exceet

ANNUAL REPORT 2014

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Chief Executive Officer

WOLF-GÜNTER FREESE
Chief Financial Officer

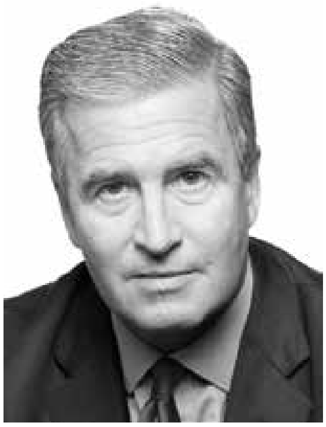
JAN TROMMERSHAUSEN
Chief Operating Officer – ECMS

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

PROF. DR.
HARTMUT GRIEPENTROG*

*Representative of White Hills Management & Co S.C.S.

EXCEET GROUP MANAGEMENT REPORT

CONTINOUS IMPROVEMENT OF PROFITABILITY

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 9 manufacturing sites in the heart of Europe and in addition 5 technical sales & development centres for customer proximity to ensure smooth and close communication for innovative solutions and an attractive time-to-market phase for the customer.

exceet reports in three business segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and exceet Secure Solutions (ESS).

BUSINESS MODEL

Distinguished engineering, manufacturing, software and data security skills enable exceet to offer solutions with a high degree of customisation and qualified certifications to fulfill 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 (IDMS segment). Within the ESS segment exceeet develops individual, tailor-made IT security solutions for any sector and any requirement such as the development and integration of a public key infrastructure (PKI). In many fields, e.g. in healthcare (e-health, especially electronic health card) or for industrial Internet of Things (IoT) solutions, exceet offers comprehensive security concepts and 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 industrialisation process, from the feasibility of new products and processes to a 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 and products for access, retail, transportation and banking applications. NFC, RFID and state of the art Bluetooth technology are exceet's key capabilities to fulfill the challenging market environment.

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, opto-electronics, multi access

ID solutions, industrial IoT) and marketing efforts is another key strategic point of action. exceet pursues a "pull marketing strategy", i.e. attracts 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 exceet`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 exceet 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, exceet is able to offer unique comprehensive and secure solutions.

GEOGRAPHICAL EXPANSION

exceet's core markets are today Austria, Germany, France, Scandinavia and Switzerland. Further geographic expansion is already initiated in the USA with a local sales team, 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 an important element of exceet's strategy.

Sustainability orientated production: e.g. use of solar energy in Kematen, Austria

MAJOR EVENTS DURING THE REPORTING PERIOD

ORDERS

In addition to the regular orders out of its running business activities, exceet has realised the following highlights:

exceet has won an industrialization and production order from Biovotion AG for a new wearable vital signs platform for patient monitoring. The new product aims to assist patients during the treatment process by continuously transmitting vital sign data.

exceet will deliver the smart cards for the Stuttgart Services project. The project enables a single gateway to electro-mobile and urban services as well as a related information and booking platform (business-to-consumer portal).

With the conceptualization, development and implementation of a core PKI infrastructure for the telematics infrastructure in 2014, exceet generated additional orders to further develop secure elements for the electronic health card (eGK) in Germany.

ACQUISITIONS

In acquiring Valtronic Technologies Romania S.R.L., member company of Valtronic Technologies Holding SA, in May 2014, exceet is strengthening its development and engineering competencies in the sphere of miniaturized electronics for medical technology uses. The Bucharest–based development team possesses excellent know-how in the fields of mechatronics, hardware and embedded software. The company's core competencies include the development of implants up to Class 3.

In December 2014, exceet Group acquired 100% of shares in Lucom GmbH Elektrokomponenten & Systeme, a leading provider of industrial routers based in Zirndorf (Germany). The company offers an easy approach to industrial IoT projects with its industrial routers and VPN solutions. Lucom will be an integral part of the exceet Secure Solutions business unit, which is specialized in consulting and implementation services for industrial IoT, security and e-health solutions.

STREAMLINING COMPANY STRUCTURE

Effective January 2015, three companies of exceet Group, formerly named as electronics GmbH (Germany), Contec Steuerungstechnik und Automation GmbH (Austria) and Mikrap AG (Switzerland), will operate under the joint brand name of exceet electronics. This strategic realignment under the new brand addresses the customer needs to develop and produce complex electronic modules, components and systems for industrial and medical technology uses provided by one partner.

In the process of streamlining operation activities, Inplastor Graphische Produkte GmbH was operationally merged into exceet Card Austria GmbH at the end of 2014.

INVESTMENT

Recent infrastructure investments of ECMS allow to further decrease the size of the structure (decreasing line and space) of printed circuit boards (PCBs) enabling ECMS to drive further developments in the areas of medical implants and miniaturization.

With the investments into additional printing capacities, basically a new single-card printing machine, IDMS is now able to offer small batches and to ensure on-time deliveries for larger volumes.

Beside investments in assets, exceet invested in human capital to develop new business activities for instance industrial IoT, multi access identity solutions and e-health.

GEOGRAPHIC EXPANSION

The geographic expansion is showing now the first positive results: French business development and sales activities are resulting in several new medical projects, where exceet engages e.g. in the complete development and production of a portable blood analysis device for usage outside the laboratory and a X-ray doses recorder.

Modern and friendly workspace, e.g. exceet Secure Solutions in Düsseldorf, Germany

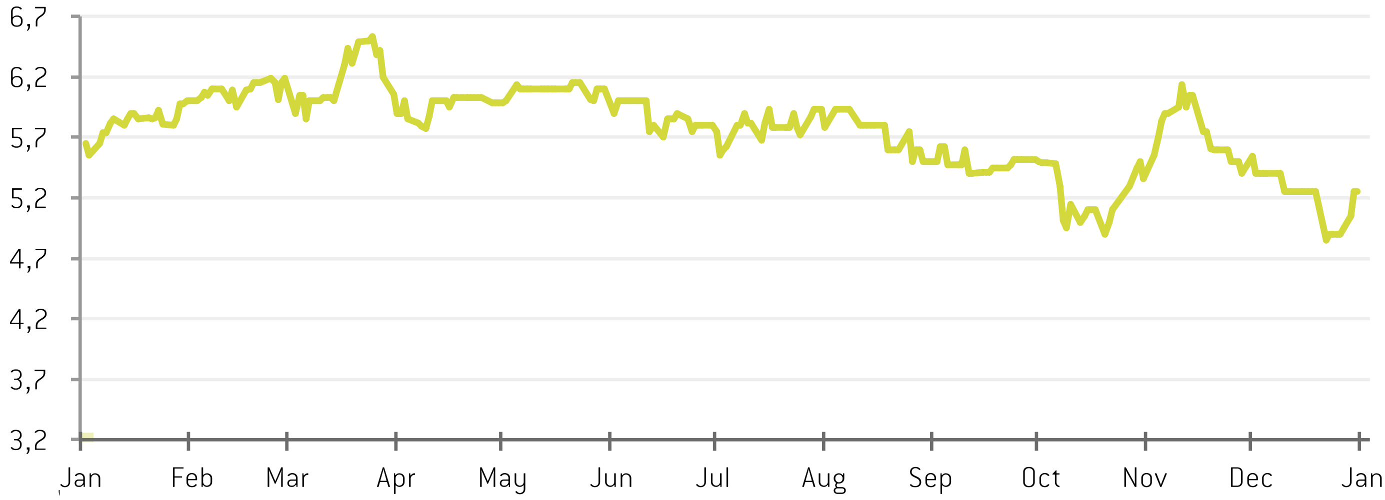
FUNDAMENTALS OF EXCEET SHARES

The Company's authorised share capital currently amounts to 45,675,397 shares, including 20,523,695 Class A Shares (Public Shares). Any analysis of exceet's market capitalization should take only Class A Shares into consideration. The Class B and C shares can only be converted into Class A Shares provided the publically traded share price is in various tranches above Euro 12.00 on 20 consecutive trading days (expiring date: 26 July 2016).

The market capitalization of exceet Group SE accumulated to EUR 112.9 million at the beginning of 2014 (1 January 2014) and reached approx. EUR 105.4 million at the end of 2014 (31 December 2014). Final share price at the last trading day in 2014 was Euro 5.25.

EXCEET SHARE PRICE DEVELOPMENT 2014

	High	Low
Year 2014:	6.55 (21.03.2014)	4.80 (21.10.2014)



Currently, exceet 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 are held in treasury by the Company (see exceet Group Consolidated Financial Statements note 13 "Equity").

BUSINESS DEVELOPMENT

OVERALL ECONOMIC ENVIRONMENT

Despite setbacks as seen from geopolitical conflicts in the course of last year which had a severe damper on economic sentiment and activity, the global economic recovery – though uneven – is generally expected to continue. As forecasted by the OECD, world economic growth will accelerate from 3.3% in 2014 to 3.7% in 2015 and further on to 3.9% in 2016. The main drivers are China, despite a gradual slowdown of growth slightly below the 7% level in 2016, and the United States which should reach roughly 3% overall growth this year and again next year, thanks to an improving labour market and strong consumer demand. On the weak side, Japan is expected to show only a subdued recovery from sluggish growth last year to 0.8% in the current year followed by 1.0% in 2016. In Europe, OECD estimates for the Eurozone show a rise by 1.1% this year after 0.8% in 2014, followed by sounder growth of 1.7% in 2016 while the United Kingdom is expected to keep up its above average growth path between 3% and 2.5%.

Within the Eurozone, Germany is expected to grow 1.1% in the current year after recently reported 1.6% last year. In 2016 the German growth rate of 1.8% will again exceed the rate of the Eurozone in total. The private sector seems to become more and more positively responsive to the stimulus of global monetary easing. In particular in the US, Quantitative Easing (QE) by the Fed laid ground for stronger economic growth prospects and improved labour market conditions. Furthermore, worldwide consumer spending gets support from substantially lower oil and related energy prices. But since the turn of the year risks to the economic recovery scenario have been rising again. At the end of 2014 the markets were confident about the relative stability of the Eurozone and the ability of governments and administrations to get geopolitical conflicts handled, finally. In the meanwhile the Russian-Ukrainian conflict has escalated and the Eurozone crisis is on the agenda again, due to the latest political development in Greece and new uncertainties concerning the willingness of southern European countries to stick to austerity measures and structural reforms. Additionally it remains to be seen whether the QE program announced by the ECB will show a similar positive economic impact as in the US.

Though the German economy has been showing a stunning relative strength, fresh concerns that the Eurozone could well suffer from a longer lasting period of low growth or stagnation cannot be ruled out. Only Lithuania - which joined the Eurozone on the first day of 2015 - and Ireland are forecasted to see strong growth next year. The latest inflation rate figures were negative year-over-year and therefore well below the ECB target rate of 2%. A deflationary environment could harm economic activity while putting the recovery scenario at danger. A further source of uncertainty is the still unsatisfying level of corporate investments. For the Eurozone countries the growth expectations primarily rely on consumer spending and a weaker Euro thus enhancing European exports.

SECTOR-SPECIFIC ENVIRONMENT

Within its major end-markets exceet Group concentrates on fast growing profitable niches that offer promising and sustainable growth prospects for the company.

Health
exceet's relevant market, the global medical device and healthcare services industries, have experienced significant growth over the last five years which is expected to continue.

The global healthcare services market is forecasted to reach short-term USD 3 trillion, according to research from Global Industry Analysts. Investment in sectors such as home healthcare, healthcare IT and telehealth are expected to further fuel market expansion. Due to the world's aging population, the climbing demand for home healthcare is likely to continue over the years to come as elderly and terminally ill patients opt for ease receiving healthcare at home rather than in hospitals. As with many other industry sectors, information technology is also affecting the area of healthcare services, with many healthcare institutions concentrating their efforts on setting up or enhancing their electronic medical records systems and electronic or personal health records.

In the future, medical progress will produce rapidly growing data volumes in all health care systems worldwide. The ability to exchange and analyse these data in a cost-efficient manner in cross-institutional health care networks will be of growing importance. The emphasis is on availability, integrity, authenticity and confidentiality. In addition, globally installed networks of thousands of specific medical devices and other advanced e-health technologies expose patients and health care providing organizations to new dimensions of safety and security risks. Among the unintended consequences of health care digitization and increased network-like connectivity are the risks of data breaches, malware infections, and vulnerability to unauthorized access. These trends will have a significantly positive impact on exceet's business development in the future.

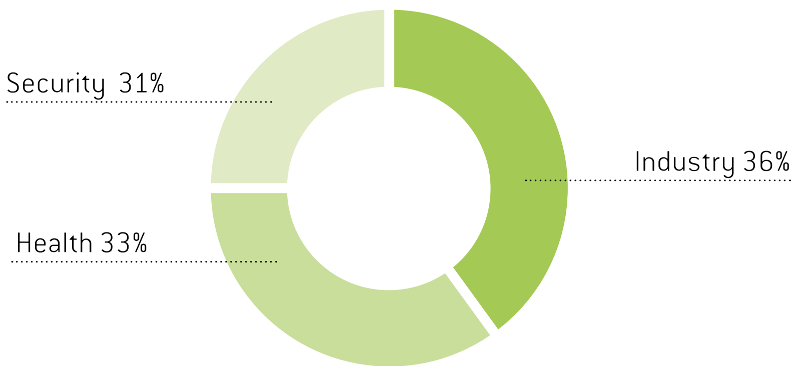
Industry
To revive Europe as an industrial stand, the European Union Commission intends to expand industrial production in the EU from its 15.5% share of GDP in 2014 to at least a 20% share until 2020. Smart factories are a key element to entirely new forms of industrial production. In Germany this issue is broadly discussed as "Industry 4.0" which is unanimously expected to change the paradigms of industrial production. Changes are starting to occur in the area of manufacturing as a result of cyber-physical systems (CPS) and the so-called "Internet of Things" (IoT) – two terms reflecting the combination of software, sensors, processors, and communications technologies in the world of Industry 4.0. In the future, there will be cyber-physical systems associated with smart machines, warehousing systems, and facilities that exchange information autonomously, according to actual estimates of the German National Academy of Science and Engineering (acatech).

Industry demand for intelligent electronic products shows a broad variety. One common feature is the continuous trend for miniaturization of complex electronic devices in all end-markets. This goes hand in hand with steadily growing requirements concerning for precision and quality. Chip on Board (CoB), Flip Chip, System in Packages (SiP) and other sophisticated packaging methods are becoming standard solutions in more and more applications today that require extreme density in the smallest of space.

Security
Worldwide spending on information security reached over USD 71 billion in 2014, an increase of about 8% versus 2013, with the data loss prevention segment recording the fastest growth of 18.9%, according to the latest forecast published by Gartner, Inc. Total information security spending is expected to grow a further 8% in 2015 to reach about USD 77 billion.

The increasing adoption of services in the areas of Mobile, Cloud, Social Media and Information (often interacting with each other) will drive the use of advanced security technology and related services through 2016.

EXCEET'S REVENUE 2014 BY MARKETS



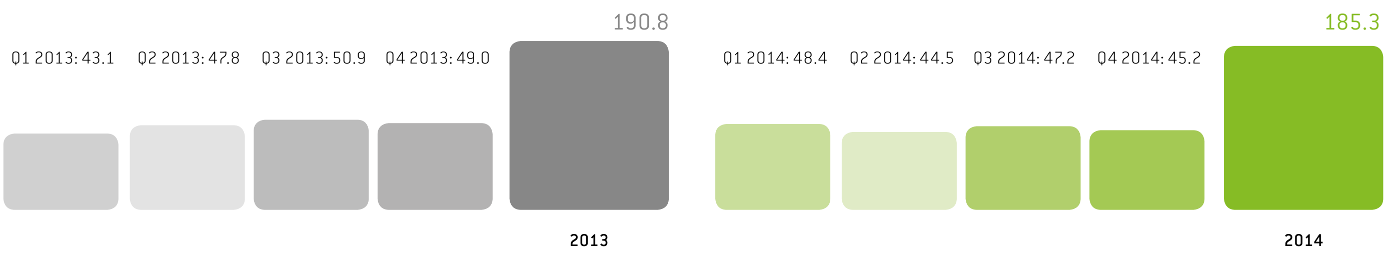
NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

exceet improved 2014 its profitability further, reflected in the Gross Profit Margin with EUR 33.1 million or 17.8% (2013: EUR 32.3 million or 16.9%) and the EBITDA-Margin of EUR 19.0 million or 10.3% (2013: EUR 18.3 million or 9.6%).

The Group sales 2014 decreased due to the challenging market environment by 2.9%, reaching EUR 185.3 million against EUR 190.8 million for the same period of the previous year. The development was positively affected by the exchange rates of the Swiss Franc and the US dollar versus the Euro by which increased the consolidated net sales by 0.3%. On 31 December 2014 exceet's order backlog amounted to EUR 87.3 million which is 17.8% lower as of 31 December 2013 (EUR 106.1 million) and reflects a book-to-bill ratio of 0.90 (2013: 1.03).

Quarterly net sales development 2013 and 2014 in EUR million



The Group achieved sales of EUR 48.4 million in Q1, EUR 44.5 million in Q2, EUR 47.2 million in Q3, and EUR 45.2 million in the fourth quarter. As of Q2, group sales were impacted by a cautious market sentiment and lower delivery requests from customers. This impact did continue until the end of the year, resulting in an organic growth rate for the full year being at -3.4% and did not allow the full compensation of health projects running out in 2014.

Due to the focus on higher margin products, the gross profit margin improved from 16.9% to 17.8%, which represents an increase from EUR 32.3 million to EUR 33.1 million (+2.5%). The net operating costs decreased by EUR 0.4 million from EUR 24.5 million to EUR 24.1 million. This change is mainly impacted by lower other operating expenses compared to the previous year (2013: EUR 0.5 million impairment of intangible assets).

exceet achieved an EBITDA of EUR 19.0 million (10.3% of net sales) in 2014 compared to EUR 18.3 million (9.6% of net sales) in 2013. Depreciations and amortizations in the amount of EUR 10.1 million were down EUR 0.4 million against the previous year (2013: EUR 10.5 million). EUR 6.4 million (2013: EUR 6.0 million) relate to the depreciation of tangible assets, EUR 3.7 million (2013: EUR 3.9 million) relate to the amortization of intangible assets and no impairment of intangible assets (2013: EUR 0.5 million related to a software development project).

The net financial loss of EUR 2.1 million (2013: net financial income of EUR 2.1 million) includes a loss of EUR 0.6 million which was a result of the revaluation of warrants (2013: gain of EUR 3.0 million), a negative net foreign currency effect of EUR 0.4 million (2013: gain of 0.3 million) and interest cost in the amount of EUR 1.1 million (2013: 1.2 million).

Net income decreased from EUR 7.5 million to EUR 4.4 million.

The calculation of basic earnings per share (EPS) on 31 December 2014 is based on the net income of EUR 4.4 million, attributable to the shareholders of the parent company and the weighted average number of issued shares, being 20,073,695 (excluding 450,000 treasury shares) Class A Shares, 5,210,526 Class B Shares and 9,000,000 Class C Shares respectively, which totals to 34'284'221 issued shares.

		2014	2013
Profit for the year (in EUR 1,000) attributable to Equity holders of the Company	Class A Shares	4,260	7,398
	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 (Euro/share)	**Class A Shares**	**0.21**	**0.37**
	Class B/C Shares	**0.01**	**0.01**

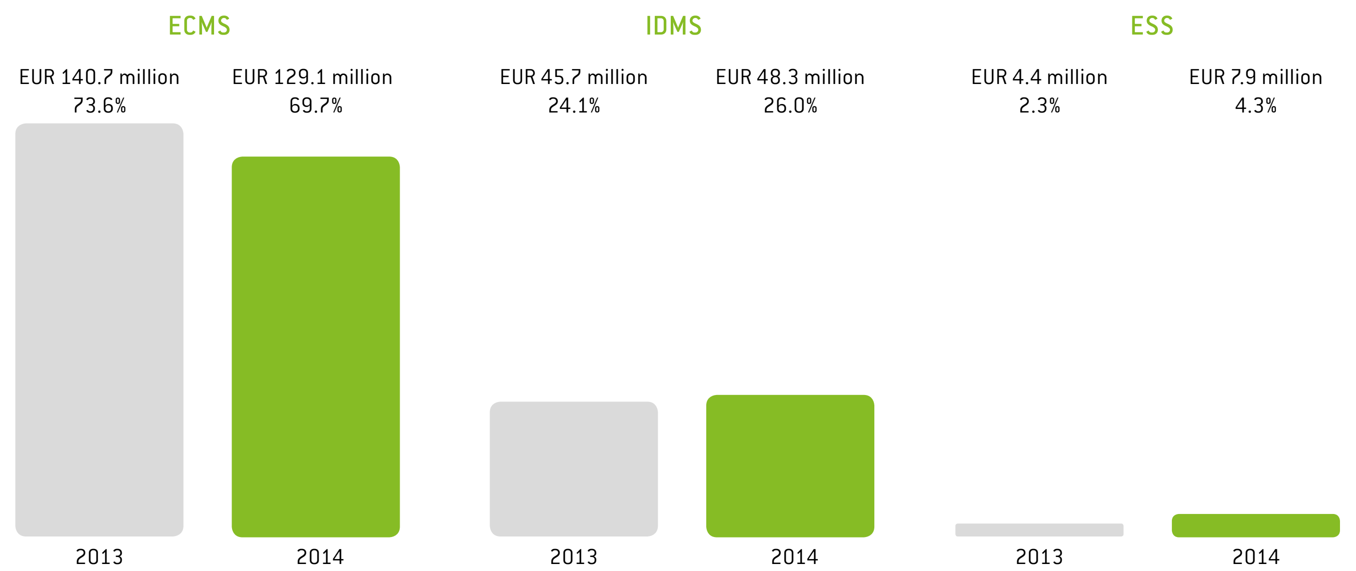
SEGMENT REPORTING

Electronic Components, Modules & Systems (ECMS)

Segment sales decreased by 8.3% to EUR 129.4 million (2013: EUR 141.1 million) mainly caused by the cautious order behaviour of customers in the current uncertainty of the market and a project related lower share of traded electronic components. The third party net sales in this segment decreased by 8.3% to EUR 129.1 million against EUR 140.7 million during the same period of the previous year. In 2014, EBITDA reached EUR 20.1 million against EUR 20.2 million in 2013. The EBITDA margin improved accordingly from 14.3% in 2013 to 15.5% in 2014 due to cost optimization on current projects.

ID Management & Systems (IDMS)

The IDMS segment was able to increase the segment sales (all third party net sales) by 5.9% to EUR 48.3 million (2013: EUR 45.7 million). Due to the scale impact out of the higher sales level and a cost reduction in the amount of about EUR 1.0 million out of the current organization restructuring activities the EBITDA margin improved from 5.5% to 7.9% with an EBITDA of EUR 3.8 million (2013: EUR 2.5 million).



Third party net sales (in EUR million) and share of consolidated total net sales

exceet Secure Solutions (ESS)
The ESS segment achieved sales (all third party net sales) of EUR 7.9 million during the reporting period (2013: EUR 4.4 million). This substantial increase by 79.5% was driven by the continued telematics project for the German electronic health card (eGK) and the acquisition of Lucom GmbH Elektrokomponenten und Systeme as of 5 December 2014 (see Consolidated Financial Statements exceet Group note 29 “Business combinations”). The ESS segment pursued in 2014 the development of new projects in the industrial IoT market as well as additional follow-up sales to the telematics project in the health market.

BALANCE SHEET POSITIONS

Cash and cash equivalents decreased to EUR 31.0 million at the end of the financial year (2013: EUR 31.2 million), mainly due to generated free cash flow of EUR 6.6 million (2013: EUR 6.9 million) and the repayment of a subordinated loan from the shareholder Oranje-Nassau Participaties B.V. of EUR 5.7 million as of 31 August 2014.

Net working capital increased by EUR 2.6 million from EUR 31.0 million to EUR 33.6 million, which is 18.1% of net sales (2013: 16.3%). Main drivers were the decrease by EUR 2.0 million of other payables and accrued expenses driven by a lower bonus level of EUR 0.5 million, lower accruals for value-added-taxes of EUR 0.5 million and various other accruals, as well as a decrease of current income tax liabilities by EUR 0.6 million. In addition trade payables decreased by EUR 1.4 million from EUR 11.4 million to EUR 10.0 million and trade receivables decreased by EUR 1.7 million to EUR 22.8 million from EUR 21.1 million – offsetting the decrease of trade payables. Inventory levels increased slightly from EUR 31.3 million to EUR 31.6 million.

Non-current assets amounted to EUR 96.9 million (2013: EUR 95.1 million), including tangible assets of EUR 34.2 million (2013: EUR 35.4 million) and intangible assets of EUR 61.1 million (2013: EUR 58.6 million). The main increase in intangible assets can be attributed to the acquisition of Lucom GmbH Elektrokomponenten und Systeme (see Consolidated Financial Statements exceet Group note 29 “Business combinations”) by EUR 4.5 million. The goodwill component of EUR 2.3 million increased the goodwill position to EUR 38.1 million (2013: 35.4 million) including EUR 0.4 million due to FX-effects. As in the previous years, no impairment was recorded against goodwill during the reporting period.

Non-current liabilities increased by EUR 7.0 million, from EUR 47.1 million on 31 December 2013 to EUR 54.1 million on 31 December 2014. This movement was mainly caused by an increase of pension liabilities by EUR 4.3 million (remeasurement of the defined benefit obligations out of adjustments for the return of plan assets and a change in the economic assumptions), a decrease of deferred tax liabilities of EUR 0.9 million, an increase in long-term borrowings of EUR 2.2 million and EUR 1.0 million out of contingent consideration for the acquisition of Lucom GmbH Elektrokomponenten und Systeme (see Consolidated Financial Statements exceet Group note 29 “Business combinations”). The other financial liabilities increased from EUR 0.9 million to EUR 1.4 million due to the revaluation of the public warrants based on IFRS requirements.

As of 31 December 2014, the Company’s equity amounted to EUR 101.0 million, an increase against the equity position of 31 December 2013 (EUR 98.7 million). This is attributable to net profits of EUR 4.4 million, losses from remeasurement of the defined benefit obligations net of taxes of EUR -3.3 million, foreign exchange gain impacts of EUR 1.1 million and accruals for share-based payments of EUR 0.1 million. Over all this results in an increase of the equity ratio from 54.0% in 2013 to 55.2% for 2014.

Net debt as at 31 December 2014 increased by EUR 2.4 million, now representing a net debt position of EUR 9.4 million, compared to the net debt position at 31 December 2013 of EUR 7.0 million. The net debt to EBITDA ratio climbed to 0.50x versus 0.39x in 2013.

Financial situation
During the 2014 financial year, operative cash inflow amounted to EUR 12.1 million, compared to EUR 18.3 million in 2013. The decrease of EUR 6.2 million is mainly attributable to a lower profit before tax of EUR 3.0 million, a significant increase of net working capital movements (EUR 5.0 million) and a higher level of net tax payments compared to the previous year (EUR 3.0 million).
The cash outflow from investment activities of EUR

7.9 million is including capital expenditure for tangible assets of EUR 4.3 million, EUR 0.5 million for intangible assets and acquisitions net of cash EUR 3.3 million.

Capital expenditures
Net capital expenditures, including leasing, of EUR 5.5 million, representing 3.0% of revenues, were invested in property, plant, equipment and software during 2014. Main projects were a high accuracy die bonder (EUR 0.7 million), a single-card printing machine (EUR 0.5 million) and several smaller capital expenditures below EUR 0.4 million each. As in the prior year, nearly two-thirds of total capital expenditures apply to the ECMS segment.

EMPLOYEES

As of 31 December 2014, the Group employed 969 FTE, representing an increase of 1.6% over the past year (2013: 954). On the reference date, 394 FTE (2013: 372) were employed in Germany, 152 (2013: 148) in Austria, 261 (2013: 262) in Switzerland, 134 (2013: 155) in the Czech Republic, 15 (2013: 17) in the Netherlands and 13 (2013: 0) in Romania.

NON-FINANCIAL PERFORMANCE INDICATORS

Staff as a key success factor
exceet 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. exceet'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, exceet 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 intensely 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 (full-time-equivalent) as of 31 December 2014 was 969 (2013: 954), divided into production & technical: 660 (2013: 677), management & administration: 98 (2013: 94), sales & marketing: 95 (2013: 99), and research & development: 116 (2013: 84). The increase of research & development related employees is mainly caused by acquisitions (13 employees) and the increase of software development activities within ESS (19 employees).

Corporate responsibility
exceet supports projects in the environmental, social and scientific areas, thereby reflecting the Group's corporate responsibility. exceet 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) or the Leibniz Institute for High-Frequency Technology (Ferdinand-Braun-Institut, Leibniz-Institut für Höchstfrequenztechnik).

Sustainability
As a diversified technology group, exceet 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. exceet therefore set the target of a sustainable value creation – for our customers, for our company and for our stakeholders.

Development and technology investments
Development capacities were further expanded in 2014, and investments were realized in a large number of projects and products. exceet's research and development expenditures for the year 2014 amounted to EUR 8.2 million (2013: EUR 8.7 million), representing 4.4% of the Group's net sales. Due to the unchanged high level of investments in development and technology, exceet is expecting to keep the technology and quality leadership for customers benefit.

OPPORTUNITIES AND RISK REPORT

exceet is exposed to numerous risks and opportunities as part of its business activity; these are invariably linked to the Group's commercial activities. exceet 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 exceet's position in its markets in order to achieve a long-term increase in the Company'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 exceet'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 Company. 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

exceet 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 exceet Group can be divided into external, i.e. market and sector-specific risks, as well as internal risks. The latter include strategic, 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 exceet products. This would result in decreasing sales and margin pressure. exceet 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 exceet. 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

exceet pursues part of its growth strategy via strategic acquisitions in sectors and markets relevant to exceet. If the Company 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

exceet is exposed to interest rate, liquidity and currency risks as part of its business activity. Derivative financial instruments are used from time to time 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. Credit 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 exceet 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. exceet 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. exceet 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

exceet 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. exceet counters this risk by creating a good working environment as well as attractive remuneration agreements, taking the Company's long-term objectives into consideration.

IT RISKS

The availability and efficiency of IT infrastructure and applications is crucial for the economic 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. exceet 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. exceet has appointed data protection officers according to the legal requirements in all relevant areas.

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 2013 financial year.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK FOR 2015

exceet has successfully put much emphasis on building and strengthening a competitive portfolio of product solutions and competences in the area of intelligent electronics for its core markets Health, Industry and Security. One unique selling point for exceet is its cross-sectional technological expertise in these markets. There, the fastest growing applications are smart connectivity solutions with highest security standards that require at the same time always the highest possible level of miniaturization, both key strengths of the Group. As the company is focussing on promising niches providing above average growth and profitability, even a challenging economic environment with subdued investment activities should not hamper the Group's ability to generate the targeted growth rates on the top-line as well as on the bottom-line. As outlined, major trends in the above mentioned markets are enforcing high volumes of structural investments - irrespective of the current phase in the economic cycle. The Group has reached a comfortable position to capitalize on these trends.

In 2015 exceet will continue to be focussed on achieving competitive advantages in its markets. Additionally, the company is in the process of optimizing and expanding its sales force to improve efficiency and extend the global reach. The management is confident that in 2015 the combination of an optimized project mix and a further streamlining of the organization will support growth and improving margins.

As the Group has substantial operations in Switzerland, exceet has to face some uncertainties concerning the impact of a stronger CHF against the EUR in some of its markets. However, as a part of a set of measurements over the last years to improve profitability, the Group has realized flexible and cost-efficient access to production capacities within its own European network of plants, thus cushioning possible impacts of exchange rates on costs. The top-line development will be positively affected by the consolidation in EUR. On the other hand foreign exchange losses will be generated out of the revaluation of the Group's internal financing procedures thus affecting the financial result and net income of the Group.

SUPPLEMENTARY REPORT

Up to February 2015, no noteworthy operational and structural changes or business transactions have occurred that would significantly change the net assets, financial position and results of operations of exceet Group as compared to 31 December 2014.

CORPORATE GOVERNANCE

exceet Group SE recognizes the importance of corporate governance. The corporate governance rules of exceet 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 exceet 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 exceet Group SE at http://ir.exceet.lu/investor-relations/corporate-governance.

The main characteristics of the exceet's internal control and risk management systems, as far as the establishment of financial information is concerned, can be found in the Consolidated Financial Statements exceet Group 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 exceet. Management of the business as such is delegated to the group 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 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 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 exceet Group SE and the exceet 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 in the Consolidated Financial Statements exceet Group under note 31 “Ultimate controlling parties and related-party transactions”.

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:

Class of Shares	*Number of Shares*	*of total*
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 are listed on the regulated market of the Frankfurt Stock exchange. None of the other Shares are listed on any stock exchange.

As of 31 December 2014 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.

RESTRICTIONS ON VOTING RIGHTS

Each share issued and outstanding in exceet 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.

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.

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, exceet 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 exceet Group SE are published under "Notifications of Voting Rights" on the "Investor Relations" page at http://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 exceet Group SE are set out in the table.

Shareholders	Number of Shares	Percentage of total shareholding notified [4]
Oranje-Nassau Participaties B.V. (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 B.V., 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 Participaites B.V.
[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.

SYSTEM OF CONTROL OF THE MANAGEMENT STOCK OPTION PLAN

exceet Group SE has currently one management stock option plan (see Consolidated Financial Statements exceet Group note 16 "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 (and there are none allocated at the moment), 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 Consolidated Financial Statements exceet Group note 14 "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 exceet 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, 27 February 2015

Ulrich Reutner
CEO

On behalf of the Board of Directors
and Management Board

exceet 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 exceet 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. exceet 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 2015

Date	Publication
4 May	Interim First Quarter Report 2015 (QI)
6 May	Annual General Meeting of exceet Group SE in Luxembourg
7 August	Interim First Half Year Report 2015 (QII)
2 November	Interim 9 Months Report 2015 (QIII)

exceet plan to be present on the German Equity Forum 2015 in Frankfurt/M., Germany (24 - 26 November 2015).

EXCEET GROUP CONSOLIDATED FINANCIAL STATEMENTS

All comments within the accompanying notes are in Euro 1,000, if not stated otherwise.

CONSOLIDATED BALANCE SHEET

(in EUR 1,000)	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Tangible assets	5	34,246	35,425
Intangible assets	6	61,063	58,597
Deferred tax assets	7	1,335	836
Other financial investments		30	28
Other non-current receivables	10	183	181
Total non-current assets		**96,857**	**95,067**
Current assets			
Inventories	8	31,593	31,335
Trade receivables, net	9	21,091	22,777
Other current receivables	10	1,370	1,230
Current income tax receivable		224	555
Accrued income and prepaid expenses	11	819	661
Cash and cash equivalents	12	30,954	31,170
Total current assets		**86,051**	**87,728**
Total assets		**182,908**	**182,795**
EQUITY			
Share capital	13	528	528
Reserves	13	100,488	98,214
Equity attributable to Shareholders of the parent company		**101,016**	**98,742**
Total equity		**101,016**	**98,742**
LIABILITIES			
Non-current liabilities			
Borrowings	14	35,670	33,480
Retirement benefit obligations	15	8,523	4,192
Deferred tax liabilities	7	6,745	7,597
Provisions for other liabilities and charges	20	1,047	855
Other non-current liabilities	19	2,138	952
Total non-current liabilities		**54,123**	**47,076**
Current liabilities			
Trade payables		9,994	11,416
Other current liabilities	19	2,428	3,367
Accrued expenses and deferred income	17	7,133	8,181
Current income tax liabilities		1,908	2,538
Borrowings	14	4,724	10,347
Other financial liabilities	18	1,421	854
Provisions for other liabilities and charges	20	161	274
Total current liabilities		**27,769**	**36,977**
Total liabilities		**81,892**	**84,053**
Total equity and liabilities		**182,908**	**182,795**

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

CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)	Note	2014	2013
Revenue		185,312	190,765
Cost of sales	21-24	(152,249)	(158,508)
Gross profit		**33,063**	**32,257**
Gross profit margin		*17.8%*	*16.9%*
Distribution costs	21-24	(13,335)	(13,617)
Administrative expenses	21-24	(12,483)	(12,185)
Other operating expenses	21-24	0	(498)
Other operating income	23	1,682	1,838
Operating result (EBIT) [1]		**8,927**	**7,795**
EBIT margin		*4.8%*	*4.1%*
Financial income		868	1,682
Financial expense		(2,352)	(2,631)
Changes in fair value in financial instruments		(566)	3,035
Financial result, net	25	**(2,050)**	**2,086**
Profit before income tax		**6,877**	**9,881**
Income tax expense	7	(2,475)	(2,341)
Profit for the period		**4,402**	**7,540**
Profit margin		*2.4%*	*4.0%*
PROFIT ATTRIBUTABLE TO:			
Shareholders of the parent company		4,402	7,540
Minority interests		0	0
EARNINGS PER SHARE IN EUR (BASIC = DILUTIVE)	26		
Class A shares		0.21	0.37
Class B/C shares		0.01	0.01
Operating result (EBIT)		8,927	7,795
Depreciation, amortization and impairment charges	5/6	10,115	10,465
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]		**19,042**	**18,260**
EBITDA margin		*10.3%*	*9.6%*

[1] Earnings Before Interest and Taxes
[2] 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	2014	2013
Profit for the period		**4,402**	**7,540**
Other comprehensive income			
Items not to be reclassified to profit and loss:			
Remeasurements of defined benefit obligations	15	(3,857)	1,970
Deferred tax effect on actuarial (gains)/losses	7	589	(317)
Total items not to be reclassified to profit and loss		**(3,268)**	**1,653**
Items to be reclassified to profit and loss:			
Currency translation differences		1,093	(888)
Total items to be reclassified to profit and loss		**1,093**	**(888)**
Total comprehensive income for the period		**2,227**	**8,305**
Attributable to:			
Shareholders of the parent company		2,227	8,305
Minority interests		0	0

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1,000)	Note	2014	2013
Profit before income tax		**6,877**	**9,881**
Adjustments for non-cash transactions			
Amortization on intangible assets	6	3,687	3,926
Impairment on intangible assets	6	0	498
Depreciation on tangible assets	5	6,428	6,041
Losses/(gains) on disposal of assets	23/24	(22)	(115)
Change of provisions	20	604	(658)
Release of earn-out provision	2.8/23	0	(250)
Adjustments to retirement benefit obligation/prepaid cost	15	328	539
Financial (income)/expense	25	1,039	1,184
Changes in fair value in financial instruments	25	566	(3,035)
Other non-cash (income)/expenses		(316)	(643)
Operating net cash before changes in net working capital		**19,191**	**17,368**
Changes to net working capital			
- inventories		618	4,269
- receivables		2,334	(1,077)
- accrued income and prepaid expenses		(151)	(32)
- liabilities		(2,488)	(203)
- provisions for other liabilities and charges		(639)	(79)
- accrued expenses and deferred income		(1,167)	586
Tax received (prior periods)		301	1,761
Tax paid		(4,947)	(3,366)
Interest received		22	51
Interest paid		(973)	(1,023)
Cashflows from operating activities		**12,101**	**18,255**
Acquisition of subsidiaries, net of cash acquired	29	(3,312)	(600)
Purchase of tangible assets	5	(4,331)	(8,938)
Sale of tangible assets	5	330	154
Purchase of intangible assets	6	(549)	(1,300)
Sale of intangible assets	6	0	233
Cashflows from investing activities		**(7,862)**	**(10,451)**
Increase of borrowings		4,224	4,308
Repayments of borrowings		(6,672)	(3,052)
Proceeds/Repayments of other non-current liabilities		193	648
Proceeds from finance lease prepayments [1]		225	751
Payments of finance lease liabilities		(2,710)	(3,304)
Cashflows from financing activities		**(4,740)**	**(649)**
Net changes in cash and cash equivalents		**(501)**	**7,155**
Cash and cash equivalents at 1 January	12	**31,170**	**24,426**
Net changes in cash and cash equivalents		(501)	7,155
Effect of exchange rate gains/(losses)		285	(411)
Cash and cash equivalents at 31 December	12	**30,954**	**31,170**

[1] The exceet Group made prepayments to suppliers for equipment which have been reimbursed to exceet Group by the finance lease company. These prepayments amount to EUR 225 (2013: EUR 751). 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 2014	**13**	**528**	**65,485**	**(4,525)**	**152**	**28,681**	**8,421**	**98,742**
Profit for the period						4,402		4,402
Other comprehensive income:								
Remeasurements of defined benefit obligations	15					(3,857)		(3,857)
Deferred tax effect on actuarial (gains)/losses	7					589		589
Currency translation differences							1,093	1,093
Total other comprehensive income for the period		0	0	0	0	(3,268)	1,093	(2,175)
Total comprehensive income for the period		0	0	0	0	1,134	1,093	2,227
Share-based payments	16				47			47
Total other equity effects		0	0	0	47	0	0	47
BALANCES AT 31 DECEMBER 2014		**528**	**65,485**	**(4,525)**	**199**	**29,815**	**9,514**	**101,016**

(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 obligations	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	0	96
BALANCES AT 31 DECEMBER 2013		**528**	**65,485**	**(4,525)**	**152**	**28,681**	**8,421**	**98,742**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

exceet Group SE ("Company"), 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 exceet Secure Solutions (ESS).

The ECMS segment (70% of Group Sales 2014) 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 (26% of Group Sales 2014) 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 (4% of Group Sales 2014) combines the know-how of authorization and secure communication processes with the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected markets. The ESS segment focuses on security solutions for customers in the sectors of medical and healthcare, industrial automation, financial services, security and the public sector.

exceet 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, Romania 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 2014 were approved by exceet Group SE's Board of Directors on 27 February 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Consolidated Financial Statements of exceet are based on the financial statements of the individual group companies drawn up according to uniform accounting principles at 31 December 2014. They were drawn up in accordance with the International Financial Reporting Standards (IFRS) 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 Financial Statements statements at 31 December 2014 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 2014:

- IFRS 10 (New)
  "Consolidated financial statements"
  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.

- IFRS 11 (New)
  "Joint arrangements"
  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.

- IFRS 12 (New)
  "Disclosures of interests in other entities"
  New disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IAS 27 (Revised)
  "Separate financial statements"
  This amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity, defined in the amendment.

- IAS 32 (Amendment)
  "Financial instruments: Presentation - offsetting financial assets and financial liabilities"
  Clarification on the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IAS 39 (Amendment)
  "Financial instruments: Recognition and Measurement – Novation of derivatives and continuation of hedge accounting"
  The objective is to provide an exception to the requirements for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

- IFRIC 21 (New)
  "Levies"
  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.

The above standards and amendments adopted by the Group have no impact on its consolidated financial statements.
A number of new standards, amendments and interpretations are effective for annual periods beginning

after 31 December 2014 and have not been applied in preparing these consolidated financial statements.

- IFRS 9 (New)
  "Financial instruments"
  (effective date: 1 January 2018)
  The standard covers the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI for liabilities designated at fair value through profit or loss.
  The Group is yet to assess the impact on the consolidated financial statement.

- IFRS 14 (New)
  "Regulatory Deferral Accounts"
  (effective date: 1 January 2016)
  The objective of IFRS 14 is to specify the financial reporting requirements for "regulatory deferral account balances" that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.
  The Group is yet to assess the impact on the consolidated financial statement.

- IFRS 15 (New)
  "Revenue from contracts with customers"
  (effective date: 1 January 2017)
  The standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.
  The Group is yet to assess the impact on the consolidated financial statement.

- IFRS Annual improvements (Amendment)
  "Annual improvement cycle 2010 - 2012"
  (effective date: 1 July 2014)
  The cycle 2010 – 2012 is a collection of amendments to IFRSs in response to eight issues addressed during the cycle for annual improvements to IFRSs. The impacted standards are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
  The Group does not expect an impact on the consolidated financial statements.

  "Annual improvement cycle 2011 - 2013"
  (effective date: 1 July 2014)
  The cycle 2011 – 2013 is a collection of amendments to IFRSs in response to four issues addressed during the cycle for annual improvements to IFRSs. The impacted standards are IFRS 1, IFRS 3, IFRS 13 and IAS 40.
  The Group does not expect an impact on the consolidated financial statements.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 PRINCIPLES OF CONSOLIDATION

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which exceet 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 exceet 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 are translated at the closing rate at the balance sheet date
- Income and expenses 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 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, exceet 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 postdelivery 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 and ESS 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 calculated. 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 hold 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 2013 consolidated financial statement notes have been reclassified to conform to the 31 December 2014 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

exceet 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 in 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

exceet 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 trigger 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 2014 had been 2% lower than management's estimates at 31 December 2014 (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, 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 Euro (EUR), Swiss francs (CHF) and to a smaller extent in US dollars (USD). Most of the equipment and the raw materials are purchased from European manufacturers or distributors in Euro. Concerning the Swiss companies, the revenues generated do not fully cover the Company's demand for Euro from time to time. Due to the actual EUR weakness, management has instructed the sales team to price goods in CHF, so long as the market is accepting this.

The revenue generated in USD 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 EUR and CHF, 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. These 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 CHF and USD.

As of 31 December 2014, the profits for the period would have been EUR 348 higher (2013: EUR 508) if the CHF had strengthened 10% against the EUR ceteris paribus. With a weaker CHF compared to EUR, profits would have been decreased by similar amounts. This effect is caused by foreign exchange gains/losses of CHF-denominated trade account receivables and trade account payables.

Similarly, as of 31 December 2014, the profits for the period would have been EUR 29 lower (2013: EUR 23) if the USD had weakened by 10% against the EUR ceteris paribus. With a stronger USD, profits would have increased by the same extent, mainly due to foreign exchange gains/losses of USD-denominated trade account receivables and trade account payables.

Foreign exchange rates

The exchange rates relevant to the annual financial statements were:

	31.12.2014	Average 2014	31.12.2013	Average 2013
1 CHF	0,83	0,82	0,81	0,81
1 USD	0,82	0,75	0,73	0,75

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.

ECMS Segment

With a high value-added, the printed circuit board (PCB) factory has a low exposure to raw material prices. Raw material prices for epoxy and polyimide are to a less degree driven by the oil price, whereas copper, nickel and gold are purchased at spot rates. However, the total cost component of precious metal is minimal to the average selling price and consequently 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. The actual component market is stable since 2012.

The Group, in close cooperation with its customers, guard effectively these risks with long-term supplier contracts and flexible inventory levels. Higher component costs and the cost of increased inventories are 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. These services are mainly based on human capital which is employed by the operations. Consequently the price risk is very limited.

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 longterm 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 some 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 2014 of EUR 381 (2013: EUR 352). The Group's borrowings at variable and fixed rates are denominated in EUR and CHF.

Public Warrant fair value risk

exceet's public warrants 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 consolidated income statement of exceet Group SE.

Sensitivity Analysis

The closing price for the public warrants for the year ended 31 December 2014 was quoted at 6.9 Eurocent . An increase in the market price of 10% would result in a loss and a negative equity impact of EUR 138 (2013: EUR 80) whereas a decrease of 10% in the market price would result in a gain and a positive equity impact of the EUR 138 (2013: EUR 80).

CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash, 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. The ratings for the engaged banks and financial institutions are monitored regularly. 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)	2014	2013
MAJOR COUNTERPARTIES WITH EXTERNAL CREDIT RATING [1]		
AA	1,440	1,458
A+	3,231	3,595
A	35	0
BBB	1,620	1,089
Total counterparties with external credit rating	**6,326**	**6,142**
MAJOR COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING		
Group 1	3,697	1,189
Group 2	9,075	8,360
Group 3	1,993	7,086
Total counterparties without external credit rating	**14,765**	**16,635**

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)	2014	2013
BANKS WITH EXTERNAL CREDIT RATING [1]		
AAA	9,655	7,517
AA+	566	0
AA	7,687	72
AA-	802	2
A+	0	10,179
A	7,223	7,104
A-	3,429	5,097
BBB	1,201	1,097
BB	271	0
not rated	120	102
Total cash at bank and short-term bank deposits	**30,954**	**31,170**

[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 2014					
Bank borrowings	3,008	1,225	27,613	5,434	37,280
Other borrowings	2,408	1,387	1,695	1	5,491
Trade payables	9,994	0	0	0	9,994
Other payables	2,428	578	718	842	4,566
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

The financial liability resulting from public warrants with a carrying amount of EUR 1,380 as at 31 December 2014 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 2014 and 2013 were as follows:

(in EUR 1,000)	2014	2013
Bank borrowings	35,872	32,188
Finance lease	4,522	6,017
Total borrowings	40,394	38,205
Less: cash and cash equivalents (note 12)	(30,954)	(31,170)
Net (cash)/debt	**9,440**	**7,035**
Equity	101,016	98,742
Loan due to shareholder subordinated	0	5,622
Total equity and equity equivalents	101,016	104,364
Total capital	**110,456**	**111,399**
Gearing ratio	*9%*	*6%*

The increase in gearing ratio in 2014 resulted from a increase in borrowings (see note 14 "Borrowings") and a lower inflow of cash and cash equivalents, mainly due to working capital movements and investing activities (see note 29 "Business combinations").

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 2014, respectively at 31 December 2013.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
31 DECEMBER 2014				
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		41		41
Public warrants	1,380			1,380
Earn-out liability			993	993
Total	**1,380**	**41**	**993**	**2,414**
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**

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 Lucom GmbH, based on the expected EBITDA performance in 2015 and 2016 of the company. The earn-out liability is limited to the EBITDA performance of the entity, as an over performance will not increase the earn-out liability, but an under performance will reduce the liability. The contingent consideration will be payable in the years 2016 and 2017.

As of the balance sheet date, management used the expected financial budget for the year 2015 and the business plan for the year 2016 for the assessment of the probable performance of the entity. Based on these information management expects the performance targets to be met. Due to the payments in subsequent years, the contingent consideration payments have been discounted using an actual interest market rate.

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 2014	**0**
Provision for earn-out of acquisition Lucom GmbH	993
Gains recognized in profit or loss	0
Currency translation differences	0
Balance at 31 December 2014	**993**
Total (gains)/losses for the period included in profit or loss	**0**
Balance at 1 January 2013	**269**
Gains recognized in profit or loss	(250)
Currency translation differences	(19)
Balance at 31 December 2013	**0**
Total (gains)/losses for the period included in profit or loss (note 23)	**(250)**

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 exceet Secure 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 exceet 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:

2014 (in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Inter-segment elimination	Group consolidated
External revenue	129,089	48,351	7,872	0		185,312
Inter-segment revenue	270	9	64	287	(630)	0
Total revenue	**129,359**	**48,360**	**7,936**	**287**	**(630)**	**185,312**
EBITDA	**20,061**	**3,829**	**(659)**	**(4,189)**		**19,042**
EBITDA Margin	*15.5%*	*7.9%*	*(8.3%)*			*10.3%*
Depreciation, amortization and impairment	(7,088)	(2,617)	(247)	(163)		(10,115)
EBIT	**12,973**	**1,212**	**(906)**	**(4,352)**		**8,927**
EBIT Margin	*10.0%*	*2.5%*	*(11.4%)*			*4.8%*
Financial income	599	113	1	666	(511)	868
Financial expense	(943)	(696)	(50)	(1,174)	511	(2,352)
Changes in fair value in financial instruments	0	14	0	(580)		(566)
Financial result – net	**(344)**	**(569)**	**(49)**	**(1,088)**	**0**	**(2,050)**
Profit before income tax	**12,629**	**643**	**(955)**	**(5,440)**		**6,877**
Income tax expense	(3,274)	253	392	154		(2,475)
Profit for the period	**9,355**	**896**	**(563)**	**(5,286)**		**4,402**
Non-current assets	65,411	23,464	7,645	337		96,857
Current assets	64,359	14,303	2,093	5,296		86,051
Liabilities	40,716	11,972	4,264	24,940		81,892
Capital expenditure tangible assets	3,433	1,737	96	11		5,277
Capital expenditure intangible assets	348	93	59	49		549
Depreciation tangible assets	(4,218)	(2,106)	(67)	(37)		(6,428)
Amortization intangible assets	(2,870)	(511)	(180)	(126)		(3,687)
Impairment tangible assets	0	0	0	0		0
Impairment intangible assets	0	0	0	0		0
Impairment of goodwill	0	0	0	0		0

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**
EBITDA Margin	*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**
EBIT Margin	*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

Entity-wide information

Breakdown of the revenue from all segments is as follows:

(in EUR 1,000)	2014	2013
Revenue		
- Sale of Goods	167,691	168,216
- Services	17,621	22,549
Total	**185,312**	**190,765**

Top customer information

In 2014, 9.6% (2013: 11.8%) of total revenue of the Group was generated with one client from ECMS. There is no single customer with a share of revenue greater than 10% of total Group revenue in 2014.

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 2014	*in %*	Revenue 2013	*in %*
Europe (excl. Germany)	96,395	*52.0%*	106,399	*55.8%*
Germany	75,486	*40.7%*	72,413	*38.0%*
USA	3,071	*1.7%*	2,693	*1.4%*
Asia	10,107	*5.5%*	8,028	*4.2%*
Rest of the world	253	*0.1%*	1,232	*0.6%*
Total	**185,312**	***100.0%***	**190,765**	***100.0%***

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 37,958 (2013: EUR 40,017), Germany EUR 36,208 (2013: EUR 31,773), Netherlands EUR 350 (2013: EUR 373), Austria EUR 20,535 (2013: EUR 21,042), Czech Republic EUR 1,796 (2013: EUR 1,862) and Romania EUR 10 (2013: EUR 0).

4. FINANCIAL INSTRUMENTS BY CATEGORY

31 DECEMBER 2014 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit or loss	Total
ASSETS AS PER BALANCE SHEET			
Derivative financial instruments		0	0
Trade and other receivables (excluding prepayments)	22,805		22,805
Cash and cash equivalents	30,954		30,954
Total	**53,759**	**0**	**53,759**

31 DECEMBER 2014 (in EUR 1,000)	Other financial liabilities at amortized cost	Liabilities at fair value through profit or loss	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)	35,872		35,872
Finance lease liabilities	4,522		4,522
Derivative financial instruments		41	41
Public Warrants		1,380	1,380
Trade and other payables (excluding non-financial liabilities)	14,560		14,560
Accrued expenses and prepaid income	7,133		7,133
Total	**62,087**	**1,421**	**63,508**

31 DECEMBER 2013 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit or 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 or 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 non-financial liabilities)	15,735		15,735
Accrued expenses and prepaid income	8,181		8,181
Total	**67,743**	**854**	**68,597**

5. TANGIBLE ASSETS

2014 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under construction	Total
ACQUISITION COSTS							
As of 1 January 2014	**20,179**	**51,019**	**4,675**	**201**	**2,131**	**237**	**78,442**
Acquisition of subsidiaries (note 29)	0	0	9	28	1	0	38
Additions	350	3,485	702	64	353	323	5,277
Disposals	(17)	(775)	(69)	(18)	(38)	0	(917)
Transfer to other category	(176)	(46)	393	2	58	(231)	0
Currency translation differences	103	364	71	2	12	(7)	545
As of 31 December 2014	**20,439**	**54,047**	**5,781**	**279**	**2,517**	**322**	**83,385**
ACCUMULATED DEPRECIATION							
As of 1 January 2014	**(3,605)**	**(34,718)**	**(2,708)**	**(141)**	**(1,741)**	**0**	**(42,913)**
Additions	(854)	(4,565)	(649)	(42)	(318)	0	(6,428)
Disposals	12	484	57	18	38	0	609
Transfer to other category	0	12	0	0	(12)	0	0
Currency translation differences	(23)	(233)	(36)	(3)	(8)	0	(303)
As of 31 December 2014	**(4,470)**	**(39,020)**	**(3,336)**	**(168)**	**(2,041)**	**0**	**(49,035)**
ACCUMULATED IMPAIRMENT							
As of 1 January 2014	**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 2014	**0**	**(104)**	**0**	**0**	**0**	**0**	**(104)**
Net book value as of 1 January 2014	**16,574**	**16,197**	**1,967**	**60**	**390**	**237**	**35,425**
Net book value as of 31 December 2014	**15,969**	**14,923**	**2,445**	**111**	**476**	**322**	**34,246**

2013 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under construction	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**

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

Production facilities and machinery

(in EUR 1,000)	2014	2013
Cost - capitalized finance leases	17,988	17,154
Accumulated depreciation	(10,614)	(8,343)
Net book amount	**7,374**	**8,811**

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 827 (2013: EUR 1,485).

Depreciation expense of EUR 5,435 (2013: EUR 5,177) has been charged in "cost of sales", EUR 798 (2013: EUR 683) in "administrative expenses", EUR 195 (2013: EUR 181) in "distribution costs".

Fire insurance values

(in EUR 1,000)	2014	2013
Buildings, machinery and equipment	98,451	105,866
Total	**98,451**	**105,866**

EUR 14,241 (2013: EUR 14,478) of land and buildings are secured for bank borrowings.
Furthermore, EUR 4,410 (2013: EUR 3,469) machinery and equipment are pledged for borrowing facilities.
(see note 28 "Pledged Assets")

Commitments

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

(in EUR 1,000)	2014	2013
Property, plant and equipment	1,890	513
Intangible assets	1	0
Total	**1,891**	**513**

6. INTANGIBLE ASSETS

2014 (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 2014	**35,446**	**26,668**	**6,472**	**2,287**	**4,666**	**1,178**	**27**	**76,744**
Acquisition of subsidiaries (note 29)	2,319	2,719	0	0	7	0	0	5,045
Additions	0	0	0	0	543	6	0	549
Cost capitalized	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(30)	0	0	(30)
Transfer to other category	0	0	0	0	347	(347)	0	0
Currency translation differences	347	321	81	25	43	3	0	820
As of 31 December 2014	**38,112**	**29,708**	**6,553**	**2,312**	**5,576**	**840**	**27**	**83,128**
ACCUMULATED AMORTIZATION								
As of 1 January 2014	**0**	**(9,867)**	**(3,420)**	**(1,097)**	**(3,243)**	**0**	**(22)**	**(17,649)**
Additions	0	(2,024)	(507)	(337)	(814)	0	(5)	(3,687)
Disposals	0	0	0	0	30	0	0	30
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	(152)	(62)	(17)	(30)	0	0	(261)
As of 31 December 2014	**0**	**(12,043)**	**(3,989)**	**(1,451)**	**(4,057)**	**0**	**(27)**	**(21,567)**
ACCUMULATED IMPAIRMENT								
As of 1 January 2014	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
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 2014	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
Net book value as of 1 January 2014	**35,446**	**16,801**	**3,052**	**1,190**	**1,423**	**680**	**5**	**58,597**
Net book value as of 31 December 2014	**38,112**	**17,665**	**2,564**	**861**	**1,519**	**342**	**0**	**61,063**

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**

The amortization expense of EUR 3,687 (2013: EUR 3,926) has been charged in “cost of sales”.

The impairment amount of EUR 498 in 2013 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:

2014 (in EUR 1,000)	**Opening**	**Acquisition**	**Transfer**	**Currency translation difference**	**Closing**
GS Swiss PCB AG	4,167			88	4,255
ECR AG	3,316			70	3,386
exceet electronics AG [1]	9,058			189	9,247
Contec Steuerungs & Automation GmbH	793				793
as electronics GmbH	3,280				3,280
ECMS Segment	**20,614**	**0**	**0**	**347**	**20,961**
exceet Secure Solutions AG [2]	380				380
Lucom GmbH Elektrokomponenten und Systeme	0	2,319			2,319
ESS Segment	**380**	**2,319**	**0**	**0**	**2,699**
IDMS Segment	**14,452**	**0**	**0**	**0**	**14,452**
Total	**35,446**	**2,319**	**0**	**347**	**38,112**

2013 (in EUR 1,000)	**Opening**	**Acquisition**	**Transfer**	**Currency translation difference**	**Closing**
GS Swiss PCB AG	4,238			(71)	4,167
ECR AG	3,372			(56)	3,316
exceet electronics AG [1]	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**
exceet Secure Solutions AG [2]	380				380
ESS Segment	**380**	**0**	**0**	**0**	**380**
IDMS Segment	**14,452**	**0**	**0**	**0**	**14,452**
Total	**35,726**	**0**	**0**	**(280)**	**35,446**

[1] former Mikrap AG
[2] former Authentidate International AG

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	
	2014	2013	2014	2013	2014	2013	2014	2013
GS Swiss PCB AG	4%	3%	3%	2%	1%	1%	6.6%	8.4%
ECR AG	9%	7%	9%	7%	1%	1%	6.6%	8.4%
exceet electronics AG	5%	6%	6%	5%	1%	1%	6.6%	8.4%
Contec Steuerungstechnik & Automation GmbH	9%	6%	11%	14%	1%	1%	8.1%	10.1%
as electronics GmbH	8%	7%	9%	7%	1%	1%	8.7%	11.1%
exceet Secure Solutions	10%	7%	18%	7%	1%	1%	8.7%	11.1%
Lucom GmbH Elektrokomponenten und Systeme	6%	n/a	5%	n/a	1%	n/a	8.7%	n/a
IDMS Segment	3%	5%	2%	6%	1%	1%	8.5%	10.5%

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% (2013: 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)	2014	2013
Total current income tax	(4,140)	(4,018)
Total deferred tax	1,665	1,677
Total income tax recognized in income statement	**(2,475)**	**(2,341)**
Total deferred tax directly recognized in other comprehensive income	589	(317)
Total income tax (expense)/income	**(1,886)**	**(2,658)**

Reconciliation of tax expense

(in EUR 1,000)	2014	2013
Profit before tax	6,877	9,881
Average of domestic tax rates	***37.36%***	***22.47%***
Tax calculated at average domestic tax rates applicable to profits in the respective jurisdictions	(2,569)	(2,220)
Non-taxable income / additional taxable expenses	869	1,038
Non-deductible expenses / additional taxable income	(632)	(691)
Unrecognized tax loss carryforwards	(259)	(666)
Effect of changes in local tax rates	0	77
Tax effect from prior years	116	121
Total income tax (current & deferred)	**(2,475)**	**(2,341)**
in % of earnings before tax	*35.99%*	*23.69%*

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)	2014	2013
At 1 January	**(6,761)**	**(8,178)**
Acquisition of subsidiaries (note 29)	(843)	0
Income statement charge	1,665	1,677
Directly recognized in other comprehensive income	589	(317)
Currency translation difference	(60)	57
At 31 December	**(5,410)**	**(6,761)**

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)	2014	2013
DEFERRED TAX ASSETS		
Deferred tax assets, realized after 12 months	1,190	672
Deferred tax assets, realized within 12 months	145	164
Total deferred tax assets	**1,335**	**836**
DEFERRED TAX LIABILITIES		
Deferred tax liabilities, realized after 12 months	(5,124)	(6,029)
Deferred tax liabilities, realized within 12 months	(1,621)	(1,568)
Total deferred tax liabilities	**(6,745)**	**(7,597)**
Total deferred tax	**(5,410)**	**(6,761)**

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:

(in EUR 1,000)	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Capitalized tax losses carryforwards	Others	Total
DEFERRED TAX ASSETS								
1 January 2014	**0**	**73**	**109**	**5**	**544**	**1,957**	**241**	**2,929**
Movements via income statement	364	(36)	1	1	47	336	126	839
Movements via OCI	0	0	0	0	589	0	0	589
Currency translation differences	0	0	0	0	13	0	0	13
31 December 2014	**364**	**37**	**110**	**6**	**1,193**	**2,293**	**367**	**4,370**
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**

(in EUR 1,000)	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Longterm Liabilities	Others	Total
DEFERRED TAX LIABILITIES								
1 January 2014	**(4,508)**	**(990)**	**(1,422)**	**(128)**	**1**	**(2,497)**	**(146)**	**(9,690)**
Acquisition of subsidiaries (note 29)	(843)	0	0	0	0	0	0	(843)
Movements via income statement	616	40	88	23	(1)	0	60	826
Currency translation differences	(32)	(9)	(28)	(1)	0	0	(3)	(73)
31 December 2014	**(4,767)**	**(959)**	**(1,362)**	**(106)**	**0**	**(2,497)**	**(89)**	**(9,780)**
1 January 2013	**(5,351)**	**(1,478)**	**(1,593)**	**(172)**	**(5)**	**(2,497)**	**(120)**	**(11,216)**
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)**

Group companies have uncapitalized tax losses of EUR 37,662 (2013: EUR 36,577) as it is uncertain that the companies can utilize them. Of those tax losses EUR 33,372 (2013: EUR 32,307) have no expiry date and the remaining EUR 4,290 (2013: EUR 4,270) will expire in five to seven years (2013: six to seven years).

8. INVENTORIES

(in EUR 1,000)	2014	2013
Raw materials	21,096	21,413
Work in progress and semi-finished products	5,617	6,568
Finished goods	8,178	7,083
Inventory provision	(3,298)	(3,729)
Total	**31,593**	**31,335**

The cost of inventories recognized as expenses and included in "cost of sales" amounted to EUR 92,622 (2013: EUR 97,034).

Inventories pledged amount to EUR 4,832 (see note 28 "Pledged assets").

9. TRADE RECEIVABLES, NET

(in EUR 1,000)	2014	2013
Trade accounts receivable, gross – due to third parties	21,200	23,077
Provision for impairment	(109)	(300)
Total	**21,091**	**22,777**

As of 31 December 2014 trade receivables of EUR 182 (2013: EUR 614) were impaired. The amount of the total provision for these receivables amounts to EUR 109 as of 31 December 2014 (2013: EUR 300). In total there are EUR 2,687 (2013: EUR 3,096) insured, including EUR 2.137 (2013: EUR 2,179) 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)	2014	2013
Not due and past due up to 3 months	0	68
Past due over 3 to 6 months	80	220
Past due over 6 to 12 months	92	12
Past due over 12 months	10	314
Total	**182**	**614**

As of 31 December 2014 trade receivables of EUR 3,005 (2013: EUR 4,737) 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)	2014	2013
At 1 January	**300**	**834**
Acquisition of subsidiaries (note 29)	8	0
Charged/(credited) to the income statement		
– additional provisions	46	174
– unused amounts reversed	(222)	(489)
Used during the year	(23)	(219)
Currency translation differences	0	0
At 31 December	**109**	**300**

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

(in EUR 1,000)	2014	2013
EUR	15,286	14,686
CHF	4,814	6,748
USD	894	1,076
GBP	206	567
Total	**21,200**	**23,077**

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 8,924 (2013: EUR 9,487) are pledged (see note 28 "Pledged assets").

10. OTHER RECEIVABLES

(in EUR 1,000)	2014	2013
Short-term deposit	93	152
Social securities	31	73
Payables with debit balances	32	8
Interest	2	2
Value added tax/withholding tax	450	291
Payments in advance	64	18
Government Grants	1	1
Services not yet invoiced	168	318
Others	529	367
Total other current receivables	**1,370**	**1,230**
Long-term deposit	183	181
Total other non-current receivables	**183**	**181**

Other receivables in the amount of EUR 424 (2013: EUR 234) are pledged (see note 28 “Pledged assets”).

11. ACCRUED INCOME AND PREPAID EXPENSES

(in EUR 1,000)	2014	2013
Insurance companies	150	191
Rents	72	84
Maintenance contracts	160	114
Exhibition	72	39
Credit note for goods	183	59
Fees	71	119
Others	111	55
Total	**819**	**661**

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

12. CASH AND CASH EQUIVALENTS

(in EUR 1,000)	2014	2013
Cash at bank and on hand	30,638	31,170
Short-term bank deposits	316	0
Total	**30,954**	**31,170**

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

Cash and cash equivalents in the amount of EUR 52 (2013: EUR 190) are pledged.

13. EQUITY

Share capital of exceet Group SE

The authorized share capital as per 31 December 2014 amounts to 45,675,397 shares, thereof 34,734,221 (2013: 34,734,221) shares are issued and can be divided into 20,523,695 (2013: 20,523,695) Class A Shares ("Public Shares"), with 20,073,695 (2013: 20,073,695) Class A Shares listed on the stock exchange and 450,000 (2013: 450,000) listed own Class A Shares held by the Company in Treasury (Treasury Shares), 5,210,526 (2013: 5,210,526) Class B Shares (Founding Shares) and 9,000,000 (2013: 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 (see note 16 "Share-based payments").

Share capital of exceet Group SE has developed as follows:

	Euro
Balance at 1 January 2013	**527,960.16**
Balance at 31 December 2013	**527,960.16**
Balance at 1 January 2014	**527,960.16**
Balance at 31 December 2014	**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 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**
Number of shares issued as at 1 January 2014	**34,734,221**	**20,523,695**	**5,210,526**	**9,000,000**
Number of shares issued as at 31 December 2014	**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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 "Earnings per share".

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 exceet Group SE and/or members of management of affiliates of exceet 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 2013	**89,813**
Total comprehensive income for the period	8,305
Share-based payments	96
Balance at 31 December 2013	**98,214**
Balance at 1 January 2014	**98,214**
Total comprehensive income for the period	2,227
Share-based payments	47
Balance at 31 December 2014	**100,488**

14. BORROWINGS

(in EUR 1,000)	2014	2013
NON-CURRENT		
Bank borrowings	33,142	29,638
Finance lease liabilities (note 27)	2,528	3,842
Total non-current borrowings	35,670	33,480
CURRENT		
Bank borrowings	2,730	2,550
Finance lease liabilities (note 27)	1,994	2,175
Other loans	0	5,622
Total current borrowings	4,724	10,347
Total borrowings	**40,394**	**43,827**

Bank borrowings are denominated to 69% in CHF (2013: 64%) and 31% (2013: 36%) in EUR.

Under the main facility agreement with a possible maximal amount of EUR 25 million (CHF 30 million) – whereof EUR 22 million (CHF 26,5 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 35,872 (2013: EUR 32,188).

The total bank borrowings are secured liabilities. Bank borrowings in the amount of EUR 8,814 (2013: EUR 9,270) are secured by land and buildings of the Group (see note 5 "Tangible assets"). Bank borrowings of EUR 22,039 (2013: EUR 17,921) are additionally secured by shares of certain subsidiaries (GS Swiss PCB AG, ECR AG, exceet electronics AG, AEMtec GmbH) of the exceet Group AG and EUR 395 (2013: EUR 4,279) by assigned trade receivables (see note 28 "Pledged assets").

In 2013 other loans included loans due to the shareholder of EUR 5,668 which were subordinated. This loan has been repaid by 31 August 2014 (see note 31 "Ultimat-controlling parties and related party transactions").

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)	2014	2013
6 months or less	31,007	26,537
6 - 12 months	1,371	7,536
1 - 2 years	3,864	4,189
2 - 5 years	1,790	2,984
Over 5 years	2,362	2,581
Total	**40,394**	**43,827**

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

(in EUR 1,000)	2014	2013
CARRYING AMOUNT		
Bank borrowings	33,142	29,638
Finance lease liabilities	2,528	3,842
Total	**35,670**	**33,480**
FAIR VALUE		
Bank borrowings	33,142	29,638
Finance lease liabilities	2,528	3,842
Total	**35,670**	**33,480**

The interest rates for the non-current borrowings as per 31 December 2014 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)	2014	2013
Floating rate:		
– Expiring within one year	5,948	5,156
– Expiring beyond one year	3,911	1,000
Fixed rate:		
– Expiring within one year	0	0
– Expiring beyond one year	0	0
Total	**9,859**	**6,156**

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 the 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, exceet 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)	2014	2013
Present value of funded obligation	(44,766)	(36,168)
Fair value of plan asset	37,554	33,004
	(7,212)	(3,164)
Present value of unfunded obligation	(1,311)	(1,028)
Liability in the balance sheet	**(8,523)**	**(4,192)**

Movement of the defined benefit obligation:

2014 (in EUR 1,000)	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	**(37,196)**	**33,004**	**(4,192)**
Current service cost	(1,547)		(1,547)
Interest on obligation / assets	(852)	774	(78)
Administration expense		(55)	(55)
Total amount recorded in the income statement	**(2,399)**	**719**	**(1,680)**
Remeasurements			
- Return on plan assets		2,564	2,564
- Gain / (loss) from change in demographic assumptions			0
- Gain / (loss) from change in economic assumptions	(7,025)		(7,025)
- Gain / (loss) from experience	604		604
Total remeasurements	**(6,421)**	**2,564**	**(3,857)**
Contributions			
- Company contributions		1,284	1,284
- Plan participants	(1,075)	1,075	0
Total contributions	**(1,075)**	**2,359**	**1,284**
Payments from Plan			
- Benefit payments	1,822	(1,822)	0
- Benefits paid by employer	18		18
Total payments from Plan	**1,840**	**(1,822)**	**18**
Exchange differences	**(826)**	**730**	**(96)**
At 31 December 2014	**(46,077)**	**37,554**	**(8,523)**

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 / assets	(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)**

Of the total charge of EUR 1,680 (2013: EUR 1,830), EUR 1,189 (2013: EUR 1,317) were included in "cost of sales", EUR 225 (2013: EUR 221) in "administrative expenses", EUR 266 (2013: EUR 292) 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 (2013: BVG2010 Generation tables). The disability rates were also calculated on the basis of BVG2010 (2013: BVG2010).

	2014	2013
Discount rate	*1.20%*	*2.30%*
Inflation rate	*1.25%*	*1.25%*
Interest on old age accounts	*1.75%*	*2.10%*
Future salary increases	*1.25%*	*1.50%*
Labor turnover rate	*5.69%*	*6.09%*

Life expectancy at age 65 (years):

	2014	2013
- Retiring at the end of the reporting period		
- *Male*	*21.39*	*21.29*
- *Female*	*23.86*	*23.76*
- Retiring 20 years after the end of the reporting period		
- *Male*	*23.16*	*23.08*
- *Female*	*25.59*	*25.52*

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATION TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

Impact on defined benefit obligation:

		2014	
	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity			
- Discount rate	0.25%	Decrease of 4.67%	Increase of 4.32%
- Salary increase	0.25%	Increase of 0.41%	Decrease of 0.60%

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.

	2014	2013
Discount rate	*2.50%*	*3.30%*
Inflation rate	*1.75%*	*1.75%*
Pension indexation	*1.75%*	*1.75%*

Average retirement age (years):

	2014	2013
- 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:

		2014	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Sensitivity			
- Discount rate	0.25%	Decrease of 5.87%	Increase of 5.49%

Impact on defined benefit obligation exceet Card AG (Paderborn):

		2014	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Sensitivity			
- Discount rate	0.25%	Decrease of 3.69%	Increase of 3.53%

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

(in EUR 1,000)	2014	in %	2013	in %
Equities	9,403	*25.0*	11,469	*34.8*
Bonds	18,881	*50.3*	13,078	*39.6*
Real estate	5,756	*15.3*	4,805	*14.6*
Qualified insurance policies	446	*1.2*	402	*1.2*
Other	3,068	*8.2*	3,250	*9.8*
Total	**37,554**	***100.0***	**33,004**	***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 1,072 (2014: EUR 1,052) in contributions to be paid to the defined benefits plans in 2015.

The weighted average duration of the defined benefit obligation for the Swiss pension plans is 19 years, for the German pension plans the weighted average duration is 24 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 Euro 7.00, Euro 12.00, Euro 13.00 and Euro 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 2014 and 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:

	2014 Average exercise price per share option in Euro	Share options
At 1 January 2014	12.00	66,667
At 31 December 2014	12.00	66,667

	2013 Average exercise price per share option in Euro	Share options
At 1 January 2013	12.00	66,667
At 31 December 2013	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 (2013: 66,667 options), none of the options were exercisable as at 31 December 2014.

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

Grant date	Expiry date	Exercise price per share option in Euro	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
Excercise 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 2014, EUR 47 (2013: EUR 96) has been recognized in personnel costs and in equity (see notes 13 “Equity” and 22 “Personnel costs”).

17. ACCRUED EXPENSES AND DEFERRED INCOME

(in EUR 1,000)	2014	2013
Incentives for staff	2,745	3,247
Holiday and overtime	1,488	1,490
Social securities	355	220
Salaries	315	486
Audit and consulting fees	469	520
Goods received without credit note	329	458
Provisions, third party	32	31
Accrued outstanding bills	6	140
Cost of shipment	20	79
Interest	82	65
Accrued licence cost	447	516
Credit note for client	24	43
Others	821	886
Total accrued expenses and deferred income	**7,133**	**8,181**

18. OTHER FINANCIAL LIABILITIES

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 1,380 (2013: EUR 800) and a negative replacement value for interest cap of EUR 41 (2013: EUR 54).

Public Warrants

exceet 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, at an initial price of Euro 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 Euro 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 Euro 9.00 per Class A Share to Euro 12.00 per Class A share;
(iv) to increase the redemption trigger from Euro 14.00 to Euro 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 2014, the rating of one Public Warrant on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) was at Eurocent 6.9 (2013: Eurocent 4), hence a fair value of EUR 1,380 (2013: EUR 800) and a fair value adjustment loss of EUR 580 (2013: gain of EUR 3,000) was recorded at 31 December 2014.

Interest Cap

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

Instrument	2014 Contract amount	2013 Contract amount	Contract period	Instrument rate	Index Tenor
(in EUR 1,000)					
Interest Cap	2,212	2,313	30.06.2011 - 30.06.2015	2.30%	LIBOR
Interest Swap	665	855	03.01.2011 - 29.06.2018	3.30%	EURIBOR

19. OTHER LIABILITIES

(in EUR 1,000)	2014	2013
Prepayments	477	763
Value-added tax	840	1,321
Other taxes payable	291	275
Social securities	509	410
Government grants	42	22
Grant for purchase of equipment from customer	110	192
Others	159	342
Total other current liabilities, third parties	**2,428**	**3,325**
Other current liabilities, related parties	0	42
Total other current liabilities	**2,428**	**3,367**

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

Other liabilities to related parties included in 2013 legal fees of EUR 42, in 2014 EUR 13 legal fees owed to the Board of Directors (see note 31 “Ultimate Controlling parties and related party transactions”) are part of accrued expenses (see note 17 “Accrued expenses and deferred income”).

The position in the balance sheet of other non-current liabilities included EUR 976 (2013: EUR 952) a government subsidized loan and EUR 993 as contingent consideration for the aquisition of Lucom GmbH Elektrokomponenten und Systeme (see note 29 “Business combinations”).

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(in EUR 1,000)	Guarantees	Legal claims	Recon-struction obligations	Social provisions	Restruc-turing	Others	Total
2014							
At 1 January 2014	**3**	**0**	**193**	**533**	**162**	**238**	**1,129**
Acquisition of subsidiaries (note 29)	107	0	0	0	0	6	113
Charged/(credited) to the income statement							
– Additional provisions	82	27	0	309	0	240	658
– Unused amounts reversed	0	0	0	0	0	(54)	(54)
Used during year	(3)	(27)	(48)	(259)	(162)	(140)	(639)
Currency translation differences	0	0	0	0	0	1	1
At 31 December 2014	**189**	**0**	**145**	**583**	**0**	**291**	**1,208**

(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 the 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)	2014	2013
ANALYSIS OF TOTAL PROVISIONS		
Non-current	1,047	855
Current	161	274
Total provisions	**1,208**	**1,129**

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 2014.

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 used this year are related to IDMS in order to further streamline production and administration and includes termination costs of employees.

Others

Other provisions include predominantly provisions for anniversaries of EUR 140 (2013: EUR 111), provisions for storage of business documents EUR 72 (2013: EUR 43) and provisions for reclamation of charges from customers EUR 12 (2013: EUR 26).

21. EXPENSES BY NATURE

(in EUR 1,000)	2014	2013
Raw materials and consumables used	93,555	98,150
Changes in inventories of finished goods and work in progress	(403)	3,274
Personnel cost (note 22)	56,932	54,570
Repair and maintenance expense	3,128	2,856
Leasing expense (note 27)	882	596
Rental expense (note 27)	2,378	2,626
Administrative expense	4,828	4,853
Marketing and acquisition expense	1,682	1,552
Other expense (note 24)	4,970	5,866
Depreciation, amortization and impairment charges (note 5/6)	10,115	10,465
Total cost of sales, distribution costs, admin & other expenses	**178,067**	**184,808**

Development costs of EUR 8,200 (2013: EUR 8,700) are included in above expenses by nature.

Administrative expenses include EUR 252 (2013: EUR 255) of audit costs and no costs (2013: EUR 0) for non-audit services charged by the primary auditor.

22. PERSONNEL COSTS

Personnel costs comprise the following cost items:

(in EUR 1,000)	2014	2013
Salaries	45,884	43,900
Social contributions	7,354	6,810
Defined benefit plan expenses (note 15)	1,680	1,830
Share-based payments (note 16)	47	96
Other personnel expenses	1,967	1,934
Total	**56,932**	**54,570**

Average staff headcount (FTE) for 2014 amounts to 954 (2013: 927), split into production & technical of 661 (2013: 644); management & administration of 95 (2013: 97); sales & marketing of 100 (2013: 97) and research & development of 98 (2013: 89).

23. OTHER OPERATING INCOME

Other operating income includes the following items:

(in EUR 1,000)	2014	2013
Release of earn-out provision	0	250
Income from negative goodwill (note 29)	62	0
Income from insurance company	92	25
Government benefits	397	291
Gain on sale of tangible assets	42	72
Gain on sale of intangible assets	0	104
Rental income	6	43
License fee income	1	40
Income from delivery	362	289
Income from release of other liabilities	134	0
Income from services	13	0
Income from employees	263	297
Others	310	427
Total other operating income	**1,682**	**1,838**

Income from recognition of negative goodwill of EUR 62 is related to the acquisition of exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.) (see note 29 “Business combinations”). Release of earn-out provision 2013 of EUR 250 is related to the release of earn-out liability from the acquisition of exceet Card AG (former: Winter AG).

24. OTHER EXPENSES

Other expenses result from the following items:

(in EUR 1,000)	2014	2013
Energy costs	1,674	1,854
Freight costs	1,161	1,149
Waste disposal and cleaning costs	622	560
Insurance costs	827	845
Expenses for guarantees	58	133
Book loss of sales of equipment	20	61
Security	111	80
Costs of change location	0	123
Other tax and government requirements	69	54
Costs for claims	227	318
Others	201	689
Total other expenses	**4,970**	**5,866**

In 2013 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)	2014	2013
Interest income	23	48
Foreign currency exchange gains	841	1,624
Other financial income	4	10
Financial income	**868**	**1,682**
Interest expenses	(772)	(897)
Financial leasing expense	(112)	(104)
Foreign currency exchange losses	(1,223)	(1,336)
Financial expenses related parties	(46)	(68)
Other financial expenses	(199)	(226)
Financial expenses	**(2,352)**	**(2,631)**
Net fair value gain on other financial liabilities (note 18)		3,035
Net fair value loss on other financial liabilities (note 18)	(566)	
Changes in fair value in financial instruments	**(566)**	**3,035**
Total financial result	**(2,050)**	**2,086**

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 (see note 13 "Equity"), exceet 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 2014 is based on the profit attributable to the owners of the parent of EUR 4,402 (2013: EUR 7,540) 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 number 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 "Equity" 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 Share 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.

		2014	2013
Profit for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	4,260	7,398
	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 (Euro/share)	**Class A Shares**	**0.21**	**0.37**
	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)	2014	2013
OPERATING LEASE OBLIGATIONS (RENTAL) AS OF 31 DECEMBER		
< 1 year	2,495	2,131
> 1 – 5 years	5,304	5,337
More than 5 years	439	1,008
Total	**8,238**	**8,476**

(in EUR 1,000)	2014	2013
FINANCE LEASE OBLIGATIONS AS OF 31 DECEMBER		
< 1 year	2,104	2,352
> 1 – 5 years	2,626	3,986
More than 5 years	1	0
Total	**4,731**	**6,338**
Future finance charges on finance lease	(209)	(321)
Present value of finance lease liabilities	**4,522**	**6,017**

The present value of finance lease liabilities is as follows:

(in EUR 1,000)	2014	2013
< 1 year	1,994	2,175
> 1 – 5 years	2,528	3,842
More than 5 years	0	0
Present value of future lease liabilities	**4,522**	**6,017**

In the financial year 2014, the rental and leasing expenses amounted to EUR 3,260 (2013: EUR 3,222).

27.2 CONTINGENT LIABILITIES

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

28. PLEDGED ASSETS

The Company has the following pledged assets:

(in EUR 1,000)	2014	2013
Land and building	14,241	14,478
Pledged accounts receivables	8,924	9,487
Pledged other receivables	424	234
Pledged machinery and equipment	4,410	3,469
Pledged inventories	4,832	4,435
Pledged cash	52	190
Total pledged assets	**32,883**	**32,293**

Bank borrowings are secured by land and buildings, receivables, machines and equipment (see note 14 "Borrowings").

29. BUSINESS COMBINATIONS

29.1 ACQUISITION OF SUBSIDIARIES

exceet Medtec Romania (former: Valtronic Technologies Romania S.R.L.)

On 31 May 2014 the Group acquired 95% of the shares of Valtronic Technologies Romania S.R.L. (renamed to exceet Medtec Romania S.R.L.) located in Bucharest, Romania. On 30 June 2014 the remaining 5% of shares were acquired.

Lucom GmbH Elektrokomponenten & Systeme

On 5 December 2014 the Group acquired all shares of Lucom GmbH Elektrokomponenten & Systeme, located in Zirndorf, Germany.

The following table shows the cash flows of the acquisitions made in 2014 and 2013, and the transaction costs which were directly recognized in the income statement:

(in EUR 1,000)	2014	2013	Date of consolidation
CASH FLOW ON ACQUISITION OF INVESTMENTS			
Cash outflow on acquisition of The Art of Packaging s.r.o. (now: exceet CZ s.r.o.)		(600)	31 December 2010
Cash outflow on acquisition of exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.)	(52)		31 May 2014
Cash outflow on acquisition of Lucom GmbH	(3,260)		5 December 2014
Total	**(3,312)**	**(600)**	
TRANSACTION COSTS DIRECTLY RECOGNIZED IN THE INCOME STATEMENT			
exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.)	(32)		
Lucom GmbH Elektrokomponenten und Systeme	(90)		
Total	**(122)**	**0**	

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

The transaction costs are included in the administrative expenses.

29.1.1 Acquisition 2014 – exceet Medtec Romania S.R.L. (former Valtronic Technologies Romania S.R.L.)

On 31 May 2014 the Group acquired by way of a share purchase agreement 95% of the shares of Valtronic Technologies Romania S.R.L. (renamed to exceet Medtec Romania S.R.L.), a Romanian development company. The remaining 5% of the shares held by a third party have been acquired on 30 June 2014, also by way of a share purchase agreement. As this second step of the acquisition of the remaining 5% interest was based on the same valuation as the first step, the whole acquisition is reported as one transaction. With this acquisition exceet intends to strengthen its technical development resources for the ECMS segment. The aggregate cash consideration amounts to EUR 307. There are no contingent consideration agreements to be considered. exceet Medtec Romania S.R.L. has been acquired by exceet Group AG. Transaction costs of EUR 32 have been recognized in administrative expenses.

exceet Medtec Romania S.R.L. employs 13 people and contributed revenue of EUR 175 and a net profit of EUR 6 to the Group for the period of 31 May 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014, exceet Medtec Romania S.R.L. would have contributed EUR 507 revenue and a net profit of EUR 94 to the Group for the full year of 2014.

(in EUR 1,000)

PURCHASE CONSIDERATION	
Purchase consideration paid	(307)
Total purchase consideration	**(307)**
Fair value of net assets acquired	369
Negative Goodwill (note 23)	**62**

The negative goodwill in the amount of EUR 62 has been recognized in other income.

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

(in EUR 1,000)

FAIR VALUE	
Cash and cash equivalents	255
Tangible assets (note 5)	1
Software and other intangible assets (note 6)	7
Prepayments to suppliers	4
Trade receivables (including allowance)	57
Other receivables	51
Trade payables	(1)
Other liabilities	(5)
Net assets acquired	**369**

The fair value of trade receivables is EUR 57. The gross contractual amount of trade receivables due is EUR 57; there are no trade receivables expected to be uncollectible.

The carrying amount of the net assets acquired equals their fair value.

(in EUR 1,000)

Consideration settled in cash	(307)
Cash and cash equivalents in subsidiary acquired	255
Cash outflow on acquisition	**(52)**

29.1.2 Acquisition 2014 – Lucom GmbH Elektrokomponenten & Systeme

On 5 December 2014 the Group acquired by way of a share purchase agreement 100% of the shares of Lucom GmbH Elektrokomponenten & Systeme, a leading provider of industrial routers based in Zirndorf, Germany. With this acquisition exceet intends to add secure products for remote service, automation and communications technology to the Machine-to-Machine (M2M) portfolio of the ESS segment. The aggregate consideration amounts to EUR 4,453 which consists of EUR 3,460 cash consideration and contingent consideration in the amount of EUR 993 (undiscounted amount: EUR 1,000). The contingent consideration arrangement requires the Group to pay, over the next two years (2016 – 2017) up to EUR 1,000 depending on defined results. The management expects these earn-out payments to be made in full. Lucom GmbH Elektrokomponenten & Systeme has been acquired by exceet Secure Solutions AG. Transaction costs of EUR 90 have been recognized in administrative expenses.

Lucom GmbH employs 18 people and contributed revenue of EUR 342 and a net profit of EUR 53 to the Group for the period of 5 December 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014, Lucom GmbH would have contributed EUR 4,306 revenue and a net profit of EUR 418 to the Group for the full year of 2014.

Details of net assets acquired and goodwill are as follows:

(in EUR 1,000)

PURCHASE CONSIDERATION	
Purchase consideration paid	3,460
Contingent consideration	993
Total purchase consideration	**4,453**
Fair value of net assets acquired	(2,134)
Goodwill (note 6)	**2,319**

The goodwill of EUR 2,319 arises from expected business opportunities due to the broad customer base within the M2M-market of the ESS segment. 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	200
Tangible assets (note 5)	37
Customer base and technology (note 6)	2,719
Prepayments to suppliers	4
Inventory	127
Trade receivables (including allowance)	282
Other receivables	54
Accrued income and deferred expenses	3
Trade payables	(50)
Other liabilities	(211)
Accrued expenses and deferred income	(75)
Provisions	(113)
Deferred tax, net	(843)
Net assets acquired	**2,134**

The fair value of trade receivables is EUR 282. The gross contractual amount of trade receivables due is EUR 290, of which EUR 8 is expected to be uncollectible.

The carrying amount of the net assets acquired equals their fair value.

(in EUR 1,000)

Consideration settled in cash	(3,460)
Cash and cash equivalents in subsidiary acquired	200
Cash outflow on acquisition	**(3,260)**

30. LIST OF CONSOLIDATED SUBSIDIARIES OF EXCEET GROUP SE

Company	Country	Year of acquisition[1]	Segment	Activity	Ref.	Share capital	Share in the capital	Share of the votes
exceet Group S.E.	LUX	2011	C&O	Holding	1	EUR 527,960	100%	100%
exceet Austria GmbH[2]	AUT	2011	C&O	Holding	2	EUR 35,000	100%	100%
exceet Holding AG[3] (former: Helikos AG)	SUI	2011	C&O	Holding	3	CHF 100,000	100%	100%
exceet Group AG	SUI	2006	C&O	Holding & Services	3	CHF 25,528,040	100%	100%
exceet Medtec Romania S.R.L.[4]	ROU	2014	ECMS	Development	4	RON 1,000	100%	100%
exceet electronics GmbH[5] (former: as electronics GmbH)	GER	2012	ECMS	Development & Sales	5	EUR 102,150	100%	100%
AEMtec GmbH	GER	2008	ECMS	Manufacturing & Sales	6	EUR 2,250,000	100%	100%
exceet electronics GesmbH[6] [7] (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.)	AUT	2011	ECMS	Manufacturing & Sales	2	EUR 54,000	100%	100%
ECR AG	SUI	2006	ECMS	Manufacturing & Sales	3	CHF 500,000	100%	100%
GS Swiss PCB AG	SUI	2006	ECMS	Manufacturing & Sales	7	CHF 1,350,000	100%	100%
exceet electronics AG (former: Mikrap AG)[8]	SUI	2008	ECMS	Manufacturing & Sales	3	CHF 1,000,000	100%	100%
idVation GmbH[9]	GER	2009	IDMS	Development & Services	8	EUR 25,000	100%	100%
exceet Card Group AG	GER	2009	IDMS	Holding & Services	9	EUR 7,595,389	100%	100%
exceet CZ s.r.o.[10] (former: The Art of Packaging s.r.o.)	CZE	2010	IDMS	Manufacturing	10	CZK 1,500,000	100%	100%
exceet Card AG[11] [12] (former: Winter AG)	GER	2010	IDMS	Manufacturing & Sales	8	EUR 6,315,584	100%	100%
exceet Card Austria GmbH[13] (former: VisionCard Kunststoffkartenproduktions GmbH)	AUT	2009	IDMS	Manufacturing & Sales	11	EUR 35,000	100%	100%
exceet Card Nederland B.V.[14] (former: PPC Card Systems B.V.)	NED	2009	IDMS	Manufacturing & Sales	12	EUR 226,900	100%	100%
AuthentiDate Deutschland GmbH[15]	GER	2011	ESS	Development & Services	13	EUR 25,000	100%	100%
exceet Secure Solutions AG[16] (former: AuthentiDate International AG)	GER	2011	ESS	Sales	13	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme[17]	GER	2014	ESS	Development & Sales	14	EUR 26,000	100%	100%

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

[2] exceet Austria GmbH holds 99.01% of the share capital of exceet electronics GesmbH and exceet Group AG 0.99% of the share capital of exceet electronics GesmbH

[3] exceet Holding AG (former: Helikos AG) was renamed by 9.5.2014

[4] exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.P.L) was renamed by 20.06.2014

[5] exceet electronics GmbH (former: as electronics GmbH) was renamed by 5.1.2015

[6] exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) was renamed by 28.1.2015

[7] exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) and Inplastor GmbH have been merged in December 2014 retroactively as per 28.03.2014.

[8] exceet electronics AG (former: Mikrap AG) was renamed by 30.12.2014

[9] exceet Card Austria GmbH holds 100% of the share capital of IdVation GmbH

[10] exceet Card Austria GmbH holds 98.67% of the share capital of exceet CZ s.r.o.

[11] NovaCard Informationssysteme GmbH and exceet Card AG (former: Winter AG) have been merged in February 2013 retroactively as per 1.1.2013.

[12] PPC Card Systems GmbH and exceet Card AG (former: Winter AG) have been merged in August 2012 retroactively as per 1.1.2012.

[13] exceet Card Group AG holds 100% of the share capital of the subsidiary

[14] exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.

[15] exceet Secure Solutions AG (former: AuthentiDate International AG) holds 100% of the share capital of AuthentiDate Deutschland GmbH

[16] exceet Secure Solutions AG (former: Authentidate International AG) has been renamed by 13.08.2014

[17] exceet Secure Solutions AG holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme

Ref.	Address		
1	115 avenue Gaston Diderich	L-1420 Luxembourg	Luxembourg
2	Wildbichler Strasse 2E	A-6341 Ebbs	Austria
3	Riedstrasse 1	CH-6343 Rotkreuz	Switzerland
4	1 Decembrie 1918 Blvd., No. 1G, Sector 3	RO-032451 Bucharest	Romania
5	Kantstrasse 10	D-72663 Grossbettlingen	Germany
6	James-Franck-Strasse 10	D-12489 Berlin	Germany
7	Fännring 8	CH-6403 Küssnacht a. R.	Switzerland
8	Edisonstrasse 3	D-85716 Unterschleissheim/München	Germany
9	Senefelderstrasse 10	D-33100 Paderborn	Germany
10	Zernovice 1	CZ-383 01 Prachatice	Czech Republic
11	Industriezone 3	A-6175 Kematen in Tirol	Austria
12	Neutronstraat 8	NL-9743 AM Groningen	Netherland
13	Rethelstrasse 47	D-40237 Düsseldorf	Germany
14	Ansbacher Str. 2a	D-90513 Zirndorf	Germany

In March 2014 Inplastor GmbH was operationally merged via an asset transfer with exceet Card Austria GmbH and in December 2014 Inplastor GmbH was legally merged with Contec Steuerungstechnik & Automation Gesellschaft m.b.H. retroactively as per 28 March 2014. No gain or loss was realized as a result of the merger.

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.

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 medtec Romania S.R.L.	Valtronic Technologies Romania S.R.L.	20 June 2014
exceet Secure Solutions AG	Authentidate International AG	13 August 2014
exceet electronics AG	Mikrap AG	30 December 2014
exceet electronics GmbH	as electronics GmbH	5 January 2015
exceet electronics Gesmbh	Contec Steuerungstechnik & Automation Gesellschaft m.b.H.	28 January 2015

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 exceet 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 exceet 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)
White Hills Management & Co S.C.S. (director)

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
- Prof. Dr. Hartmut Griepentrog as Representative of White Hills Management & Co S.C.S.
- 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

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

One Shareholder loan of 5,000 was repaid in full by 31 August 2014 (with cumulated interest of 668 throughout the term of the loan). EUR 46 of interest was charged for the period 2014 (2013: EUR 68).

In addition, the Group had legal charges in 2014 of EUR 240 (2013: EUR 383).

For the acquisition of The Art of Packaging s.r.o., now exceet CZ s.r.o., at 31 December 2010, EUR 600 was paid to Members of Management Board of exceet Group AG (see note 29 "Business combinations") by the end of the first quarter of 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 aggregate value of transactions and outstanding balances relating to transactions with related parties were as follows:

(in EUR 1,000)		2014	2013
TRANSACTION VALUE YEAR ENDED 31 DECEMBER			
Related party	**Transaction**		
Entity controlled by Members of the Board of Directors and Management Board	Legal Service	(240)	(383)
Entity controlled by Shareholder	Loans interest charged	(46)	(66)
Entity controlled by Members of the Board of Directors and Management Board	Loans interest charged	0	(2)
Entity controlled by Members of the Board of Directors and Management Board	Other administration costs	0	0
Board of Directors and Management Board	Other administration costs	(39)	(49)
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	(13)	(42)
Board of Directors and Management Board	Trade payables and other liabilities	0	0
Entity controlled by Members of the Board of Directors and Management Board	Borrowings and other liabilities	0	0
Entity controlled by Shareholder	Borrowings and other liabilities	0	(5,622)
Board of Directors and Management Board	Borrowings and other liabilities	0	0

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

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 2014:

(in EUR 1,000)	2014	2013
Remuneration for meetings	136	113
Total remuneration to the Board of Directors	**136**	**113**
Salaries and social cost payments to Management Board	1,553	1,443
Share-based payments to Management Board (note 16)	47	96
Post employment benefits payments to Management Board	146	123
Total payments to Management Board	**1,746**	**1,662**

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	2014 Class C Shares	2013 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 1 January 2014	Granted during financial year	Vested during financial year	Closing position 31 December 2014
Jan Trommershausen	66,667	0	0	66,667
Total	**66,667**	**0**	**0**	**66,667**

	Options 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**

BOARD OF DIRECTORS	Total shares	Class A Shares	Class B Shares	2014 Class C Shares	2013 Total shares
Dirk-Jan van Ommeren, Chairman of the Board of Directors	0	0	0	0	0
Hans Hofstetter	220,000	220,000	0	0	220,000
White Hills Managment & Co S.C.S., represented by Prof. Dr. Hartmut Griepentrog	0	0	0	0	0
Dr. Hagen Hultzsch	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	**1,794,722**	**963,518**	**286,839**	**544,365**	**1,794,722**

33. EVENTS AFTER THE BALANCE SHEET DATE

The decision of the Swiss National Bank on 15 January 2015 to discontinue the minimum exchange rate of CHF 1.20 per Euro led to a significant decrease of the CHF/EUR exchange rate. As this is an event after the balance sheet date of 31 December 2014, the impact has not been included in the consolidated financial statement of the Group.

As the Group has substantial operations in Switzerland, exceet has to face some uncertainties concerning the impact of a stronger CHF against the EUR in some of its markets. However, as a part of a set of measurements over the last years to improve profitability, the group has realized flexible and cost-efficient access to production capacities within its own European network of plants, thus cushioning possible impacts of exchange rates on costs. The top-line development will be positively affected by the consolidation in EUR

There were no other events since the balance sheet date on 31 December 2014 that would require adjustment of assets or liabilities of disclosure.

AUDIT REPORT

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

REPORT ON THE CONSOLIDATED 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 2014, 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

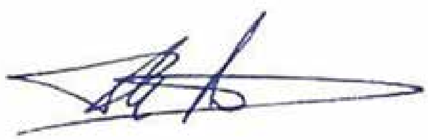
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of exceet Group SE and its subsidiaries as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 is the responsibility of the Board of Directors. This statement is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 27 February 2015
Represented by



Philippe Duren

EXCEET GROUP SE MANAGEMENT REPORT

All figures presented should be read as in Euro, if not stated otherwise.

STRUCTURE & REPORTING

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

exceet Group SE is a holding Company and holds a group of subsidiaries in the electronic and security industry. For further details in relation to the subsidiaries please refer to the exceet Group Consolidated Financial Statements.

exceet is led by a management team with many years of industry and market experience. The Company has a total of 21 subsidiaries located in six European countries: Austria, the Czech Republic, Germany, the Netherlands, Switzerland and Romania.

This setup allows the companies to benefit from specific local advantages (e.g. customer proximity) and to apply flexible development and production processes necessary to fulfill the requirements of customers.

THE COMPANY'S STRATEGIC POSITIONING

The Company's purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio.

The main objective of exceet Group SE is to hold directly or indirectly operating subsidiaries, wherein 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.

For further details please refer to the exceet Group Management Report and the consolidated articles of the association of exceet Group SE at http://ir.exceet.lu/investor-relations.

THE COMPANY'S FUTURE OBJECTIVES

As the exceet Group's legal parent company, the Company is to remain and act as the holding company listed on the regulated market of the Frankfurt Stock Exchange.

The objectives of the Company's operating units are:

- increase market share in its core markets with existing long-term customers
- extending the customer base through new applications
- internal sharing of technical competences and qualifications
- further geographical expansion
- further market consolidation and growth generated by strategic acquisitions as a key element of exceet's strategy

MAJOR EVENTS DURING THE REPORTING PERIOD

Prof. Dr. Hartmut Griepentrog succeeded Mr. Thomas Brauchli as representative of White Hills Management & Co S.C.S. as Director of the Company as of 26 February 2014.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

exceet Group SE, as a holding company, is subject to operating expenses in nature and does not have any operational profit.

The other external charges for the Company were EUR 222,435 (2013: EUR 281,024), this comprises mainly of costs in connection with Investor Relations, audit fees, as well as rent and insurance charges and fees for tax compliance. The other operating charges of EUR 156,509 (2013: EUR 109,260) were mainly compensation of the Company's independent directors for their services on the Board of Directors in the amount of EUR 133,332 (2013: EUR 87,500).

The revaluation loss of own shares amounted to EUR 112,050 and is due to the current lower share price according to XETRA as per 31 December 2014. In 2013 the revaluation gain of own shares of EUR 742,050, due to the higher share price according to XETRA as per 31 December 2013, was a reversal of value adjustments of prior year losses.

In 2014 the other income from financial fixed assets from affiliated undertakings of EUR 2,268,220 is the result of a reversal of previously recognized value adjustment on the convertible loan according to the foreign exchange rate at 31 December 2014. In prior year this was a loss of EUR 1,068,376 recognized as value adjustment. The interest income for the year 2014 is EUR 20,000 (2013: EUR 17,500).

In 2014 the extraordinary income was due to an overstatement of accrued charges in the amount of EUR 73,857 (2013: EUR 0).

Total charges of EUR 505,679 (2013: EUR 1,474,430) and income of EUR 2,362,077 (2013: EUR 759,550) resulted in a gain for the financial year of EUR 1,856,398 (2013: loss of EUR 714,880).

BALANCE SHEET POSITIONS

As at 31 December 2014, exceet's balance sheet revealed total assets of EUR 187,830,976, compared to EUR 186,069,788 at the end of the previous year. This increase was mainly the result of the higher valuation of the amounts owed by affiliated undertakings of EUR 111,547,237 (2013: EUR 109,259,016). Fixed assets amounted to EUR 186,881,441 (2013: EUR 184,705,270). This movement included the higher value of the amounts owed by affiliated undertakings described before. Current assets and prepayments amounted to EUR 949,535 (2013: EUR 1,364,518), comprising cash and cash equivalents positions of EUR 921,203 (2013: EUR 1,330,143).

Capital and reserves moved from EUR 185,798,112 as per 31 December 2013, to EUR 187,654,510 as per 31 December 2014, reflecting the gain for the financial year of EUR 1,856,398 (2013: loss of EUR 714,880). Capital and reserves include a special non-distributable reserve for own shares created according to provisions of the law for an amount of EUR 4,525,313.

Non subordinated debts decreased to EUR 176,466 from EUR 271,676 in prior year. As per 31 December 2014 the amount consists of EUR 165,846 (2013: 220,326) trade creditors and EUR 10,620 (2013: EUR 51,350) tax debts.

EMPLOYEES

As at 31 December 2014, there were no employees in the Company. For further information concerning employees regarding the exceet Group, please refer to the exceet Group Management Report pages 5 to 23.

DEVELOPMENT AND TECHNOLOGY INVESTMENTS

In 2014, no development expenditures occurred within the Company. For details concerning development expenditure of the exceet Group please refer to the exceet Group Consolidated Financial Statements note 21 “Expenses by nature”.

OTHER DISCLOSURES

For information regarding:

- NON-FINANCIAL PERFORMANCE INDICATORS
- OPPORTUNITIES AND RISK REPORT
- REPORT ON EXPECTED DEVELOPMENTS
- CORPORATE GOVERNANCE
- TAKEOVER LAW
- FORWARD-LOOKING STATEMENTS
- FINANCIAL CALENDAR

Please refer to the exceet Group Management Report pages 5 to 23.

RESPONSIBILITY STATEMENT

In accordance with article 3(2) c) of the Transparency Law the undersigned declares that, to the best of his knowledge, the Annual Accounts in accordance with Luxembourg Law give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. 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, together with the description of the principal risks and uncertainties it faces.

Luxembourg, 27 February 2015

Ulrich Reutner
CEO

On behalf of the Board of Directors
and Management Board

exceet Group SE

EXCEET GROUP SE FINANCIAL STATEMENTS

BALANCE SHEET

(in EUR)	Notes	31 December 2014	31 December 2013
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in affiliated undertakings	3	72,971,704	72,971,704
Amounts owed by affiliated undertakings	4	111,547,237	109,259,016
Own shares or own corporate units	5	2,362,500	2,474,550
Total fixed assets		**186,881,441**	**184,705,270**
Current assets			
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		921,203	1,330,143
Total current assets		**921,203**	**1,330,143**
Prepayments		**28,332**	**34,375**
Total assets		**187,830,976**	**186,069,788**
LIABILITIES			
Capital and reserves			
Subscribed capital		527,960	527,960
Share premium and similar premiums		198,928,074	198,928,074
Reserves			
Reserve for own shares or own corporate units	5	4,525,313	4,525,313
Profit or (loss) brought forward		(18,183,235)	(17,468,355)
Profit or (loss) for the financial year		1,856,398	(714,880)
Total capital and reserves	6	**187,654,510**	**185,798,112**
Non subordinated debts			
Trade creditors			
becoming due and payable within one year	7	165,846	220,326
Tax and social security debts			
Tax debts		10,620	51,350
Total non-subordinated debts		**176,466**	**271,676**
Total liabilites		**187,830,976**	**186,069,788**

The accompanying notes form an integral part of these annual accounts.

INCOME STATEMENT

(in EUR)	Notes	2014	2013
CHARGES			
Other external charges	8	(222,435)	(281,024)
Other operating charges	9	(156,509)	(109,260)
Value adjustments and fair value adjustments on financial fixed assets	4/5	(112,050)	(1,068,376)
Income tax		(3,210)	(3,210)
Other taxes not included in the previous caption		(11,475)	(12,560)
Profit for the financial year		(1,856,398)	0
Total charges		**(2,362,077)**	**(1,474,430)**
INCOME			
Income from financial fixed assets - derived from affiliated undertakings	4/5	2,288,220	759,550
Extraordinary income	7	73,857	0
Loss for the financial year		0	714,880
Total income		**2,362,077**	**1,474,430**

The accompanying notes form an integral part of these annual accounts.

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

exceet Group SE (hereafter the "Company") is a Luxembourg Company incorporated as a Société Européenne and subject to the general company 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 Company is established for an unlimited period. The registered office of the Company is located in Luxembourg at 115 avenue Gaston Diderich, L-1420. The Company is registered with the Register of Commerce and Companies of Luxembourg under the section B number 148.525.

The Company's purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio. The main objective of exceet Group SE is to hold directly or indirectly operating subsidiaries, wherein 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.

The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.

The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid securities in accordance with Luxembourg law.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it may deem useful in accomplishment of these purposes.

For further details please refer to the exceet Group Consolidated Financial Statements on pages 24-105.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The annual accounts of the Company are prepared in accordance with current Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the modified Law of 19 December 2002, determined and applied by the Board of Directors of the Company.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Directors believe that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.2 BASIS OF CONVERSION FOR ITEMS ORIGINALLY EXPRESSED IN FOREIGN CURRENCY

CURRENCY OF THE ACCOUNTS

The Company maintains its accounting records in Euro (EUR). The balance sheet and the profit and loss accounts are expressed in this currency.

INITIAL MEASUREMENT OF ITEMS ORIGINALLY EXPRESSED IN FOREIGN CURRENCY

All transactions denominated in foreign currencies are translated separately into EUR at the exchange rates ruling at the date of transaction.

MEASUREMENT OF FIXED ASSETS AT BALANCE SHEET DATE

Fixed assets, which are expressed in currencies other than EUR, are translated into EUR at the exchange rate effective at the date of the transaction. No subsequent translation adjustments are recorded at each balance sheet date.

MEASUREMENT OF ALL OTHER ASSETS AT BALANCE SHEET DATE

All other assets, including long term loans disclosed under fixed assets, expressed in currencies other than EUR are valued individually at the lower of their value translated into EUR at historical exchange rates or at exchange rates prevailing at balance sheet date. Unrealized exchange losses resulting from this conversion are recorded in the profit and loss accounts of the year. The exchange gains are recorded in the profit and loss account at the moment of their realization.

MEASUREMENT OF ALL OTHER LIABILITIES AT BALANCE SHEET DATE

All other liabilities expressed in currencies other than EUR are valued individually at the higher of their value translated into EUR at historical exchange rates or at the exchange rates prevailing at balance sheet date. Unrealized exchange losses resulting from this conversion are recorded in the profit and loss accounts of the year. The exchange gains are recorded in the profit and loss account at the moment of their realization.

RECOGNITION OF REALIZED EXCHANGE GAINS AND LOSSES

Realized exchange gains and losses are reflected in the profit and loss account of the year.

2.3 FINANCIAL ASSETS

Financial assets, including shares in affiliated undertakings and loans to these undertakings, are valued in the annual accounts at their acquisition cost including the expenses incidental hereto. Value adjustments are made in respect of financial assets to recognize a durable reduction in their value, such reduction being determined and made for each financial asset individually. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Own shares were recorded at acquisition costs. In accordance with article 49.5 of the Law on Commercial companies, a non-distributable reserve ("Reserve for own shares") was credited for an equivalent amount from "Profit or loss brought forward". A value adjustment for own shares is recorded in profit and loss when the market value is lower than the acquisition cost, without any impact on the non-distributable reserve. If the share price increases and the impairment is no longer considered durable, a reversal of value adjustments will be recognized in profit and loss without any impact on the non-distributable reserve.

2.4 CURRENT DEBTORS

Debtors are stated at their nominal value. Value adjustments are recorded at the end of the financial year if the net realizable value is lower than the book value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 PREPAYMENTS

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

2.6 DEBTS

Debts are recorded at their reimbursement value.

3. SHARES IN AFFILIATED UNDERTAKINGS

Details relating to the undertakings in which the Company holds at least 20% in their share capital are as follows:

Name	Registered office	Percentage of ownership	Last balance sheet date	Net equity * (EUR)	Loss for the financial year * (EUR)
exceet Holding AG	Risch, Canton of Zug, Switzerland	100%	31 December 2014	42,656,475	11,824

* according to unaudited financial statements under Swiss Code of Obligations

The bookvalue of the shares in affiliated undertakings is EUR 72,971,704 (2013: EUR 72,971,704).
At balance sheet date, the Board of Directors has assessed that no value adjustment is deemed required.

4. AMOUNTS OWED BY AFFILIATED UNDERTAKINGS – FINANCIAL ASSETS

(in EUR)	31 December 2014	31 December 2013
Convertible loan	110,494,737	108,226,516
Loan receivable from exceet Group AG	1,052,500	1,032,500
Total amounts owed by affiliated untertakings	**111,547,237**	**109,259,016**

Convertible Loan

This caption corresponds to a long-term interest free convertible loan granted on 26 July 2011, by the Company to its fully owned subsidiary exceet Holding AG (former Helikos AG) for an amount of CHF 132,858,871, being the equivalent of EUR 114,900,000 according to the foreign exchange rate applicable at the date of the transaction.

This loan is repayable in CHF on 30 June 2062, and bears no interest.

The loan shall be subordinated to all present and future obligations of exceet Holding AG whether secured or unsecured and shall, in case of insolvency or a liquidation of exceet Holding AG, rank pari passu with the residual recovery rights of exceet Holding AG shareholder(s).

Under certain circumstances, exceet Holding AG has the exclusive right to convert all or part of the unpaid principal amount of this loan into its shares. The loan is convertible into new exceet Holding AG shares at a fixed ratio determined by dividing the outstanding principal amount of the loan at the conversion date by the par value of exceet Holding AG shares. Rounding differences, if any are repayable in cash to the Company. At balance sheet date, the outstanding principal amount of the loan amounts to CHF 132,858,871, being the equivalent of EUR 110,494,737 (2013: EUR 108,226,516) according to the foreign exchange rate applicable at the end of the balance sheet date. Accordingly previously recognised foreign exchange related value adjustments of EUR 2,268,220 have been reversed as of 31 December 2014.

At balance sheet date, the fair value of the loan receivable from exceet Holding AG is not lower than its net book value as reflected in the Company's annual accounts.

Loan receivable from exceet Group AG

On 25 May 2012, the Company granted an interest bearing loan of EUR 1,000,000 to exceet Group AG, an affiliate of the Company. The interest rate is according to the Swiss Federal Tax Administration. The rate can change annually.

The interest income for the year is EUR 20,000 (2013: EUR 17,500) and remains unpaid at the balance sheet date.

At balance sheet date, the fair value of the loan receivable from exceet Group AG is not lower than its net book value as reflected in the Company's annual accounts.

Due to the nature of the parties the loan is regarded as long term.

5. OWN SHARES

The Board of Directors of the Company resolved on 21 November 2011, upon key points of the Management Stock Option Program, pursuant to which up to 450,000 options for the acquisition of Class A Shares can be granted to selected current and future executives of the Company and its affiliated undertakings.

At balance sheet date, the market value of the listed shares of the Company (ISIN LU0472835155) was EUR 5.250 (2013: EUR 5.662) based on the information made available by the Frankfurt Stock Exchange and also EUR 5.250 (2013: EUR 5.499) based on the information made available by XETRA. On that basis, the 450,000 unlisted Class A shares held in treasury by the Company at balance sheet date would be valued at EUR 2,362,500 (2013: EUR 2,547,900 according to the Frankfurt Stock Exchange and EUR 2,474,550 based on the value provided by XETRA). A value adjustment (loss) of EUR 112,050 was recognized in financial assets. In prior year a reversal of value adjustment (gain) of EUR 742,050 was recognized in financial assets. The value provided by XETRA of EUR 2,362,500 (2013: EUR 2,474,550) equals the book value at balance sheet date after the value adjustment.

6. EQUITY

Changes in equity are as follows:

(in EUR)	Subscribed capital	Share premium attached to shares	"Class A Warrants"	TOTAL share premium account	Reserve for own shares	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total capital and reserves
Class A	311,960							
Class B	79,200							
Class C	136,800							
Opening balance 1 January 2014	**527,960**	198,728,074	200,000	**198,928,074**	**4,525,313**	**(17,468,355)**	**(714,880)**	**185,798,112**
Allocation of prior year result						(714,880)	714,880	0
Result for the financial year							1,856,398	1,856,398
Closing balance 31 December 2014	**527,960**	198,728,074	200,000	**198,928,074**	**4,525,313**	**(18,183,235)**	**1,856,398**	**187,654,510**

As at 31 December 2013 and 2014, the Company's authorized capital, including the issued share capital, is set at EUR 694,266, consisting of a total of 45,675,397 shares out of which may be issued an additional amount of 10,941,176 Class A Shares. For further details please refer to the exceet Group Consolidated Financial Statements note 13 "Equity".

Legal Reserve

Under the Luxembourg law, 5% of the net profit of the year, net of any losses brought forward, must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

Reserve for own shares

As at 31 December 2014, the Company held 450,000 listed Class A Shares having an acquisition cost of EUR 4,525,313. Accordingly, a non-distributable reserve is maintained for the same amount under the caption "Reserve for own shares".

7. TRADE CREDITORS

This caption includes amounts for invoices payable to suppliers and for accrued charges for invoices received after balance sheet date regarding expenses incurred during the financial year ended 31 December 2014. They are becoming due and payable within one year. The accrued charges for external charges of EUR 73,857 were overstated and have therefore been released through extraordinary income in 2014.

(in EUR)	31 December 2014	31 December 2013
Third party invoices payable	7,105	21,194
Accrued charges for other external charges	0	73,857
Invoice not received for tax compliance services	4,500	10,000
Invoice not received for audit services	16,309	27,775
invoice not received for directors remuneration	133,332	87,500
Other invoices not received	4,600	0
Total trade creditors	**165,846**	**220,326**

8. OTHER EXTERNAL CHARGES

The other external charges are including mainly costs for Investor Relations, audit fees as well as rent and insurance charges and fees for tax compliance. The other external charges in 2014 amounted to EUR 222,435 (2013: EUR 281,024). The difference comparing to prior year is mainly the result that there were no legal fees in 2014 (2013: EUR 53,560).

9. OTHER OPERATING CHARGES

The other operating charges result mainly from the compensation of the Company's independent directors for their services on its Board of Directors as well as the annual charges of CSSF and charges for listing to the Frankfurt Stock Exchange. The adjusted compensation of the Company's independent directors for their services on its Board of Directors is the reason for the difference comparing to prior year. For further details to the compensation please refer to note 10.

10. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

An amount of EUR 133,332 (2013 EUR 87,500) has been booked but not yet paid to the members of the management (Board of Directors) for the financial year 2014 (for further details please refer to the Consolidated Financial Statements note 32 "Remuneration of members of Board of Directors and the Management Board").
For details to the Management Stock Option Program please refer to the Consolidated Financial Statements note 16 "Share-based payments".

11. OFF-BALANCE SHEET COMMITMENTS

Warrants

Each Public or Founder Warrant gives the holder the right to receive one Public Share upon surrender of a number of Warrants as detailed in the prospectus. All Warrants may be exercised on a cashless basis only. At the balance sheet date, there are 20,000,000 units outstanding.

Commitment to pay the remaining amount of exceet Holding AG's unpaid capital

The Company commits itself at the first request of the Board of Directors of exceet Holding AG to pay up the rest of this contribution. Such commitment represents CHF 50,000 (EUR 41,583) pursuant to the foreign exchange rate applicable as at 31 December 2014.

Letter of guarantee

The Company has issued a letter of guarantee for exceet Card AG in the amount of EUR 1,300,000. Further to that the company has issued a letter of guarantee for exceet Secure Solutions AG (former: AuthentiDate International AG) to one of exceet Secure Solutions AG suppliers to guarantee due performance of business agreements.

12. SUBSEQUENT EVENTS

The decision of the Swiss National Bank on 15 January 2015 to discontinue the minimum exchange rate of CHF 1.20 per Euro led to a significant decrease of the CHF/EUR exchange rate. As this is an event after the balance sheet date of 31 December 2014, the impact has not been included in the financial statement of the Company.

Main influence for the Company's profit or loss accounts results from the convertible loan in CHF with exceet Holding AG, which would be revaluated up to the historic exchange rate used at the date of the transactions. Should the EUR strengthen against the CHF with a higher exchange rate then the date of transaction, a loss would be recorded. Otherwise the Company does not expect any other material risk resulting from the change in the CHF/EUR exchange rate.

There are no other subsequent events.

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS

We have audited the accompanying annual accounts of exceet Group SE, which comprise the balance sheet as at 31 December 2014, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE ANNUAL ACCOUNTS

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts 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 annual accounts 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 annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, 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 annual accounts 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 annual accounts.

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

OPINION

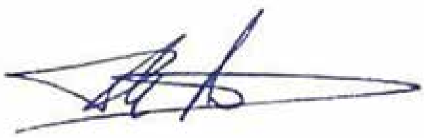
In our opinion, the annual accounts give a true and fair view of the financial position of exceet Group SE as of 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Management Report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

The Corporate Governance Statement is the responsibility of the Board of Directors. This statement is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 27 February 2015
Represented by



Philippe Duren

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