been 2 % lower than management's estimates at 31 December 2013 (for example, 32.34 % instead of 33 %), the estimated recoverable amount still exceeds the carrying amount.

- If the estimated pre-tax discount rate applied to the discounted cash flows had been 10 % higher than management's estimates (for example, 11.33 % instead of 10.3 %), the estimated recoverable amount still exceeds the recoverable amount.

Provisions

The Group is exposed to different risks. Management assumes at the current time that the provisions cover the different risks of the Group. However it is possible that the situation will change and the costs are not covered with the existing provisions or the costs are lower than expected. Any arising changes can have effects on future periods. For details refer to note 20 "Provisions for other liabilities and charges".

Retirement benefit obligation

Actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. The actuary also uses statistical data such as mortality tables and staff turnover rates in the actuarial calculations performed with a view to determining employee benefit obligations. If these parameters change due to a change in economic or market conditions, the subsequent result can deviate considerably from the actuarial report and calculation.

Over the medium term, this deviation can have a significant effect on income and expenses arising from employee benefit plans. The carrying amounts of the plan assets and liabilities carried in the balance sheet are set out in note 15 "Retirement benefit obligations".

Share-Based Payments

For the Management Stock Option Program (MSOP), the Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment

transactions are disclosed in note 16 "Share-based payments".

Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues on the basis of estimates of whether additional taxes are due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Acquisition related earn-out payment

The basis for the calculation of potential earn-out payments are the agreed medium term plans. If the plan is not met, the earn-out payment will differ from the estimated payment. Such adjustment will be recognized in the income statement.

2.8 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities are exposed to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and public warrant fair value risk), credit risk and liquidity risk. The Group's overall risk management system aims to identify key financial risks at an early juncture, both within the companies and at the Group level, and to implement appropriate countermeasures to minimize potential adverse effects on the Group's financial performance.

MARKET RISK

Foreign exchange risk

The Group companies generate revenue mostly in euros, Swiss francs and to a smaller extent in US dollars. Most of the equipment and the raw materials

are purchased from European manufacturers or distributors in euros. Concerning the Swiss companies, the revenues generated do not fully cover the Company's demand for euros. Management has instructed the sales team to price goods in euros where possible.

The revenue generated in US dollars is generally used for the procurement of equipment, services or raw material and has usually balanced out in the past thus providing a natural hedge. Management has instructed the sales team to either price the products in euros and Swiss francs, to include exchange rate adjustments in framework contracts or to include an adequate foreign exchange margin in the pricing.

Generally foreign currencies are only kept if future payments are expected to be made in a particular currency. Foreign currency exposure is mitigated by balancing the currency needs among the Group companies. With the addition of the new companies into the Group, the possibility of inter-exchanging foreign currencies has improved within the Group and natural hedging procedures cover extensively the risks that occur. The Group does not enter into any hedging transactions.

The Group is exposed to foreign exchange risks especially with regards to the Swiss francs and US dollars.

As of 31 December 2013, the profits for the period would have been EUR 508 lower (2012: EUR 208) if the Swiss francs had weakened 10 % against the euros ceteris paribus. With a stronger Swiss francs to the euros exchange rate, profits would have been increased by similar amounts. This effect is caused by foreign exchange gains/losses of euro-denominated

Foreign exchange rates

The exchange rates relevant to the annual financial statements were:

	31 December 2013	Average 2013	31 December 2012	Average 2012
1 CHF	0.81	0.81	0.83	0.83
1 USD	0.73	0.75	0.76	0.78

Price risk

The Group is not exposed to investment price risk; however, there is a material and raw material price risk for the production of electronic applications and smart cards.

trade account receivables and trade account payables. Similarly, as of 31 December 2013, the profits for the period would have been EUR 23 lower (2012: EUR 138) if the US dollar had weakened by 10 % against the euros ceteris paribus. With a stronger dollar, profits would have increased by the same extent, mainly due to foreign exchange gains/losses of US dollar-denominated trade account receivables and trade account payables.

ECMS Segment

With a high value-add, the printed circuit board (PCB) factory has low exposure to raw material prices. Raw material prices for epoxy and polyimide are mildly driven by the oil price, whereas copper, nickel and gold are purchased at spot rates. However, the total cost component of copper is minimal to the average selling price and hence the influence on the margin is limited. In extreme cases, the subsidiary is able to renegotiate selling prices with the clients to adjust for raw material price hikes.

Material content in electronic modules and systems can be high and this implies an associated price risk. The electronic component market is characterized by supply and demand. After certain shortages and long lead times the component market stabilized in 2012 and 2013.

The Group, in close cooperation with its customers, guarded effectively against these risks with long-term supplier contracts, increased inventory levels and the storage of discontinued parts. Higher component costs and the cost of increased inventories were shared with the clients whenever possible. Inventories are at all times covered by open purchase orders from customers. As a result it was possible to largely satisfy deliveries to customers over the past financial year.

IDMS Segment

Most of the products produced and sold in the IDMS segment are highly customized. There are hardly any comparable products available from potential competitors; the price risks are therefore minor. As most of the products are produced using standard components, price increases for these components can be either avoided by changing to another supplier or they can be passed on to customers.

ESS Segment

Most of the revenues within the ESS segment are generated through software, cloud services and professional services. The software and cloud services are helping organizations to optimize their business processes as well as to comply with international and national legal environments. If legal environments are changing or may become obsolete, customers may demand changes of the software and services or may terminate related agreements. The ESS segment monitors precautionary legal environments in many countries directly or through partners and customers, enabling the ESS segment to adapt quickly to future legal and other changes which might be requested by ESS's customers.

Cash flow and fair value interest rate risk

Cash flow risk is categorized as very low as a result of the Company's good liquidity position and strong cash flow generation.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The duration for which the Group has fixed the interest rates depends on the current interest conditions in the market.

For most of the long-term borrowings, the Group has capped LIBOR or EURIBOR based variable interest rates thus limiting the interest rate risk.

Covenants, as agreed with the lending banks, determine the interest rate margin over the LIBOR or EURIBOR. This margin largely depends on business performance of the Group (leverage ratio). Compliance with the financial covenants means that the Group has good credit standing with banks and access to further financing resources. In addition, banks provide credit lines that also create scope for short-term financial maneuver.

Sensitivity Analysis

If the interest rates of the different long-term borrowings would have been higher/lower by 100 basis points, with all other variables held constant, the Group would have had higher/lower interest expenses in 2013 of EUR 352 (2012: EUR 338). The Group's borrowings at variable and fixed rates are denominated in EUR and CHF.

Public Warrant fair value risk

except's Public Warrant fair value risk are accounted for as financial liability recognized at fair value through profit or loss. The fair value is based on the quoted market price of the public warrants. A change in the market price of the public warrants will impact the profit and loss and the equity as well as the amount of the liability. An increasing market price for the public warrants would result in a higher liability and a loss in the comprehensive income of except Group SE.

Sensitivity Analysis

The closing price for the public warrants for the year ended 31 December 2013 was quoted at 4 eurocent. An increase in the market price of 10 % would result in a loss and a negative equity impact of EUR 40 whereas a decrease of 10 % in the market price would result in a gain and a positive equity impact of the EUR 40.

CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions are managed by individual Group companies. For banks and financial institutions, only independently rated parties with a minimum rating of "A-" are accepted for all significant relationships. Furthermore, the risk on cash and cash equivalents is minimized by the consideration of different financial institutions. For the risk control assessment of customers, the credit quality of the customer takes into account its financial position, past experience and other factors. Based on the varying customer

structure within the Group, no specific individual credit limits are defined by the Group. Accounts receivables are regularly monitored and supported by an effective accounts receivables management method in close cooperation with key account managers.

The table below shows the trade receivables balances of the counterparties of each subsidiary as per the balance sheet date. Management does not expect any losses from non-performance by these counterparties.

TRADE RECEIVABLES (in EUR 1,000)	2013	2012
COUNTERPARTIES WITH EXTERNAL CREDIT RATING ¹⁾		
AA	1,458	1,476
A+	3,595	3,608
BBB	1,089	285
Total counterparties with external credit rating	6,142	5,369
COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING		
Group 1	1,189	391
Group 2	8,360	11,983
Group 3	7,086	2,323
Total counterparties without external credit rating	16,635	14,697

Group 1 - new customers/related parties less than 6 months.

Group 2 - existing customers/related parties since more than 6 months with no defaults in the past.

Group 3 - existing customers/related parties since more than 6 months with some defaults in the past (all defaults were fully recovered).

¹⁾ Source for external credit rating: Standard&Poor's

The table below shows the bank balances rated:

CASH AT BANK AND SHORT-TERM BANK DEPOSITS (in EUR 1,000)	2013	2012
BANKS WITH EXTERNAL CREDIT RATING ¹⁾		
AAA	7,517	4,470
AA	72	1,359
AA-	2	11
A+	10,179	11,672
A	7,104	3,479
A-	5,097	1,935
BBB	1,097	1,062
Not rated	102	438
Total cash at bank and short-term bank deposits	31,170	24,426

¹⁾ Source for external credit rating: Standard&Poor's

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and

the ability to close out market positions. The Group monitors its risk of suffering a shortage of funds on a monthly basis. In addition, Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyzes the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(in EUR 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
BALANCE AT 31 DECEMBER 2013					
Bank borrowings	2,835	5,891	19,253	5,921	33,900
Other borrowings	8,043	1,408	2,578	0	12,029
Trade payables	11,416	0	0	0	11,416
Other payables	3,367	52	99	207	3,725
BALANCE AT 31 DECEMBER 2012					
Bank borrowings	3,345	5,107	19,372	4,470	32,294
Other borrowings	8,394	1,004	3,855	0	13,253
Trade payables	10,703	0	0	0	10,703
Other payables	5,207	49	69	186	5,511

The financial liability resulting from public warrants with a carrying amount of EUR 800 as at 31 December 2013, is not subject to liquidity risk. Public warrants will be settled net in shares; therefore, the exercising of public warrants will not trigger any cash outflows.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide added value to the shareholders and benefits for other stakeholders; to maintain a favourable capital structure to reduce the cost of capital and to enable the Group to continue to focus on growth.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. During the last few years, the Group's strategy was to maintain a gearing ratio of a maximum of 30 %. The gearing ratios at 31 December 2013 and 2012 were as follows:

(in EUR 1,000)	2013	2012
Bank borrowings	32,188	31,279
Finance lease	6,017	7,153
Total borrowings	38,205	38,432
Less: cash and cash equivalents	(31,170)	(24,426)
Net (cash)/debt	7,035	14,006
Equity	98,742	90,341
Loan due to shareholder subordinated	5,622	5,556
Total equity and equity equivalents	104,364	95,897
Total capital	111,399	109,903
<i>Gearing ratio</i>	<i>6%</i>	<i>13%</i>

The decrease in gearing ratio in 2013 resulted from a stable level of borrowings (see note 14 "Borrowings") and a higher inflow of cash and cash equivalents, mainly due to working capital management, with focus on reduced inventory levels (note 8).

FAIR VALUE ESTIMATION

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, alternative prices) or indirectly (that is, derived from prices)

Level 3: Classifications for assets or liabilities that are not valued on observable market data (that is, unobservable inputs, for instance estimation and assumptions)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013, respectively at 31 December 2012.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
31 DECEMBER 2013				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				
Interest cap		0		0
Total		0		0
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				
Interest cap		54		54
Public warrants	800			800
Earn-out liability			0	0
Total	800	54	0	854
31 DECEMBER 2012				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				
Interest cap		6		6
Total		6		6
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				
Interest cap		90		90
Public warrants	3,800			3,800
Earn-out liability			269	269
Total	3,800	90	269	4,159

The group policy demands the recognition of transfers into or out of fair value hierarchy levels as of the date of the event or at the change of circumstances that caused the transfer. There were no transfers between the levels during the reporting period.

Level 1 public warrants are valued on the quoted market price at the balance sheet date. The public warrants are listed on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

Level 2 interest caps were valued at fair value by using mark-to-market calculations of observable inputs of interest yield curves.

The level 3 fair value of the earn-out liability is related to the contingent consideration payable for the acquisition of excecet Card AG (former Winter AG), based on the net profit performance in 2013 of the company. The earn-out liability is limited to the net profit performance of the entity, as an over performance will not increase the earn-out liability, but an under performance will reduce the liability straight line.

As of the year-end 2012 management used the financial budget for the year 2013 as basis for the assessment of the probable performance of the entity and in consideration of the contractual agreements estimated to reach the performance target and valued the earn-out liability to be at EUR 250. As of the year-end

2013 the actual financial performance 2013 build the base for the assessment, as the entity did not meet the performance targets agreed in the contingent consideration. As a consequence the earn-out liability was released to the profit and loss accounts.

Management is assisted for the valuation of financial assets required for financial reporting purposes, including level 3 fair values, by the Group's finance department. Discussions of valuation processes and results are held regularly between the CFO and the finance department.

The following tables are presenting the changes in Level 3 instruments:

(in EUR 1,000)		Total
Balance at 1 January 2013	269	269
Earn-out of acquisition		
Settlements		
Paid into escrow account (note 29)		
Gains recognized in profit or loss	(250)	(250)
Currency translation differences	(19)	(19)
Balance at 31 December 2013	0	0
Total (gains)/losses for the period included in profit or loss (note 23)	(250)	(250)
Balance at 1 January 2012	1,509	1,509
Earn-out of acquisition	1,900	1,900
Settlements	(300)	(300)
Paid into escrow account (note 29)	(200)	(200)
Gains recognized in profit or loss	(2,662)	(2,662)
Currency translation differences	22	22
Balance at 31 December 2012	269	269
Total (gains)/losses for the period included in profit or loss (note 23)	(2,662)	(2,662)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. SEGMENT INFORMATION

The Group has three main business segments, Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Embedded Security Solutions (ESS), representing different subsidiaries. The segment information is presented on the same basis as for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Group's Chief Operating Decision Maker

– Management Board. In addition, the Group has a fourth segment "Corporate and others" for reporting purposes, which only includes the investment companies. Companies of except Group SE, which have been subject of reverse asset acquisition, have been assigned to the segment "Corporate and others".

The segment results are as follows:

2013 (in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Inter-segment elimination	Group consolidated
External revenue	140,740	45,644	4,381	0		190,765
Inter-segment revenue	377	29	0	309	(715)	0
Total revenue	141,117	45,673	4,381	309	(715)	190,765
EBITDA	20,202	2,498	(323)	(4,117)		18,260
<i>EBITDA Margin</i>	14.3%	5.5%	-7.4%			9.6%
Depreciation, amortization and impairment	(7,044)	(2,681)	(694)	(46)		(10,465)
EBIT	13,158	(183)	(1,017)	(4,163)		7,795
<i>EBIT Margin</i>	9.3%	-0.4%	-23.2%			4.1%
Financial income	595	229	1	1,063	(206)	1,682
Financial expense	(1,182)	(577)	(21)	(1,057)	206	(2,631)
Changes in fair value in financial instruments	0	35	0	3,000		3,035
Financial result – net	(587)	(313)	(20)	3,006	0	2,086
Profit before income tax	12,571	(496)	(1,037)	(1,157)		9,881
Income tax expense	(2,747)	(71)	348	129		(2,341)
Profit for the period	9,824	(567)	(689)	(1,028)		7,540
Non-current assets	67,927	24,452	2,256	432		95,067
Current assets	68,052	15,311	1,389	2,976		87,728
Liabilities	40,587	21,729	1,906	19,831		84,053
Capital expenditure tangible assets	8,108	2,291	20	4		10,423
Capital expenditure intangible assets	670	16	478	136		1,300
Depreciation tangible assets	(3,807)	(2,142)	(51)	(41)		(6,041)
Amortization intangible assets	(3,237)	(539)	(145)	(5)		(3,926)
Impairment tangible assets	0	0	0	0		0
Impairment intangible assets	0	0	(498)	0		(498)
Impairment of goodwill	0	0	0	0		0
restated 2012 (in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Inter-segment elimination	Group consolidated
External revenue	132,234	52,811	3,707	0		188,752
Inter-segment revenue	184	128	0	329	(641)	0
Total revenue	132,418	52,939	3,707	329	(641)	188,752
EBITDA	15,788	2,504	(112)	(1,718)		16,462
<i>EBITDA Margin</i>	11.9%	4.7%	-3.0%			8.7%
Depreciation, amortization and impairment	(6,106)	(2,859)	(209)	(73)		(9,247)
EBIT	9,682	(355)	(321)	(1,791)		7,215
<i>EBIT Margin</i>	7.3%	-0.7%	-8.7%			3.8%
Financial income	986	216	3	361	(269)	1,297
Financial expense	(1,660)	(513)	(14)	(910)	269	(2,828)
Changes in fair value in financial instruments	0	(16)	0	(800)		(816)
Financial result – net	(674)	(313)	(11)	(1,349)	0	(2,347)
Profit before income tax	9,008	(668)	(332)	(3,140)		4,868
Income tax expense	(1,909)	(78)	131	81		(1,775)
Profit for the period	7,099	(746)	(201)	(3,059)		3,093
Non-current assets	67,117	24,984	2,122	348		94,571
Current assets	64,002	16,292	727	3,668		84,689
Liabilities	40,484	17,081	1,284	30,070		88,919
Capital expenditure tangible assets	7,201	2,325	46	33		9,605
Capital expenditure intangible assets	616	326	391	192		1,525
Depreciation tangible assets	(3,428)	(2,423)	(42)	(43)		(5,936)
Amortization intangible assets	(2,678)	(436)	(167)	(30)		(3,311)
Impairment tangible assets	0	0	0	0		0
Impairment intangible assets	0	0	0	0		0
Impairment of goodwill	0	0	0	0		0

Entity-wide information

Breakdown of the revenue from all segments is as follows:

(in EUR 1,000)	2013	2012
Revenue		
- Sale of Goods	168,216	177,945
- Services	22,549	10,807
Total	190,765	188,752

Top customer information

In 2013, 11.8 % (2012: 9.6%) of total revenue of the Group was generated with one client from ECMS. The Group does not generate more than 10% of its revenue with any other client.

Breakdown of the revenue by geographic segments

In addition, a breakdown of sales is presented by country of end customer, which shows the geographic segments according to the country in which the products are used.

(in EUR 1,000)	Revenue 2013	in %	Revenue 2012 ¹⁾	in %
Europe (excl. Germany)	106,399	55.8%	112,553	59.6%
Germany	72,413	38.0%	62,980	33.4%
USA	2,693	1.4%	2,535	1.4%
Asia	8,028	4.2%	10,423	5.5%
Rest of the world	1,232	0.6%	261	0.1%
Total	190,765	100.0%	188,752	100.0%

¹⁾ Revenue split for 2012 has been adapted to conform with 2013 split by geographic region.

The assets and capital expenditure is allocated based on where the assets are located. The non-current assets can geographically be allocated to Switzerland EUR 40,017 (2012: EUR 42,909), Germany EUR 31,773 (2012: EUR 26,828), Netherlands EUR 373 (2012: EUR 469), Austria EUR 21,042 (2012: EUR 22,427) and Czech Republic EUR 1,862 (2012: EUR 1,938).

4. FINANCIAL INSTRUMENTS BY CATEGORY

31 DECEMBER 2013 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit and loss	Total
ASSETS AS PER BALANCE SHEET			
Derivative financial instruments		0	0
Trade and other receivables excluding prepayments	24,725		24,725
Cash and cash equivalents	31,170		31,170
Total	55,895	0	55,895

31 DECEMBER 2013 (in EUR 1,000)	Other financial liabilities at amortized cost	Liabilities at fair value through profit and loss	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)	37,810		37,810
Finance lease liabilities	6,017		6,017
Derivative financial instruments		54	54
Public Warrants		800	800
Trade and other payables excluding statutory liabilities	15,735		15,735
Accrued income and prepaid expenses	8,181		8,181
Total	67,743	854	68,597

31 DECEMBER 2012 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit and loss	Total
ASSETS AS PER BALANCE SHEET			
Derivative financial instruments		6	6
Trade and other receivables excluding prepayments	23,511		23,511
Cash and cash equivalents	24,426		24,426
Total	47,937	6	47,943

31 DECEMBER 2012 (in EUR 1,000)	Other financial liabilities at amortized cost	Liabilities at fair value through profit and loss	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)	36,835		36,835
Finance lease liabilities	7,153		7,153
Derivative financial instruments		90	90
Public warrants		3,800	3,800
Trade and other payables excluding statutory liabilities	15,945	269	16,214
Accrued income and prepaid expenses	7,625		7,625
Total	67,558	4,159	71,717

5. TANGIBLE ASSETS

2013 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under cons- truction	Total
ACQUISITION COSTS							
As of 1 January 2013	13,764	47,800	4,420	340	2,008	2,795	71,127
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0
Additions	20	4,122	390	61	223	5,607	10,423
Disposals	(1,646)	(702)	(44)	(196)	(97)	0	(2,685)
Transfer to other category	8,125	74	(44)	0	4	(8,159)	0
Currency translation differences	(84)	(275)	(47)	(4)	(7)	(6)	(423)
As of 31 December 2013	20,179	51,019	4,675	201	2,131	237	78,442
ACCUMULATED DEPRECIATION							
As of 1 January 2013	(4,648)	(31,056)	(2,138)	(213)	(1,553)	0	(39,608)
Additions	(618)	(4,461)	(624)	(47)	(291)	0	(6,041)
Disposals	1,646	647	35	116	98	0	2,542
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	15	152	19	3	5	0	194
As of 31 December 2013	(3,605)	(34,718)	(2,708)	(141)	(1,741)	0	(42,913)
ACCUMULATED IMPAIRMENT							
As of 1 January 2013	0	(104)	0	0	0	0	(104)
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
As of 31 December 2013	0	(104)	0	0	0	0	(104)
Net book value as of 1 January 2013	9,116	16,640	2,282	127	455	2,795	31,415
Net book value as of 31 December 2013	16,574	16,197	1,967	60	390	237	35,425

2012 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under cons- truction	Total
ACQUISITION COSTS							
As of 1 January 2012	13,714	42,282	3,331	323	1,723	344	61,717
Acquisition of subsidiaries (note 29)	0	423	226	0	57	0	706
Additions	38	5,639	781	101	255	2,791	9,605
Disposals	(22)	(881)	(24)	(84)	(29)	(2)	(1,042)
Transfer to other category	0	245	93	0	0	(338)	0
Currency translation differences	34	92	13	0	2	0	141
As of 31 December 2012	13,764	47,800	4,420	340	2,008	2,795	71,127
ACCUMULATED DEPRECIATION							
As of 1 January 2012	(4,135)	(27,269)	(1,581)	(198)	(1,329)	0	(34,512)
Additions	(527)	(4,537)	(567)	(55)	(250)	0	(5,936)
Disposals	19	801	16	39	27	0	902
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	(5)	(51)	(6)	1	(1)	0	(62)
As of 31 December 2012	(4,648)	(31,056)	(2,138)	(213)	(1,553)	0	(39,608)
ACCUMULATED IMPAIRMENT							
As of 1 January 2012	0	(104)	0	0	0	0	(104)
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
As of 31 December 2012	0	(104)	0	0	0	0	(104)
Net book value as of 1 January 2012	9,579	14,909	1,750	125	394	344	27,101
Net book value as of 31 December 2012	9,116	16,640	2,282	127	455	2,795	31,415

Production facilities and machinery under a finance lease

Production facilities and machinery includes the following amounts where the Group is a lessee under a finance lease:

(in EUR 1,000)	2013	2012
Cost - capitalized finance leases	17,154	16,828
Accumulated depreciation	(8,343)	(6,796)
Net book amount	8,811	10,032

The Group leases various production facilities and machinery under non-cancellable finance lease agreements. The lease terms are 4 to 5 years. The Group purchased fixed assets through finance lease arrangements of EUR 1,485 (2012: EUR 3,719).

Depreciation expense of EUR 5,177 (2012: EUR 4,831) has been charged in "cost of sales", EUR 683 (2012: EUR 885) in "administrative expenses", EUR 181 (2012: EUR 220) in "distribution costs".

Fire insurance values

(in EUR 1,000)	2013	2012
Buildings, machinery and equipment	105,866	109,233
Total	105,866	109,233

Bank borrowings in the amount of EUR 14,478 (2012: EUR 9,396) are secured on land and building (note 28). Furthermore, EUR 3,469 (2012: EUR 2,833) machinery and equipment are pledged for borrowing facilities.

Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

(in EUR 1,000)	2013	2012
Property, plant and equipment	513	3,819
Intangible assets	0	49
Total	513	3,868

6. INTANGIBLE ASSETS

2013 (in EUR 1,000)	Goodwill	Customer base	Techno- logy	Brand	Software	Intangible assets under construc- tion	Other intangible assets	Total
ACQUISITION COSTS								
As of 1 January 2013	35,726	27,059	6,537	2,303	3,737	892	12	76,266
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0	0
Additions	0	0	0	4	339	942	15	1,300
Cost capitalized	0	0	0	0	0	0	0	0
Disposals	0	(133)	0	0	(23)	(18)	0	(174)
Transfer to other category	0	0	0	0	635	(635)	0	0
Currency translation differences	(280)	(258)	(65)	(20)	(22)	(3)	0	(648)
As of 31 December 2013	35,446	26,668	6,472	2,287	4,666	1,178	27	76,744
ACCUMULATED AMORTIZATION								
As of 1 January 2013	0	(7,552)	(2,960)	(762)	(2,651)	0	(7)	(13,932)
Additions	0	(2,430)	(503)	(345)	(633)	0	(15)	(3,926)
Disposals	0	22	0	0	23	0	0	45
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	93	43	10	18	0	0	164
As of 31 December 2013	0	(9,867)	(3,420)	(1,097)	(3,243)	0	(22)	(17,649)
ACCUMULATED IMPAIRMENT								
As of 1 January 2013	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	(498)	0	(498)
Disposals	0	0	0	0	0	0	0	0
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0	0	0
As of 31 December 2013	0	0	0	0	0	(498)	0	(498)
Net book value as of 1 January 2013	35,726	19,507	3,577	1,541	1,086	892	5	62,334
Net book value as of 31 December 2013	35,446	16,801	3,052	1,190	1,423	680	5	58,597

2012 (in EUR 1,000)	Goodwill	Customer base	Techno- logy	Brand	Software	Intangible assets under construc- tion	Other intangible assets	Total
ACQUISITION COSTS								
As of 1 January 2012	31,907	20,623	5,222	1,550	3,008	0	10	62,320
Acquisition of subsidiaries (note 29)	3,703	6,329	1,288	707	139	0	0	12,166
Additions	0	0	0	90	592	557	2	1,241
Cost capitalized	0	0	0	0	0	284	0	284
Disposals	0	0	0	0	(12)	0	0	(12)
Transfer to other category	0	0	0	(52)	0	52	0	0
Currency translation differences	116	107	27	8	10	(1)	0	267
As of 31 December 2012	35,726	27,059	6,537	2,303	3,737	892	12	76,266
ACCUMULATED AMORTIZATION								
As of 1 January 2012	0	(5,432)	(2,489)	(542)	(2,111)	0	0	(10,574)
Additions	0	(2,090)	(455)	(216)	(543)	0	(7)	(3,311)
Disposals	0	0	0	0	10	0	0	10
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	(30)	(16)	(4)	(7)	0	0	(57)
As of 31 December 2012	0	(7,552)	(2,960)	(762)	(2,651)	0	(7)	(13,932)
ACCUMULATED IMPAIRMENT								
As of 1 January 2012	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0	0	0
As of 31 December 2012	0	0	0	0	0	0	0	0
Net book value as of 1 January 2012	31,907	15,191	2,733	1,008	897	0	10	51,746
Net book value as of 31 December 2012	35,726	19,507	3,577	1,541	1,086	892	5	62,334

The amortization expense of EUR 3,926 (2012: EUR 3,311) has been charged in "cost of sales".

The impairment amount of EUR 498 is related to a software development project within the ESS segment. The realizable economic benefit of the project was reduced in 2013 due to equally advanced technology developments which are now available in the market.

Impairment tests for goodwill

Management reviews the business performance on entity and segment level by reflecting the lowest operational level of cash-generating units (CGUs). Due to the significantly increased project cooperation between the IDMS-Segment entities, as well as the shift of activities between the companies to focus on a center of excellence structure, the composition of the generated

entity cash flow changed substantially and is distorting the relevant cash flow for the impairment tests. As a consequence management has decided to regard the IDMS-segment as one cash-generating unit.

Summary of the goodwill allocation and movements:

2013 (in EUR 1,000)	Opening	Acquisition	Transfer	Currency translation difference	Closing
GS Swiss PCB AG	4,238			(71)	4,167
ECRAG	3,372			(56)	3,316
Mikrap AG	9,211			(153)	9,058
Contec Steuerungs & Automation GmbH	793				793
as electronics GmbH	3,280				3,280
ECMS Segment	20,894	0	0	(280)	20,614
Authentidate International AG	380				380
ESS Segment	380	0	0	0	380
Novacard GmbH ¹⁾	880		(880)		0
exceet Card Austria GmbH ³⁾	8,593				8,593
exceet Card AG ⁴⁾	3,203		880		4,083
exceet CZ s.r.o. ⁵⁾	1,353				1,353
Inplastor GmbH	423				423
IDMS Segment	14,452	0	0	0	14,452
Total	35,726	0	0	(280)	35,446

2012 (in EUR 1,000)	Opening	Acquisition	Transfer	Currency translation difference	Closing
GS Swiss PCB AG	4,209			29	4,238
ECRAG	3,349			23	3,372
Mikrap AG	9,147			64	9,211
Contec Steuerungs & Automation GmbH	793				793
as electronics GmbH	0	3,280			3,280
ECMS Segment	17,498	3,280	0	116	20,894
Authentidate International AG	380				380
ESS Segment	380	0	0	0	380
PPC Card GmbH ²⁾	2,825		(2,825)		0
Novacard GmbH	880				880
exceet Card Austria GmbH ³⁾	8,593				8,593
exceet Card AG ⁴⁾	378		2,825		3,203
exceet CZ s.r.o. ⁵⁾	1,353				1,353
Inplastor GmbH	0	423			423
IDMS Segment	14,029	423	0	0	14,452
Total	31,907	3,703	0	116	35,726

¹⁾ With the merger of NovaCard GmbH and exceet Card AG (former Winter AG) as of 01.01.2013 the Goodwill of EUR 880 was transferred to exceet Card AG.

²⁾ With the merger of PPC Card GmbH and exceet Card AG (former Winter AG) as of 01.01.2012 the Goodwill of EUR 2,825 was transferred to exceet Card AG.

³⁾ former VisionCard GmbH

⁴⁾ former Winter AG

⁵⁾ former The Art of Packaging s.r.o.

The recoverable amount of all CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets

covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate.

Key assumptions used for value-in-use calculations:

CASH-GENERATING UNIT (CGU)	Compound annual volume growth rate (av. next five years)		Gross margin growth rate (av. next five years)		Long term growth rate		Pre-tax Discount rate	
	2013	2012	2013	2012	2013	2012	2013	2012
GS Swiss PCB AG	3%	2%	2%	2%	1%	1%	8.4%	7.0%
ECR AG	7%	6%	7%	7%	1%	1%	8.4%	7.0%
Mikrap AG	6%	3%	5%	4%	1%	1%	8.4%	7.0%
Contec Steuerungstechnik & Automation GmbH	6%	2%	14%	7%	1%	1%	10.1%	9.2%
as electronics GmbH	7%	6%	7%	7%	1%	1%	11.1%	9.2%
Authentidate International AG	7%	14%	7%	16%	1%	1%	11.1%	9.2%
IDMS Segment	5%	5%	6%	5%	1%	1%	10.5%	9.2%

The estimated recoverable amount for all cash-generating units exceeds the carrying amount. Management considers the assumed gross margin will not change so significantly as to eliminate this excess. See also note 2.7 for the impact of changes in estimations.

Compound annual volume growth / Gross margin growth

Budgeted volumes and gross margins are based on past performance and the expectation for the market and customer developments (medium-term planning) over the course of the next five years. The gross margin varies depending on the operating function of the companies and their customer mix.

Long term growth rate

The long term growth rate is estimated at 1% (2012: 1%) and used to extrapolate cash flows beyond the forecast period of five years.

Pre-tax Discount rate

Discount rates are used on a pre-tax basis and represent the current market assessment of the risks specific to each CGU. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) depending on the country in which the Group operates. The WACC takes debt and equity into account. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service in the different countries of operation. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

7. DEFERRED TAXES / INCOME TAXES

Income taxes

(in EUR 1,000)	2013	restated 2012
Total current income tax	(4,018)	(2,862)
Total deferred tax	1,677	1,087
Total income tax recognized in income statement	(2,341)	(1,775)
Total deferred tax directly recognized in other comprehensive income	(317)	49
Total income tax (expense)/income	(2,658)	(1,726)

Reconciliation of tax expense

(in EUR 1,000)	2013	restated 2012
Profit before tax	9,881	4,868
Average of domestic tax rates	22.47%	15.14%
Tax calculated at average domestic tax rates applicable to profits in the respective jurisdictions	(2,220)	(737)
Non-taxable income	1,038	253
Non-deductible expenses	2	(84)
Unrecognized tax loss carryforwards	(1,359)	(1,320)
Effect of changes in local tax rates	77	(63)
Tax effect from prior years	121	176
Total income tax (current & deferred)	(2,341)	(1,775)
<i>in % of earnings before tax</i>	<i>23.69%</i>	<i>36.46%</i>

In the current year, the increase of the average of domestic tax rates was the result of the change in the mix of the profit and loss of the different Group companies.

Deferred taxes

The gross movement on the deferred income tax accounts is as follows:

(in EUR 1,000)	2013	restated 2012
At 1 January	(8,178)	(6,922)
Acquisition of subsidiaries (note 29)	0	(2,362)
Income statement charge	1,677	1,087
Directly recognized in other comprehensive income	(317)	49
Currency translation difference	57	(30)
At 31 December	(6,761)	(8,178)

Composition of deferred taxes in the balance sheet

Deferred tax assets and liabilities are presented on a net basis if a legally enforceable right exists to offset current tax receivables against tax payables and if the deferred taxes exist in the same tax jurisdiction. The following amounts were offset:

(in EUR 1,000)	2013	restated 2012
DEFERRED TAX LIABILITIES		
Deferred tax liabilities, realized after 12 months	(6,029)	(7,022)
Deferred tax liabilities, realized within 12 months	(1,568)	(1,773)
Total deferred tax liabilities	(7,597)	(8,795)
DEFERRED TAX ASSETS		
Deferred tax assets, realized after 12 months	672	405
Deferred tax assets, realized within 12 months	164	212
Total deferred tax assets	836	617
Total deferred tax	(6,761)	(8,178)

The assessment for the offsetting of the deferred tax liabilities and deferred tax assets has been advanced this year due to more appropriate consideration enhanced of the temporary realizability of the short term deferred tax assets and deferred tax liabilities. This has been also reflected in the prior year figures.

The changes in deferred tax assets and liabilities in the current year, without taking into account the netting of open items within the same tax jurisdiction, are determined as follows:

2013 (in EUR 1,000)	Intangible assets	Tangible assets	Invento- ries	Provision	Pension liability	Longterm Liabilities	Others	Total
DEFERRED TAX LIABILITIES								
1 January 2013	(5,351)	(1,478)	(1,593)	(172)	(5)	(2,497)	(120)	(11,216)
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0	0
Movements via income statement	811	480	147	43	6	0	(28)	1,459
Currency translation differences	32	8	24	1	0	0	2	67
31 December 2013	(4,508)	(990)	(1,422)	(128)	1	(2,497)	(146)	(9,690)
1 January 2012 (restated)	(3,650)	(1,422)	(1,677)	(123)	0	(2,284)	(83)	(9,239)
Acquisition of subsidiaries (note 29)	(2,210)	(61)	(59)	(25)	(?)	0	0	(2,362)
Movements via income statement	524	9	155	(23)	2	(213)	(35)	419
Currency translation differences	(15)	(4)	(12)	(1)	0	0	(2)	(34)
31 December 2012 (restated)	(5,351)	(1,478)	(1,593)	(172)	(5)	(2,497)	(120)	(11,216)

2013 (in EUR 1,000)	Intangible assets	Tangible assets	Invento- ries	Provision	Pension liability	Capitalized tax losses carryfor- wards	Others	Total
DEFERRED TAX ASSETS								
1 January 2013	0	60	155	7	840	1,206	770	3,038
Movements via income statement	0	13	(46)	(2)	31	751	(529)	218
Movements via OCI	0	0	0	0	(317)	0	0	(317)
Currency translation differences	0	0	0	0	(10)	0	0	(10)
31 December 2013	0	73	109	5	544	1,957	241	2,929
1 January 2012 (restated)	0	56	138	8	724	839	552	2,317
Movements via income statement	0	4	17	(1)	63	367	218	668
Movements via OCI	0	0	0	0	49	0	0	49
Currency translation differences	0	0	0	0	4	0	0	4
31 December 2012 (restated)	0	60	155	7	840	1,206	770	3,038

Group companies have uncapitalized tax losses of EUR 28,612 (2012: EUR 28,672) as it is uncertain that the companies can utilize them. Of those tax losses EUR 28,241 (2012: EUR 28,316) have no expiry date and the remaining EUR 371 (2012: EUR 356) will expire in six to seven (2012: seven to eight) years.

8. INVENTORIES

(in EUR 1,000)	2013	2012
Raw materials	21,413	22,132
Work in progress and semi-finished products	6,568	8,025
Finished goods	7,083	9,493
Inventory provision	(3,729)	(3,817)
Total	31,335	35,833

The cost of inventories recognized as expenses and included in “cost of sales” amounted to EUR 97,034 (2012: EUR 101,544).

Inventories pledged amount to EUR 4,435 (see note 28).

9. TRADE RECEIVABLES, NET

(in EUR 1,000)	2013	2012
Trade accounts receivable, gross – due to third parties	23,077	20,900
Provision for impairment	(300)	(834)
Total	22,777	20,066

As of 31 December 2013 trade receivables of EUR 614 (2012: EUR 1,154) were impaired and provided for. The amount of the total provision for these receivables amounts to EUR 300 as of 31 December 2013 (2012: EUR 834). In total there are EUR 3,096 (2012: EUR: 3,472) insured, including EUR 2,179 (2012: EUR 2,741) receivables which are not due.

The ageing of the impaired receivables (referred to the due date of the receivables) is as follows:

(in EUR 1,000)	2013	2012
Not due and past due up to 3 months	68	0
Past due over 3 to 6 months	220	332
Past due over 6 to 12 months	12	399
Past due over 12 months	314	423
Total	614	1,154

As of 31 December 2013 trade receivables of EUR 4,737 (2012: EUR 4,210) were past due since up to 3 months but were not impaired. This decision is made based on no recent history of default of these customers.

The following table shows the movements of the provision for impairment for trade receivables:

(in EUR 1,000)	2013	2012
At 1 January	834	383
Acquisition of subsidiaries (note 29)	0	10
Charged/(credited) to the income statement		
– additional provisions	174	706
– unused amounts reversed	(489)	(116)
Used during the year	(219)	(149)
Currency translation differences	0	0
At 31 December	300	834

The gross amounts of the Group's trade and other receivables are denominated in the following currencies:

(in EUR 1,000)	2013	2012
EUR	14,686	14,595
CHF	6,748	4,544
USD	1,076	1,761
GBP	567	0
Total	23,077	20,900

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Accounts receivables in the amount of EUR 9,487 (2012: EUR 12,832) are pledged (note 28).

10. OTHER RECEIVABLES

(in EUR 1,000)	2013	2012
Short-term deposit	152	216
Social securities	73	20
Payables with debit balances	8	29
Interest	2	8
Value added tax/withholding tax	291	893
Payments in advance	18	459
Government grants	1	30
Services not yet invoiced	318	430
Others	367	344
Total other current receivables	1,230	2,429
Long-term deposit	181	178
Total other non-current receivables	181	178

Other receivables in the amount of EUR 234 (2012: EUR 417) are pledged (note 28).

11. ACCRUED INCOME AND PREPAID EXPENSES

(in EUR 1,000)	2013	2012
Insurance companies	191	92
Rents	84	6
Maintenance contracts	114	245
Exhibition	39	11
Credit note for goods	59	126
Fees	119	61
Others	55	91
Total	661	632

Accrued income and prepaid expenses primarily comprise prepaid expenses which will be reflected in expenses.

12. CASH AND CASH EQUIVALENTS

(in EUR 1,000)	2013	2012
Cash at bank and on hand	31,170	24,426
Short-term bank deposits	0	0
Total	31,170	24,426

The risk that these assets will be subject to changes in value is minimal.

Cash and cash equivalents in the amount of EUR 190 (2012: EUR 410) are pledged.

13. EQUITY

Share capital of except Group SE

The authorized share capital as per 31 December 2013 amounts to 45,675,397 shares, thereof 34,734,221 (2012: 34,734,221) shares are issued and can be divided into 20,523,695 (2012: 20,523,695) Class A Shares (“Public Shares”), with 20,073,695 (2012: 20,073,695) Class A Shares listed on the stock exchange and 450,000 (2012: 450,000) listed own Class A Shares held by the Company in Treasury (Treasury Shares), 5,210,526 (2012: 5,210,526) Class B Shares (Founding Shares) and 9,000,000 (2012: 9,000,000) Class C Shares (Earn-out Shares) with a par value of EUR 0.0152 each. The not issued shares of 10,941,176 are Class A Shares. The Treasury Shares are designated to be used for the Management Stock Option Program (note 16).

Share capital of except Group SE has developed as follows:

	EUR
Balance at 1 January 2012	527,960.16
Balance at 31 December 2012	527,960.16
Balance at 1 January 2013	527,960.16
Balance at 31 December 2013	527,960.16

	Total shares	Class A Shares	Class B Shares	Class C Shares
Number of shares authorized	45,675,397	31,464,871	5,210,526	9,000,000
Issued Shares	34,734,221	20,523,695	5,210,526	9,000,000
Not issued shares	10,941,176	10,941,176	0	0
Number of shares issued as at 1 January 2012	34,734,221	20,523,695	5,210,526	9,000,000
Number of shares issued as at 31 December 2012	34,734,221	20,523,695	5,210,526	9,000,000
Number of shares issued as at 1 January 2013	34,734,221	20,523,695	5,210,526	9,000,000
Number of shares issued as at 31 December 2013	34,734,221	20,523,695	5,210,526	9,000,000

The Class B and Class C Shares are redeemable shares in the sense of the Luxembourg Company Law and are split into six separate classes of shares, with rights identical to those of the Public Shares, except as described below:

Conversion into Public Shares

The remaining Class B and Class C Shares will be automatically converted into Public Shares, at a ratio of one Public Share for each Founding share as follows:

- 2,105,263 Class B2 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 14.00.
- 2,105,263 Class B3 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 16.00.
- 1,000,000 Class B4 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 12.00.
- 3,000,000 Class C1 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 12.00.

- 3,000,000 Class C2 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 13.00.
- 3,000,000 Class C3 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reversed asset acquisition is at least equal to EUR 15.00.

For this purpose, the “Daily VWAP” means, for any trading day, the per Public Share volume-weighted average price on Xetra as reported by Bloomberg for such trading day (or if such volume-weighted average price is unavailable from Bloomberg, the volume weighted average share price of the Public Shares on such trading day determined by an internationally recognized investment bank selected by the Company).

In connection with the aforementioned conversion, the Board of Directors shall be given all powers to implement the conversion of Class B Shares and Class C Shares into Public Shares and to make any statement, cast votes, sign all minutes of meetings and other documents, appear in front of a Luxembourg notary to state the occurrence of the conversion and make relevant amendments to the Articles of Association, do everything which is lawful, necessary or simply useful in view of the accomplishment and fulfillment of such conversion.

Any Class B or Class C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reverse asset acquisition will no longer be convertible into Public Shares and will be redeemed within six months of such date at a redemption price per Class B Shares and Class C Shares corresponding to the accounting par value of such Class B Shares and Class C Shares (subject to availability of sufficient funds).

Dividend rights

In the event that distributions are made after the date of consummation of the reversed asset acquisition, (i) each Founding Share and Public Share shall be entitled to receive the same amount to the extent such amount does not exceed one eurocent (EUR 0.01) per share, and (ii) each Public Share shall be entitled to the same fraction of (and the Class B and the Class C Shares shall be entitled to none of) any distribution in excess of one eurocent (EUR 0.01). In terms of calculation of earnings per share for the different share classes see note 26.

Voting rights

All shares are entitled to one vote at any ordinary or extraordinary general meeting of shareholders.

Transfer restrictions

The shares are freely transferable, subject to the provisions of the law and these articles of association. All rights and obligations attached to any share are passed to any transferee thereof. Until (and including) the last day of a sixty-six (66) months period beginning with the date of consummation of the reversed asset acquisition.

- Class B Shares may be transferred only to existing holders of Class B Shares and their affiliates (as defined hereafter);
- Class B Shares may be transferred only in the event of death of a B Shareholder, to the successors of such B Shareholder;
- Class C Shares may be transferred only to members of management of except Group SE and/or members of management of affiliates of except Group SE;
- Class C Shares may be transferred as in-kind distributions to direct shareholders who held Class C Shares on the date of consummation of the reversed asset acquisition, but only after (and including) the last day of a twenty-four (24) month period beginning with the date of consummation of the reversed asset acquisition; or
- Class C Shares may be transferred in the event of death of a C Shareholder, to the successors of such C Shareholder.

“Affiliate” of, or person “affiliated” with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified and the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of shares, by contract, or otherwise.

Listing

The Class B and Class C Shares are not listed on a stock exchange.

Other reserves

	(In EUR 1,000)
Balance at 1 January 2012	85,073
Restatement IAS 19, net	1,232
Balance at 1 January 2012 (restated)	86,305
Total comprehensive income for the period	3,452
Share-based payments	56
Balance at 31 December 2012 (restated)	89,813
Balance at 1 January 2013	89,813
Total comprehensive income for the period	8,305
Share-based payments	96
Balance at 31 December 2013	98,214

14. BORROWINGS

(in EUR 1,000)	2013	2012
NON-CURRENT		
Bank borrowings	29,638	28,200
Finance lease liabilities (note 27)	3,842	4,602
Other loans	0	0
Total non-current borrowings	33,480	32,802
CURRENT		
Bank borrowings	2,550	3,079
Finance lease liabilities (note 27)	2,175	2,551
Other loans	5,622	5,556
Total current borrowings	10,347	11,186
Total borrowings	43,827	43,988

In 2012, a new bank agreement has been signed to replace the existing agreement. The credit facility has been increased with extended maturity dates.

Bank borrowings are denominated to 64% in CHF (2012: 67%) and 36% (2012: 33%) in EUR.

Under the main facility agreement with a possible maximal amount of EUR 24.4 million (CHF 30 million) – whereof EUR 17.9 million (CHF 22 million) are being used – the bank has the right for an extraordinary termination with the consequence of immediate repayment of outstanding debt there under and payment of a prepayment penalty, if, inter alia, a certain leverage ratio (defined as net debt divided by EBITDA) is exceeded; certain operation measures are not met or in the case of change of control of the Group. Further two loan facilities in accordance with the main facility agreement with Swiss operational subsidiaries in the amount of CHF 10 million (EUR 8.1 million)

contain general market conditions and requirements, including restrictions due to change of control. The bank covenants were maintained. The nominal value of the total bank borrowings is EUR 32,188 (2012: EUR 31,279).

The total bank borrowings are secured liabilities. Bank borrowings in the amount of EUR 9,270 (2012: EUR 5,894) are secured by land and buildings of the Group (note 5). Bank borrowings of EUR 17,921 (2012: EUR 18,224) are additionally secured by shares of certain subsidiaries (GS Swiss PCB AG, ECR AG, Mikrap AG, AEMtec GmbH) of the except Group AG and EUR 4,279 (2012: EUR 5,903) by assigned trade receivables (note 28).

Other loans contains loans due to the shareholder of EUR 5,622 (2012: EUR 5,556) which are subordinated. A loan to related parties in the amount of EUR 1,271 has been repaid in 2012.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

(in EUR 1,000)	2013	2012
6 months or less	26,537	29,609
6 - 12 months	7,536	7,715
1 - 2 years	4,189	1,746
2 - 5 years	2,984	4,918
Over 5 years	2,581	0
Total	43,827	43,988

The carrying amounts and fair value of the non-current borrowings are as follows:

(in EUR 1,000)	2013	2012
CARRYING AMOUNT		
Bank borrowings	29,638	28,200
Finance lease liabilities	3,842	4,602
Total	33,480	32,802
FAIR VALUE		
Bank borrowings	29,638	28,013
Finance lease liabilities	3,842	4,602
Total	33,480	32,615

The interest rates for the non-current borrowings as per 31 December 2013 are floating. Therefore the carrying amount equals the fair value. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The Group has the following undrawn borrowing facilities:

(in EUR 1,000)	2013	2012
Floating rate:		
– Expiring within one year	5,156	3,862
– Expiring beyond one year	1,000	1,000
Fixed rate:		
– Expiring within one year	0	0
– Expiring beyond one year	0	3,700
Total	6,156	8,562

The facilities have been arranged to help finance the operational activities if required. The granted current account lines are normally not fully utilized.

15. RETIREMENT BENEFIT OBLIGATIONS

Contributions to retirement benefit plans are generally calculated based on the salary of the insured employees. In Switzerland, pension obligations are covered by legally segregated assets. The retirement benefit scheme of the Group's subsidiaries located in Switzerland is organized as a legally independent pension fund according to Swiss Law (BVG). The pension fund provides benefits in the event of retirement, death or disability. The plans' benefits are based on age, years of service, salary and on an individual old age account. The plan is financed by contributions paid by the employees and by the employer.

The retirement benefit obligation for the German subsidiary, AEMtec GmbH, Berlin, is an obligation due to the former employees of Infineon Technologies AG (predecessor of AEMtec GmbH). Employees of Infineon Technologies AG were transferred to new founded

AEMtec GmbH. For these employees, the retirement benefit obligation went over to AEMtec GmbH by 31 March 2000. The amount of the obligation depends on different factors such as staff membership, age and salary.

The calculated retirement benefit obligation for the German subsidiary, except Card AG (former PPC Card Systems GmbH, Paderborn), comprises two persons who receive benefits in the event of retirement, death or disability.

The net periodic pension cost and the defined benefit obligations have been calculated using the projected unit credit method.

The amount recognized in the balance sheet is composed as follows:

(in EUR 1,000)	2013	restated 2012
Present value of funded obligation	(36,168)	(33,364)
Fair value of plan asset	33,004	28,751
	(3,164)	(4,613)
Present value of unfunded obligation	(1,028)	(1,049)
Liability in the balance sheet	(4,192)	(5,662)

The movement in the defined benefit obligation over the year is as follows:

2013 (in EUR 1,000)	Present value of obligation	Fair value of plan assets	Total
at 1 January 2013	(34,413)	28,751	(5,662)
Current service cost	(1,633)		(1,633)
Interest on obligation	(673)	530	(143)
Administration expense		(54)	(54)
Total amount recorded in the income statement	(2,306)	476	(1,830)
Remeasurements			
- Return on plan assets		1,756	1,756
- (Gain) / loss from change in demographic assumptions	(2,251)		(2,251)
- (Gain) / loss from change in economic assumptions	2,600		2,600
- (Gain) / loss from experience	(135)		(135)
Total remeasurements	214	1,756	1,970
Contributions			
- Company contributions		1,237	1,237
- Plan participants	(1,039)	1,039	0
Total contributions	(1,039)	2,276	1,237
Payments from plan			
- Benefit payments	(209)	209	0
- Benefits paid by employer	18		18
Total payments from plan	(191)	209	18
Exchange differences	539	(464)	75
At 31 December 2013	(37,196)	33,004	(4,192)
restated 2012 (in EUR 1,000)	Present value of obligation	Fair value of plan assets	Total
at 1 January 2012	(30,312)	25,141	(5,171)
Current service cost	(1,385)		(1,385)
Interest on obligation	(751)	626	(125)
Administration expense		(56)	(56)
Total amount recorded in the income statement	(2,136)	570	(1,566)
Remeasurements			
- Return on plan assets		1,474	1,474
- (Gain) / loss from change in demographic assumptions	(100)		(100)
- (Gain) / loss from change in economic assumptions	(2,460)		(2,460)
- (Gain) / loss from experience	937		937
Total remeasurements	(1,623)	1,474	(149)
Contributions			
- Company contributions		1,237	1,237
- Plan participants	(1,031)	1,031	0
Total contributions	(1,031)	2,268	1,237
Payments from plan			
- Benefit payments	872	(872)	0
- Benefits paid by employer	15		15
Total payments from plan	887	(872)	15
Exchange differences	(198)	170	(28)
At 31 December 2012	(34,413)	28,751	(5,662)

Of the total charge of EUR 1,830 (2012: EUR 1,566), EUR 1,317 (2012: EUR 1,133) were included in “cost of sales”, EUR 221 (2012: EUR 185) in “administrative expenses”, EUR 292 (2012: EUR 248) in “distribution costs”.

The significant actuarial assumptions are as follows:

Swiss pension plan

The average life expectancy for Swiss pension plans was calculated on the basis of BVG2010 Generation tables (2012: BVG2010 projected 2012). The disability rates were also calculated on the basis of BVG2010 (2012: BVG2010 projected 2012).

	2013	2012
Discount rate	2.30%	1.80%
Inflation rate	1.25%	1.25%
Interest on old age accounts	2.10%	1.80%
Future salary increases	1.50%	1.75%
Labor turnover rate (weighted)	6.09%	6.47%

Life expectancy at age 65 (years)

	2013	2012
- Retiring at the end of the reporting period		
- Male	21.29	21.18
- Female	23.76	23.66
- Retiring 20 years after the end of the reporting period		
- Male	23.08	23.00
- Female	25.52	25.44

Sensitivity of the defined benefit obligation to changes in the principal assumptions:

Impact on defined benefit obligation

Sensitivity	Change in assumption	2013	
		Increase in assumption	Decrease in assumption
- Discount rate	0.25%	Decrease of 3.19%	Increase of 2.89%
- Salary increase	0.25%	Increase of 0.52%	Decrease of 0.53%

German pension plans

The average life expectancy for the German pension plans is based on the biometric basis values by Prof. Dr. Klaus Heubeck, according to the German law.

	2013	2012
Discount rate	3.30%	3.30%
Inflation rate	1.75%	1.75%
Pension indexation	1.75%	1.75%

Average retirement age (years)

	2013	2012
- Male	65	65
- Female	65	65

Sensitivity of the defined benefit obligation to changes in the principal assumptions

Impact on defined benefit obligation AEMTec GmbH

Sensitivity	Change in assumption	2013	
		Increase in assumption	Decrease in assumption
- Discount rate	0.25%	Decrease of 5.45%	Increase of 5.06%

Impact on defined benefit obligation except Card AG (Paderborn)

Sensitivity	Change in assumption	2013	
		Increase in assumption	Decrease in assumption
- Discount rate	0.25%	Decrease of 3.90%	Increase of 3.71%

As of the balance sheet date, the plan assets comprise the following items:

(in EUR 1,000)	2013	in %	2012	in %
Equities	11,469	34.8	9,963	34.7
Bonds	13,078	39.6	11,538	40.1
Real estate	4,805	14.6	4,212	14.6
Qualified insurance policies	402	1.2	460	1.6
Other	3,250	9.8	2,578	9.0
Total	33,004	100.0	28,751	100.0

The investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The main proportions of assets are invested in bonds and equities, although the Group also invests in property, hedge funds and cash. The Group believes that bonds and equities offer the best returns in the long term with an acceptable level of risk. The expected longterm return is based on past experience and on expected future returns.

The Group expects EUR 1,052 (2012: EUR 1,209) in contributions to be paid to the defined benefits plans in 2013.

The weighted average duration of the defined benefit obligation is 19 years.

16. SHARE-BASED PAYMENTS

In January 2012, the Company announced the implementation of the Management Stock Option Program (MSOP), pursuant to which up to 450,000 options to acquire Class A Shares of the Company to be granted to selected current and future executives of the Company and its affiliated enterprises. On 21 November 2011, the Board of Directors approved the reservation of 450,000 listed Class A Shares held as Treasury Shares by the Company to be used for the settlement of the MSOP granted.

In August 2012, two executives of the Company were awarded with 66,667 options each with the following terms:

i) The total number of options granted is divided into four equal tranches, where each tranche is characterized by a different strike price of EUR 7.00, EUR 12.00, EUR 13.00, and EUR 16.00;

- ii) The options can only be exercised in pre-defined periods, if the volume-weighted average share price, as defined in the Articles of the Company, rises above the strike prices defined above;
- iii) The options have a contractual option term of five years from the grant date and the Group has no legal or constructive obligation to repurchase or settle the options in cash;
- iv) Options are conditional on the beneficiary's continuing employment with the Company and expire immediately with no compensation should the employment be terminated; and
- v) The beneficiary receives one Class A Share for each option exercised with no further payment required.

In 2013 no options were awarded with the MSOP to any employee.

Movements in the number of share options outstanding their related weighted average exercise prices are as follows:

	2013 Average exercise price per share options in EUR	Share options
At 1 January 2013	12.00	66,667
At 31 December 2013	12.00	66,667

	2012 Average exercise price per share options in EUR	Share options
At 1 January 2012	0.00	0
Granted	12.00	133,334
Forfeited	12.00	(66,667)
Excercised	0.00	0
Expired	0.00	0
At 31 December 2012	12.00	66,667

The stock option plans have been granted to two individuals. As one of the individuals left the company in the year 2012, the stock option plan of this person has been forfeited in line with the rules of the stock option plan.

Out of the 66'667 outstanding options (2012: 66,667 options), none of the options were exercisable as at 31 December 2013.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant	Expiry date	Exercise price per share options	Share options
2012	2017	7.00	16,667
2012	2017	12.00	16,667
2012	2017	13.00	16,667
2012	2017	16.00	16,666
2012			66,667

The weighted average fair value of options granted during the period was determined using the Monte Carlo simulation based on the logarithmical calculation of the base values over five years on the Gaussian distribution model. Simulation is performed for each beneficiary and individual share options tranche with the following assumptions:

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS BY STRIKE PRICE	Euro 7.00	Euro 12.00	Euro 13.00	Euro 16.00
Fair value at grant date	4.04	2.82	2.64	2.21
Share price at grant date	4.87	4.87	4.87	4.87
Exercise price	7.00	12.00	13.00	16.00
Expected volatility	50.5%	50.5%	50.5%	50.5%
Option life (expected weighted average life) in months	14	26	28	32
Expected dividend	0	0	0	0
Risk-free interest rate used	0.46%	0.46%	0.46%	0.46%

Expected volatility was based on an average from the peer group of the Group as the Company does not have a sufficient historical data for its own shares. Risk-free interest rates used were based on the corresponding EURO swap and forward rate on the grant date. The estimated fair value of the share options will be charged to the income statement over the estimated option life. In 2013, EUR 96 (2012: EUR 56) has been recognized in personnel costs and in equity (note 13 and 22).

17. ACCRUED EXPENSES AND DEFERRED INCOME

[in EUR 1,000]	2013	2012
Incentives for staff	3,247	3,328
Holiday and overtime	1,490	1,337
Social securities	220	160
Salaries	486	142
Audit and consulting fees	520	505
Goods received without credit note	458	429
Provisions, third party	31	16
Accrued outstanding bills	140	162
Cost of shipment	79	40
Interest	65	77
Accrued licence cost	516	541
Credit note for client	43	382
Others	886	506
Total accrued expenses and deferred income	8,181	7,625

18. OTHER FINANCIAL LIABILITIES

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 800 (2012: EUR 3,800) and a negative replacement value for interest cap of EUR 54 (2012: EUR 90).

Public Warrants

except Group SE completed its initial public offering of 20,000,000 units consisting each of one share and one warrant, both traded on the Frankfurt Stock Exchange, (Frankfurter Wertpapierbörse) at an initial price of EUR 10.00 raising a total of EUR 200,000.

With consummation of the reversed asset acquisition on 26 July 2011, the terms and conditions of the class A Warrant were amended, notably;

- (i) to provide for the payment in cash of EUR 0.625 per Class A Warrant upon consummation of the reversed asset acquisition (amount to EUR 12,500 for all Public Warrants);
- (ii) to amend the exercise formula for the Class A Warrants to provide that the number of Class A Shares received upon exercise of each Class A Warrant is reduced by 50%;
- (iii) to increase the warrant exercise price per Class A Share from EUR 9.00 per Class A Share to EUR 12.00 per Class A Share;

(iv) to increase the redemption trigger from EUR 14.00 to EUR 17.00; and

(v) to extend the term of the Class A Warrants from five years from the date of Helikos SE's IPO to five years from the consummation of the reversed asset acquisition.

Public Warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore they are classified as financial liabilities at fair value through profit or loss.

As at 31 December 2013, the rating of one Public Warrant on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) was at eurocent 4 (2012: eurocent 19), hence a fair value of EUR 800 (2012: EUR 3,800) and a fair value adjustment gain of EUR 3,000 (2012: loss of EUR 800) was recorded at 31 December 2013.

Interest Cap

The negative replacement value is recorded as financial liability at fair value through profit and loss (note 25). The Group has the following contracts:

Instrument	2013 Contract amount	2012 Contract amount	Contract period	Instrument rate	Index Tenor
(in EUR 1,000)					
Interest Cap	0	3,106	30.09.2008 - 28.03.2013	3.00%	LIBOR
Interest Cap	2,313	2,725	30.06.2011 - 30.06.2015	2.30%	LIBOR
Interest Swap	855	1,045	03.01.2011 - 29.06.2018	3.30%	EURIBOR
Interest Cap	0	3,500	26.10.2006 - 31.10.2013	4.00%	EURIBOR

19. OTHER LIABILITIES

(in EUR 1,000)	2013	2012
Prepayments	763	742
Value-added tax	1,321	1,601
Other taxes payable	275	544
Social securities	410	658
Government grants	22	27
Liabilities from acquisition	0	269
Grant for purchase of equipment from customer	192	195
Others	342	261
Total other current liabilities, third parties	3,325	4,297
Other current liabilities, related parties	42	910
Total other current liabilities	3,367	5,207

The position "Others" contains liabilities to consultants and other third parties.

Other liabilities to related parties include legal fees of EUR 42 (2012: EUR 60) owed to the Board of Directors (note 29/31). Other liabilities included 2012 also the purchase price of the acquisition of except CZ s.r.o. (former: The Art of Packaging s.r.o.) EUR 600 and a short term loan of EUR 250 owed to Members of Management Board.

The position in the balance sheet of other non-current liabilities EUR 952 (2012: EUR 304) represents a government subsidized loan.

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(in EUR 1,000)	Guarantees	Legal claims	Recon- struction obligations	Social provisions	Restruc- turing	Others	Total
2013							
At 1 January 2013	51	400	245	464	359	347	1,866
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0
Charged/(credited) to the income statement							
– Additional provisions	3	0	14	69	162	126	374
– Unused amounts reversed	(42)	0	(66)	0	0	(113)	(221)
Used during year	(9)	(400)	0	0	(359)	(122)	(890)
Currency translation differences	0	0	0	0	0	0	0
At 31 December 2013	3	0	193	533	162	238	1,129

(in EUR 1,000)	Guarantees	Legal claims	Recon- struction obligations	Social provisions	Restruc- turing	Others	Total
2012							
At 1 January 2012	390	500	228	251	985	293	2,647
Acquisition of subsidiaries (note 29)	14	0	20	189	13	0	236
Charged/(credited) to the income statement							
– Additional provisions	1	150	3	59	947	105	1,265
– Unused amounts reversed	(153)	(250)	(6)	(9)	(51)	0	(469)
Used during the year	(201)	0	0	(26)	(1,535)	(51)	(1,813)
Currency translation differences	0	0	0	0	0	0	0
At 31 December 2012	51	400	245	464	359	347	1,866

(in EUR 1,000)	2013	2012
ANALYSIS OF TOTAL PROVISIONS		
Non-current	855	755
Current	274	1,111
Total provisions	1,129	1,866

Guarantees

The Group recognizes guarantee provision to cover warranty claims. The calculation of this provision is based on past experience of warranty claims and returns. The actual costs for warranty and returns may differ from these estimates.

Legal claims

There are no legal claims against the Group at the end of 2013. The legal claim from 2011 by customer has been resolved and the provision in the amount of EUR 400 used.

Reconstruction obligations

The Group provides for costs associated to asset retirement obligations in connection with any legal or contractual obligation associated with the retirement of a tangible asset or from lease agreements.

Social provisions

The amount provided covers the legally required provisions for possible future severance payments in Austria.

Restructuring

The restructuring provisions made and used this year are related to IDMS in order to further streamline production and administration and includes termination costs of employees. The restructuring provision will be utilized in 2014.

Others

Other provisions include predominantly provisions for anniversaries of EUR 111 (2012: EUR 75), provisions for storage of business documents EUR 43 (2012: EUR 43) and provisions for reclamation of charges from customers EUR 26 (2012: EUR 92).

21. EXPENSES BY NATURE

(in EUR 1,000)	2013	2012
Changes in inventories of finished goods and work in progress	3,274	695
Raw materials and consumables used	98,150	102,429
Personnel cost (note 22)	54,570	54,940
Repair and maintenance expense	2,856	2,890
Leasing expense (note 27)	596	658
Rental expense (note 27)	2,626	2,883
Administrative expense	4,853	5,495
Marketing and acquisition expense	1,552	1,536
Other expense (note 24)	5,866	4,962
Depreciation, amortization and impairment charges (note 5/6)	10,465	9,247
Total cost of sales, distribution costs, admin. & other expenses	184,808	185,735

Development costs of EUR 8,700 (2012: EUR 8,500) are included in above expenses by nature.

Administrative expenses include EUR 255 (2012: EUR 284) of audit costs and no costs (2012: EUR 22) for non-audit services charged by the primary auditor.

22. PERSONNEL COSTS

Personnel costs comprise the following cost items:

[in EUR 1,000]	Note	2013	2012
Salaries		43,900	43,882
Social contributions		6,810	6,856
Defined benefit plan expenses	15	1,830	1,566
Share based payments	16	96	56
Other personnel expenses		1,934	2,580
Total		54,570	54,940

Average staff headcount (FTE) for 2013 amounts to 927 (2012: 940), split into production & technical of 644 (2012: 622); management & administration of 97 (2012: 122); sales & marketing of 97 (2012: 111) and research and development of 89 (2012: 85).

23. OTHER OPERATING INCOME

Other operating income includes the following items:

(in EUR 1,000)	2013	2012
Release of earn-out provision	250	2,662
Income from insurance company	25	95
Government benefits	291	163
Gain on sale of tangible assets	72	119
Gain on sale of intangible assets	104	0
Rental income	43	25
License fee income	40	6
Income from shipment	289	293
Income from release of other liabilities	0	251
Income from services	0	15
Income from employees	297	192
Others	427	377
Total other operating income	1,838	4,198

Release of earn-out provision is related to the release of earn-out liability from the acquisition of except Card AG (former Winter AG) (EUR 250).

24. OTHER EXPENSES

Other expenses result from the following items:

[in EUR 1,000]	2013	2012
Energy costs	1,854	1,650
Freight costs	1,149	949
Waste disposal and cleaning costs	560	704
Insurance costs	845	720
Expenses for guarantees	133	26
Book loss of sales of equipment	61	26
Security	80	148
Costs of change location	123	183
Other tax and government requirements	54	80
Costs for claims	318	0
Others	689	476
Total other expenses	5,866	4,962

Others are including EUR 313 development costs for a project in the ESS segment.

25. FINANCIAL RESULT

The financial results are derived as follows:

(in EUR 1,000)	2013	2012
Interest income	48	123
Foreign currency exchange gains	1,624	1,164
Other financial income	10	10
Financial income	1,682	1,297
Interest expenses	(897)	(892)
Financial leasing expenses	(104)	(89)
Foreign currency exchange losses	(1,336)	(1,522)
Financial expenses, related parties	(68)	(143)
Other financial expenses	(226)	(182)
Financial expenses	(2,631)	(2,828)
Fair value gains on other financial liabilities (note 18)	3,035	0
Fair value losses on other financial liabilities (note 18)	0	(816)
Changes in fair value in financial instruments	3,035	(816)
Total financial result	2,086	(2,347)

26. EARNINGS PER SHARE

Earnings per shares (EPS) are calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period excluding ordinary shares purchased by the Company and held as Treasury Shares.

Due to different rights to receive dividends (note 13), except Group SE has two classes of ordinary shares. Disclosure of EPS amounts is required for both classes of ordinary shares.

a) Basic

The calculation of basic EPS at 31 December 2013 is based on the profit attributable to the shareholders of the parent of EUR 7,540 (2012: EUR 3,093) and the weighted average number of ordinary shares outstanding of 20,073,695 class A Shares and 14,210,526 class B/C Shares respectively. For the previous year, the notional weighted average numbers of ordinary shares outstanding are 20,073,695 class A Shares and 14,210,526 class B/C Shares respectively.

b) Diluted

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group

has 20,000,000 outstanding Public Warrants and 66,667 share options from the Management Stock Option Program (MSOP). The warrants and share options are not dilutive as the average market price of the ordinary shares is below the exercise price of the warrants or the share options.

As described under note 13, Class B and C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reversed asset acquisition will no longer be convertible into Public Shares and will be redeemed. A redemption would reduce the numbers of ordinary shares outstanding, which would then impact the EPS. In the period presented it would lead to higher earnings per share for the other class of shares and consequently has not been considered as dilutive.

Should the share options be exercised, the total number of Class A Shares would increase by 66,667 to 20,140,362 Class A Shares, having minor impact on the EPS. Share options from the MSOP not exercised within the contractual time frame expire without any redemption and have no dilutive impact on the EPS.

As a result the basic earnings per share equal the dilutive EPS.

		2013	restated 2012
Profit for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	7,398	2,951
	Class B/C Shares	142	142
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings per share (EUR/share)	Class A Shares	0.37	0.15
	Class B/C Shares	0.01	0.01

27. OTHER FINANCIAL OBLIGATIONS/COMMITMENTS AND CONTINGENCIES

27.1 RENTAL AND LEASE CONTRACTS

Description of rental and lease contracts

(in EUR 1,000)	2013	2012
OPERATING LEASE OBLIGATIONS (RENTAL) AS OF 31 DECEMBER		
< 1 year	2,131	3,049
> 1 – 5 years	5,337	5,291
More than 5 years	1,008	1,676
Total	8,476	10,016

(in EUR 1,000)	2013	2012
FINANCE LEASE OBLIGATIONS AS OF 31 DECEMBER		
< 1 year	2,352	2,772
> 1 – 5 years	3,986	4,843
More than 5 years	0	0
Total	6,338	7,615
Future finance charges on finance lease	321	462
Present value of finance lease liabilities	6,017	7,153

The present value of finance lease liabilities as follows:

(in EUR 1,000)	2013	2012
< 1 year	2,175	2,551
> 1 – 5 years	3,842	4,602
More than 5 years	0	0
Present value of future lease liabilities	6,017	7,153

In financial year 2013, the rental and leasing expenses amounted to EUR 3,222 (2012: EUR 3,541).

27.2 CONTINGENT LIABILITIES

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those already provided for (note 20).

28. PLEDGED ASSETS

The Company has the following pledged assets:

(in EUR 1,000)	Note	2013	2012
Land and building	5	14,478	9,396
Pledged accounts receivables	9	9,487	12,832
Pledged other receivables	10	234	417
Pledged machinery and equipment	5	3,469	2,833
Pledged inventories	8	4,435	0
Pledged cash	12	190	410
Total pledged assets		32,293	25,888

Bank borrowings are secured by land and buildings, receivables and machinery and equipment (note 14).

29. BUSINESS COMBINATIONS

29.1 ACQUISITION OF SUBSIDIARIES

as electronics GmbH

On 24 May 2012 the Group acquired all shares of as electronics GmbH located in Grossbettlingen, Germany.

Inplastor GmbH

On 23 January 2012 the Group acquired all shares of Inplastor Graphische Produkte Gesellschaft m.b.H. located in Vienna, Austria.

The following table shows the cash flows of the acquisitions made in 2013 and 2012, and the transaction costs which were directly recognized in the income statement:

(in EUR 1,000)	2013	2012	Date of consolidation
CASH FLOW ON ACQUISITION OF INVESTMENTS			
Cash outflow on acquisition of as electronics GmbH		(8,811)	24 May 2012
Cash outflow on acquisition of Inplastor GmbH		(1,944)	23 January 2012
Cash outflow on acquisition of The Art of Packaging s.r.o. (now: exceet CZ s.r.o.)	(600)	(100)	31 December 2010
Total	(600)	(10,855)	
TRANSACTION COSTS DIRECTLY RECOGNIZED IN THE INCOME STATEMENT			
Inplastor GmbH		14	
as electronics GmbH		134	
Total	0	148	

The cash outflow of EUR 600 (2012: EUR 100) on acquisition of The Art of Packaging s.r.o. (now: exceet CZ s.r.o.) is related to the acquisition in 2010, with delayed payment up to 2013.

The transaction costs are included in the administrative expenses.

29.1.1 Acquisition 2012 – as electronics GmbH

On 24 May 2012 the Group acquired by way of a share purchase agreement all of the shares of as electronics GmbH, a leading provider of embedded electronics and security solutions in Germany. The rationale for the acquisition was to expand the Group's engineering and development expertise in the electronics sector. The aggregate consideration amounts to EUR 11,470, which consists of EUR 10,070 cash consideration and a contingent consideration which requires the Group to pay EUR 1,400 depending on defined operating results for the financial year 2012. Management expected the earn-out payment to be made in full on the date of the acquisition. The potential undiscounted amount of all future payments that the Group might be required to make under the contingent consid-

eration arrangement is between EUR 0 and EUR 1,400. as electronics GmbH was acquired by excelet Group AG. Transaction costs of EUR 134 have been recognized in administrative expenses.

as electronics GmbH contributed revenue of EUR 9,761 and a net profit of EUR 239 to the Group for the period of 24 May 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, as electronics GmbH would have contributed revenue of EUR 16,384 and a net profit of EUR 424 to the Group for the financial year 2012.

Details of net assets acquired and goodwill are as follows:

	(in EUR 1'000)
PURCHASE CONSIDERATION	
Purchase consideration paid	10,070
Contingent consideration	1,400
Total purchase consideration	11,470
Fair value of net assets acquired	(8,190)
Goodwill (note 6)	3,280

The goodwill of EUR 3,280 arises from a number of factors, such as expected synergies by integrating the acquired company into the Group's existing business model, the highly skilled workforce and to obtain econo-

mies of scale. The goodwill is not tax deductible.

The assets and liabilities arising from the acquisition are as follows:

	(in EUR 1'000)
FAIR VALUE	
Cash and cash equivalents	1,259
Tangible assets (note 5)	217
Software and other intangible assets (note 6)	68
Customer base, technology, brand (note 6)	6,559
Other financial assets	20
Inventory	4,691
Trade receivables (including allowance)	1,456
Other receivables	922
Accrued income and deferred expenses	84
Trade payables	(971)
Other liabilities	(1,083)
Accrued expenses and deferred income	(564)
Provisions	(47)
Bank liabilities	(2,524)
Liabilities from finance leasing	(44)
Deferred tax, net	(1,853)
Net assets acquired	8,190
Consideration settled in cash	(10,070)
Cash and cash equivalents in subsidiary acquired	1,259
Cash outflow on acquisition	(8,811)

The fair value of trade receivables is EUR 1,456. The gross contractual amount for trade receivables due is

EUR 1,466, of which EUR 10 is expected to be uncollectible.

29.1.2 Acquisition 2012 - Inplastor Graphische Produkte Gesellschaft m.b.H.

On 23 January 2012 the Group acquired by way of a share purchase agreement all of the shares of Inplastor Graphische Produkte Gesellschaft m.b.H. (Inplastor GmbH), an Austrian full-line provider of card-based loyalty and ID security solutions. The rationale for the acquisition was to strengthen the Group's market leader position in the card-based loyalty and ID security solution market in the DACH-Region (Germany, Austria and Switzerland). The aggregate consideration amounts to EUR 2,700, which consists of EUR 2,200 cash consideration, contingent considerations of EUR 300 payable upon the submission of the audited financial statements as of 31 December 2011 of Inplastor GmbH, and EUR 200 payable one year after the effective date of the acquisition provided all defined conditions have been fulfilled. The contingent considerations of EUR 500 have been paid into an escrow account, and EUR 300 has been released as of 31 December 2012. The Group

does not expect any future payments under the contingent consideration arrangement.

Inplastor GmbH was acquired through an intermediate Austrian holding company (except Austria GmbH). Transaction costs of EUR 14 have been recognized in administrative expenses.

Inplastor GmbH contributed revenue of EUR 8,356 and a net loss of EUR 326 to the Group for the period of 23 January 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, Inplastor GmbH would have contributed revenue of EUR 8,615 and a net loss of EUR 414 to the Group for the financial year 2012.

Details of net assets acquired and goodwill are as follows:
(in EUR 1,000)

PURCHASE CONSIDERATION	
Purchase consideration paid	2,200
Contingent consideration paid in an escrow account	500
Total purchase consideration	2,700
Fair value of net assets acquired	(2,277)
Goodwill (note 6)	423

The goodwill of EUR 423 arises mainly from the expected synergies by integrating the acquired company into the Group's existing businesses. The goodwill is not tax deductible.

The assets and liabilities arising from the acquisition are as follows:

	(in EUR 1,000)
FAIR VALUE	
Cash and cash equivalents	756
Tangible assets (note 5)	489
Software and other intangible assets (note 6)	71
Customer base and technology (note 6)	1,765
Inventory	299
Trade receivables (including allowance)	172
Other receivables	20
Accrued income and deferred expenses	29
Trade payables	(291)
Other liabilities	(211)
Accrued expenses and deferred income	(72)
Provisions	(189)
Other long-term liabilities	(52)
Deferred tax, net	(509)
Net assets acquired	2,277
Consideration settled in cash	(2,700)
Cash and cash equivalents in subsidiary acquired	756
Cash outflow on acquisition	(1,944)

The fair value of trade receivables is EUR 172. The gross contractual amount for trade receivables due is

EUR 172; there are no trade receivables expected to be uncollectible.

30. LIST OF CONSOLIDATED SUBSIDIARIES OF EXCEET GROUP SE

Company	Year of acquisition ¹	Activity
exceet Group SE	2011	Investments in subsidiaries
– Helikos AG	2011	Investments in subsidiaries
– exceet Group AG	2006	Investments in subsidiaries
– ECR AG	2006	Manufacturing of electronic components for industrial and med-tech application
– GS Swiss PCB AG	2006	Manufacturing of flexible, semi-flexible and HDI printed circuit boards
– Mikrap AG	2008	Development and distribution of software and hardware for instrumentation and control technology
– AEMtec GmbH	2008	Manufacturing of multi-chip modules
– as electronics GmbH	2012	Development and manufacturing of electronic components for industrial application
– exceet Austria GmbH ⁶	2011	Investments in subsidiaries
– Contec Steuerungstechnik & Automation Gesellschaft m.b.H.	2011	Manufacturing of electronic components for industrial and med-tech application
– Inplastor Graphische Produkte Gesellschaft m.b.H.	2012	Manufacturing of plastic card for Loyalty, Events and ID -Security- Solution
– AuthentiDate International AG	2011	Digital signatures and trust center
– AuthentiDate Deutschland GmbH ⁷	2011	Digital signatures and trust center
– exceet Card Group AG ⁸	2009	Investments in subsidiaries
– exceet Card Austria GmbH (former: VisionCard Kunststoffkartenproduktions GmbH) ²	2009	Manufacturing of plastic card for Loyalty, Access, Events and Transportation
– idVation GmbH ³	2009	Customizing Solutions for RFID area and Logical Access
– exceet CZ s.r.o. (former: The Art of Packaging s.r.o.) ⁴	2010	Production of prelamines for RFID card components, packaging services
– exceet Card AG ^{2,9,10} (former Winter AG)	2010	Production of smart cards and card personalization
– exceet Card Nederland B.V. (former: PPC Card Systems B.V.) ⁵	2009	Personalization and mailing of all types of cards

¹ Year of acquisition refers to exceet Group AG point of view

² exceet Card Group AG holds 100% of the share capital of these subsidiaries

³ exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH

⁴ exceet Card Austria GmbH holds 98.67% of the share capital of exceet CZ s.r.o. idVation GmbH hold 1.33% of the share capital of exceet CZ s.r.o.

⁵ exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.

⁶ exceet Austria GmbH holds 99.01% of the share capital of Contec GmbH and exceet Group AG 0.99% of the share capital of Contec GmbH

⁷ AuthentiDate International AG holds 100% of the share capital of AuthentiDate Deutschland GmbH

⁸ exceet Card Group AG holds 100% of the share capital of NovaCard Systems Inc., USA, which is an inactive company and therefore not consolidated

⁹ PPC Card Systems GmbH and exceet Card AG (former Winter AG) have been merged in August 2012 retroactively as per 1.1.2012

¹⁰ NovaCard Informationssysteme GmbH and exceet Card AG (former Winter AG) have been merged in February 2013 retroactively as per 1.1.2013

Country	Ref.	Share capital	Share in the capital	Share of the votes
LUX	1	EUR 527,960	100%	100%
SUI	2	CHF 100,000	100%	100%
SUI	3	CHF 25,528,040	100%	100%
SUI	2	CHF 500,000	100%	100%
SUI	4	CHF 1,350,000	100%	100%
SUI	2	CHF 1,000,000	100%	100%
GER	5	EUR 2,250,000	100%	100%
GER	6	EUR 102,150	100%	100%
AUT	7	EUR 35,000	100%	100%
AUT	7	EUR 36,000	100%	100%
AUT	8	EUR 50,000	100%	100%
GER	9	EUR 1,000,000	100%	100%
GER	9	EUR 25,000	100%	100%
GER	10	EUR 5,915,500	100%	100%
AUT	11	EUR 35,000	100%	100%
GER	12	EUR 25,000	100%	100%
CZE	13	CZK 1,500,000	100%	100%
GER	12	EUR 6,315,584	100%	100%
NED	14	EUR 226,900	100%	100%

Ref.	Address		
1	115 avenue Gaston Diderich	L-1420 Luxembourg	Luxembourg
2	Riedstrasse 1	CH-6343 Rotkreuz	Switzerland
3	Marktplatz 4	CH-9004 St. Gallen	Switzerland
4	Fännring 8	CH-6403 Küsnacht a. R.	Switzerland
5	Carl-Scheele-Strasse 16	D-12489 Berlin	Germany
6	Kantstrasse 10	D-72663 Grossbettlingen	Germany
7	Wildbichler Strasse 2E	A-6341 Ebbs	Austria
8	Leberstrasse 62	A-1110 Wien	Austria
9	Rethelstrasse 47	D-40237 Düsseldorf	Germany
10	Senefelderstrasse 10	D-33100 Paderborn	Germany
11	Industriezone 3	A-6175 Kematen in Tirol	Austria
12	Edisonstrasse 3	D-85716 Unterschleissheim/München	Germany
13	Zernovice 1	CZ-383 01 Okr.Prachatice	Czech Republic
14	Neutronstraat 8	NL-9743 AM Groningen	Netherlands

As a result of internal restructuring, NovaCard Informationsysteme GmbH was merged into exceet Card AG (former Winter AG) as at 1 January 2013. No gain or loss was realized as a result of the merger.

As a result of internal restructuring, PPC Card Systems GmbH was merged into exceet Card AG (former Winter AG) as at 1 January 2012. No gain or loss was realized as a result of the merger.

In the effort of Group branding strategy, several companies have their legal name changed to incorporate “exceet” as per the following table:

New name	Previous name	Date of change
exceet Card Austria GmbH	VisionCard Kunststoffkartenproduktions GmbH	14 December 2012
exceet Card AG	Winter AG	10 December 2012
exceet CZ s.r.o.	The Art of Packaging s.r.o.	1 January 2013
exceet Card Nederland B.V.	PPC Card Systems B.V.	4 January 2013

31. ULTIMATE CONTROLLING PARTIES AND RELATED-PARTY TRANSACTIONS

The Company has no ultimate controlling party.

Entities and natural persons (and their families) are considered related parties if they have the possibility to control the except Group SE or to exert a significant influence on its financial and business policies. For the purpose of assessing the significant influence exercised by related parties on the financial or business policies of the except Group SE, the existence of fiduciary relationships is taken into account in addition, to the existing control relationships.

RELATED ENTITIES

The following entities are to be considered related parties:

- Greenock S.à.r.l. (Ventizz) New York, USA (shareholder)
- Oranje-Nassau Participaties B.V., Amsterdam, Netherlands (shareholder)
- Eiflia Holding GmbH, Bonn, Germany (shareholder)
- Dagogen AG / Hans Hofstetter / Acrema, St. Gallen, Switzerland (shareholder)
- ICID Handels GmbH, Kematen, Austria (entity controlled by related person)
- TAoP GmbH, Kematen, Austria (entity controlled by related person)

RELATED PERSONS

Board of Directors

- Dirk-Jan van Ommeren, Chairman of the Board of Directors
- Hans Hofstetter
- Thomas Brauchli as Representative of White Hill
- Dr. Hagen Hultzsch
- Roland Lienau
- Ulrich Reutner

MEMBERS OF THE MANAGEMENT BOARD

Ulrich Reutner	Chief Executive Officer
Robert Wolny	Chief Operating Officer - IDMS
Jan Trommershausen	Chief Operating Officer - ECMS
Wolf-Günter Freese	Chief Financial Officer (as from 1 October 2013)

The remuneration of members of Management Board and the Board of Directors is disclosed in note 32.

One shareholder loan of EUR 1,050 (with additional interest and any other amounts accrued) granted to exceet Group AG was repaid in full by 30 January 2012. All other shareholder loans remain unchanged since year-end (interest charge for the period 2013 – EUR 68 (2012: EUR 143)).

In addition, the Group had legal charges in 2013 of EUR 383 (2012: EUR 272).

For the acquisition of The Art of Packaging s.r.o., now exceet CZ s.r.o., at 31 December 2010, EUR 600 (2012: EUR 100) was paid to Members of Management Board of exceet Group AG (note 29) by the end of the first quarter of 2013.

Dagogen AG/Hans Hofstetter/Acrema (St. Gallen, Switzerland) acquired 209,000 Class A Shares during 2013.

OTHER TRANSACTIONS WITH RELATED PARTIES

A number of board members or related entities transacted with the Group in the reporting period. The terms and conditions of the transactions with related entities were no more favorable than those available on similar transactions to non-related parties. The interest of the shareholder's loans is in line with the guideline of the Swiss Federal tax authority.

The aggregate value of transactions and outstanding balances relating to transactions with related parties were as follows:

(in EUR 1,000)		2013	2012
TRANSACTION VALUE YEAR ENDED 31 DECEMBER			
Related party	Transaction		
Entity controlled by Members of the Board of Directors and Management Board	Legal Service	(383)	(272)
Entity controlled by Shareholder	Loans interest charged	(66)	(130)
Entity controlled by Members of the Board of Directors and Management Board	Loans interest charged	(2)	(13)
Entity controlled by Members of the Board of Directors and Management Board	Other administration costs	0	(34)
Board of Directors and Management Board	Other administration costs	(49)	(36)
BALANCE OUTSTANDING AT 31 DECEMBER			
Related party	Balance outstanding		
Entity controlled by Members of the Board of Directors and Management Board	Trade payables and other liabilities	(42)	(60)
Board of Directors and Management Board	Trade payables and other liabilities	0	(2)
Entity controlled by Members of the Board of Directors and Management Board	Borrowings and other liabilities	0	(250)
Entity controlled by Shareholder	Borrowings and other liabilities	(5,622)	(5,556)
Board of Directors and Management Board	Borrowings and other liabilities	0	(600)

The conditions of the loan to shareholders are described in note 14.

CONTINGENT LIABILITIES TOWARDS RELATED PARTIES

No contingent liabilities towards related parties.

32. REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The following remuneration relates to the financial year 2013:

(in EUR 1,000)	2013	2012
Remuneration for meetings	113	112
Total remuneration to the Board of Directors	113	112
Salaries and social cost payments to Management Board	1,443	1,684
Share-based payments to Management Board (note 16)	96	56
Post employment benefits payments to Management Board	123	109
Total payments to Management Board	1,662	1,849

The members of the Management Board and the Board of Directors hold the following shares and options:

MANAGEMENT BOARD	Total shares	Class A Shares	Class B Shares	2013 Class C Shares	2012 Total shares
Ulrich Reutner	1,179,054	634,689	0	544,365	1,179,054
Robert Wolny	1,025,854	481,489	0	544,365	1,025,854
Jan Trommershausen	101,593	47,683	0	53,910	101,593
Total	2,306,501	1,163,861	0	1,142,640	2,306,501

	Options carried forward 1 January 2013	Granted during financial year	Vested during financial year	Closing position 31 December 2013
Jan Trommershausen	66,667	0	0	66,667
Total	66,667	0	0	66,667

	Options carried forward 1 January 2012	Granted during financial year	Vested during financial year	Closing position 31 December 2012
Jan Trommershausen	0	66,667	0	66,667
Total	0	66,667	0	66,667

BOARD OF DIRECTORS	Total shares	Class A Shares	Class B Shares	2013 Class C Shares	2012 Total shares
Dirk-Jan van Ommeren, Chairman of the Board of Directors	0	0	0	0	0
Hans Hofstetter	0	0	0	0	0
Thomas Brauchli, Representative of White Hill	0	0	0	0	0
Dr. Hagen Hultzs	0	0	0	0	0
Roland Lienau	395,668	108,829	286,839	0	395,668
Ulrich Reutner	1,179,054	634,689	0	544,365	1,179,054
Total	1,574,722	743,518	286,839	544,365	1,574,722

33. CHANGES IN ACCOUNTING POLICIES

The Group adopted the following accounting policies:

Amendments to IAS 19, "Employee benefits"

With the adoption of amendments to IAS 19 the Group:

- Replaced interest costs and expected return on plan assets with a net interest amount, that is calculated by applying the discount rate to the net defined benefit liability (asset).
- Included risk sharing of employee contributions in the determination of the defined benefit liability.
- Included expected changes in mortality using estimates of mortality improvements for actuarial calculations.

The effects of the changes to the accounting policies are shown in the following tables.

Balance Sheet

(in EUR 1,000)	previously stated 31 December 2012	Adoption of IAS 19	restated 31 December 2012
ASSETS			
Non-current assets			
Tangible assets	31,415	0	31,415
Intangible assets	62,334	0	62,334
Deferred tax assets	617	0	617
Other financial investments	27	0	27
Other non-current receivables	178	0	178
Total non-current assets	94,571	0	94,571
Current assets			
Inventories	35,833	0	35,833
Trade receivables, net	20,066	0	20,066
Other current receivables	2,429	0	2,429
Current income tax receivables	1,297	0	1,297
Accrued income and prepaid expenses	632	0	632
Financial assets at fair value through profit or loss	6	0	6
Cash and cash equivalents	24,426	0	24,426
Total current assets	84,689	0	84,689
Total assets	179,260	0	179,260
EQUITY			
Share capital	528	0	528
Reserves	88,431	1,382	89,813
Equity attributable to shareholders of the parent company	88,959	1,382	90,341
Total equity	88,959	1,382	90,341
LIABILITIES			
Non-current liabilities			
Borrowings	32,802	0	32,802
Retirement benefit obligations	7,331	(1,669)	5,662
Deferred tax liabilities	8,508	287	8,795
Provisions for other liabilities and charges	755	0	755
Other non-current liabilities	304	0	304
Total non-current liabilities	49,700	(1,382)	48,318
Current liabilities			
Trade payables	10,703	0	10,703
Other current liabilities	5,207	0	5,207
Accrued expenses and deferred income	7,625	0	7,625
Current income tax liabilities	879	0	879
Borrowings	11,186	0	11,186
Other financial liabilities	3,890	0	3,890
Provisions for other liabilities and charges	1,111	0	1,111
Total current liabilities	40,601	0	40,601
Total liabilities	90,301	(1,382)	88,919
Total equity and liabilities	179,260	0	179,260

Balance Sheet

(in EUR 1,000)	previously stated 1 January 2012	Adoption of IAS 19	restated 1 January 2012
ASSETS			
Non-current assets			
Tangible assets	27,101	0	27,101
Intangible assets	51,746	0	51,746
Deferred tax assets	131	0	131
Other financial investments	26	0	26
Other non-current receivables	265	0	265
Total non-current assets	79,269	0	79,269
Current assets			
Inventories	31,122	0	31,122
Trade receivables, net	17,916	0	17,916
Other current receivables	1,753	0	1,753
Current income tax receivable	220	0	220
Accrued income and prepaid expenses	755	0	755
Financial assets at fair value through profit or loss	15	0	15
Cash and cash equivalents	40,132	0	40,132
Total current assets	91,913	0	91,913
Total assets	171,182	0	171,182
EQUITY			
Share capital	528	0	528
Reserves	85,073	1,232	86,305
Equity attributable to shareholders of the parent company	85,601	1,232	86,833
Total equity	85,601	1,232	86,833
LIABILITIES			
Non-current liabilities			
Borrowings	25,718	0	25,718
Retirement benefit obligations	6,651	(1,480)	5,171
Deferred tax liabilities	6,805	248	7,053
Provisions for other liabilities and charges	556	0	556
Other non-current liabilities	1,535	0	1,535
Total non-current liabilities	41,265	(1,232)	40,033
Current liabilities			
Trade payables	10,838	0	10,838
Other current liabilities	5,235	0	5,235
Accrued expenses and deferred income	7,136	0	7,136
Current income tax liabilities	6,157	0	6,157
Borrowings	9,786	0	9,786
Other financial liabilities	3,073	0	3,073
Provisions for other liabilities and charges	2,091	0	2,091
Total current liabilities	44,316	0	44,316
Total liabilities	85,581	(1,232)	84,349
Total equity and liabilities	171,182	0	171,182

Income Statement

(in EUR 1,000)	previously stated 2012	Adoption of IAS 19	restated 2012
Revenue	188,752	0	188,752
Cost of sales	(159,811)	(215)	(160,026)
Gross profit	28,941	(215)	28,726
<i>Gross profit margin</i>	<i>15.3%</i>	<i>-0.1%</i>	<i>15.2%</i>
Distribution costs	(12,912)	(34)	(12,946)
Administrative expenses	(12,681)	(82)	(12,763)
Other operating expenses	0	0	0
Other operating income	4,198	0	4,198
Operating result (EBIT)	7,546	(331)	7,215
<i>EBIT margin</i>	<i>4.0%</i>	<i>-0.2%</i>	<i>3.8%</i>
Financial income	1,297	0	1,297
Financial expense	(2,755)	(73)	(2,828)
Changes in fair value in financial instruments	(816)	0	(816)
Financial result, net	(2,274)	(73)	(2,347)
Profit before income tax	5,272	(404)	4,868
Income tax expense	(1,829)	54	(1,775)
Profit for the period	3,443	(350)	3,093
<i>Profit margin</i>	<i>1.8%</i>	<i>-0.2%</i>	<i>1.6%</i>
Profit attributable to:			
Shareholders of the parent company	3,443	(350)	3,093
Minority interests	0	0	0
Earnings per share (basic=dilutive)			
Class A Shares	0.16	-0.01	0.15
Class B/C Shares	0.01	0.00	0.01

Other Comprehensive Income

(in EUR 1,000)	previously stated 2012	Adoption of IAS 19	restated 2012
Profit for the period	3,443	(350)	3,093
Other comprehensive income			
Items not to be reclassified to profit and loss:			
Remeasurements of defined benefit obligation	(732)	583	(149)
Deferred tax effect on actuarial (gains)/losses	139	(90)	49
Total items not to be reclassified to profit and loss	(593)	493	(100)
Items to be reclassified to profit and loss:			
Currency translation differences	452	7	459
Total items to be reclassified to profit and loss	452	7	459
Total comprehensive income for the period	3,302	150	3,452
Attributable to:			
Shareholders of the parent company	3,302	150	3,452
Minority interests	0	0	0

Cash Flow

(in EUR 1,000)	previously stated 2012	Adoption of IAS 19	restated 2012
Profit before income tax	5,272	(404)	4,868
Adjustments for non-cash transactions			
Amortization on intangible assets	3,311	0	3,311
Depreciation on tangible assets	5,936	0	5,936
Losses/ (gains) on disposal of assets	(93)	0	(93)
Change of provisions	(140)	0	(140)
Release of earn-out provision	(2,662)	0	(2,662)
Adjustments to retirement benefit obligation/prepaid cost (provision)	(101)	331	230
Financial (income)/expense	1,071	73	1,144
Changes in fair value in financial instruments	816	0	816
Other non-cash (income)/expenses	30	0	30
Operating net cash before changes in net working capital	13,440	0	13,440
Changes to net working capital			
- inventories	948	0	948
- receivables	(626)	0	(626)
- accrued income and prepaid expenses	236	0	236
- liabilities	(2,582)	0	(2,582)
- provisions for other liabilities and charges	(877)	0	(877)
- accrued expenses and deferred income	(212)	0	(212)
Tax received (prior periods)	200	0	200
Tax paid	(9,447)	0	(9,447)
Interest received	117	0	117
Interest paid	(937)	0	(937)
Cashflows from operating activities	260	0	260
Acquisition of subsidiaries, net of cash acquired	(10,855)	0	(10,855)
Purchase of tangible assets	(5,886)	0	(5,886)
Sale of tangible assets	233	0	233
Purchase of intangible assets	(1,241)	0	(1,241)
Cashflows from investing activities	(17,749)	0	(17,749)
Increase of borrowings	7,451	0	7,451
Repayments of borrowings	(3,027)	0	(3,027)
Proceeds/ Repayments of other non-current liabilities	(34)	0	(34)
Proceeds from finance lease prepayments	2,596	0	2,596
Payments of finance lease liabilities	(5,454)	0	(5,454)
Cashflows from financing activities	1,532	0	1,532
Net changes in cash and cash equivalents	(15,957)	0	(15,957)
Cash and cash equivalents at 1 January	40,132	0	40,132
Net changes in cash and cash equivalents	(15,957)	0	(15,957)
Effect of exchange rate gains/(losses)	251	0	251
Cash and cash equivalents at 31 December	24,426	0	24,426

34. EVENTS AFTER THE BALANCE SHEET DATE

There were no events since the balance sheet date on 31 December 2013 that would require adjustment of assets or liabilities or disclosure.

35. REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of
exceet Group SE
Société Européenne
115, avenue Gaston Diderich
L-1420 Luxembourg

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of exceet Group SE (the “Company”) and its subsidiaries (all together, the “Group”), which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE “RÉVISEUR D'ENTREPRISES AGRÉÉ”

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier”. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the “Réviseur d'entreprises agréé” including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the “Réviseur d'entreprises agréé” considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors,

as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of exceet Group SE and its subsidiaries as of 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The Corporate Governance Statement, as published on the Company's website www.exceet.lu, as of the date of this report, is the responsibility of the Board of Directors. This statement is consistent, at the date of this report, with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 28 February 2014
Represented by



Philippe Duren

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