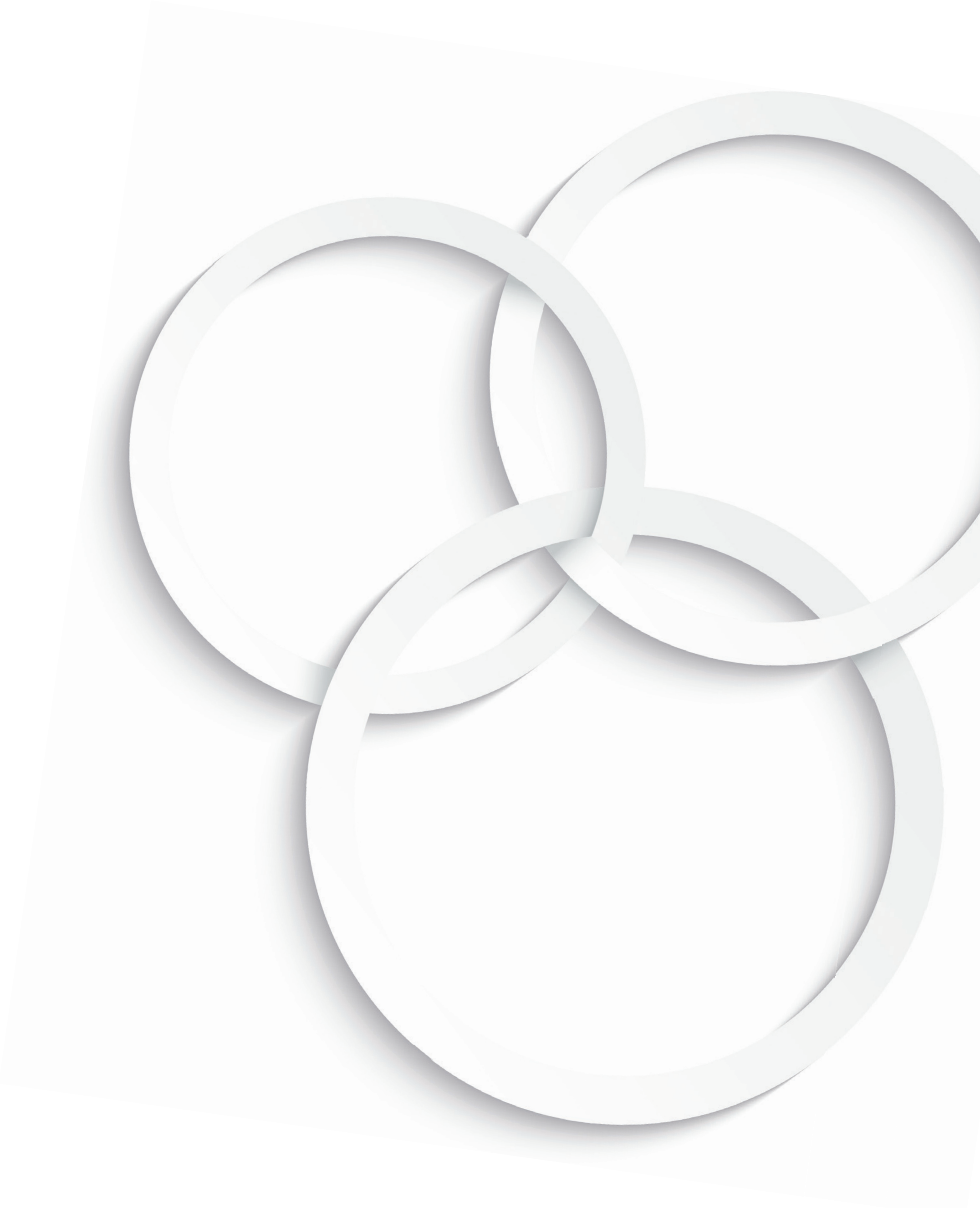

Annual Report | 2013

SNP | The Transformation Company

Key Figures of SNP Group

€ million	**2013**	**2012***	**2011**	**2010**	**2009**
Backlog (as of 31 December)	10.4	9.6	8.6	9.5	9.5
Revenue	23.5	27.2	26.6	22.1	20.2
- Software	4.8	7.0	7.5	5.9	4.2
- Professional Services	18.7	20.2	19.1	16.2	16.0
EBIT	-2.7	3.0	4.7	4.6	4.7
- Margin (%)	-11.5	10.9	17.5	20.9	23.5
Consolidated net income	-2.3	1.9	3.1	3.2	3.3
Consolidated net income attributable to SNP AG Shareholders	-2.4	1.8	3.0	3.2	3.4
Earnings per share					
- Undiluted (€)	-0.65	0.53	2.64	2.81	3.03
- Diluted (€)	-0.65	0.53	2.64	2.81	3.03
Distribution	0.3**	0.9	2.0	1.9	1.9
- Ratio (%)	k.A.	50.1	66.3	60.4	56.3
Dividend per share					
- Ordinary dividend (€)	0.08**	0.72	1.75	1.70	1.30
Number of stocks	3,738	1,246	1,133	1,133	1,133
Equity	13.8	17.1	12.3	11.4	10.1
- Ratio (%)	57.6	75.9	68.9	72.6	67.8
Number of employees (as of 31 December)	248	223	185	171	145
Personnel costs	17.2	15.8	14.1	11.3	10.3

* Adjusted.
** Proposal to the Annual General Meeting 2014 on 6 June 2014, calculated at full distribution on all issued shares.

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EXECUTIVE BOARD REPORT

The successful sale of a corporate licence in December and promising talks on the sale of further corporate licences show that it is worth also accepting long-term sales cycles and persuading customers of the quality of our work and products beforehand through individual projects. In addition, there were signs of a significant improvement in consultant utilisation in the second half of the year. By the end of the year, figures were back on a par with previous years.

Dear investors, business partners and employees,

The last fiscal year was undoubtedly one of the most eventful in the company's history. Following a weak start to the first two quarters, we unfortunately had to concede in the summer that we would miss our own targets for the year as a whole. After successfully completing several major projects in 2012, it took us a long time to gain similarly large follow-up projects in the last fiscal year. This resulted in unsatisfactory consultant utilisation in the first half of the year, which we failed to make up for even with software licence sales. However, even in difficult situations, there is always a chance. That is why it was important to restructure SNP in the last fiscal year and take the right measures to shape the future more successfully again. Without overlooking the fact that we had to post negative figures at the end of the year, we can say that we set the turnaround in motion and acted properly in this difficult phase. For instance, there was a return to positive earnings in the last quarter of the year, and the foundations were laid for further growth.

The fact that we remained prudent despite the challenging developments in the first half of the year was another factor in the successful turnaround. We deliberately refrained from slashing personnel costs. Instead, we incorporated free consultant capacity in the enhancement of our software, reshuffled our team in key positions and optimised our processes. The measures were partly aimed at reconstructing a professional, effective sales organisation. We have worked hard to find additional sales experts for in-house sales and our partner management so that we have a promising, professional team in place in these areas for the new fiscal year. However, we still aim to become even stronger in these areas in the new fiscal year.

The successful sale of a corporate licence in December and promising talks on the sale of further corporate licences show that it is worth also accepting long-term sales cycles and persuading customers of the quality of our work and products beforehand through individual projects. In addition, there were signs of a significant improvement in consultant utilisation in the second half of the year. By the end of the year, figures were back on a par with previous years.

We also achieved further success with our other strategic objectives in the last fiscal year. For instance, in summer 2013, we made a huge step towards becoming the industry standard for IT transformations with the acquisition of GL Consulting, Inc. and its subsidiary Cetova Corp., combined under the name of „GL Associates (GLA)". As part of an asset deal, we acquired the companies' assets and liabilities as well as taking on all their employees at SNP. GLA stands out because it specialises in consultancy services for the transformation of ERP systems from the Oracle Group, using proprietary software. By integrating this expertise into our transformation software SNP Transformation Backbone, we aim to be able to offer standardised transformations between ERP systems from SAP AG and the Oracle Group in future. With this completely unique selling point, we have put in place the conditions for tapping into a huge market while taking an important and major step towards our „any-to-any" objective – i.e. transformation of systems from any provider. We firmly believe that the acquisition will prove to be a key growth driver, particularly on the markets in America and Asia.

As you can see, we are working hard to achieve further profitable growth in order to deliver a lasting increase in value for our shareholders. Therefore, although we are not satisfied with last year's results, we go into fiscal year 2014 with confidence.

My thanks go to all employees who commit themselves every day to the company and our philosophy as well as working with motivation and dedication to move SNP forward, even when the going is tough.

I would also like to thank you, dear shareholders, for your trust and patience. We will use the current year to do them justice.

Dr Andreas Schneider-Neureither
The Executive Board

GO WEST

AN INTERVIEW ON THE US ACQUISITION

On 1 September 2013, SNP Schneider-Neureither & Partner AG acquired the assets of the US company GL Consulting, Inc. and its wholly-owned subsidiary Cetova Corp., New Jersey, in an asset deal. In this interview, Dr Andreas Schneider-Neureither, CEO of SNP AG and Dr Steele Arbeeny, President of SNP America, Inc. and former Director of Strategic Business Technologies of GL Consulting, discuss the background to the acquisition and the opportunities resulting from it.

Interview with Dr Andreas Schneider-Neureither, CEO of SNP AG and Dr Steele Arbeeny, President of SNP America, Inc.

How did the acquisition of GLA by SNP AG come about?

Schneider-Neureither: In the run-up to Oracle Open World 2012, the largest and most important trade fair for Oracle software in the USA, we examined all of the exhibitors in terms of their activities and potential overlaps with our business. GLA's portfolio stood out from the crowd. We were able to hold initial discussions with the management at the trade fair and subsequently met with the owners in Jersey City. These discussions became more concrete in spring 2013, leading to contractual negotiations as the year progressed. The final decision was taken at the height of summer in conjunction with the Supervisory Board and following a careful review by in-house and external experts.

What aspects prompted you to choose GLA?

Schneider-Neureither: The GLA acquisition forms a systematic part of our strategy of a standardised software approach for the transformation of IT systems. SNP AG can harness GLA's 30 years of experience and its technology to extend its own portfolio of consultancy services and, in particular, to expand the SNP Transformation Backbone® standard software to include transformation scenarios using ERP systems from the Oracle Group.

What marks GLA out in terms of technology?

Schneider-Neureither: GLA has developed software enabling its consultants to conduct transformations for Oracle applications. The Java-based transformation tool supports all common transformation scenarios such as splits, mergers and harmonisations. It works at database level and can master simple to complex mapping. In the same way as with our SNP Transformation Backbone standard software, the predefined content – i.e. the contained knowledge of the internal structures of the Oracle systems – is an important component of the software.

How long will it take until SNP has integrated this technology and is able to use it?

Schneider-Neureither: We can already market and use the technology now, as we are familiar with both "system sides" and can cover them in projects. Integration into SNP T-Bone is planned for the second half of 2014. A detailed roadmap for the integration process is currently being defined.

To turn the question around, can GLA's employees also work on traditional SNP projects?

Arbeeny: Our colleagues in Europe are still providing us with support for such projects. However, our consultants are already receiving intensive training in the SNP portfolio, meaning that we will soon be able to implement the corresponding projects entirely in our own right. As SNP America Inc., our aim is to offer the full service range of the SNP Group in the Americas while remaining a centre of expertise for Oracle systems.

What is the impact of the transaction on the SNP portfolio?

Schneider-Neureither: For some time, we have pursued an any-to-any strategy, which means that SNP can transform the systems of any providers. SAP AG is the clear market leader for business applications. Second place is occupied by Oracle and its various applications. GLA's technology will expand SNP's portfolio by enabling us to conduct transformations for Oracle applications. In markets such as the USA or Asia in particular, it is rare to encounter pure SAP installations. Oracle and other application packages are often the leading ERP system. As such, the ability to conduct transformations for and between these applications in any direction is extremely important for ensuring successful growth in these markets and will open up huge market potential for SNP. We have yet to succeed in entering the US transformation market. We have now established an improved platform with our new local colleagues and will benefit from existing contacts.

What was GLA's business situation prior to the acquisition?

Arbeeny: We were operating at around the breakeven point with revenue in excess of USD 5 million. However, major investments in sales and marketing were still outstanding, meaning that our new customer business was comparatively low. The structures and support provided by SNP will allow us to substantially change this.

Where do you see synergy potential?

Schneider-Neureither: Synergy potential will result in particular from the amalgamation of business units, which is expected to lead to six-digit cost savings alone.

What was the transaction price?

Schneider-Neureither: The purchase price is slightly lower than the level of annual revenue – in 2012, just over USD 5 million. The total price is broken down into a slightly larger initial payment and a second payment based on the future attainment of certain key figures.

How are the purchase price payments being financed?

Schneider-Neureither: The transaction is largely being financed via a low-interest loan. A small portion of the purchase price is being covered by existing cash and cash equivalents. This means that SNP AG is maintaining its financial flexibility while ensuring highly attractive interest rates.

Why did the owners want to sell the company?

Schneider-Neureither: The background was a typical succession scenario: the founder and formerly the main shareholder of GLA wanted to go into retirement and place his life's work in safe hands before retiring.

How many GLA employees have opted to come on board with SNP AG?

Arbeeny: The answer is very straightforward: all of them! None of our 25 colleagues wanted to miss this opportunity. We are a good team and have an excellent level of employee retention by US standards. Now we are looking forward to continuing GLA's success under the SNP umbrella.

How has integration progressed to date?

Schneider-Neureither: The top priority is to integrate our new colleagues and technology into the SNP world – including at a management level. Accordingly, the CFO and I are making frequent visits to assist with the integration process. It is important to facilitate an intensive exchange between the managers of both companies during the initial phase in particular. This is why representatives of our department often travel to the USA for coordination – and, in turn, our colleagues from the USA frequently come to Heidelberg, where they can get to know our technology and their contacts here. Our US colleagues are highly motivated and have a strong interest in ensuring a shared success story.

What is the structure of the sales organisation in the USA?

Arbeeny: As a small software and consultancy firm, every one of our consultants is essentially also a member of the sales force with responsibility for selling their own projects. However, we also have a dedicated two-man sales team. Together with our European colleagues, we are now further expanding our sales and partner management.

What revenue share do you expect to generate in the USA in future?

Schneider-Neureither: In the medium term, we are looking to generate a significant proportion of SNP's consolidated revenue on the US market. In the current 2014 financial year, we expect the USA region to account for between 10% and 15% of the consolidated revenue recorded by SNP AG.

What are the next steps for the USA?

Arbeeny: First and foremost, we will continue to do what we know best. At the same time, we are working to ensure that our employees are prepared for the entire SNP service range and are strengthening our team on a targeted basis. For example, we will appoint marketing experts to the company and further expand our sales organisation. I am confident that we have now laid the foundations for playing a role on the US market with SNP America.

Dr Steele Arbeeny, President of SNP America, Inc., has worked for GL Associates for almost 20 years in both the delivery and managerial organisations. He also has valuable experience in software development in the field of financial services and communications engineering.

OUR FUTURE

A LOOK AT TALENT DEVELOPMENT AT SNP AG

"Heidelberg is nicer than Walldorf." For the last few months, this claim under the SNP slogan "A refreshingly different IT career" has been bringing a smile to the faces of students every time they look in the mirror in the public bathrooms at the University of Mannheim. But behind the tongue-in-cheek message lies a clear strategy. Marina Soukup, Head of HR at SNP AG, explains this new approach to university marketing: "The race to attract graduates is won long before they complete their studies. This is our way of ensuring that we secure young talents – the very future of SNP – at an early stage."

From left: Johann Vogel, Adrien Born, Marina Soukup, Denise König

Denise König has been on a nine-month trainee programme in the area of Development since June 2013. She describes her decision to gain her first professional experience as a trainee at the Heidelberg-based software and consulting company as "just right". König, who comes from Halle, appreciates the opportunity to get to know all of the key aspects of the job actively and to take responsibility early in her career. "In the spring, I will have sole responsibility for the development of certain software components," she says with no little pleasure. Her supervisors are already predicting that she will have a brilliant future with the company.

The Heidelberg-based software and consulting company has a long tradition of hiring motivated young talents with excellent qualifications. Trainee positions providing an optimal route into a development or consulting career have been offered by the company for many years. Last year, these were consolidated into a complex programme that contains individual development plans for every trainee, enabling young talents to get a feel for how the company works in practice and introducing them to responsibility as a junior developer or junior consultant with experienced colleagues by their side. As Marina Soukup can testify: "Our young colleagues are well-qualified, have above-average motivation and, last but by no means not least, are willing and able to quickly familiarise themselves with new areas and topics."

The 30-year-old HR Director has appointed ten trainees since January 2013. She works intensively to ensure that SNP AG attracts and retains the right talents. "Graduate recruitment fairs are the ideal forum," says Soukup, who presents SNP at such events around eight times a year. Together with colleagues and current and former trainees, she explains what the abbreviation SNP stands for, why the trainee programme represents an ideal entry point for young professionals, and what career opportunities SNP AG can offer. Interest is invariably high: "We get very few people who are only after the freebees," laughs the HR Director, who has worked in Heidelberg since 2011. "The students appreciate the way we approach them directly as a company and the authentic reports of everyday life at SNP that they get from our current and former trainees."

Trainees such as Adrien Born, who singles out the integration within and support from the team as a particularly positive aspect of the trainee programme he has just completed: "Just like in a small family." He also has high praise for the regular update meetings with his mentor and the early involvement in projects. "It is precisely this combination of being managed and being given responsibility in your own right that makes SNP's trainee programme so special." The 26-year-old is now looking forward to the next step in his career as a junior consultant: "It is a good feeling to be able to give something back to the team."

"For me, the trainee programme was an informative and interesting start to my career. I was particularly impressed by the warm welcome I was given by the team."

Johann Vogel, Junior Developer

"I love that we can plan our working time freely! I have so much fun with my work that I'm quite happy to come in early sometimes."

Denise König, Junior Developer

"Everything was new to me at first, but my colleagues helped me to integrate perfectly right from the start and supported me along the way. This made it really easy for me to take my first steps as a trainee."

Adrien Born, Junior Consultant

PROCESS MINING

NEWS FROM THE SNP DEVELOPMENT DEPARTMENT

The software that makes you the coach – after the match

André Schüngel isn't a footballer. But the 40-year-old Director of Product Development at SNP AG, who holds a doctorate in Physics, uses a compelling image to present the latest concept from the company's product development. "It's like the drawings used by football coaches where the positions or players are entered and their movements are then marked out. The theory before the fact is one thing. But what is most interesting for the analysis after the match is how it worked in practice – who went where at what time; which movements turned out to be good and which were disadvantageous? This is the principle behind SNP Business Process Analysis."

Enterprise Resource Planning (ERP) systems are used to process all possible transactions at a company: to administer orders and inventories, manage production processes and prepare financial reports, or to submit and approve a request for leave digitally.

Our developers have now found a way to examine where and when which data are passed on from whom to whom when working with an SAP® system of this kind – they thus analyse dynamic data, a process known in the trade as "process mining". These analysed dynamic data reveal more than you might think at first glance. For example, you can see exactly which people and departments are regularly involved in certain processes, who approves a certain application when, and how much time a certain step takes. Using the software, this information can be prepared as a visual presentation recording the actual workflows and process chains. Those responsible can compare the actual processes visualised in this way with the workflows that were actually planned or with those of other business areas and may realise, for example, that the actual process for ordering shipping supplies in a business area are longer, less reliable and simply worse than the planned process or the process used by another area. In this example, the logical consequence would be for the company to revise the process as a result of the analysis – thereby saving time, work and cash.

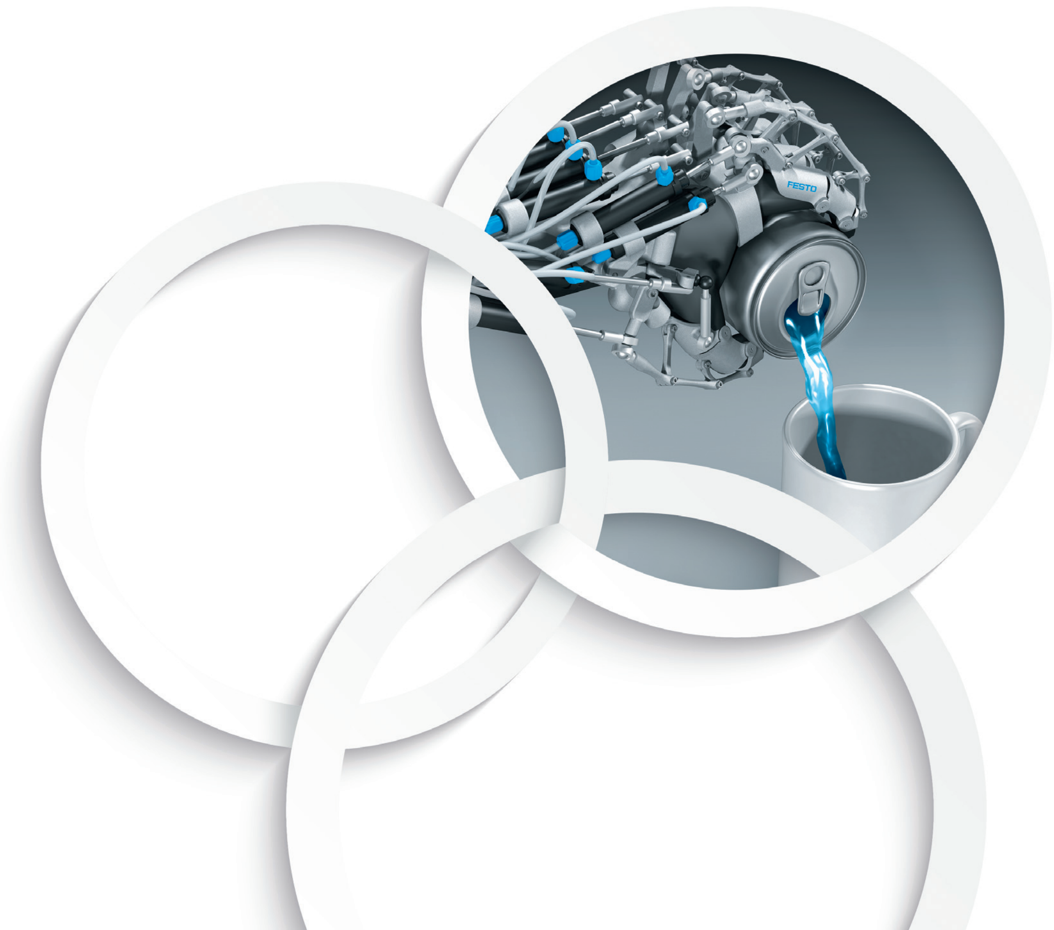
What is particularly appealing about this is that the fiddly task of filtering the relevant data from the SAP® system can now be performed automatically with a special type of software known as an "extractor", and this then forms the basis for the subsequent analysis. This then results in a process presentation on the basis of which those responsible can draw their conclusions. Previously, if companies wanted to perform these analyses they would have to initiate several lengthy consulting projects, which are associated with considerable expense and a long wait for the results and also – since to err is human – always involve the risk of an incomplete human analysis.

Instead, SNP Business Process Analysis provides our customers with an analysis of the actual business processes in the SAP® systems with a freely selectable level of detail and examining whatever time period is desired. And the developed aren't finished yet: "We are still working to make the analysis even faster and better. We will also shortly be launching a version with which the manager responsible for the system can even view and assess the process diagrams on a tablet PC. In summer 2013, we gained enormous Oracle expertise in the Group through the acquisition of GLA – so of course this solution is intended to work for the Oracle world, too, in the medium term," says Schüngel, describing the next steps.

SNP IN THE PROJECT

DEPLOYMENT AT FESTO

Festo is a leading worldwide supplier of automation technology and the performance leader in industrial training and education programs. In this context, pneumatic and electrical drive technology from Festo stand for innovation in factory and process automation – from individual products to ready-to-install solutions. Innovations for ultimate customer productivity, a global presence, and close systems partnerships with our customers are the hallmarks of Festo.



The Challenge

Festo stands for innovation and technology in 176 countries worldwide. Over time, Festo's IT landscape has grown based on the company's history. As a result, the company uses a divided system landscape in all of its regions (Europe, Asia, and America). In each region, accounting is carried out on one system and all logistics activities on another. This leads to increased costs, inconsistencies in the data, and inefficiencies in ongoing business processes. The differing charts of accounts also make it difficult to compare business results across different regions.

In 2011, the company decided to initially introduce a standardized chart of accounts in all its regions, which would encompass extensive changes. The goal was to secure a uniform and rapid reporting system across the entire company.

In a second step which began in 2013, the logistics and financial systems in the regions have been merged step-by-step, in order to make faster processes with lower costs possible here as well. In this context, the job at hand is to transfer all the information from the two regional systems into one single system. In addition to improving internal processes, synergies in system maintenance also played a role. By standardizing processes and structures, the systems around the world can be maintained much more efficiently.

"Thanks to the business landscape transformation methodology and the standard software SNP Transformation Backbone, we were able to complete the job rapidly in a resource-efficient manner with little risk."

Falk Kurzendörfer
Project manager SAP Harmonisation, Festo

The Solution

In 2008, Festo carried out a prior project with SNP. Based on its positive experience from this project, the company also selected SNP to provide assistance in switching its chart of accounts and consolidating the systems.

After the successful harmonisation of the chart of accounts, the finance system of the Europe region was moved into the Europe logistics system.

SNP's business landscape transformation methods are based on standardized packages of jobs and workflows that are necessary when carrying out an ERP transformation: a preliminary analysis, strategy planning, detailed analyses, and implementation. The individual stages of the project at Festo are partially automated and custom-tailored to the project with SNP's standard software Transformation Backbone. This guarantees that the project is carried out rapidly and efficiently. Since SNP software is certified according to IDW standards, Festo also benefits from auditing acceptability. The entire transformation project is documented in the software and numerous technical analyses are integrated into the workflow.

Benefits

- No manual programming on the part of the customers thanks to the use of standard software
- Short project durations and running times due to BLT methodology
- Full transparency of the project status
- Low-risk, rapid, and resource-efficient implementation of necessary tasks
- Auditing acceptability thanks to certification in accordance with IDW standards IDW-Standards

COMPANY HISTORY 2013

- SNP acquires assets of GL Consulting, Inc. and Cetova Corp.
- SNP is named ASUG Gold Affiliate Member
- Andrew Watson leaves SNP AG; Jörg Vierfuß is appointed CFO
- SNP becomes SAP Services Partner within the framework of the SAP® PartnerEdge program
- SNP AG concludes OEM contract with SAP AG
- Foundation of subsidiary based in León, Spain

2012
- SNP wins IBM as a global cooperation partner
- Establishment of a development and distribution agreement with Automic, the world's largest independent provider of software for IT Process Automation
- SNP develops and markets its solution for test data management (SNP Data Provisioning and Masking)
- SNP successfully completes its 1500th transformation project

2011
- SNP acquires HPC-CAS Solution GmbH's business operations (asset deal) and opens an office in Hamburg
- SNP founds additional sales companies in the United States and South Africa
- Andrew Watson joins the company as CFO/COO, replacing founder Petra Neureither
- Hewlett-Packard (HP) becomes an SNP Alliance Partner for **SNP Transformation Backbone®**

2010
- SNP EINS GmbH changes its name to SNP AUSTRIA GmbH
- T-Systems becomes an SNP Alliance Partner for **SNP Transformation Backbone®**

2009
- SNP introduces the first integrated software solution for SAP® transformations: **SNP Transformation Backbone®**
- Focus on the consulting portfolio: **SNP Business Landscape Transformation®** and **SNP Business Landscape Management**
- SNP expands its majority stake in EINS GmbH (today SNP Austria GmbH) to 85% (previously approx. 52%)

2007
- SNP completely acquires THEBIS GmbH (today SNP Consulting GmbH)
- SNP integrates the SNP Data Distillery software into SAP® Test Data Management solution and becomes an OEM partner of SAP® AG
- SNP develops and launches the SNP Compliance Cop software. This software allows SAP® customers to automatically analyze SAP® permissions and detect problems (today **SNP Compliance Analysis**).

2006
- SNP acquires a majority stake in THEBIS GmbH (today SNP Consulting GmbH)
- SNP develops and launches the SNP Client Carrier software. This software allows SAP® customers to automatically transfer SAP® clients (today **SNP Client Move** and **SNP Client Upgrade**).
- SNP develops and launches the SNP Base Builder software. This software allows SAP® customers to automatically analyze the SAP® repository (today **SNP Repository Harmonization**).

2005
- SNP develops the SNP Data Distillery software. This software extracts test data from SAP® systems and masks it for data privacy purposes (today **SNP Data Provisioning and Masking**).

2004
- Focus on the areas of business System Landscape Optimization and Service & Support for SAP® customers

2003
- SNP switches to the General Standard segment of the Frankfurt Stock Exchange
- SNP acquires a majority stake in EINS GmbH (today SNP Austria GmbH)
- SNP releases the SNP Realtime Business Manager software. This software analyzes key performance indicators for SAP® landscapes.

2002
- With Service & Support (today **SNP Business Landscape Management**), SNP adds process and implementation consulting for SAP® Solution Manager to its range of services

2000
- SNP AG goes public on the Hamburg Stock Exchange

1999
- SNP founds its first foreign subsidiary SNP (Schweiz) AG, headquartered in Zurich
- SNP implements its first system landscape optimization project

1996
- Schneider-Neureither & Partner GmbH becomes a stock corporation

1994
- Dr Andreas Schneider-Neureither and Petra Neureither found Schneider-Neureither & Partner GmbH

Supervisory Board Report

Dear Shareholders,

in the 2013 fiscal year, SNP's Supervisory Board once again performed the tasks incumbent on it in accordance with the law and the Articles of Association and by-laws of SNP Schneider-Neureither & Partner AG, and paid particularly close attention to both the current development of the company and its strategic alignment for the coming years. The recommendations of the German Corporate Governance Code were followed with the exception of the items listed in the declaration of conformity.

After the business performance at the beginning of the 2013 fiscal year fell significantly short of expectations, in the summer it became clear that it would no longer be possible to achieve the forecast targets for the year. Although the restructuring measures that were subsequently taken showed initial signs of success in the second half of the year and a positive result was achieved again in the final quarter already, consolidated sales for 2013 as a whole was down 13% year-on-year and the company posted negative EBIT of € -2.7 million.

The business development was closely monitored by the Supervisory Board in the period under review; the Executive Board and the Supervisory Board coordinated regularly on the development of operating business, the strategic goals and the measures to be taken to achieve these goals.

Focus of monitoring and advisory activities

The Supervisory Board's activities in the past fiscal year focused in particular on the regular and comprehensive discussion of the sales, earnings and employment development of SNP AG, its subsidiaries and the Group as a whole. The Supervisory Board was provided with detailed, timely information on the current position of the Group and all transactions of significance to the Group's profitability or liquidity (see section 90 (1) of the German Stock Corporation Act (AktG)). Corporate planning and strategic development were also regularly discussed.

The respective Chairman of the Supervisory Board maintained direct and regular contact with the members of the Executive Board in order to obtain information on current developments and forthcoming decisions. In particular, the members of the Supervisory Board examined the annual financial statements prepared by the Executive Board, the consolidated financial statements, the management report, the Group management report, the Executive Board's proposal for the appropriation of net profit, and the report by the Executive Board on the disclosures required in accordance with sections 289 (4) and (5), 315 (4) of the German Commercial Code (HGB).

The Executive Board consulted the Supervisory Board on all company decisions of particular strategic importance and discussed them in detail in order to allow the Supervisory Board members to examine the decisions in question and approve them as necessary. The Executive Board fulfilled its duty of information to the Supervisory Board at all times and in a timely manner. In its monitoring function, the Supervisory Board satisfied itself as to the legality and propriety with which the Executive Board carried out its management duties, discussed the organisation of the company with the Executive Board and satisfied itself as to its operational efficiency. The Supervisory Board's activities also included monitoring SNP AG's risk management and compliance structures.

Another focus of the Supervisory Board's monitoring and advisory activities was supporting the Executive Board in deciding on an acquisition and selecting a suitable target. At every meeting in the past year, possible acquisitions and the resulting opportunities and risks were discussed or the completed acquisition was reported and discussed.

All measures and legal transactions requiring the approval of the Supervisory Board were submitted by the Executive Board to the Supervisory Board for approval in a proper manner. All proposals, measures and business transactions submitted by the Executive Board for the approval of the Supervisory Board were approved following a thorough review and examination.

Topics and number of meetings in 2013

In the 2013 fiscal year, the Supervisory Board held a total of six meetings in person; outside these meetings, it also discussed projects of particular significance to SNP Schneider-Neureither & Partner AG by telephone. In six cases, resolutions were adopted by way of written circulars.

The meetings were regularly attended by the Executive Board. The auditor, MOORE STEPHENS TREUHAND KURPFALZ GmbH Wirtschaftsprüfungsgesellschaft, also discussed its audit of the annual and consolidated financial statements with the Supervisory Board at the meeting resolving on the approval of the company's accounts and answered all of the Supervisory Board's questions.

The deliberations of the Supervisory Board primarily dealt with the current course of business, company management and planning, business policy, risk assessment and risk management, and the corporate strategy and its implementation at the company and its subsidiaries. Since the Supervisory Board is currently made up of only three members and committees that take decisions instead of the full Supervisory Board also require a minimum of three members, the Supervisory Board has refrained from forming committees.

At the meeting on 5 February 2013, discussions focussed on possible M&A targets, reviewing the capital increase performed, and administrative topics such as the company's marketing profile.

The Supervisory Board meeting on 6 March 2013 was dominated by the discussion and approval of the annual and consolidated financial statements for the 2012 fiscal year. The Executive Board and the Supervisory Board also approved the update to the declaration of conformity on the recommendations and suggestions of the German Corporate Governance Code at this meeting. The agenda for the 13th Annual General Meeting and the corresponding proposed resolutions were also approved, including the proposed resolution to conduct a capital increase from company funds. The meeting also dealt with the corporate strategy and how to update it.

At the Supervisory Board meeting on 16 May 2013, discussions focussed in particular on the business performance that fell short of expectations and the measures to improve earnings, as well as the impairment test and possible further steps with regard to acquisition targets. The executive bodies also discussed the company's compliance system.

At its meeting on 19 July 2013, the Supervisory Board chiefly dealt with the negative results in the first half of the year and the consequences for the company as well as the measures to improve earnings and to establish an optimised sales structure.

On 24 August 2013, the Supervisory Board approved the asset deal for the acquisition of the assets of GL Consulting, Inc. and its wholly-owned subsidiary Cetova Corp.

On 25 October 2013, the Supervisory Board and the Executive Board met to discuss the current business performance and in particular the integration of the completed acquisition. The Supervisory Board also performed the efficiency review in accordance with the German Corporate Governance Codex at this meeting. On 22 November 2013, the performance in the fourth quarter among others was presented to the Supervisory Board. The budget planning for the 2014 fiscal year was then discussed and approved. After thorough review and discussion, the Supervisory Board agreed to a consultancy contract with the Chairman of the Supervisory Board, Roland Weise. Roland Weise abstained from voting on this matter.

Compliance with the German Corporate Governance Code

The Executive and Supervisory Boards have jointly examined the German Corporate Governance Code as it was applied during the 2013 fiscal year and published an updated version of the declaration of conformity in accordance with section 161 AktG. SNP Schneider-Neureither & Partner AG complied with and continues to comply with the latest recommendations of the Commission of the German Corporate Governance Code with a few exceptions; this is also expected to remain the case in the future. The declaration of conformity is included in the corporate governance report and can be seen on the website of SNP Schneider-Neureither & Partner AG.

Changes in the Supervisory Board in the 2013 fiscal year

Klaus Weinmann, who had been a member of the Supervisory Board of SNP Schneider-Neureither & Partner AG since 2011, resigned from his position as at 30 April 2013 in order to focus exclusively on his responsibilities as CEO of the listed company Cancom SE. Gerhard A. Burkhardt, who was appointed for the interim by court order as at 1 May 2013, was re-elected as a Supervisory Board member by a large majority at the Annual General Meeting of the company in Leimen on 16 May 2013 for the period from the end of the Annual General Meeting to the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for the 2015 fiscal year. Thomas Volk resigned from his position as at 31 October 2013. Mr Volk had been on the Supervisory Board of SNP AG since 2011 and acted as its Chairman. In spring 2013 he took on a new role as CEO of the British company Lumesse Corp., which could not be combined with his activities as Chairman of the Supervisory Board of SNP AG due to time considerations and the long distances involved. In early November, Roland Weise was appointed by the register court as Thomas Volk's successor on the Supervisory Board. Roland Weise was then elected as Chairman of the Supervisory Board on 12 November 2013. The appointment is limited until the end of the next Annual General Meeting of the company, when the Supervisory Board will propose having Mr Weise elected by the Annual General Meeting for the period from the end of the next Annual General Meeting to the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for the 2015 fiscal year.

Consulting activities of Supervisory Board members outside their mandate

In the 2013 fiscal year, Roland Weise worked for SNP AG as a strategic consultant to a limited extent. His activities were interrupted when he was appointed as a Supervisory Board member and were continued only after a contractual revision that complies with the statutory requirements and the principles of the German Corporate Governance Code.

Changes in the Executive Board in the 2013/2014 fiscal year

Andrew Watson, who been CFO/COO and a member of the Executive Board of SNP Schneider-Neureither & Partner AG since summer 2011, left the company by mutual agreement as at 30 June 2013. The Supervisory Board would like to thank Mr Watson for his commitment.

Over the remainder of the year, the Supervisory Board dealt in detail with the issue of staffing the Executive Board positions at SNP AG. In this context, it initially created a requirement profile and then mandated a professional service provider with staffing the position and held various interviews with potential candidates. The Supervisory Board will reorganise and strengthen the Executive Board in the coming months. It is convinced that this will create significant impetus for growth of the company.

Audit of the annual and consolidated financial statements

The annual and consolidated financial statements for the year ended 31 December 2013 and the management report and Group management report, together with the bookkeeping system, were audited by the auditor elected by the Annual General Meeting, MOORE STEPHENS TREUHAND KURPFALZ GmbH Wirtschaftsprüfungsgesellschaft, and issued with an unqualified audit opinion on 6 March 2014.

All financial records and audit reports were provided to all of the members of the Supervisory Board in good time ahead of the Supervisory Board meeting resolving on the approval of the company's accounts, which was held on 6 March 2014, and were carefully examined by the Supervisory Board members.

These documents were discussed in detail in the presence of the auditor. The auditor informed the Supervisory Board that there were no weaknesses in the internal control system or the risk management system. The Supervisory Board satisfied itself that the report by the auditor fulfilled all of the relevant statutory requirements.

The Supervisory Board duly approved the findings of the audits conducted by the auditor at the Supervisory Board meeting on 6 March 2014. The Supervisory Board examined the annual and consolidated financial statements, the management report, the Group management report and the Executive Board's proposal for the appropriation of net profit.

The information contained in the management report and the Group management report is consistent with the assessment of the Supervisory Board.
In considering the Executive Board's proposal for the appropriation of net profit, the Supervisory Board referred to the company's financial and investment plan and its liquidity position. After considering the interests of the company and its shareholders, the Supervisory Board raised no objections to the Executive Board's proposal for the appropriation of net profit.

Based on the final results of its own examination, the Supervisory did not raise any objections with regard to the annual and consolidated financial statements, the management report and the Group management report.

The Supervisory Board therefore approved and adopted the annual and consolidated financial statements of SNP Schneider-Neureither & Partner AG prepared by the Executive Board. It also approved the Executive Board's proposal for the appropriation of net profit.

Closing remarks

The outstanding qualifications, experience and motivation of the employees of the SNP Group is the basis for the sustained growth in business in the past years and – so we are convinced – the successful future of the company.

We would therefore like to thank them in due form for their exemplary commitment, including in particular in the past fiscal year.

Heidelberg, 6 March 2014
For the Supervisory Board

Roland Weise, Chairman

SNP's Shares

Operating performance also influences share price performance in 2013

On 16 May 2013, the Annual General Meeting of SNP AG had resolved to increase the company's share capital of € 1,246,020.00 by € 2,492,040.00 to € 3,738,060.00 by way of a capital increase from company funds by converting a portion of retained earnings. The capital increase was implemented by issuing 2,492,040 new no-par-value bearer shares, each with a nominal share of the share capital of € 1.00 (bonus shares). The shareholders were entitled to bonus shares in line with their shareholdings in a ratio of 1:2. As a result of the measure, the number of shares tripled to 3,738,060 and, in line with this, SNP AG's share price decreased to a third of its previous value when the new shares were included in determining the price on 19 June 2013.

Adjusted for this effect, SNP's shares started fiscal year 2013 at a price of € 16.70. Following a price correction to a level of € 14.30 in the first trading days of the year, the shares posted significant price increases again over the remainder of the first quarter and reached their high for fiscal year 2013 of € 19.67 on 8 March. After the publication of the disappointing first-quarter results, the share price dropped substantially and was subsequently traded at between € 15 and € 16 in May and June. When the results for the first half of the year were published and the forecast for the year was withdrawn in early July, SNP AG's share price fell further to a level of around € 10. SNP's shares hit their low for 2013 on 19 August at a price of € 9.42. However, this marked a turning point, with the share price then rising to up to € 15 in September. By the end of the year, however, the shares had shed some of this increase again and closed fiscal year 2013 at a price of € 11.31 in Xetra® trading, down 32.2% on the closing price at the end of the previous year. SNP's market capitalisation at the end of fiscal year 2013 was approximately € 42.3 million.

The DAX increased by around 26% over the course of 2013, while the TecDAX Index rose by as much as almost 41%. The sector indices also performed very strongly over the past year: the DAXsector All Software Index – which comprises all of the software and IT companies in the Prime, General and Entry Standard – recorded growth of around 19% in 2013, while the DAXsubsector All IT-Services rose by around 70%.

The average number of shares traded in 2013 rose significantly year-on-year to 2,565 per day (previous year: 912 per day) due to the increased number of shares. In 2013, the main trading platform for SNP's shares was still the electronic Xetra® platform, which accounted for around 73% of total share turnover, followed by the trading floor of the Frankfurt Stock Exchange with around 21%. Market making to support the liquidity and tradability of SNP's shares (Designated Sponsoring) in the fully electronic Xetra® trading system operated by Deutsche Börse AG was provided by BankM.

Dividend

In fiscal year 2013, a dividend was once again distributed to the shareholders. On 16 May 2013, the 13th Annual General Meeting of SNP AG resolved to pay a dividend of € 0.72 per share (or € 0.24 including the new shares; previous year: € 1.75 per share, or € 0.58 including the new shares). The total amount distributed was approximately € 0.9 million (previous year: € 2.0 million), resulting in a payout ratio of around 50% of net income (previous year: around 66%). In light of the positive development in the second half of 2013 with low positive EBIT in the fourth quarter, the Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of € 0.08 per share be paid for fiscal year 2013 (prior year: € 0.24 per share).

Transparent and timely communication

In addition to the mandatory filings as part of financial reporting and other publication requirements, regular and timely information was provided to interested investors and the general public via additional press and investor relations releases. SNP AG publishes extensive quarterly reports in both English and German, thereby exceeding the statutory requirements for companies in the General Standard.

The Executive Board seeks to ensure an active dialogue with financial market participants through a policy of transparent, personal and direct communication. The aim of all financial communication is to provide all market participants with comprehensive information in order to strengthen confidence in the company and its shares. Accordingly, in 2013, SNP AG again presented itself to professional investors at the Deutsche Börse Spring Conference (formerly the Entry and General

Standard Conference) in May and was available for analyst and investor appointments at the German Equity Forum in November. At these conferences and at a roadshow held in London, numerous discussions were held with portfolio managers, analysts and fund managers to inform them about our business model, current developments and our strategy for the IT transformation market. Interested investors and shareholders were able to obtain information on developments at SNP AG via teleconferences and personal discussions with the Executive Board and members of the Investor Relations department.

The company's results and important announcements are discussed and assessed by experienced market analysis shortly after their publication. The corresponding research reports are made available to all investors and interested members of the public via the Investor Relations section of SNP's website. The estimates of key financial data made by analysts are also included on major online financial portals and the websites of online brokers, thereby ensuring widespread distribution.

In addition to research reports, all relevant information concerning SNP's shares, a financial calendar containing all of the important dates, an archive of mandatory publications and press releases, information on corporate governance and all information concerning forthcoming and past Annual General Meetings of SNP AG can be found at http://www.snp-ag.com/eng/Investor-Relations/Stock-Information. Interested investors can register with SNP's shareholder service to automatically receive all important information by e-mail and can request that the Annual Report be sent to them in printed form.

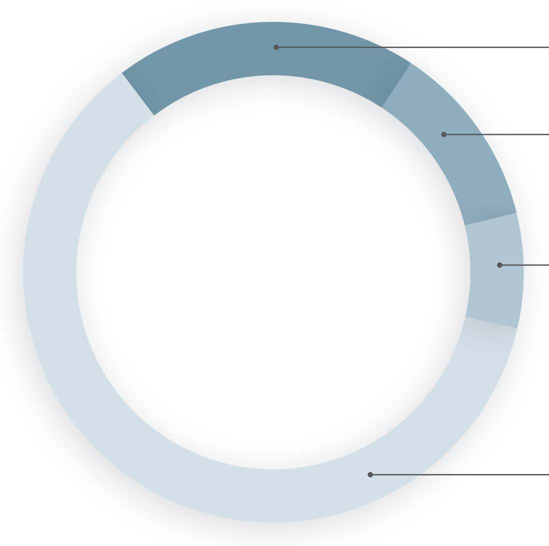
SNP AG's Investor Relations department is available for all enquiries from private and institutional investors, analysts and financial journalists. Please contact the department at investor.relations@snp-ag.com or by calling +49 (0) 6221 6425-637.

SNP's shares (in €)	**2013**	**2012 (adjusted)**
12-month high (Xetra® closing price)	19.67	23.17
12-month low (Xetra® closing price)	9.42	14.50
Market capitalisation at year-end in € million	42.30	62.31

Closing prices	**2013**	**2012**	**Change**
SNP's shares (Xetra®) in €	11.31	16.67	-32%
DAX	9,552.16	7,612.39	25%
TecDAX	1,166.82	828.11	41%
DAXsector All Software	222.74	186.79	19%
DAXsubsector All IT-Services	374.28	220.17	70%

Shareholder structure

The company had the following major shareholders as at 31 December 2013 (calculated on the basis of notifications under the German Securities Trading Act; free float calculation in accordance with Deutsche Börse AG):



Dr Andreas Schneider-Neureither (CEO) = 20.03%

Ingrid Weispfenning = 12.09%

Christiane Weispfenning = 7.46%

Freefloat = 60.42%
thereof identified institutional investors:

Universal-Investment = 7.66%
Allianz Global Investors = 5.30%
Fidelity Worldwide Investments = 5.13%
Inflection Point = 3.37%
ALTO INVEST = 3.37%

ISIN	DE0007203705
German Securities Identification Number (WKN)	720 370
Ticker Symbol	SHF
Bloomberg Ticker Symbol	SHF:GR
Reuters Ticker Symbol	SHFG.DE
Number of shares	1,246,020 (01.01.2013); 3,738,060 (31.12.2013)
Stock Exchange Segment	Regulierter Markt, General Standard
IPO	03.04.2000
Industry Segment	IT-Consulting
n-tv Videotext	Table 238
Trading Exchanges/Stock Exchanges	Xetra®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf
Indexes	CDAX, DAXSector All Software, DAXsubsector All IT-Services, General All-Share, General Standard Index
Designated Sponsor	BankM
Analyst/Research Coverage	BankM, Hauck & Aufhäuser

Review of the year

Financial publications

31.01.2013	Publication of Preliminary Figures for 2012 financial year
28.03.2013	Publication of Annual Report 2012
29.04.2013	Publication of the Interim Statement for Quarter I
29.07.2013	Publication of Half Year Figures
28.10.2013	Publication of the Interim Statement for Quarter III

IR events

06. - 08.05.2013	Deutsche Börse Spring Conference (formerly the Entry and General Standard Conference)
23.07.2013	Roadshow London
11. - 13.11.2013	German Equity Forum

Analyses

03.01.2013	Hauck & Aufhäuser: Investment Case intact despite lower FY 12 guidance
07.01.2013	BankM: Large-scale licence business proving tougher than expected
08.02.2013	BankM: Q4 increasingly looks like a one-time lapse
02.04.2013	Hauck & Aufhäuser: Reassuring discussion with management after soft outlook
05.04.2013	BankM: 1st half of the year continues to be a transition phase
30.04.2013	Hauck & Aufhäuser: Q1 yields no surprises; Guidance confirmed
02.05.2013	BankM: Weak Q1 showing revitalisation at the end of the quarter
03.07.2013	Hauck & Aufhäuser: FY ‘13E guidance abandoned as current trading remains weak; Growth and profitability to return in 2014E
09.07.2013	BankM: Boosting sales presents a major challenge
24.07.2013	Hauck & Aufhäuser: Feedback from Roadshow to London
30.07.2013	Hauck & Aufhäuser: Q2 should be the operating performance trough
01.08.2013	BankM: Focus is still on strengthening sales
27.08.2013	Hauck & Aufhäuser: SNP executes sensible US take-over to expand software portfolio
04.09.2013	BankM: Strategic asset deal opens door for SNP to the Oracle world
25.10.2013	Hauck & Aufhäuser: Preview Q3: Yet no success with large software deals
28.10.2013	Hauck & Aufhäuser: Starting to get back on track
29.10.2013	BankM: Book-to-bill indicates upswing in business

IR reports

31.01.2013	News: SNP announces preliminary figures for 2012
06.03.2013	Ad-hoc: Executive Board and Supervisory Board propose dividend adjustment and share split
28.03.2013	News: SNP publishes Annual Report 2012 and Guidance for 2013 – weak start to Q1 2013
16.05.2013	News: SNP AG Annual General Meeting passes all agenda items with substantial majority
07.06.2013	News: Andy Watson leaves SNP Schneider-Neureither & Partner AG
01.07.2013	Ad-hoc: SNP Schneider-Neureither & Partner AG withdraws forecast for year
29.07.2013	News: SNP publishes Half-Year Financial Report for 2013
24.08.2013	Ad-hoc: SNP acquires American company GL Consulting, Inc. in asset deal
12.11.2013	News: Roland Weise is Named Chairman of the Supervisory Board of SNP AG

Corporate Governance Report

For us, the term "corporate governance" describes the responsible, far-sighted and value-driven management and control of a company with a view to achieving sustainable business growth. We consider efficient cooperation between the Executive Board and the Supervisory Board, upholding the interests of our shareholders and open, transparent corporate communications to be key aspects of good corporate governance. The following information on corporate governance reflects this fundamental understanding and our aspirations in this respect.

Corporate Governance Report / Declaration on corporate governance in accordance with section 289a HGB

In accordance with section 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board are required to prepare an annual report on corporate governance at the company and to publish this report together with the declaration on corporate governance. The Corporate Governance Report of SNP Schneider-Neureither & Partner AG ("SNP AG") contains the declaration on corporate governance that is required to be submitted in accordance with section 289a of the German Commercial Code (HGB), which includes the declaration of conformity in accordance with section 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices, a description of the working methods of the Executive and Supervisory Boards, and the composition and working methods of their committees.

The Corporate Governance Report, including the declaration on corporate governance and the declaration of conformity, can be viewed in the Investor Relations/ Corporate Governance section of the company's website at www.snp-ag.com.

Declaration of conformity

In accordance with section 161 AktG, the Executive and Supervisory Boards of a public listed company must, every year, declare the extent to which the company has complied with and will continue to comply with the recommendations of the German Corporate Governance Code (GCGC) as published by the German Federal Ministry of Justice. As part of the declaration of conformity, the Executive and Supervisory Boards are obliged to disclose and explain any deviations from the GCGC.

Declaration of conformity 2013 issued by the Executive and Supervisory Boards of SNP AG on corporate governance at the company in accordance with section 161 AktG

The Executive and Supervisory Boards of SNP Schneider-Neureither & Partner AG ("SNP AG") hereby declare in accordance with section 161 of the German Stock Corporation Act (AktG) that, since their last declaration of conformity on 6 March 2013, they have complied with and will continue to comply with the currently applicable recommendations of the German Corporate Governance Code (GCGC) as published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) in the version dated 13 May 2013 with the following exceptions: Please also refer to our declaration of conformity from 6 March 2013.

1. Section 3.8 (3) of the GCGC

Section 3.8 (3) of the GCGC recommends that the liability insurance arranged by a company for its Supervisory Board members ("directors and officers liability insurance", D&O) should include a deductible. SNP is of the opinion that the commitment and responsibility with which its Supervisory Board members perform their duties is not enhanced by arranging for deductibles. Accordingly, contrary to section 3.8 (3) of the GCGC, the existing D&O policies for the members of SNP AG's Supervisory Board do not include deductibles. SNP AG will continue to deviate from the recommendation of section 3.8 (3) of the GCGC in this regard in future.

2. Section 4.2.1 of the GCGC

Owing to the departure of CFO Andy Watson as at 30 June 2013, the company has had only one Executive Board member since this date and therefore does not comply with the recommendation in section 4.2.1 of the code. Immediately after his departure, the Supervisory Board pressed ahead with the reorganisation of the executive division and its staffing and also engaged external service providers in this context. As at the date of issuing this declaration, it has already been established that two additional Executive Board members will be appointed in the coming months and the company will therefore comply with the associated recommendations of the German Corporate Governance Code again.

3. Sections 5.2 (2); 5.3.1 sentence 1; 5.3.2 sentence 1, 2 and 3; 5.3.3 and 5.4.6 (1) sentence 2 of the GCGC

Contrary to the recommendations of the GCGC as set out in sections 5.2 (2) (Audit Committee to be chaired by the Chairman of the Supervisory Board), 5.3.1 sentence 1 (formation of committees), 5.3.2 sentence 1, 2 and 3 (Audit Committee and chairmanship), 5.3.3 (Nomination Committee) and 5.4.6 (1) sentence 2 (remuneration for committee membership), the Supervisory Board has not currently formed any committees. The Supervisory Board is made up of only three members and it was deemed inexpedient to set up further committees, which would require a minimum of three members, to take decisions instead of the Supervisory Board.

4. Section 5.4.1 (2) and (3) of the GCGC

Section 5.4.1 (2) of the GCGC recommends that the Supervisory Board defines specific objectives regarding its composition, whilst taking into account the specific situation of the company, its international activities, potential conflicts of interest, a specified age limit for members of the Supervisory Board and the principles of diversity. Contrary to the recommendation of the code, the Supervisory Board has not defined specific objectives with regard to its composition and hence failed to comply with the other recommendations set out in section 5.4.1 (2) and (3) of the GCGC. As the Supervisory Board is made up of only three members, it sees no advantage in committing itself to specific objectives. Rather, the Supervisory Board deems it more expedient to maintain its flexibility, make proposals to the responsible election bodies on a case-by-case basis and consider the candidates with the best qualifications. Moreover, it is the opinion of the Supervisory Board that the effort associated with naming and publishing specific targets and regularly adjusting them involves considerable work. In view of the ownership structure and the size of both the company and the Supervisory Board, the increased workload that would entail for its members does not seem justifiable.

Heidelberg, 6 March 2014
SNP Schneider-Neureither & Partner AG

For the Executive Board

Dr Andreas Schneider-Neureither, CEO

For the Supervisory Board

Roland Weise, Chairman

Management and control structure

As a stock corporation under German law, SNP AG is subject to the provisions of the German Stock Corporation Act and has a dual management and control structure consisting of an Executive Board and a Supervisory Board. The tasks, powers and responsibilities of these two bodies are each clearly regulated by law and there is a separation of the personnel concerned. The working methods, responsibilities and composition of the Executive and Supervisory Boards of SNP AG are described in greater detail in the following section.

Working methods of the Executive and Supervisory Boards

For SNP AG, the fundamental principle of responsible corporate governance and control is to ensure that the Executive and Supervisory Boards work together in an efficient and trustworthy manner, whilst upholding the principles of impartiality and the independence of their members. In order to uphold the independence of persons in management positions so that they are able to take decisions without being subject to instructions from third parties, all positions held by members of the Supervisory and Executive Boards at other companies as their main occupation or as a member of supervisory boards at these companies or on the basis of comparable mandates are disclosed in the subsequent report. Furthermore, no member of either the Executive or Supervisory Board held more than three positions on the supervisory boards of public listed companies outside the Group. In the 2013 financial year, Roland Weise worked for SNP AG as a strategic consultant to a limited extent. His activities were interrupted when he was appointed as a Supervisory Board member and were continued only after a contractual revision that complies with the statutory requirements and the principles of the German Corporate Governance Code. Other than this, there were no conflicts of interest requiring immediate disclosure to the Supervisory Board in the 2013 financial year. In the 2013 financial year, the Supervisory and Executive Boards of SNP AG held six meetings at which they passed the necessary resolutions and discussed the strategic direction and further development of the company and a number of other individual issues. Additional telephone conferences were held between Supervisory Board members and a total of six resolutions were adopted by way of written circulars.

The Executive Board

The Executive Board is responsible for the operational management of SNP AG and reports to the Supervisory Board on the implementation and results of the corporate strategy. As an executive body, the Executive Board has sole responsibility for managing the company's business in the interests of the company with a view to creating sustainable value. The Executive Board is responsible for managing the company and works in close cooperation with the Supervisory Board in making fundamental decisions about business policy and strategy. For this reason, the Executive Board regularly, promptly and comprehensively updates the Supervisory Board on all topics relevant to the company, including in particular the course of business, compliance-related issues and corporate risks. The Executive Board's duty of information and reporting is laid down in detail by the Supervisory Board in the rules of procedure for the Executive Board. The Supervisory Board also ensures appropriate risk management and controlling within the company. In the 2013 financial year, the Executive Board of SNP AG initially consisted of two persons: the founding member of the company, Dr Andreas Schneider-Neureither (Chairman), and Mr. Andrew Watson. Mr. Andrew Watson left the company by mutual agreement as at 30 June 2013. From this date on, Dr Schneider-Neureither represented the company as the sole member of the Executive Board. Dr Schneider-Neureither's current term of office began on 1 October 2012 and will end on 31 December 2015. Mr. Watson was appointed to the Executive Board from 17 August 2011 until 31 December 2014.

Members of the SNP AG Executive Board 2013	Tenure from/to	Responsibilities and Departments	Other Appointments
Dr Andreas Schneider-Neureither Physicist (diploma) d.o.b. 05.10.1964	01.10.2009 to 30.09.2012; 01.10.2012 to 31.12.2015	**CEO** Until 30.06.2013 responsible for: - Corporate Strategy - Sales - Marketing - Product Strategy - Development - Quality Assurance - Product - Support - Control of Group companies From 01.07.2013 until 31.12.2013: - Sole Executive Board member of the company	Supervisory Board Casadomus AG, Stuttgart Member of the Board of Directors VHV Group, Hannover
Andrew Watson Business economist (diploma) BA (Hons) d.o.b. 23.03.1967	17.08.2011 to 31.12.2014; Resigned on: 30.06.2013	**CFO/COO** Until 30.06.2013 responsible for: - Consulting - Training - Finance & controlling - Human Resources - Investor Relations & Corporate Governance - Legal/Compliance - IT - Administration	

The Supervisory Board

The Supervisory Board is responsible for advising and monitoring the Executive Board in its management of the company. As major company decisions require the approval of the Supervisory Board, the Supervisory Board is involved in all decisions of fundamental importance to the company. The Supervisory Board has established rules of procedure for its work. The Supervisory Board of SNP consists of three persons. When proposing the election of members to the Supervisory Board, the knowledge, skills and professional experience required for the position are considered. Accordingly, the current members of the Supervisory Board have many years of experience in leading management positions at large German companies. They possess specific knowledge about the market and the product risks connected with the core business of SNP AG. They are especially experienced in the area of international expansion. This means that they ensure the most effective corporate governance possible and support the Executive Board in matters of strategic alignment. With a large majority, the Annual General Meeting held in Leimen on 16 May 2013 re-elected Mr. Gerhard A. Burkhardt, who had previously been appointed by court order, as a Supervisory Board member and successor to Mr. Klaus Weinmann, who had left the Supervisory Board as at 30 April 2013, for the period from the end of the Annual General Meeting on 16 May 2013 to the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for the 2015 financial year.

The Supervisory Board had nominated its members Mr. Volk and Dr Drill as Chairman and Deputy Chairman respectively. After Mr. Thomas Volk left the Supervisory Board of SNP AG as at 31 October 2013, the Supervisory Board elected Mr. Roland Weise as its new Chairman on 12 November 2013. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and attends to its affairs and interests externally. The members of SNP AG's Supervisory Board are not former members of the Executive Board. An efficiency review of the Supervisory Board of SNP AG is conducted on a regular basis. The German Corporate Governance Code recommends that Supervisory Boards should form committees with sufficient expertise. Given that the identities of the three-member Supervisory Board and those of any committee would be the same, SNP has deemed it unnecessary to form any committees. The members of the Supervisory Board therefore share responsibility for all decisions made on critical issues. Section 5.4.1 (2) and (3) GCGC recommends that the Supervisory Board define specific objectives for its composition and publish these along with a report on the status of their implementation in the Corporate Governance Report. The Supervisory Board does not comply with the recommendation on defining specific objectives for its composition, and hence does not report on this matter.

Members of the SNP AG Supervisory Board 2013	Appointed/elected from/to	Membership on other Supervisory Boards and other similar bodies*
Roland Weise Management Consultant	Chairman since: 12.11.2013 First appointed: 04.11.2013 Appointed by the court until: AGM resolving on the approval of the actions of the Supervisory Board FY 2013	No further appointments
Dr Michael Drill Chairman of the Executive Board Lincoln International AG	Deputy Chariman since: 24.05.2012 First appointed: 04.04.2011 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	Shareholder Value Beteiligungen AG Chairman of the Supervisory Board, Germany Lincoln International SAS Supervisory Board member, France Lincoln International LLP Supervisory Board member, England
Gerhard A. Burkhardt Chairman of the Executive Board Familienheim Rhein-Neckar eG	Member of the Supervisory Board First appointed: 01.05.2013 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	Disclosures of memberships in other statutory Supervisory Boards: - casadomus AG Chairman, Germany - Haufe-Lexware Real Estate AG, Germany - GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Germany - GWE Gesellschaft für Wohnen im Eigentum AG, Germany Membership on similar domestic and foreign bodies of commercial enterprises: - ASW südwest Assekuranz- und Finanzierungsvermittlungsservice GmbH, Germany - AWI Akademie der Wohnungs- und Immobilienwirtschaft GmbH, Germany - AWTS-Assekuranz-GmbH, Germany - WTS - Wohnungswirtschaftliche Treuhand Stuttgart GmbH, Germany - HABITAT Revisions- und Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft, Germany
Thomas Volk CEO Lumesse Corporate Ltd.	First elected: 19.05.2011 Resigned on: 31.10.2013	P&I Personal & Informatik AG Chairman, Germany
Klaus Weinmann Chairman of the Executive Board CANCOM SE	First appointed: 26.04.2011 Resigned on: 30.04.2013	IHK Schwaben Vice President, Germany CANCOM NSG GmbH Supervisory Board member, Germany CANCOM IT Solutions GmbH Chairman, Germany*

* In the event of the retirement of Supervisory Board members during the year, at the time of exit.

Share transactions by the Executive Board and Supervisory Board

Section 15a of the German Securities Trading Act (WpHG) states that members of the Executive and Supervisory Board of SNP, as well as senior staff and people closely associated with them ("management personnel"), must disclose any acquisitions or disposals of SNP shares and any related financial instruments if the total value of the transactions conducted exceeds €5,000.00 within a calendar year. On the basis of the notifications submitted to SNP AG on share and other transactions, this information was published immediately in accordance with the relevant provisions of capital market law. The notifications for the 2013 financial year can be viewed in the Investor Relations/Financial Statements/Directors' Dealings section of the company's website and on the website of DGAP (Deutsche Gesellschaft für Adhoc-Publizität mbH).

Shareholdings of the Executive and Supervisory Boards

Section 6.3 GCGC stipulates that any ownership of shares in the company or related financial instruments by its Executive or Supervisory Board members should be disclosed if this exceeds 1% of the shares issued by the company, either directly or indirectly. Furthermore, the total number of shares held should be disclosed separately for the Executive Board and the Supervisory Board. As of 31 December 2013, the members of the Executive Board directly and indirectly held around 20% of the shares issued by the company (748,718 shares). No subscription rights for SNP AG shares have been issued by the company. The members of the Supervisory Board also hold shares in SNP AG. There are no share option plans or similar securities-based incentive systems for the Supervisory Board or for the Executive Board. The following table shows the number of SNP shares held by or attributable to each member of the executive bodies and any changes in the 2013 financial year.

Disclosures on risk management

SNP AG's business activities are subject to a variety of risks that are unavoidable in the course of its business activities. Good corporate governance includes dealing with these risks responsibly. In order to identify and assess risks at an early stage and deal with them accordingly, SNP AG employs effective management and control systems that are combined as part of a uniform risk management system. A detailed description of the risk management system can be found in the report on risks and opportunities in the 2013 Group Management Report. This section also contains the reports on the accounting- related internal control and risk management system that are required in accordance with the German Accounting Law Modernisation Act (BilMoG).

Shares owned by the Executive Board	**Number of shares on 31.12.2012***	**%**	**Number of shares on 31.12.2013**	**%**
Dr Andreas Schneider-Neureither	892,275	23.87	748,718	20.03
Andrew Watson	523	0.014	not specified**	not specified**
Total	**892,798**	**23.884**	**748,718**	**20.03**

Shares owned by the Supervisory Board	**Number of shares on 31.12.2012***	**%**	**Number of shares on 31.12.2013**	**%**
Roland Weise	not specified**	not specified**	1,780	0.048
Dr Michael Drill	0	0	4,000	0.107
Gerhard A. Burkhardt	not specified**	not specified**	0	0
Thomas Volk	0	0	not specified**	not specified**
Klaus Weinmann	0	0	not specified**	not specified**
Total	**0**	**0**	**5,780**	**0.155**

* Adjusted number of shares on 31.12.2012 due to capital increase from company funds.
** Due to joining / resigning during FY 2013.

Remuneration report

The remuneration systems for the Executive and Supervisory Boards are described in the group management report / notes to the consolidated financial statements, which contain extensive disclosures on the remuneration paid to the members of the Executive and Supervisory Boards broken down by each individual member and by fixed and variable components. The structure of the remuneration system is regularly reviewed.

Disclosures on other corporate governance practices

SNP AG also voluntarily fulfils the non-mandatory suggestions set out in the GCGC to the extent that this is expedient and viable for the company.

Other corporate governance practices going above and beyond the statutory requirements are set out in various internal documents and are implemented accordingly. These contain the fundamental principles and rules of conduct to be applied within the company and when dealing with external partners and the general public. The management encourages the implementation of these principles through management training in particular.

Group management report for fiscal year 2013

Basic information on the Group

Market position and business model of the SNP Group

SNP – The Transformation Company

SNP increases the speed with which companies react to changes and consequently ensures they can adapt their IT landscape quickly and, at the same time, economically. For this purpose, the software company has developed the world's first standard software, SNP Transformation Backbone, which helps companies both with the analysis and the transformation of their IT systems. The transformation platform is based on the experience of more than 2,500 projects, which the company has accumulated since its founding in 1994 with its software-related services for Business Landscape Transformation. SNP operates in the two segments of Professional Services (consultancy and training services) and Software (sale of software licences and maintenance contracts).

Around 250 employees in Europe, South Africa and the USA achieved sales of € 23.5 million in 2013. SNP AG, which is headquartered in Heidelberg, went public in Hamburg in 2000 and has been listed in the General Standard at the Frankfurt Stock Exchange since 2003.

SNP's customers – companies experiencing change

The need for companies to change both internally and externally is the result of new internal or external requirements: reorganisation and regional differences within a company require changes to business processes and structures. This momentum is also apparent in quick decisions about the acquisition of new business areas. Structures and systems must also be simplified, for example, to reduce costs or fulfil the requirements of competition law. If, on the other hand, business areas are given up, this generally results in the sale or closure of business areas. Similarly, organisations often react to changes in market conditions by restructuring or reorganising their operations. For example, if parts of a business become insolvent, then individual areas must be hived off from the Group cleanly. To put it briefly, a rapidly evolving competitive environment demands speedy reactions from companies. The company's IT department is faced with having to represent these changes in the IT systems and transform the ERP landscape accordingly to adapt to these new requirements. This is done by bringing together systems and structures, separating them or amending them in an existing environment.

Standardised solutions for company transformations

What looks simple at first glance, is extremely complex in practice, as any transformation of IT systems affects a range of areas within a company. With the standard SNP Transformation Backbone software and the services for SNP Business Landscape Transformation companies secure their investment and retain all their historical data. The SNP Group's range of products and services helps companies to adapt their IT landscape to changes in a fast, flexible and highly efficient manner – both in terms of time and cost.

The main challenge in ERP transformations is the complete and correct mapping and extraction of historical data and the integration of these data into a new IT system environment. Frequently, these data are related to business critical processes or are of a highly sensitive nature, as in the area of financial accounting or HR, and to lose such data could have serious consequences for the entire company. With its integrated range of software products and software-related consultancy services, the SNP Group has created appropriate solutions that offer companies optimal support in dealing with their IT transformations.

Professional Services business segment

SNP's consultancy and training services aim to plan and implement corporate transformation processes more effectively. The experience gained in performing these consultancy services also helps SNP, as a driver of innovation, in the development of new transformation tools and in the refinement of existing tools and processes.

The consultancy services offered by SNP are divided into three areas: Business Landscape Optimisation (BLO), Business Landscape Transformation (BLT) and Business Landscape Management (BLM):

- **Business Landscape Optimization (BLO)**
  Any process of advising on the potential for optimisation starts with a detailed system analysis (Business Landscape Analysis). It forms the basis for successful transformation processes. Business processes are then examined and redesigned with the aim of improving their effectiveness and reliability.

- **SNP Business Landscape Transformation (BLT)**
  SNP Business Landscape Transformation (BLT) covers all aspects and consultancy services required in transformation projects, and, moreover, those additionally requested by customers. The use of SNP Transformation Backbone, standard software developed by SNP, reduces the need for pure transformation consultancy. This is why BLT consultancy and training is to enable partners and customers to carry out future transformation projects themselves as well on the basis of tried and tested methodology with the support of SNP or an SNP partner company.

- **Business Landscape Management (BLM)**
  Business Landscape Management (BLM) describes a holistic SNP consultancy approach for certain processes in ERP systems, especially those of SAP AG. The consultancy process is structured in standardised modules here. It comprises all activities from the thorough analysis of SAP® processes to the design and implementation of customised solutions for service and support processes with the SAP® Solution Manager.

- **SNP Academy**
  SNP's extensive range of training services is directed at customers and partners who would like to work with SNP products. SNP offers a broad range of training services for SNP Transformation Backbone, SNP Business Landscape Transformation, SNP Business Landscape Management, SNP Dragoman and on the subject of SAP® Solution Manager. These training sessions can be carried out both at the in-house SNP Academy in Heidelberg or at customers' premises around the world.

Software business segment

SNP Transformation Backbone – control, organise and implement ERP transformations

For secure, cost-effective and speedy transformations, the SNP Group has combined its knowledge and experience from over 2,500 transformation projects in one new solution: SNP Transformation Backbone, the world's first standard software that provides holistic, automated support for ERP transformations. SNP Transformation Backbone ...

- reduces the duration and cost of projects, increases project security and guarantees compliance through transparency at all levels of the project.
- allows precise forecasts of the transformation project and detailed planning of the business scenario – with a definite estimate of the costs involved.
- enables IT departments of major companies to carry out ERP transformations themselves.
- supports the transformation from planning to execution.
- minimises system downtime.
- meets all legal requirements regarding the transformation of accounting-relevant data.
- is certified by two of the world's largest accounting companies.

A successful transformation is characterised by three typical stages:

- **SNP System Scan:**
  establish the need for transformation
  SNP System Scan uses a detailed analysis of the system-supported business processes to identify all the information required for the transformation.

- **SNP Analysis:**
  plan migration strategy
  SNP Analysis is used to flesh out the project and clarify the general conditions – both organisational and technical. It also maps the system landscape in graphic form. Various transformation scenarios can be run through using the drag-and-drop technique. The customer is also informed of the feasibility and costs of the transformation. Having planned the course of the project, more detailed analysis is carried out and automated processes and transformation rules are generated.

- **SNP Project Cockpit: execute transformation**
  SNP Project Cockpit provides standardised processes for the planning, organisation, management, execution, control and documentation of system transformations. Through mapping all project-relevant activities and documents, the user obtains a consolidated view of the complete transformation processes. Comprehensive test, risk management and compliance functions are also included. Users navigate intuitively and purposefully through the individual project phases and employ the appropriate transformation tools in the process.

Depending on the type of transformation, various task and industry-specific solution modules are superimposed on the SNP Transformation Backbone. These units contain software components developed specifically for certain transformation scenarios. Apart from the software components for analysis and the implementation of the transformation, there is a solution module from predefined content for the Cockpit (work schedule, controls etc.) and rules for implementation.

SNP Data Provisioning and Masking

Meaningful, realistic test data for development, test or training systems are needed for optimal operation of SAP® systems during transformation processes. These data help to accelerate software development, to automate quality assurance processes and to introduce new business functions successfully.

The standard SNP Data Provisioning and Masking software provides realistic, secure test data. The technology for the migration and secure masking of productive ERP data for tests and training purposes as well as quality assurance allows test data from the productive systems to be copied and made anonymous.

SNP Data Provisioning and Masking helps companies to reduce development and transformation processes significantly, allows more cost-effective test and training scenarios and, at the same time, protects sensitive customer and product data from internal and external abuse – flexibly, rapidly and easily. SNP Data Provisioning and Masking is a component of the SNP Transformation Backbone solution.

SAP® Solution Manager – enhancements

SAP® Solution Manager supports the implementation, monitoring and further development of a company's complete ERP system landscape ("application lifecycle management"). The SNP Business Landscape Management range of solutions encompasses all Application Lifecycle Management functions and modules on the SAP® Solution Manager.

However, as the central system, the SAP® Solution Manager must be adapted to companies' individual organisations and processes. Our specialists have developed numerous best practices, methods and also enhancements to optimise the SAP® Solution Manager in over 400 successful BLM projects, which are delivered to our customers as part of our professional services and software solutions.

SNP Dragoman

Internationally operating companies must provide their SAP® applications in the respective national language – a major challenge, especially if the SAP® standards have been enhanced with self-developed software. For international projects, a large number of texts must therefore be transferred into other languages. Manual translations are time-consuming, prone to error and expensive.

SNP Dragoman automates and simplifies the entire translation process, minimises errors and consequently reduces costs considerably.

Sales

In addition to its own sales organisation, the SNP Group works closely with independent partners in marketing its services and product portfolio. With the launch of SNP Transformation Backbone in 2009, it initiated a partner and licensing programme, which has since been continuously expanded and developed. Through its partners SNP aims to expand its core business both domestically and on the international stage.

The internationalisation strategy that the SNP Group is pursuing is essentially based on a new partner/licensing/maintenance model, its notable clients and the good reputation it has developed through numerous international projects.

Group structure & acquisitions

In addition to SNP Schneider-Neureither & Partner AG, headquartered in Heidelberg, the SNP Group also comprises the following wholly-owned participations:

- SNP (Schweiz) AG, Zug, Switzerland
- SNP Consulting GmbH, Thale, Germany
- SNP America, Inc., Sterling VA, USA
- SNP Schneider-Neureither & Partner ZA (Pty) Limited, Johannesburg, South Africa
- Schneider-Neureither & Partner Iberica, S.L., León, Spain (since March 2013)

There is also an 85% participation in SNP Austria GmbH, Linz, Austria.

Effective 1 September 2013, the operations of GL Consulting, Inc., New Jersey, USA (GLA) and its wholly-owned subsidiary Cetova Corp., New Jersey, USA, were acquired by SNP America, Inc. in an asset deal.

Key performance indicators

Various financial performance indicators are used internally in order to monitor SNP AG's business performance in line with the corporate strategy. These include segment sales, the order backlog and utilisation (in the Professional Services segment). As a growth-oriented company, profitably increasing sales is also particularly important. Accordingly, all activities for increasing sales are also measured in terms of profitability, and particularly in terms of the potential for increasing earnings before interest and taxes (EBIT) and the EBIT margin in the long term.

Economic report

Macroeconomic and sector environment

Growth in the global economy lost further momentum in the past fiscal year and, according to the latest calculations by the Kiel Institute for the World Economy, only amounted to 2.9% in 2013 (prior year: 3.1%). Advanced economies like Germany suffered in particular from considerably weaker growth in the United States (1.6%, prior year: 2.8%), where the economy was negatively impacted by uncertainty regarding the fiscal policy and fears that it might be tightened significantly. In the euro zone, the reduction of excessive debt levels also continued to influence demand and the necessary structural changes unsettled consumers and investors alike. The economic recovery therefore did not materialise in 2013 either, and economic output declined by a further 0.4% (prior year: decline of 0.7%). The German economy also could not break free of this development, although overall it still posted slight growth of 0.4% (prior year: 0.7%). In emerging economies such as China, Mexico and Russia, the pace of growth slowed due to a lack of impetus from industrialised nations and domestic economic problems. Overall, the emerging economies grew by 5.0% in 2013 as against 5.3% in the prior year.

The global economy only gained momentum towards the end of the year, meaning that the prospects brightened considerably at the end of 2013/beginning of 2014. Factors with an adverse impact have become less important, structural measures are beginning to take effect, and the economy in emerging markets is picking up again. The Kiel Institute for the World Economy therefore expects global production to grow considerably faster in 2014 than in the period under review, with a growth rate of 3.7% forecast.

Modest development of German ITC market in 2013

Despite the generally rather fraught economic situation, global sales from products and services relating to information technology and telecommunications (ITC) grew by 3.8% last year to a record level of € 2.84 trillion, according to estimates by the industry association BITKOM . The strongest growth was posted by software business, which increased by 5.5% to € 302 billion. Sales from IT services also rose significantly by 3.4% to € 510 billion. Here, digitalisation proved to be a major driver of growth and jobs, particularly in emerging economies. For instance, an increase of 11% is forecast for India and a 9.1% rise for Brazil, just ahead of China with 8.7%.

By contrast, the German ITC market posted a rather modest development in 2013 in line with the general economic development. Whereas at the beginning of 2013 the industry association BITKOM had anticipated growth of 1.4%, the forecast was lowered to 0.1% at the end of the year. However, the individual segments developed very differently. While areas such as consumer electronics and IT hardware recorded substantial declines, other segments grew much faster than the economy as a whole. For example, BITKOM forecasts growth of 4.9% in the software market to € 18.1 billion in 2013. According to the industry association, sales from IT services such as outsourcing and maintenance also rose by 2.4% to € 35.7 billion.

BITKOM anticipates a significant upturn on the German market in 2014 and expects sales to increase by 1.6% to a new record volume of € 154.4 million. The second half of 2013 already developed extremely positively for companies – according to the BITKOM index, roughly three quarters of them increased their sales. Current sentiment within the sector is accordingly good. More than three quarters of companies anticipate rising sales in the next six months, while only 11% expect a decline in sales. Software providers and IT services providers have particularly high expectations: 87% and 85% respectively anticipate an increase in sales in the first half of 2014.

Increasing importance of information technology as a growth driver

Any change in the economic conditions – regardless of whether it is positive or negative – will result in certain changes in the IT structure of a company's organisations. Demand among corporations for solutions for transforming ERP systems is therefore dependent on the state of the economy. There is pressure for adjustment not just in positive market conditions, such as for an acquisition for further expansion, but also during difficult periods, whether because of falling sales and profits or for the strategic withdrawal from certain markets. Sometimes changes of this kind are driven by economic downturns, as companies are then forced to take downsizing and restructuring measures. However, a major driving force of change is always the fact that companies constantly strive to increase their efficiency in order to remain competitive in what is now a global market.

Today's business landscape is the consequence of an economic environment which is becoming increasingly dynamic and complex and constantly changing. Companies merge, corporations offload certain business units or undertake internal restructuring. These kinds of changes entail a need to make rapid changes to or merge existing IT structures.

Any business restructuring must be mapped in an ERP system landscape. To manage these ERP transformation processes, SNP has created an innovative solution portfolio consisting in particular of its Business Landscape Transformation (BLT) consultancy approach and its SNP Transformation Backbone software.

The market share of software-based tools remains very low. However, two thirds of the companies questioned as part of a survey by the market research company infas indicated that they would invest in software of this kind if they saw the potential for savings in project costs of between 10% and 30%. A significant increase in demand can therefore be expected should appropriate software become available to customers, such as the SNP Transformation Backbone software in SNP AG's portfolio.

Analyses by the Gartner Research Group see a need for companies to become more dynamic in their Business Process Management (BPM). In their opinion, the aim should be to significantly reduce the reaction times required for a process transformation by using software support, so that companies can gain a competitive advantage through fast and flexible adaptation to changing market conditions. As a consequence, the importance of information technology as a strategic driver of the company's growth and competitiveness will increase.

Business performance and profit situation

Sales and earnings fall short of expectations

The targets set for the development of sales and profitability in fiscal year 2013 were not met in the period under review. Instead, the company recorded a 13% decline in sales and negative earnings.

After a difficult first half of the year, SNP succeeded in stabilising its business in the third quarter. In the fourth quarter, low positive earnings were already generated again with a year-on-year increase in sales of around 20%. The significant upturn in consultancy business, combined with growth in incoming orders and increasing utilisation, shows the progress made in the operational implementation of the sales strategy.

SNP laid important foundations for the future in fiscal year 2013 with investments in new specialist staff and the internationalisation of the company. Particularly through the acquisition of the operations of the US company GL Consulting, Inc. (GLA) and its wholly-owned subsidiary Cetova Corp. with effect from 1 September 2013, SNP is further expanding its own portfolio of consultancy services and technologies in the field of transformations to Oracle systems and opening up new opportunities for growth. Together with the continued very stable financial position, there is thus a good basis for future corporate growth.

Sales performance

In fiscal year 2013, SNP generated consolidated sales of € 23.536 million (prior year: € 27.157 million). This equates to a decline of 13% year-on-year. The two business segments were affected by this development to different degrees: In the Professional Services segment, which mainly consists of consultancy services, sales decreased by only 7% to approximately € 18.696 million in the period under review (prior year: € 20.164 million). However, it should be noted that GLA, which was acquired at the start of September and has since been included in the consolidated financial statements, contributed around € 0.738 million to segment sales. By contrast, sales in the Software segment fell by 31% to around € 4.839 million (prior year: € 6.992 million). Sales from maintenance services declined from € 1.647 million in the prior year to € 0.804 million in 2013, while sales from licence sales fell from € 5.346 million to € 4.036 million. The largest source of sales in the Software segment in fiscal year 2013 was still SNP Transformation Backbone, which contributed approximately € 3.596 million (prior year: € 4.936 million) to segment sales. It thus accounted for around 74% (prior year: 71%) of total software sales. Overall, the share of sales attributable to the Software segment declined from 26% to 21% in the period under review.

SNP invests in future growth

The SNP Group systematically continued its long-term growth strategy in fiscal year 2013 and invested in tapping the US market and in expertise on transforming Oracle systems with the acquisition of the operations of the US company GLA. In addition, a new location was established in Spain and the Group pressed ahead with further internationalisation of the sales organisation. The company also invested in further development of the core product SNP Transformation Backbone and stepped up its marketing activities. The investments are reflected particularly in the increase in other operating expenses and personnel expenses. Other operating expenses increased by 18% year-on-year to € 7.408 million (prior year: € 6.286 million). In addition to the investments in the future mentioned above, this was primarily due to various expenses in connection with the acquisition of GLA, higher recruitment expenses for the expansion of the sales organisation and other key functions, and an impairment loss on a receivable in the second quarter. A large portion of the 9% increase in personnel expenses to € 17.190 million (prior year: € 15.779 million) is attributable to the acquisition of GLA, which involved taking on 25 new employees. In addition, new sales experts were hired as part of the expansion of direct sales. Overall, the number of employees rose to 248 as at 31 December 2013 (prior year: 223).

Depreciation and amortisation amounted to € 0.743 million in the period under review and was therefore down slightly on the prior year's level (€ 0.763 million).

Earnings performance

The decline in sales combined with a simultaneous increase in expenses for further internationalisation and the expansion of sales activities is also reflected in earnings in the past fiscal year. While in the prior year earnings before interest and taxes (EBIT) had amounted to € 2.951 million (adjusted due to the effects of the application of IAS 19R), in the period under review the company posted negative EBIT of € -2.714 million. In terms of segment performance, the Professional Services segment generated negative EBIT of € -1.160 million (prior year: € 1.634 million) due to the considerably lower order backlog in the first half of the year in particular, whereas the Software segment contributed positive EBIT of € 0.580 million despite the increase in expenses for development and sales. This corresponds to a margin of 12.0% (prior year: 44.1%). Non-segment-related expenses in accordance with IFRS 8.6 rose by € 0.350 million year-on-year to € 2.339 million (prior year: € 1.989 million).

The financial result improved slightly to € -0.084 million in the period under review (prior year: € -0.087 million). This all resulted in negative earnings before taxes (EBT) of € -2.799 million in fiscal year 2013 (prior year: € 2.862 million).

Whereas in the prior year the company had posted income taxes amounting to € 0.946 million, in fiscal year 2013 there was tax income of € 0.477 million due to the negative earnings. This resulted in a consolidated net loss for the year of € -2.322 million (prior year: € 1.918 million).

After subtracting profits due to minority interests, amounting to € 0.086 million, the consolidated net loss for the year after minorities stood at € -2.405 million (prior year: € 1.791 million) and earnings per share at € -0.65 (prior year: € 1.57 resp. € 0.53 taking into account the capital increase from company funds in fiscal year 2013), in each case both undiluted and diluted. Adjusted for differences from currency translation, a negative overall result of € -2.271 million was generated (prior year: positive overall result of € 1.950 million).

Proposed dividend

The 13th Annual General Meeting of SNP AG, which took place in Leimen on 16 May 2013, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal by the Executive Board and the Supervisory Board on the appropriation of net profit and resolved to pay a lower dividend than in the prior year of € 0.24 per share (prior year: € 0.58 per share, calculated after bonus shares in each case). As a result, the total disbursement came to € 0.892 million (prior year: € 1.973 million) or around 50% of distributable net income.

The Shareholders' Meeting of SNP Austria GmbH resolved to pay a dividend of € 0.300 million from the retained earnings on 10 April 2013. Of this figure, € 0.255 million was attributable to SNP AG (within the Group) and € 0.045 million to shareholders outside the Group. Accordingly, the disbursement of € 0.937 million shown in the consolidated cash flow statement consists of the dividend to SNP AG shareholders of € 0.892 million and the disbursement by SNP Austria GmbH to shareholders outside the Group of € 0.045 million.

As the distributing company pursuant to the German Commercial Code (HGB), SNP AG recorded a net loss for fiscal year 2013 of € -3.528 million (prior year: net income of € 1.683 million).

In light of the positive development in the second half of 2013 with low positive EBIT in the fourth quarter, the Executive Board will propose to the Supervisory Board and to the Annual General Meeting to be held on 6 June 2014 that a dividend of € 0.08 per share be paid for fiscal year 2013 (prior year: € 0.24 per share, calculated after bonus shares).

Order backlog

As at 31 December 2013, the order backlog of € 10.409 million was about 8% above the prior-year level of € 9.574 million. This was chiefly due to a significant upturn in the Professional Services segment.

Net assets and financial position

Resilient capital structure

Thanks to its very sound capital and financing structure, SNP was well able to absorb the negative annual earnings and the acquisition of GLA. The purchase price for the acquisition was divided into a fixed component payable at the acquisition date and a variable component to be paid depending on future key performance indicators. SNP AG obtained a bank loan with a volume of € 3.000 million, a large portion of which was used to finance the asset deal. This loan and other non-current liabilities in connection with the acquisition meant that total non-current liabilities increased to € 4.338 million (previous year: € 0.772 million). At the same time, current liabilities also rose slightly from € 4.781 million to € 5.803 million. However, cash and cash equivalents remained extremely sound at € 6.355 million as at 31 December 2013, as did the equity ratio of 58%. This means that SNP AG's financial position remains good.

€ million	**2013**	**2012***
Order backlog	10.409	9.574
Sales	23.535	27.151
EBIT	-2.714	2.951
EBITDA	-1.972	3.714
Number of employees	248	223

* The prior year figures were adjusted due to the effects of the application of IAS 19R.

Current assets

Current assets decreased from € 18.316 million in the prior year to € 16.145 million. This was due to the earnings-related decline in cash and cash equivalents from € 10.152 million to € 6.355 million. Trade receivables increased to € 8.688 million (prior year: € 6.900 million) as a result of the higher level of receivables in the USA and growth in inventories due to the higher number of fixed-price projects.

Non-current assets

As at 31 December 2013, non-current assets climbed to € 7.759 million (prior year: € 4.236 million). This was attributable in particular to the increase in reported goodwill from € 2.068 million to € 4.099 million and the rise in intangible assets from € 0.260 million to € 1.094 million due to the acquisition of GLA. In addition, the loss carried forward resulted in a significant increase in deferred taxes from € 0.377 million to € 1.401 million.

Loans

Current liabilities were up year-on-year at € 5.804 million (prior year: € 4.781 million). This increase is also mainly due to the acquisition of GLA. For example, a short-term bank loan of € 0.600 million as a financing component resulted in current liabilities to banks in the same amount as at 31 December 2013 (prior year: € 0.000 million). In addition, trade payables increased to from € 0.821 million to € 1.076 million as a result of the larger business volume and other liabilities rose from € 3.226 million to € 3.660 million due to prepaid maintenance services in the USA. By contrast, tax liabilities – which include income tax liabilities for the current year and taxes not yet assessed for prior years – fell from € 0.665 million to € 0.405 million.

Non-current liabilities also increased as a result of the GLA acquisition and amounted to € 4.338 million as at 31 December 2013 (prior year: € 0.772 million). This was primarily due to the increase in non-current liabilities to banks to € 2.250 million (prior year: € 0.000 million) in connection with financing the acquisition. In addition, transaction-related earn-out liabilities resulted in an increase in other non-current liabilities to € 1.450 million (prior year: € 0.000 million).

Equity capital

There were a number of shifts within equity in fiscal year 2013, particularly due to the capital increase from company funds. While the company's subscribed capital tripled to € 3,738,060.00 (as at 31 December 2012: € 1,246,020.00) as a result of the transaction, retained earnings declined to the same extent. The dividend payment and the negative overall result had an additional negative impact on retained earnings, with the effect that the item decreased from € 8.797 million to € 3.010 million in the reporting period. Treasury shares increased from € 0.379 million to € 0.415 million. As at 31 December 2013, there were 21,882 treasury shares. In total, equity declined from € 16.998 million to € 13.762 million in fiscal year 2013; the equity ratio consequently fell to 57.6% after 75.4% as at the prior year's balance sheet date. At the same time, total assets climbed to € 23.904 million as at 31 December 2013 (prior year: € 22.551 million).

Cash flow

The cash inflow from operating activities declined year-on-year from € 1.238 million to € -3.178 million. The decrease is largely attributable to the consolidated net loss for the year as well as an increase in trade receivables.

The cash outflow from investing activities was up year-on-year at € 2.497 million (prior year: € 0.572 million), mainly due to the acquisition of GLA.

Financing activities resulted in a cash inflow of € 1.878 million (prior year: € 2.791 million) in fiscal year 2013. In the reporting period, cash outflows from the dividend payments of € 0.937 million (prior year: € 2.048 million), payments for the acquisition of treasury shares of € 0.035 million (prior year: € 0.169 million) and loan repayments of € 0.150 million (prior year: € 0.000 million) were offset by cash inflows from the utilisation of new loans in the context of the GLA acquisition in the amount of € 3.000 million.

Total cash flow amounted to € -3.797 million (prior year: € 3.457 million) in fiscal year 2013. Holdings of cash and cash equivalents accordingly declined to € 6.355 million as at 31 December 2013 (prior year: € 10.152 million).

The Executive Board anticipates that in fiscal year 2014 all payment obligations arising from normal operating activities can be covered by the cash inflows from the current year. Possible liquidity fluctuations within individual months can be covered by existing cash and cash equivalents.

Non-financial performance indicators

Employees

The excellent qualifications and high levels of motivation among SNP's employees are crucial elements in its success. Since the competition for qualified IT specialists continues unabated, SNP is heavily committed to training young employees. Within the framework of various measures, such as the offer of a combined degree course in collaboration with the Baden-Wuerttemberg Cooperative State University in Mannheim, graduate trainee programmes and the opportunity to work as an intern at SNP, SNP offers talented young professionals an extremely attractive working environment through the combination of theoretical study and practice. The company also offers all its employees the chance to participate in comprehensive training and further education programmes, both in-house and externally, in order to acquire professional knowledge and develop soft skills.

The SNP Group consequently succeeded in increasing the number of employees again in fiscal year 2013. New staff were hired in the areas of consultancy, development and sales in particular. This development was also driven by the acquisition of GLA and the establishment of the location in Spain. As at 31 December 2013, the number of employees therefore increased to a total of 248 (prior year: 223), which includes one Executive Board member (prior year: two), four managing directors (prior year: three), 16 trainees, students, pupils and interns (prior year: 17) as well as one employee in partial retirement (prior year: none). Accordingly, nominal personnel expenses rose by 9.0% year-on-year to € 17.190 million (prior year: € 15.776 million). The personnel expenses ratio stood at 73.0% (prior year: 58.1%).

Innovation

SNP AG's products help organisations to react fast to technological and economic changes. To ensure this, the company itself must constantly evolve and produce new technologies. Innovation is therefore a key component of the Group's strategic development and makes a crucial contribution to the future growth of the company.

The company demonstrated its ability to innovative with the market launch of the core product SNP Transformation Backbone, the first standard software for IT transformations available all around the world. To satisfy increasing technical and economic change in corporate landscapes, the company is constantly working to offer its customers even more efficient solutions – in terms of time and cost – for their transformation projects. There is continuous investment in the extension of software to cover additional functionalities in its application and to target additional markets. Release 12.10 in 2013 incorporated users' requirements for a central user interface and expanded the company's market position as an innovation leader for business and IT transformations. In addition, functions for profiling and compliance of SAP AG systems in the field ABAP® code and system configuration were added to the software. The solutions for new technologies or operating concepts were also expanded. Research and Development are therefore working actively on new product ideas, enhancements and new solutions. Through communication between its Research and Development (R&D) and Sales departments, the company has, so far, been able to detect changes in the market promptly and so develop market-driven and market-relevant product innovations.

In fiscal year 2013, research and development costs totalled € 4.260 million (prior year: € 3.912 million). This figure is equivalent to 18% of sales (prior year: 14%).

Social commitment

SNP AG gets involved sustainably and with great commitment in helping the people and the region at the company location in Heidelberg. As an active member of society, the company contributes to shaping its economic and social environment in a positive way, in particular by promoting education and enthusiasm for technology among the young generation. The company encourages social interaction by means of initiatives, donations, sponsorship and other forms of support and thereby contributes added value for the company and society.

Statements pursuant to section 315 (4) of the German Commercial Code (HGB)

As at 31 December 2013, the share capital stood at € 3,738,060.00, consisting of 3,738,060 ordinary bearer shares in the form of no-par value shares each with a nominal share of the share capital of € 1.00.

In May 2013, the Annual General Meeting had resolved to increase the company's share capital of € 1,246,020.00 by € 2,492,040.00 to € 3,738,060.00 by way of a capital increase from company funds by converting a portion of retained earnings. The capital increase was implemented by issuing 2,492,040 new no-par-value bearer shares that are eligible to receive dividends from 1 January 2013 and each have a nominal share of the share capital of € 1.00 (bonus shares). This measure was intended to improve the tradability of SNP's shares.

All shares have the same voting rights and entitlements to dividends. This does not include shares held by the company from which the company has no such rights. Holdings of treasury shares totalled 21,882 shares as at 31 December 2013.

Shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (AktG), in particular sections 12, 53a et seq., 118 et seq. and 186. Restrictions on the voting rights of shares may result from the provisions of the German Stock Corporation Act (sections 71b, 136 AktG.) The Executive Board is not aware of any additional restrictions for exercising voting rights or the transfer of shares.
No shares have been issued with special rights conferring powers of control.

No agreements have been reached relating to the rights of a contractual partner in the event of any change in shareholders, partners or owners of the company.
No indemnity agreements have been reached with either Executive Board members or employees in the event of a takeover bid.

SNP Schneider-Neureither & Partner AG does not have a share option programme for its employees at present. The Executive Board was authorised by the Annual General Meeting held on 12 May 2009, with the approval of the Supervisory Board, to increase the company's share capital by 30 April 2014, by up to € 562,500.00 against contributions in kind or cash contributions. This was to be done by issuing new voting bearer ordinary shares, each with a proportionate amount of the share capital of € 1.00 per share (authorised capital). After partial utilisation, authorised capital still amounts to € 449,230.00.

The company was authorised by the Annual General Meeting of 20 May 2010 to purchase its own shares for the next five years, up to a total of 10% of the outstanding share capital as of the time of the resolution. In exercising this authorisation, the Executive Board had decided on 20 February 2012 to continue the share buy-back programme, begun in August 2011, and which, at the time, was initially limited to 4,000 ordinary shares. Up to an additional 4,000 of the company's shares were to be acquired via the stock exchange, which equated to up to approximately 0.35% of the company's share capital. Within the framework of the share buy-back programme 2011/2012, a total of 7,294 treasury shares were bought back at an average price of € 56.85 up to 21 February 2013. After issuing bonus shares, SNP AG's holdings of treasury shares amounted to 21,882 shares as at 31 December 2013.

The provisions in sections 84, 85, 119 and 179 of the German Stock Corporation Act (AktG) and articles 5 (2) and 6 (21) of the Articles of Association shall apply to amendments to the Articles of Association and the appointment/dismissal of Executive Board members.

The details of the shareholders who directly or indirectly hold more than 10% of the voting rights in the capital of the parent company are included in the notes to the consolidated financial statements.

Risk management and risk report

The SNP Group is subject to a variety of risks that are unavoidable in the course of its business activities. In order to identify risks at an early stage, and to be able to assess them and act accordingly, SNP employs effective management and control systems which are combined in a uniform risk management system. This system will be presented below.

Risks refer to the possibility of events occurring with unfavourable consequences for SNP's economic situation. All risks are systematically identified, assessed and controlled. As a rule, risks are balanced by appropriate opportunities. However, opportunities are not included in the risk management system. There were no material changes in the risk management system in the reporting period as compared to the prior year.

Risk management systems (report and explanations pursuant to section 315 (2) no. 5 and section 289 (5) HGB)

SNP aims to achieve sustainable growth and a steady increase in the value of the company. This strategy is reflected in its risk policy. The foundations of risk management involve monitoring and evaluating financial, economic and market-related risks. A crucial part in the planning and execution of a business strategy is an IT-based risk management system, in which both qualitative and quantitative methods can be used at all levels of the Group.

The risk consolidation group is identical to the consolidated group; it also includes SNP America Inc., which was expanded by the acquisition of GLA in summer 2013. SNP's constantly evolving risk management system ensures that it can react promptly to changing conditions that may directly or indirectly impact on the net assets, financial position and results of operations of SNP AG. Significant projects are continuously reviewed in terms of their feasibility and profitability.

In accordance with section 91 (2) of the German Stock Corporation Act (AktG), a "monitoring system for the early detection of risks that may threaten the survival of the company" has been installed at SNP. This early detection system ensures that the SNP Group can adapt promptly to changes in its environment.

Risk management system covering significant risks that threaten the company's survival

The risk management system in relation to significant risks threatening the company's survival is integrated into the value-oriented management and planning system of the SNP Group.

It is an important component of the complete planning, controlling, and reporting process in all relevant legal entities, business fields and central functions. It aims to systematically identify significant risks and threats, to assess and control them and to document them. In principle, risk assessment is conducted for planning periods of several years.

Risks to business areas are identified as part of operational planning. The task of the people responsible is to develop and, where necessary, implement measures in line with the risk assessment which serve to avoid risks, reduce them or to protect against them. Significant risks and the countermeasures initiated in response are monitored as part of regular processes. In addition to the regular reporting process, a Group-wide obligation to report has been established to cover any unexpected risks which may occur. The Executive and Supervisory Boards are regularly informed about significant identified risks.

Internal control and management system covering accounting

The aim of the internal control and management system covering accounting is to ensure the correctness and effectiveness of accounting and financial reporting. It is continuously updated and is an integral part of the accounting and financial reporting processes in all relevant legal entities and central functions.

The system contains policies and procedures as well as prevention and detection checks. Amongst other things, it regularly checks whether Group-wide accounting and evaluation rules are being updated and followed; whether intra-Group transactions are fully recorded and properly eliminated; whether matters of accounting significance or those subject to disclosure requirements in relation to contractual agreements are identified and correctly shown in financial statements; whether processes are in place which guarantee the completeness of financial statements; whether processes are in place governing the segregation of functions and the dual control principle in the case of preparing financial statements; and whether rules exist regarding authorisation and access to IT accounting systems.

The effectiveness of the internal control and management system covering accounting is systematically assessed. To judge the effectiveness of controls, regular random tests are carried out. These form the basis for self-assessment and indicate whether controls are appropriate and effective.

The Executive and Supervisory Boards are regularly informed both about significant weak points in the control system and the effectiveness of the controls in place. The internal control and risk management system covering accounting processes is, however, not an absolute guarantee against significant accounting inaccuracies.

Monitoring of the internal control and risk management system

The monitoring of the internal control and risk management system is the duty of the Supervisory Board. The independent auditor checks to establish whether the risk management system has an in-built early risk detection system which is able to detect early risks threatening the company's survival. It also reports to the Supervisory Board on any weakness detected in the internal control and risk management system.

Risk report

There were no material changes in the risks in the reporting period as compared to the prior year. The report also takes account of the effects of the GLA acquisition.

Market and economic risks

SNP's customers are mainly large companies and multinational corporations. Economic cycles have an effect on the business and investment behaviour of these firms, and their success may be influenced by global trade cycles and economic situations. Cost-reduction measures and investment freezes for IT projects by customers can lead to project delays and/or cancellations. SNP tries to mitigate this market risk through regional diversification.

Diversification does help during global crises but the effect is limited. The company's management therefore tries to address these risks by observing the market in order to be able, where necessary, to respond to serious changes by promptly adapting the business and its cost structures.

Over the course of the year SNP is also subject to the business cycles specific to the IT industry. This typically includes significantly strong demand in the fourth quarter. As company capacities, particularly in the area of Professional Services, are largely aligned for the year to meet the expected peak in demand, there is an added risk should there be sudden changes in investment behaviour. SNP therefore tries to reduce these risks by commissioning freelancers. In the Software segment, it is also possible that scheduled software purchases may fall through at short notice or that customers will have to postpone their purchases, and this may impact on the achievement of the company's targets.

Risks in the development of technology

With its portfolio of products and services, SNP offers specific solutions for the transformation of ERP landscapes. It therefore concentrates on a niche market. It is possible that other providers may offer better or more cost-effective solutions, resulting in SNP losing market share, or even being forced out of the market entirely. SNP counters this risk through the development of new products and the continuous refinement and improvement of its existing products. The complexity of SNP products and processes has meant that SNP has, thus far, been able to maintain an innovative advantage over its competitors with the general possibility of imitation being limited.

SNP's performance largely depends on whether it succeeds in adjusting its products to changes in the market and realising a rapid return on investment (ROI) in the creation of new high quality products and services. Sales and earnings may be adversely affected if technologies prove to be dysfunctional, or are not well received on the market or are not launched on the market at the right time.

Through communication between the Sales department, the Professional Services segment and the Research and Development (R&D) department, the company has, so far, been able to detect changes in the market promptly and so develop market-driven and market-relevant product innovations.

Operational risks

Project implementation in the ERP transformation market often requires a considerable deployment of resources by customers. This is subject to a variety of risks, which are often beyond customers' control. These risks include a lack of resources, system availability and the reorganisation of existing projects. In order to minimise project risks, the SNP Group and its customers choose to use a modular approach dividing projects up into subprojects.

Remaining risks resulting from conventional liability scenarios are minimised by arranging insurance cover.

Risks of dependency on SAP AG

The success of SNP products and consulting services is strongly linked to the popularity and market penetration of the standard ERP software of SAP AG. There is a risk that SAP solutions may be supplanted by competing products.

However, the risk of a sudden collapse in the market base is low. Given the high costs and the time needed to install new standard business software, the company's management expects there would be sufficient time to realign its own products, should there be a change in the market.

The SNP Group is constantly developing its portfolio and increasingly seeks to align its solutions to the ERP market as a whole. In this way the company creates new sources of potential sales whilst reducing its dependency on SAP AG.

Growth risks

SNP remains focused on both organic and inorganic growth. Corporate acquisitions can lead to a considerable increase in SNP's value. However, there is risk that any company purchased may not be successfully incorporated in the SNP Group.

Acquired companies or business areas may also fail to develop according to expectations after being incorporated. In such cases, depreciation on these assets could negatively affect earnings. There is also a risk that certain markets or sectors, contrary to expectations, demonstrate only limited growth potential.

Personnel risks

SNP employees and their skills are of fundamental importance to the success of the company. The loss of key personnel in strategic positions is therefore a significant risk factor. Furthermore, the competition for skilled IT professionals continues unabated and could lead to shortages.

To help mitigate this risk, SNP is committed to providing a motivational working environment that allows staff to develop their abilities and realise their full potential.

To achieve this SNP offers individual training and attractive incentive programmes. Furthermore, the company is constantly trying to identify suitable people to hire and retain within the company long-term. Additional measures have been taken in the form of newly launched university marketing programmes and a project for regular monitoring and further improvement of employee satisfaction. Nevertheless, insuring against personnel risks is generally only possible to a limited extent.

Insurance risks

SNP has taken out appropriate insurance cover against potential damage and liability risks. However, additional liability obligations or losses may arise that are unknown at present or for which insurance cover would be uneconomic. The amount of insurance cover is examined continuously taking due account of the respective probability of occurrence and adjusted if necessary.

Legal risks

Legal risks mainly relate to matters of company law, commercial and trademark law, contract law, product liability law, capital market law and cases of changes to relevant existing laws and their interpretations. An existing provision may be breached through ignorance or negligence. SNP involves external service providers and experts to minimise most of these risks. Legal disputes could lead to substantial costs and damage to the company's image even if SNP's legal position was judged positively. There were no material legal risks associated with lawsuits and third-party claims during fiscal year 2013.

Sales risks

SNP Transformation Backbone software is sold via partners such as system integrators and consultants as well as via the SNP in-house sales team. The success of marketing through the in-house sales team or via these partners is determined in particular through specific market conditions such as the availability of competing products, general demand for standard software products for transformation projects and our own product positioning in the market.

Distributing through third parties also entails the risk that products are not sold with the commitment expected by SNP. There is the risk that distributors might end partnerships against the wishes of SNP. This could lead to medium-term substitution problems and a significant increase in sales expenses. SNP tries to reduce this risk by strengthening its in-house sales team and by selecting partners carefully as well as offering attractive sales terms.

Risk of dependency on individual customers

In fiscal year 2013, sales were not generated with any customers (prior year: with one customer) that contributed more than 10% of total sales. In 2013, the largest customer generated total sales of € 1.619 million (prior year: € 1.739 million), the second largest € 1.252 million (prior year: € 4.001 million) and the third € 1.148 million (prior year: € 0.152 million). Management considers that dependency on individual customers is relatively low.

Financial risks

- **Credit risk (risk of default)**
  A credit risk arises when a customer of or counterparty to a financial instrument fails to meet their contractual obligations. SNP is constantly working to improve its credit management and carefully monitors the creditworthiness of its major customers. To reduce the risk of default, SNP demands deposits for individual projects, irrespective of their respective significance, and invoices when milestones are reached. Consequently, credit risks usually only concern the remaining amounts owed.

- **Liquidity risk**
  SNP has a large amount of liquid assets, which are invested exclusively in euro as fixed deposits, overnight money or similar conservative products with a maturity of up to 90 days. Interest rate risks associated with such investments are therefore negligible. If the interest paid on the investments mentioned is low but prices are rising more rapidly at the same time, SNP is exposed to the risk of a loss of purchasing power in relation to its cash holdings. The risk of default by business partners with whom we have made deposits or agreed derivative contracts is minimised by regular credit checks conducted on the institutions concerned. Derivative contracts were not concluded during fiscal year 2013. SNP will be able to service the bank loan taken out to finance the acquisition in the USA at the respective agreed maturities.

- **Currency risk**
  The functional currency of the Group and the presentational currency for the consolidated financial statements is the euro. The majority of sales is generated from within the euro zone. As a consequence of the Group's increasing internationalisation outside the euro zone, its operating business and financial transactions involve fluctuations in exchange rates. These particularly result from fluctuations in the US dollar and the South African rand. Exchange rate risks arising from contracts and loans to subsidiaries outside the euro zone primarily relate to the absolute amounts of the figures reported in euro In view of the limited extent of its activities outside the euro zone up until the end of fiscal year 2013, SNP considers the risk to be manageable but it nonetheless examines the need for adequate hedging measures on an ongoing basis.

Risk report summary

On the whole, risks are limited and predictable. As far as currently available information shows, the Executive Board deems that, at present or for the foreseeable future, there are no significant individual risks whose occurrence would be likely to threaten the existence of the Group or of a significant Group company.

Owing to the current commercial basis and the solid financial structure, the company's management believes that the total sum of individual risks does not endanger the survival of the SNP Group.

No risks endangering the survival of the company occurred in fiscal year 2013.

Opportunities and outlook report

Opportunity management

SNP operates in a dynamic market environment in which new opportunities are constantly emerging. Identifying, correctly assessing and taking advantage of these opportunities is a key factor for the sustainable growth and long-term success of the SNP Group. Opportunities may relate to internal or external potential. There is no special opportunity management system at SNP. Opportunities are analysed by the Executive Board on a regular basis. This gives rise to the company's strategic focus and the operational measures that are derived from this. However, the opportunities that arise are always associated with risks as well. Assessing these risks and reducing them as far as possible is the task of risk management. SNP aims to achieve a good balance of opportunities and risks.

The main opportunities for SNP are described below. However, this list only covers part of the available opportunities. Furthermore, the assessment of opportunities is subject to continuous changes, as the company, the market for transformation services and the technological environment are constantly evolving. At the same time, these developments may also give rise to new opportunities.

- **Expansion of partner sales**
  Further expansion of our international distribution partnerships is a major potential growth driver. SNP already has a good network with globally operating partners, which will allow it to step up new distribution potential for its own software solutions among major international corporations. Tapping this potential and gaining new distribution partners is a key focus of SNP's sales organisation.

- **Increased efficiency in in-house sales**
  In addition to sales via partners, the SNP Group also sells its solutions directly. In the Professional Services segment, consultancy services including the SNP solutions are sold, while in the Software segment SNP sells its solutions, particularly SNP Transformation Backbone, as independent products. Sales in the two areas are to be coordinated better with each another in the future. The aim here is to strengthen higher-margin and more scalable software sales and specifically to firmly establish SNP Transformation Backbone as the standard for all internal transformations in large organisations by selling corporate licences.

- **Successful entry on the US market**
  As a result of the foundation of a sales company in fiscal year 2011 and the acquisition of the operations of GL Consulting, Inc. and its wholly-owned subsidiary Cetova Corp. in the past year, SNP is excellently positioned to tap the US market for transformation services and thereby gain access to the world's biggest market for IT services. A successful launch of SNP Transformation Backbone on the US market could significantly accelerate SNP'S growth.

- **Expansion of the solution portfolio**
  There are major growth opportunities for SNP arising from its innovation leadership in transformation software and thus the constant expansion of its solution portfolio, particularly with regard to tapping the transformation market for Oracle systems and, in the next step, the market for transformations between SAP AG systems and Oracle Group systems. With the acquisition of the operations of GL Consulting, Inc. and Cetova Corp. in the past year, the Executive Board has already taken the first steps and purchased expertise in the field of Oracle transformation.

- **Opportunities from changes in SAP AG's system environment**
  As a highly innovative company, SNP can react to changes in relation to SAP® ERP systems with a fast reaction time and by expanding the existing software and can accordingly take advantage of the opportunities arising, for example, from the launch of SAP HANA®.
- **Expansion of consultancy services**
  By expanding its range of consultancy services with fundamental strategic consulting for customers, SNP has the opportunity to increase the value added for its customers and therefore achieve a higher share in the respective projects and generate higher sales and earnings from these projects. This applies both to logical structuring and process organisation of the customers' own IT systems and to advising customers on the process of defining transformation projects.

- **Growth through acquisitions**
  Sensible acquisitions give rise to additional opportunities for SNP to add to the strategic product and solution ranges, to tap new sales markets, to gain technical expertise and to expand capacity. In the past, SNP has successfully integrated companies on several occasions, which now contribute to improving its market penetration. Monitoring the market for possible target companies remains one of the Executive Board's ongoing responsibilities. SNP also has the necessary resources and funding leeway to implement possible acquisitions.

Outlook

As a result of the measures initiated in the past fiscal year to increase sales potential, the Executive Board anticipates an increase in sales in both the Professional Services segment and the Software segment. In particular, the increasing contribution to total sales of licenses and the economies of scale that they generate indicate that SNP can expect increasing operating margins in the medium to long term.

The SNP Transformation Backbone software remains SNP's core product. The fact that demand for SNP products and SNP solutions is growing again confirms the company's strategic positioning and the effectiveness of the measures taken by Executive Board in the past fiscal year.

The development is largely independent of the general economic development, since SNP's positioning as a specialist provider of standardised ERP transformations means that is it generally less affected by economic downturns. This is because companies also need to adjust their IT landscapes during weaker economic phases in order to remain competitive. Nonetheless, short-term postponements of scheduled orders can lead to lower growth in sales at SNP in individual reporting periods than was previously assumed.

For the consultancy business grouped together in the Professional Services segment, the Executive Board anticipates another significant year-on-year improvement in utilisation and therefore an increase in sales and a positive contribution to earnings in fiscal year 2014. This is also reflected in the high order backlog. New projects still to be acquired may also stimulate additional growth. The Professional Services segment should therefore represent a sound basis for corporate growth again. In the Software segment, the conclusion of large-volume license agreements for the use of SNP Transformation Backbone in particular still offers considerable profit potential. In addition, the restructuring of the sales organisation should help enable this potential to be exploited more consistently. The Executive Board is therefore assuming a marked increase in sales and profits in the Software segment in fiscal year 2014.

As in previous years, the Executive Board expects that sales in the current fiscal year will not be evenly distributed across the quarters and that the second half of the year will be considerably stronger. Overall, the Executive Board anticipates sales of approximately € 30 million for the Group in fiscal year 2014 and considers an EBIT margin in the medium single-digit percentage range to be realistic.

Remuneration report

The following Remuneration Report is part of the Management Report. In line with good corporate governance it aims to present to our shareholders and corporate stakeholders the remuneration of the Executive and Supervisory Boards in a transparent and understandable way. The Remuneration Report summarises the principles applied in determining the remuneration of the Executive and Supervisory Boards of SNP AG. On the one hand it explains the amounts and composition of the Executive Board's income, whilst showing that, through the variable wage components, regular adjustments are made according to current market conditions. On the other hand, it accounts for the remuneration of the Supervisory Board.

General notes on the remuneration of the Executive Board

According to the German law on the appropriateness of executive remuneration ("VorstAG"), which came into effect on 5 August 2009, determining Executive Board remuneration is the task of the entire Supervisory Board. This was already common practice at SNP AG. The structure and substance of the compensation system is regularly revised and monitored by the Supervisory Board. Criteria for determining the appropriate remuneration paid to Executive Board members include, in particular, the duties of Board members concerned, their personal performance, the performance of the Executive Board as a whole, the economic situation, and the performance and future prospects of the company when compared with corporate peers. SNP AG acts in accordance with the requirements of VorstAG.

Principles of the Executive Board remuneration system

The total remuneration of Executive Board members consists of a number of components and is composed of fixed and performance-related components. The non-performance-related components consist of a basic salary, fringe benefits and pension plans, whilst the performance-related components are based on the company's business performance.

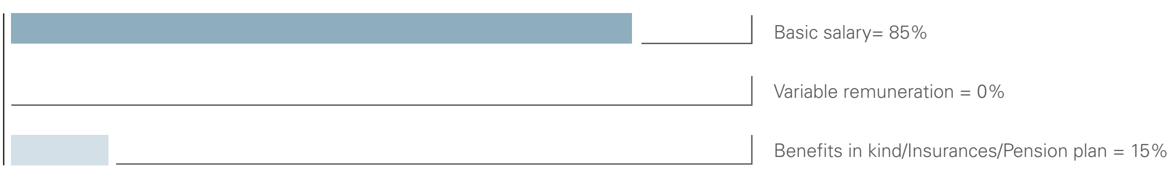
The fixed component is a non-performance related basic remuneration and is paid as a salary on a monthly basis. In addition, Executive Board members receive further benefits in the form of benefits in kind, which consist mainly of insurance premiums and the private use of a company car. Although these additional benefits are essentially available to all Executive Board members, tax is to be paid on them individually by each Board member.

The amount of the variable remuneration depends on quantitative targets, which are determined by the company's performance, and on qualitative targets, which are determined by the Executive Board member's personal performance and leadership skills. These targets, including the weighting, are set each year by mutual agreement between the Executive Board and Supervisory Board.

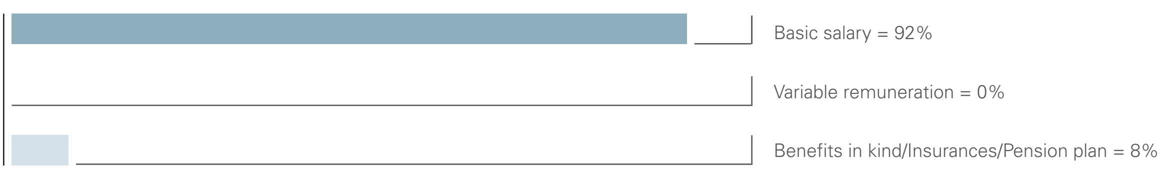
The long-term incentive component is linked to a fixed objective and is measured by EBT per share at the end of a period of three years. The objective was determined by the full Supervisory Board. Payments are limited to € 150 thousand per Executive Board member.

The composition of the remuneration paid to Executive Board members in the fiscal year 2013 is as follows:

Dr Andreas Schneider-Neureither, CEO



Andrew Watson, CFO / COO



Regulations in the event of the early exit of a member of the Executive Board

Dr Schneider-Neureither's current term of office began on 1 October 2012 and will end on 31 December 2015. Mr Watson's contract of employment had a term running from 11 July 2011 to 31 December 2014 and was terminated by mutual agreement as at 30 June 2013.

In the event of a premature dismissal pursuant to section 84 (3) AktG or in the event of a premature resignation, the company is entitled to properly terminate the employment relationship with 18 months' notice to the end of the month. The Executive Board members are likewise entitled to properly terminate the employment relationship with 18 months' notice to the end of the month in the event of a premature dismissal.

In the event of the early resignation of an Executive Board member no special rules apply except for the calculation of the variable remuneration. Should an Executive Board member resign prior to the end of the year, the following regulations shall apply:

- The bonus will be paid pro rata temporis taking adequate account (section 315 BGB) of the Executive Board member's contribution. The following exceptions apply in this respect: if the company terminates the employment relationship for good cause as defined in section 626 BGB for reasons for which the Executive Board member is responsible, his claim to unpaid bonus payments will lapse and they will not be paid. His claim for periods of time-off will also lapse.
- The Supervisory Board exercises its discretion in setting the long-term incentive (section 315 BGB). In so doing, it must take appropriate account of the Executive Board member's contribution to the company's achievements and its performance up to the end of the assessment period. If the targets are met in full, a sum of € 50 thousand gross per full year of the term of the contract should be paid. Irrespective of any possible premature termination, the long-term incentive does not become due until the maturity date specified above following the end of the assessment period.

The above provisions do not apply should, in the event of the resignation of Executive Board member, there be a termination agreement, regulating remuneration claims, which covers any bonus entitlements the Executive Board member may have.

Remuneration of the Executive Board in fiscal year 2013

The total remuneration awarded to Members of the Executive Board in fiscal year 2013 amounted to a total of € 377,338.43. Details of the remuneration paid to Executive Board members in fiscal year 2013 are itemised in the following table:

€	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,008.00	0.00	21,530.84	9,700.81	6,574.08	257,813.73
Andrew Watson	110,004.00	0.00	7,789.32	0.00	1,731.38	119,524.70
Total	**330,012.00**	**0.00**	**29,320.16**	**9,700.81**	**8,305.46**	**377,338.43**

In addition to general insurance and pension commitments, the company has also arranged Directors and Officers (D&O) liability insurance on behalf of the Executive Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Supervisory Board and senior executives. The corresponding D&O insurance for SNP America Inc. also grants pro rata coverage for the Chairman of the Executive Board of SNP AG, who is also the Chairman of the Board of SNP America, Inc. In total, this D&O insurance amounts to an annual insurance premium of € 1,743.28. The pro rata insurance premiums paid per person/per period of activity can be consulted in the insurance benefit table.

Advances or loans to Executive Board members or contingent liabilities incurred on behalf of these persons

As at 31 December 2013, no loans, credits or advances had been extended to any of the Executive Board members (prior year: € 0 thousand). Furthermore, SNP AG did not incur any contingent liabilities on behalf of members of the Executive Board during the reporting year.

Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has made provisions for pension commitments less plan assets to Dr Andreas Schneider-Neureither and Mrs Petra Neureither (CFO until 19 May 2011) totalling € 125 thousand (prior year: € 123 thousand, adjusted in accordance with IAS 19R). Plan assets relate to an insurance policy.

Other transactions

Between 1 September 2009 and 30 September 2012, a rental agreement was in place between an Executive Board member and SNP Schneider-Neureither & Partner AG. Accordingly, no further rental expenses were incurred in fiscal year 2013 (prior year: € 7 thousand).

Since 1 December 2010, an additional rental agreement has existed between an Executive Board member and SNP Schneider-Neureither & Partner AG. In fiscal year 2013, rental expenses of € 230 thousand (prior year: € 230 thousand) were incurred for this. In addition, a car owned by the company was sold to an Executive Board member at a price of € 30 thousand in fiscal year 2013, as well as various articles of daily use at a price of € 23 thousand. Another car owned by the company was sold to a person related to an Executive Board member at a price of € 5 thousand and a number of articles of daily use were sold to another Executive Board member at a price of € 2 thousand. The sales prices were based strictly on comparable market prices.

Principles of the remuneration system for the Supervisory Board

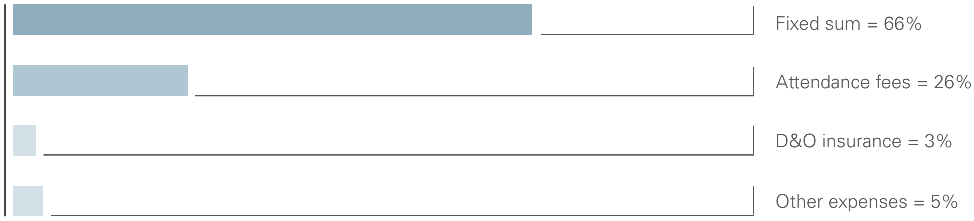
The remuneration of Supervisory Board members is based on their responsibilities and the scope of their activities. As laid down in article 6 (20) of the Articles of Association, it consists of a fixed annual remuneration, attendance fees, and the reimbursement of proven necessary expenses. No performance-related component is attached to the remuneration. Since the continuous growth of the business has also increased the workload of Supervisory Board members, their remuneration was revised at the 10th Annual General Meeting, held on 20 May 2010. Since fiscal year 2010, in addition to the reimbursement of their expenses and an attendance fee of € 1,000 per Supervisory Board session, the members of the Supervisory Board receive a fixed sum of € 10,000.00 per fiscal year. In line with German Corporate Governance provisions, the Chairman receives twice and his deputy one and one half times this amount. In addition, the Supervisory Board members were covered in the performance of their tasks by a Directors and Officers (D&O) loss and liability insurance, with coverage of € 5,000,000.00, arranged by the company for each member of the Supervisory Board. No deductible is agreed.

Remuneration of the Supervisory Board in fiscal year 2013

The total remuneration awarded to members of the Supervisory Board in fiscal year 2013 amounted to a total of € 67,890.65. At the balance sheet date, there were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

€		Fixed amount	Attendance fee	Other expenses	D&O Insurance	Total
Thomas Volk	Chairman of the Supervisory Board until 31.10.2013	16,666.66	5,000.00	1,728.36	557.22	23,952.24
Dr Michael Drill	Deputy Chairman	15,000.00	6,000.00	508,46	668.67	22,177.13
Klaus Weinmann	Member of the Supervisory Board until 30.04.2013	3,333.33	2,000.00	0.00	222.89	5,556.22
Gerhard A. Burkhardt	Member of the Supervisory Board from 01.05.2013	6,666.67	4,000.00	0.00	445.78	11,112.45
Roland Weise	Chairman of the Supervisory Board from 12.11.2013	2,888.89	1,000.00	1,092.28	111.44	5,092.61
Total		**44,555.55**	**18,000.00**	**3,329.10**	**2,006.00**	**67,890.65**

Composition of the remuneration of the Supervisory Board:



On the basis of a consultancy agreement dated 22 November 2013, which was approved by the Supervisory Board on the same day, Mr. Weise performed further consultancy services for SNP AG in addition to his activities as a Supervisory Board member. These services were remunerated in the reporting period by a total of € 3,048.00 plus sales tax.

The company has arranged Directors and Officers (D&O) liability insurance on behalf of the Supervisory Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Executive Board and senior executives. The pro rata premiums paid for each person for the period of their appointment are shown in the table.

Supplementary report

After the end of the fiscal year and until the completion of this Management Report, there were no additional special events that are of relevance to the evaluation of the Group's net assets, financial position and results of operations.

Heidelberg, 6 March 2014

Dr Andreas Schneider-Neureither
CEO

Consolidated Financial Statement

Consolidated Balance Sheet
as at 31 December 2013

Assets

€	Note	31.12.2013	31.12.2012*	01.01.2012*
Current assets				
Cash and cash equivalents	11.	6,354,829.85	10,152,032.25	6,694,702.22
Trade receivables	12.	8,687,670.64	6,900,277.02	6,387,394.36
Current tax assets	18.	685,393.65	854,511.72	239,233.97
Other current assets	13.	417,298.24	408,847.15	299,360.62
		16,145,192.38	**18,315,668.14**	**13,620,691.17**
Non-current assets				
Goodwill	8./14.	4,099,354.69	2,067,605.00	2,067,605.00
Intangible assets	14.	1,094,238.45	259,571.00	210,336.00
Property, plant and equipment	15.	1,069,633.12	1,486,062.75	1,819,931.49
Participations accounted for in accordance with the equity	16.	1.00	1.00	0.00
Other non-current assets	13.	85,219.65	32,751.71	24,262.24
Non-current tax assets	18.	9,375.64	12,263.83	15,040.93
Deferred taxes	32.	1,401,120.01	377,442.37	133,502.24
		7,758,942.56	**4,235,697.66**	**4,270,677.90**
		23,904,134.94	**22,551,365.80**	**17,891,369.07**

Equity and liabilities

€	Note	31.12.2013	31.12.2012*	01.01.2012*
Current liabilities				
Liabilities due to banks	24.	600,000.00	0.00	0.00
Trade payables	12.	1,076,087.43	821,172.35	785,899.33
Provisions	17.	62,200.00	68,334.00	65,000.00
Tax liabilities	18.	404,959.15	665,494.50	589,083.27
Other current liabilities	19.	3,660,408.58	3,226,437.95	3,273,938.73
		5,803,655.16	**4,781,438.80**	**4,713,921.33**
Non-current liabilities				
Liabilities due to banks	24.	2,250,000.00	0.00	0.00
Provisions for pensions	20.	554,965.00	592,363.00	378,909.00
Deferred taxes	32.	83,112.64	179,759.00	401,928.00
Other non-current liabilities	8.	1,450,221.16	0.00	0.00
		4,338,298.80	**772,122.00**	**780,837.00**
Equity				
Subscribed capital	21./22.	3,738,060.00	1,246,020.00	1,132,750.00
Capital reserves	23.	7,189,482.76	7,189,482.76	2,294,897.70
Retained earnings	23.	3,010,258.68	8,799,646.46	8,982,320.88
Other reserves		16,666.97	-39,357.74	52,654.59
Treasury shares	22.	-414,650.19	-379,425.22	-210,398.00
Equity attributable to shareholders		**13,539,818.22**	**16,816,366.26**	**12,252,225.17**
Non-controlling interests		222,362.76	181,438.74	144,385.57
		13,762,180.98	**16,997,805.00**	**12,396,610.74**
		23,904,134.94	**22,551,365.80**	**17,891,369.07**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

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

Consolidated Income Statement

for the period from 1 January to 31 December 2013

€	Note	2013	2012*
Revenue	26.	**23,535,509.06**	**27,157,129.70**
Professional Services		18,696,411.48	20,164,804.27
Licences		4,035,509.14	5,345,695.74
Maintenance		803,588.44	1,646,629.69
Other operating income	27.	240,622.77	250,494.62
Cost of materials	28.	-1,114,871.17	-1,604,800.41
Personnel costs	29.	-17,189,604.98	-15,775,699.00
Other operating expenses	30.	-7,408,090.38	-6,285,893.99
Other taxes		-35,374.79	-27,090.00
EBITDA		**-1,971,809.49**	**3,714,140.92**
Depreciation and impairments on intangible assets and property, plant and equipment		-742,523.22	-762,717.66
EBIT		**-2,714,332.71**	**2,951,423.26**
Income from participations accounted for in accordance with the equity method		0.00	-106,899.00
Other financial income		38,526.48	48,109.15
Other financial expenses		-123,413.02	-27,981.09
Net financial loss	31.	**-84,886.54**	**-86,770.94**
EBT		**-2,799,219.25**	**2,864,652.32**
Income taxes	32.	477,446.21	-946,720.32
Consolidated net loss/income		**-2,321,773.04**	**1,917,932.00**
Of which:			
Profit attributable to non-controlling shareholders		83,692.02	127,385.17
Profit attributable to shareholders of Schneider-Neureither & Partner AG		-2,405,465.06	1,790,546.83
Earnings per share**	9.	**€**	**€**
- Undiluted		-0.65	0.53
- Diluted		-0.65	0.53
Weighted average number of shares**		**in thousands**	**in thousands**
- Undiluted*		3,716	3,408
- Diluted*		3,716	3,408

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

** The weighted average number of shares and the earnings per share of previous periods was adjusted due to the capital increase from company funds.

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

Consolidated Cash Flow Statement

for the period from 1 January to 31 Decemeber 2013

€	2013	2012*
Profit after tax	**-2,321,773.04**	**1,917,932.00**
Depreciation	742,523.22	762,717.66
Change in provisions for pensions	-37,398.00	25,695.00
Other non-cash income/expenses	-909,647.71	-292,177.68
Change in trade receivables, other current assets, other non-current assets	-611,753.78	-1,243,359.31
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-39,856.69	67,517.47
Cash flow from operating activities (1)	**-3,177,906.00**	**1,238,325.14**
Payments for investments in property, plant and equipment	-328,982.61	-364,517.28
Payments for investments in intangible assets	-102,122.93	-166,512.52
Payments for investments in at-equity participations		-106,900.00
Payments for the acquisition of business operations	-2,266,717.02	0.00
Proceeds from disposal of tangible fixed assets	200,633.85	66,328.10
Cash flow used in investing activities (2)	**-2,497,188.71**	**-571,601.70**
Dividend payments	-891,882.72	-1,973,221.25
Dividend payments to non-controlling shareholders	-45,000.00	-75,000.00
Proceeds for the issue of new shares	0.00	5,007,855.06
Payments for the purchase of own shares	-35,224.97	-169,027.22
Proceeds from loans	3,000,000.00	0.00
Payments on loans received	-150,000.00	0.00
Cash flow used in financing activities (3)	**1,877,892.31**	**2,790,606.59**
Cash change in cash and cash equivalents (1) + (2) + (3)	**-3,797,202.40**	**3,457,330.03**
Cash and cash equivalents at the beginning of the fiscal year	10,152,032.25	6,694,702.22
Cash and cash equivalents at 31 December	**6,354,829.85**	**10,152,032.25**
Composition of cash and cash equivalents:	**2013**	**2012**
Cash and cash equivalents	6,354,829.85	10,152,032.25
Cash and cash equivalents at 31 December	**6,354,829.85**	**10,152,032.25**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

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

Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2013

€	Jan.-Dec. 2013	Jan.-Dec. 2012*
Net income for the period	**-2,321,773.04**	**1,917,932.00**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	50,534.71	31,581.67
Deferred taxes on differences from currency conversion	0.00	0.00
	50,534.71	31,581.67
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	10,330.14	-186,528.00
Deferred taxes on remeasurements of defined benefit pension plans	-2,608.14	47,262.00
	7,722.00	**-139,266.00**
Income and expenses directly recognised in equity	**58,256.71**	**-107,684.33**
Total comprehensive income	**-2,263,516.33**	**1,810,247.67**
Profit attributable to non-controlling interests	85,924.02	112,053.17
Profit attributable to shareholders of Schneider-Neureither & Partner AG in total comprehensive income	**-2,349,440.35**	**1,698,194.50**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

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

Consolidated Statement of Changes in Equity
for the period from 1 January 2012 to 31 December 2013

€	Subscribed capital	Capital reserve	Retained earnings
As of 01.01.2012 before adjustement	**1,132,750.00**	**2,294,897.70**	**8,982,320.88**
Adjustment due to IAS 19R			
As of 01.01.2012 after adjustement	**1,132,750.00**	**2,294,897.70**	**8,982,320.88**
Capital increase	113,270.00	4,894,585.06	
Acquisition of treasury shares			
Dividend payment			-1,973,221.25
Total comprehensive income			1,790,546.83
As of 31.12.2012*	**1,246,020.00**	**7,189,482.76**	**8,799,646.46**
Capital increase from company funds	2,492,040.00		-2,492,040.00
Acquisition of treasury shares			
Dividend payment			-891,882.72
Total comprehensive income			-2,405,465.06
As of 31.12.2013	**3,738,060.00**	**7,189,482.76**	**3,010,258.68**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

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

Other components of equity						
Currency conversion	**Revaluation of performance-oriented obligations**	**Other components of equity Total**	**Treasury shares**	**Shareholders of SNP AG attributable capital**	**Non-controlling shares**	**Total equity**
9,287.59	**0.00**	**9,287.59**	**-210,398.00**	**12,208,858.17**	**135,952.57**	**12,344,810.74**
	43,367.00	43,367.00		43,367.00	8,433.00	51,800.00
9,287.59	**43,367.00**	**52,654.59**	**-210,398.00**	**12,252,225.17**	**144,385.57**	**12,396,610.74**
				5,007,855.06		5,007,855.06
			-169,027.22	-169,027.22		-169,027.22
				-1,973,221.25	-75,000.00	-2,048,221.25
31,581.67	-123,594.00	-92,012.33		1,698,534.50	112,053.17	1,810,587.67
40,869.26	**-80,227.00**	**-39,357.74**	**-379,425.22**	**16,816,366.26**	**181,438.74**	**16,997,805.00**
				0.00		0.00
			-35,224.97	-35,224.97		-35,224.97
				-891,882.72	-45,000.00	-936,882.72
50,534.71	5,490.00	56,024.71		-2,349,440.35	85,924.02	-2,263,516.33
91,403.97	**-74,737.00**	**16,666.97**	**-414,650.19**	**13,539,818.22**	**222,362.76**	**13,762,180.98**

Changes in Consolidated Fixed Assets

for the period from 1 January to 31 December 2013

€	Acquisition/ production costs 01.01.2013	Currency differences	Additions	Additions from acquisitions	Disposals	Acquisition/ production costs 31.12.2013
I. Intangible fixed assets						
1. Concessions, industrial property rights and similar rights and licenses to such rights and values	1,216,727.48	-38,991.06	112,805.46	967,132.60	0.00	2,257,674.48
2. Goodwill	2,067,605.00	-85,353.46	0.00	2,117,103.15	0.00	4,099,354.69
	3,284,332.48	**-124,344.52**	**112,805.46**	**3,084,235.75**	**0.00**	**6,357,029.17**
II. Property, plant and equipment						
1. Land, rights equivalent to property and buildings on third-party land	70,732.29	0.00	0.00	0.00	0.00	70,732.29
2. Other equipment, office and factory equipment	3,945,614.18	-7,006.58	328,982.61	30,222.89	-1,064,359.06	3,233,454.04
	4,016,346.47	**-7,006.58**	**328,982.61**	**30,222.89**	**-1,064,359.06**	**3,304,186.33**
Total fixed assets	**7,300,678.95**	**-131,351.10**	**441,788.07**	**3,114,458.64**	**-1,064,359.06**	**9,661,215.50**

Changes in Consolidated Fixed Assets

for the Period from 1 January to 31 December 2012

€	Acquisition/ production costs 01.01.2012	Currency differences	Additions	Disposals	Reclassi-fications	Acquisition/ production costs 31.12.2012
I. Intangible fixed assets						
1. Concessions, industrial property rights and similar rights and licenses to such rights and values	1,050,214.96	0.00	166,512.52	0.00	0.00	1,216,727.48
2. Goodwill	2,067,605.00	0.00	0.00	0.00	0.00	2,067,605.00
	3,117,819.96	**0.00**	**166,512.52**	**0.00**	**0.00**	**3,284,332.48**
II. Property, plant and equipment						
1. Land, rights equivalent to property and buildings on third-party land	105,998.73	0.00	0.00	0.00	-35,266.44	70,732.29
2. Other equipment, office and factory equipment	3,818,954.27	-331.06	364,517.28	-272,792.75	35,266.44	3,945,614.18
	3,924,953.00	**-331.06**	**364,517.28**	**-272,792.75**	**0.00**	**4,016,346.47**
Total fixed assets	**7,042,772.96**	**-331.06**	**531,029.80**	**-272,792.75**	**0.00**	**7,300,678.95**

Depreciation and impairments cumulated 01.01.2013	Currency differences	Additions	Disposals	Depreciation and impairments cumulated 31.12.2013	Book value 31.12.2013	Book value 31.12.2012
957,156.48	-2,376.09	208,655.64	0.00	1,163,436.03	1,094,238.45	259,571.00
0.00	0.00	0.00	0.00	0.00	4,099,354.69	2,067,605.00
957,156.48	**-2,376.09**	**208,655.64**	**0.00**	**1,163,436.03**	**5,193,593.14**	**2,327,176.00**
14,454,29	0.00	4,237.00	0.00	18,691.29	52,041.00	56,278.00
2,515,829.43	-2,689.62	529,630.58	826,908.47	2,215,861.92	1,017,592.12	1,429,784.75
2,530,283.72	**-2,689.62**	**533,867.58**	**826,908.47**	**2,234,553.21**	**1,069,633.12**	**1,486,062.75**
3,487,440.20	**-5,065.71**	**742,523.22**	**826,908.47**	**3,397,989.24**	**6,263,226.26**	**3,813,238.75**

Depreciation and impairments cumulated 01.01.2012	Currency differences	Additions	Disposals	Depreciation and impairments cumulated 31.12.2012	Book value 31.12.2012	Book value 31.12.2011
839,878.96	0.00	117,277.52	0.00	957,156.48	259,571.00	210,336.00
0.00	0.00	0.00	0.00	0.00	2,067,605.00	2,067,605.00
839,878.96	**0.00**	**117,277.52**	**0.00**	**957,156.48**	**2,327,176.00**	**2,277,941.00**
10,217.29	0.00	4,237.00	0.00	14,454.29	56,278.00	95,781.44
2,094,804.22	429.99	641,203.14	-220,607.92	2,515,829.43	1,429,784.75	1,724,150.05
2,105,021.51	**429.99**	**645,440.14**	**-220,607.92**	**2,530,283.72**	**1,486,062.75**	**1,819,931.49**
2,944,900.47	**429.99**	**762,717.66**	**-220,607.92**	**3,487,440.20**	**3,813,238.75**	**4,097,872.49**

Notes to the Consolidated Financial Statements
for the fiscal year ending on 31 December 2013

1. Economic foundations

SNP Schneider-Neureither & Partner AG emerged from the corporate restructuring of SNP Schneider-Neureither & Partner GmbH and a subsequent change of name. The change to a public limited company (AG) was entered in the Commercial Register on 28 December 1998. The company has its headquarters in Heidelberg, Germany. The company is registered in the Commercial Register at the District Court of Heidelberg under the number HRB No. 335155.

The shares of SNP Schneider-Neureither & Partner AG, bearing the Securities Identification Number ISIN DE 007203705, are traded on the General Standard at the Frankfurt Stock Exchange.

SNP is the leading supplier of software and professional services for various Business Landscape Transformation (BLT) scenarios. SNP AG supports its customers both in implementing transformation projects and changing their ERP systems and entire system landscapes, resulting from organisational or structural changes within their company.

The consolidated financial statements of SNP Schneider-Neureither & Partner AG, Heidelberg, for the fiscal year ending 31 December 2013 were approved for publication by order of the Executive Board on 6 March 2014, after consultation with the Supervisory Board.

2. General information

The consolidated financial statements of SNP Schneider-Neureither & Partner AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) as stipulated in section 315a (1) of the German Commercial Code (HGB).

The IFRS consist of the IFRS newly released by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), as adopted by the EU. The consolidated financial statements also meet the requirements under commercial law in accordance with section 315a (1) of the German Commercial Code (HGB).

The consolidated financial statements were prepared in euro (€), the functional currency of the parent company. Unless otherwise stated, all amounts in the notes to the consolidated financial statements are given in thousands of euro.

The income statement was prepared using the total cost method. SNP Schneider-Neureither & Partner AG has exercised the option of presenting the income statement and statement of comprehensive income separately.

The consolidated financial statements were prepared on the basis of historical acquisition or production costs, with the exception of financial assets available for sale, which were measured at market value.

The material published Standards, Interpretations and Amendments that are mandatory from 2013 are listed below:

Provision	Description
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRS 13	Fair Value Measurement
IAS 19 (2011)	Employee Benefits
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 1	Government Loans
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The **amendments to IAS 1** relate to the presentation of items of other comprehensive income in the statement of comprehensive income. A differentiation is made between items to be reclassified to profit or loss and items that are never reclassified. In addition to the presentation in the current fiscal year, the comparative information was also adjusted accordingly.

IFRS 13 defines the term "fair value" and standardises the disclosure requirements for measurement at fair value both for financial and for non-financial items. The Standard also supersedes and enhances the disclosures in the notes regarding measurement at fair value in other IFRS including IFRS 7. The amendment has no material impact on the measurement of assets and liabilities or the scope of the Group's disclosures in the notes.

The **amendments to IAS 19 (2011) (also IAS 19R)** have material effects on the consolidated financial statements. The amendments to IAS 19 relate to accounting for defined benefit obligations and post-employment benefits. Significant effects for the Group arise from the elimination of the corridor method for actuarial gains and losses, which are now recognised in other comprehensive income when incurred.

IAS 19 (2011) also resulted in the following changes that did not materially affect the consolidated financial statements:

- Interest expenses from the DBO (defined benefit obligation) and the expected return on plan assets are combined in a net interest component. As the Group has no plan assets, this has no effect on the consolidated financial statements.

- Non-vested past service costs are recognised as expenses when they occur instead of over the period until they become vested.

The amendment to the Standard also resulted in enhanced disclosures in the notes.

The key issue here is the elimination of the "corridor method".

The new provisions of IAS 19 (2011) are to be applied retrospectively. As a consequence, the opening balance sheet as of 1 January 2012, the reported comparative period of the previous year and the opening balance sheet as of 1 January 2013 were adjusted and presented in a comparable fashion. As a result, the consolidated balance sheet presents figures as of 31 December 2013, 31 December 2012 and 1 January 2012.

The following tables show the effects on the opening balance sheet as of 1 January 2012, on the balance sheet as of 31 December 2012 and on the income statement and statement of comprehensive income for 2012:

Adjusted presentation in the consolidated balance sheet as of 1 January 2012:

€ k	**Originally reported**	**Adjustment**	**Reported**
Total assets	**17,908**	**-17**	**17,891**
of which deferred taxes	150	-17	133
Total current and non-current liabilities	**5,563**	**-69**	**5,494**
of which pensions and similar obligations	448	-69	379
Total equity including non-controlling interests	**12,345**	**52**	**12,397**
of which other components of equity	9	44	53
of which non-controlling interests	136	8	144

Adjusted presentation in the consolidated balance sheet as of 31 December 2012:

€ k	Originally reported	Adjustment	Reported in
Total assets	**22,519**	**32**	**22,551**
of which deferred taxes	345	32	377
Total current and non-current liabilities	**5,437**	**117**	**5,554**
of which pensions and similar obligations	475	117	592
Total equity including non-controlling interests	**17,083**	**-85**	**16,998**
of which retained earnings	8,798	2	8,800
of which other components of equity	41	-81	-40
of which non-controlling interests	188	-6	182

Adjusted presentation in the income statement 2012:

€ k	Originally reported	Adjustment	Reported
Personnel costs	-15,779	+3	-15,776
EBITDA	3,711	+3	3,714
EBIT	2,948	+3	2,951
Income taxes	-946	-1	-947
Consolidated net income	1,916	+2	1,918

Adjusted presentation in the statement of comprehensive income for 2012:

€ k	Originally reported	Adjustment	Reported
Consolidated net income*	**1,916**	**+2**	**1,918**
Remeasurement of defined benefit pension plans**	0	-186	-186
Deferred taxes**	0	47	47
Other comprehensive income not to be reclassified to the income statement in the subsequent period	**0**	**-139**	**-139**
Other profit after tax	31	0	31
Total comprehensive income	**1,947**	**-137**	**1,810**
Profit attributable to non-controlling interests	127	-15	112
Profit attributable to shareholders	1,820	-122	1,698

* Effect of the reversal in 2012 of actuarial effects previously recognised as expenses less deferred taxes.

** Including the effect of the reversal in 2012 of actuarial effects previously recognised as expenses.

As the adjustments of the revised IAS 19 (2011) have no cash effects, they do not result in changes in the Group's operating cash flow for 2012; there are only shifts between individual reconciliation items within the operating activities.The following tables show the effects of retaining the 2008 version of IAS 19 on the balance sheet as of 31 December 2013 and on the income statement and statement of comprehensive income for 2013:

Effects of retaining IAS 19 (2008) on the consolidated balance sheet as of 31 December 2013:

€ k	According to IAS 19 (2011)	Adjustment	According to IAS 19 (2008)
Total assets	**23,904**	**-29**	**23,875**
of which deferred taxes	1,401	-29	1,372
Total current and non-current liabilities	**10,142**	**-105**	**10,037**
of which pensions and similar obligations	555	-105	450
Total equity including non-controlling interests	**13,762**	**76**	**13,838**
of which retained earnings	3,010	2	3,012
of which other components of equity	17	69	86
of which non-controlling interests	222	5	227

Effects of retaining IAS 19 (2008) on the income statement for the period from 1 January to 31 December 2013:

€ k	According to IAS 19 (2011)	Adjustment	According to IAS 19 (2008)
Personnel costs	-17,190	3	-17,187
EBITDA	-1,972	3	-1,969
EBIT	-2,714	3	-2,711
Income taxes	477	-1	476
Consolidated net loss	-2,322	2	-2,320

Effects of retaining IAS 19 (2008) on the statement of comprehensive income for 2013:

€ k	Originally reported	Adjustment	According to IAS 19 (2008)
Consolidated net loss	**-2,322**	**2**	**-2,320**
Remeasurement of defined benefit pension plans	10	-10	0
Deferred taxes	-2	2	0
Other comprehensive income not to be reclassified to the income statement in the subsequent periods	**8**	**-8**	**0**
Other profit after tax	58	-8	50
Total comprehensive loss	**-2,264**	**-6**	**-2,270**
Profit attributable to non-controlling interests	86	-1	-85
Profit attributable to shareholders	-2,350	-5	-2,355

The amendments to the other Standards had no impact on the Group's financial position, net assets and results of operations.

The material Standards, Interpretations and Amendments that have been published but application of which is not yet mandatory are listed below:

Description	Endorsed by the EU	Applicable from fiscal year
IFRS 10 Consolidated Financial Statements	Yes	2014
IFRS 11 Joint Arrangements	Yes	2014
IFRS 12 Disclosure of Interests in Other Entities	Yes	2014
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Requirements	Yes	2014
IAS 27 Separate Financial Statements (2011)	Yes	2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	Yes	2014
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	Yes	2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	Yes	2014

SNP AG is examining the impact, which the other listed Standards, Interpretations and Amendments will have on the consolidated financial statements in future. It is currently assumed that they will have no material impact on the Group's financial position, net assets and results of operations.

3. Consolidated group

In addition to SNP Schneider-Neureither & Partner AG, Dossenheimer Landstraße 100, 69121 Heidelberg, Germany, as the parent company, the consolidated group includes the following subsidiaries, in which SNP Schneider-Neureither & Partner AG indirectly holds the majority of voting rights.

Subsidiary	Shareholding in %
SNP (Schweiz) AG, Zug/Switzerland	100.00
SNP AUSTRIA GmbH, Linz/Austria	85.00
SNP Consulting GmbH, Thale/Germany	100.00
SNP America Inc., Sterling, VA/USA	100.00
SNP Schneider-Neureither & Partner ZA (Pty) Limited, Johannesburg/South Africa	100.00
Schneider Neureither & Partner Iberica, S.L. Leon/Spain (since March 2013)	100.00

4. Principles of consolidation

The consolidated financial statements are based on the annual financial statements of SNP Schneider-Neureither & Partner AG and its consolidated subsidiaries, prepared in accordance with the uniform group-wide accounting policies.

Subsidiaries are fully consolidated as of the acquisition date, i.e. from the date on which the Group obtained full control. Their inclusion in the consolidated financial statements ends as soon as the parent company no longer has full control.

Capital is consolidated in accordance with the purchase method. At the time of acquisition, the consideration transferred including the non-controlling shares in the acquired company is netted off against the balance of the identifiable assets acquired and liabilities assumed. Any remaining positive difference is recognised as goodwill. Any negative balance amount remaining after a second review is recorded as a gain.

The fiscal year of SNP Schneider-Neureither & Partner AG and its subsidiaries ends on 31 December.

All intercompany balances, transactions, sales, expenses, profits and losses resulting from intercompany transactions that are recognised in the carrying amounts of assets are eliminated in full.

Shares belonging to non-controlling shareholders are part of the net income for the period and the net assets which are attributable to equity interests that are neither directly nor indirectly owned by SNP AG. Shares of non-controlling shareholders are identified separately within equity from the equity of the owners of SNP AG in the consolidated balance sheet. Changes in the parent company's ownership interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions.

Associates

The Group's shares in an associate are accounted for using the equity method. An associate is a company where the Group has significant influence.

Under the equity method, the shares in an associate are recognised in the balance sheet at cost plus the changes to the Group's share of the net assets of the associate that occurred after the acquisition.

The goodwill associated with the associate is included in the carrying amount of the interest and is either depreciated on a scheduled basis or subject to a separate impairment test.

The income statement contains the Group's share of the associate's profit or loss for the period. Changes shown directly in the associate's equity are recognised by the Group in the amount of its interest and, where necessary, presented in the statement of changes in equity. Unrealised profits and losses from transactions between the Group and the associate are eliminated in accordance with the interest in the associate.

The Group's share of an associate's profit is presented in the income statement. This is the profit attributable to the shareholders of the associate and consequently the profit after taxes and non-controlling interests in the subsidiaries of the associate.

The associate's financial statements are prepared at the same reporting date as the Group's financial statements. If necessary, adjustments to the Group's uniform accounting methods are made.

Following application of the equity method, the Group establishes whether an additional impairment loss must be recognised for its shares in an associate. On each reporting date, the Group establishes whether there are objective indications that the interest in an associate could be impaired. If this is the case, the difference between the recoverable amount of the interest in the associate and the carrying amount of the "Share in the profit/loss of associates" must be recognised in the income statement as an impairment loss.

5. Currency translation

The consolidated financial statements are presented in euro, the parent company's functional and presentational currency. Each company within the Group determines its own functional currency. The items included in the financial statements of the respective companies are valued using this functional currency.

Foreign currency transactions are initially converted using the spot rate between the functional and the foreign currencies on the day of the transaction. Monetary assets and liabilities in foreign currencies are converted into the functional currency at the closing rate on the balance sheet date. All exchange differences are recorded in the net income for the period.

The functional currency of SNP (Schweiz) AG is the Swiss franc, that of SNP America Inc. the US dollar and that of SNP Schneider-Neureither & partner ZA (Pty) Limited the South African rand. The assets and liabilities of these subsidiaries are converted into the presentational currency of SNP Schneider-Neureither & Partner AG at the closing rate on the balance sheet date. Income and expenses are converted at a weighted average of the exchange rate for the fiscal year. Exchange rate differences are recorded as a separate component of equity under "Other equity effects not recognised in profit and loss". Compared with the prior year, there have been the following changes to exchange rates:

Impairment of non-financial assets

At each balance sheet date the Group assesses whether there is evidence for an impairment of non-financial assets, particularly goodwill. Goodwill is reviewed at least once a year and at any time when there is sufficient evidence for impairment. The management must estimate the expected future cash flows of the cash-generating unit and select a suitable discount rate in order to estimate the value in use.

Pensions and other post-employment benefits

The expense of defined benefit plans and other post-employment benefits is determined on the basis of actuarial calculations. The actuarial valuation is carried out, among other things, on the basis of assumptions about discount rates, expected returns on plan assets, future wage and salary increases, mortality, employee turnover, and future pension increases. Owing to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Country		Currency	Exchange rates on the balance sheet date		Average rates	
			2013	2012	2013	2012
Switzerland	CHF	€1	1.2276	1.2072	1.2311	1.2053
USA	USD	€1	1.3791	1.3194	1.3281	1.2848
South Africa	ZAR	€1	14.5660	11.1727	12.8330	10.5511

6. Use of estimates

The preparation of the consolidated financial statements requires estimates and assumptions made by the Executive Board, which affect the amounts of assets, liabilities, income and expenses disclosed in the consolidated financial statements and the disclosure of commitments and contingencies. The actual results may differ from these estimates.

The most important assumptions and other key sources of uncertainty in the estimates, made on the balance sheet date, which could result in a significant risk that a material adjustment to the carrying amounts of assets and liabilities may be necessary, are discussed below.

Project valuation

The valuation of individual customer projects is based on the percentage of completion method. Under this method, the total anticipated cost of a project, the stage of its completion and the expected it will generate must be estimated. The underlying assumptions and estimates, inherent in determining the stage of completion, affect the timing and amounts of sales recognised and are therefore uncertain. Should there not be sufficient information, sales are only recognised up to the level of the costs that have been incurred.

7. Significant accounting and valuation principles

In order to improve clarity and informative value of the financial statements, individual items of the balance sheet and income statement are aggregated and shown separately in these notes.

Cash and cash equivalents

Cash and cash equivalents include short-term highly liquid assets that can be converted to cash within one month or less without any value risk.

Receivables and other assets

Receivables and other assets are valued at amortised cost, allowing for appropriate deductions for all identifiable risks.

Trade receivables and other assets are unsecured and are therefore subject to default risk. In the past the company has had to accept losses due to individual customers or groups of customers, which were of secondary importance for the presentation of the net assets, financial position and results of operations.

Goodwill

Goodwill, resulting from a merger, is initially measured at cost i.e. the excess of the acquisition costs for the merger above the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested at least once a year for impairment and also if events or a change in circumstances indicates that impairment might be necessary.

For the purposes of verifying if impairment exists, the goodwill acquired in a merger must be assigned, from the day of acquisition, to every cash-generating unit in the Group that is to benefit from the synergies of the combination.

This applies regardless of whether other Group assets or liabilities are assigned to these units. Each unit to which the goodwill has been assigned represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Should the recoverable amount of the cash-generating unit be less than its carrying amount, then an impairment loss is recorded.

Goodwill to the value of € 4,099 thousand (prior year: € 2,068 thousand) was assigned to the Professional Services segment for the purpose of impairment testing.

The Professional Services segment is the smallest cash-generating unit in the Group for which goodwill is monitored as part of internal controlling.

As part of the continuation of the respective units, the impairment test is based on the value in use, obtained by discounting their planned cash flows. Cash flow planning is based on current operating results and a three-year business plan. Cash flows for subsequent years are updated using a constant growth rate of 0.50% (prior year: 0.25%). These cash flow projections are discounted using a discount rate of 9.7% (prior year: 9.1%) before taxes on the value in use. In the business plan both current knowledge and historical developments are considered. Neither in the reporting year nor in the prior year was there a need for impairment.

The calculation of the value in use for the "Professional Services" unit, using the underlying assumptions, reveals uncertainties surrounding the estimates for the following:

- EBIT margin
- Discount rate
- Growth rate

The EBIT margins are calculated on the basis of expected average values, applying the findings of the three preceding fiscal years.

The discount rates represent the current market assessments of the cash-generating units according to each of the specific risks, including the interest effect and the risks specific to the assets. The calculation of the discount rate takes into account the specific circumstances of the Group and the business segment for which the impairment test is being carried out and is based on its weighted average cost of capital (WACC). The weighted average cost of capital includes both borrowing and equity. When the WACC is derived, the segment-specific risk is accounted for with a beta factor specific to the company.

The growth rates are based on the industry-specific values expected.

Intangible assets

At initial recognition, individually acquired intangible assets are valued at cost. Borrowing costs are recorded as expenses, unless they must be capitalised as part of the acquisition or construction cost of a qualifying asset.

After initial recognition, intangible assets are stated at cost minus all accumulated depreciation and accumulated impairment losses.

Intangible assets must be assessed as to whether they have a finite or indefinite useful life. Intangible assets with finite useful lives are depreciated over their useful life using the straight-line method and examined for any possible impairment whenever there is any indication that the intangible asset may have become impaired. The depreciation period and depreciation method for intangible assets with finite useful lives are examined at least once a year, at the end of each fiscal year. Should the expected useful life of an asset or its expected depreciation pattern change, a different depreciation period or a different depreciation method is selected. Such changes are treated as changes in an estimate.

Depreciation is generally based on useful lives of three to ten years.

There are currently no intangible assets with indefinite useful lives.

Research and development costs

According to IAS 38, research costs must be recorded as expenses, whereas development costs, in the presence of other criteria, should be capitalised. If it is clearly not possible to distinguish between the research and development phases of an in-house project, all expenses associated with this project are to be treated as research costs. In fiscal year 2013, research and development costs amounted to € 4,272 thousand (prior year: € 3,912 thousand) and were recorded as expenses, since a clear distinction between the research and development phases was not possible. In 2013, this equates to 18% of sales (prior year: 14%).

Property, plant and equipment

Property, plant and equipment are valued at acquisition or manufacturing cost less scheduled depreciation and impairment losses. Borrowing costs are recorded as expenses, unless they must be capitalised as part of the acquisition or construction cost of a qualifying asset. Property, plant and equipment are made up mainly of office equipment, vehicles and personal computers which are depreciated using the straight-line method over a useful life of between three and 13 years.

At every balance sheet date the Group assesses whether there are any indications that an asset might be impaired. Should this be the case, the Group estimates the recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher amount of either its fair value minus costs to sell or its value in use.

Should the carrying amount of an asset exceed its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In the reporting year the company undertook no impairment of assets.

Financial instruments

A financial instrument is a contract that simultaneously leads to a financial asset for one company and a financial liability or equity capital instrument for another.

Financial assets are classified as financial assets which are measured at fair value through profit and loss, as loans and receivables, as investments held to maturity, or as financial assets available-for-sale. Financial assets are measured at fair value when recognised initially. In the case of financial investments which are not measured at fair value through profit and loss, transaction costs that are directly attributable to acquisition of the financial asset are also included.

The Group determines the classification of its financial assets at initial recognition and reviews this classification at the end of each fiscal year, as long as this is permitted and appropriate.

Regular way purchases and sales of financial assets are accounted for on the transaction date, i.e. the date on which the company has committed to purchase the asset. Regular way purchases or sales of financial assets are those which require the delivery of assets within a period prescribed by a set of market rules or conventions.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recorded in the net income for the period, when the loans and receivables are written off or impaired.

Financial assets measured at fair value through profit and loss include financial assets held for trading purposes and financial assets that are classified as financial assets to be measured at fair value upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading, with the exception of any derivatives which are a financial guarantee or have been designated as a hedging instrument and are effective as such. Gains and losses on financial assets held for trading are recognised in the income statement. The Group has designated no financial instruments to this category under the fair value option.

Changes in the market value of derivative financial instruments should be recognised in the income statement. Other regulations may apply in the context of cash flow hedges. The Group did not enter into any derivative transactions either during the reporting year or in the prior year.

Financial assets available for sale

Financial assets that are available for sale are non-derivative financial assets that either do not qualify for allocation to one of the three categories above or are designated as available for sale. After initial measurement, financial assets held for sale are measured at fair value. Unrealised gains or losses are recognised directly in equity. Should such a financial asset be written off or depreciated, the cumulative gains or losses previously recorded directly in equity will be recognised in the income statement.

Assets reported at amortised cost

At each balance sheet date, the book values of financial assets that are not measured at fair value through profit or loss are examined for substantial objective evidence indicating impairment. If there is objective evidence that impairment has occurred in the case of loans and receivables reported at amortised cost, the amount of the loss is the difference between the book value of the asset and the present value of expected future cash flows, discounted at the original effective interest rate of the financial asset. The book value of the asset is reduced by using a valuation adjustment account. The impairment loss is recognised in the income statement.

The Group then establishes whether there is objective evidence for impairment in respect of financial assets. If it establishes that there is no objective evidence of impairment for an individually assessed financial asset, then it will assign the asset to a group of financial assets with similar credit risks and examine them collectively for impairment. Assets that are individually examined for impairment and for which an impairment loss is recorded are not included in the general assessment of impairment on a portfolio basis.

Should the impairment loss amount decrease in a subsequent period and the decrease can be objectively attributed to an event occurring after the impairment was recorded, this previously recorded impairment loss will be reversed. The amount of the reversal is limited to the amortised cost at the date of reversal. The reversal is recognised in the income statement.

If, in the case of trade receivables, there is objective evidence to suggest that not all amounts due, according to the originally agreed account terms, will be received (such as the probability of insolvency or significant financial difficulties on the part of the debtor), an impairment is recorded using a value adjustment account. Impairment amounts are written off when they are classified as irrecoverable. The decision as to whether a default risk is taken into account using a value adjustment account or by directly reducing the debt depends on the reliability of the assessment of the risk situation.

Financial liabilities are classified as financial liabilities that are measured at fair value through profit and loss or are classified as other liabilities.

Financial liabilities measured at fair value through profit and loss include financial assets held for trading purposes and financial liabilities that are classified as financial assets to be measured at fair value upon initial recognition. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading, with the exception of any derivatives which are a financial guarantee or have been designated as a hedging instrument and are effective as such. Gains and losses on financial liabilities held for trading are recognised in the income statement. The Group has designated no financial instruments to this category under the fair value option.

Changes in the market value of derivative financial instruments should be recognised in the income statement. Other regulations may apply in the context of cash flow hedges. The Group did not enter into any derivative transactions either during the reporting year or in the prior year.

Other liabilities are first recognised at their fair value, adjusted for transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fair value of financial assets and liabilities

The fair value of financial instruments traded in active markets is determined by the market price quoted on the balance sheet date.

A financial instrument is regarded as quoted in an active market, if prices quoted on an exchange, by a dealer, broker, industry group, pricing service or a regulatory agency are readily and regularly available, and if these prices are current and represent regularly occurring market transactions between independent third parties. The fair value is determined by a price agreed, under normal market conditions, between a willing buyer and a willing seller. The fair value of these financial instruments has the highest degree of reliability (Level 1).

The fair value of financial instruments which are not traded on any active market (such as over-the-counter derivatives) is determined using valuation techniques. Applying these valuation techniques maximises the use of observable market inputs and largely dispenses with company-specific estimates. If all material input factors for establishing the fair value of a financial instrument are observable on the market, the valuation meets the criteria of reliability for Level 2.

Where one or more input factors are not observable market data, then the financial instrument belongs to the lowest level of reliability with respect to its subsequent measurement (Level 3).

The valuation techniques to be applied when determining the fair value of financial instruments include:

- Quoted market prices or dealer prices for similar financial instruments.
- Discounted cash flow method.

Owing to their short-term maturity, the carrying amount of cash and cash equivalents, receivables, current liabilities and provisions can be considered as representing the approximate fair value of these instruments.

The carrying amount of non-current liabilities approximately corresponds to their fair value on the basis of the market price for similar financing.

Share-based payments

There are currently no share option plans.

Provisions for pensions

Provisions for pensions are established using the projected unit credit method in accordance with IAS 19 “Employee Benefits”. This process not only considers the pensions and vested benefit rights on the balance sheet date, but also the expected future increases in pensions and salaries when estimating relevant influencing factors. The calculation is based on actuarial assessments that take account of biometric data. The amounts recorded in the balance sheet include the actuarial gains and losses arising from changes in inventories and differences between the assumptions made and actual development. Actuarial gains and losses are netted with no effect on income. IAS 19 (2011) was applied for the first time. The expense incurred from the allocation of pension provisions equal to current service costs is charged to personnel costs, whilst the interest element contained therein is recorded in the financial result.

Under the defined contribution pension plans, contributions are immediately charged as an expense. Since there are no other obligations apart from these contributions, there is currently no need for provisions.

Own shares

When the Group acquires its own shares, these are deducted from equity. The purchase, sale, issue, or recall of treasury shares is not recognised in the income statement. In the case of a sale of treasury shares equal to the amount of the proceeds from resale, the amount of the previous acquisition cost is first posted against the deduction entry in equity. Any proceeds in excess of these acquisition costs must be transferred to capital reserves.

3,472 treasury shares were acquired in fiscal year 2011, 3,079 in fiscal year 2012, and 743 in fiscal year 2013. The acquisition costs for 7,294 shares in total of € 414,650.19 are reported in equity as a negative item in accordance with IAS 32.33.

After the bonus shares were granted (capital increase from company funds resolved by the Annual General Meeting on 16 May 2013), the current shareholding amounts to 21,882 shares.

Other provisions

A provision is recognised when the Group has a present (legal or de facto) obligation resulting from a past event, the outflow of resources embodying economic benefits to settle the obligation is probable and a reliable estimate of the amount of the obligation is possible. The expense incurred in creating the provision is recorded in the income statement after deducting any highly probable reimbursements. If the interest effect is substantial, then the provisions are discounted. In the case of a discount, the increase in provisions over time is recorded as an interest expense.

Liabilities

After their initial recognition, non-current liabilities are then measured at amortised cost using the effective interest rate method.

Taxes

Actual tax assets and tax liabilities

Actual tax assets and tax liabilities for both the current period and previous periods are to be valued at the amount expected in the form of a refund from the tax authorities or to be paid to the tax authorities, respectively. The calculation of this amount is based on the tax rates and tax laws in force or which have been announced on the balance sheet date.

Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are established on all temporary differences between the carrying amounts in the consolidated balance sheet and the tax valuation of assets and liabilities (liability method), as well as for tax losses carried forward. We have only recognised deferred tax assets for accounting and valuation differences and tax losses carried forward in as much as it can be expected, with reasonable probability, that these differences will lead to the realisation of the corresponding benefit in the future. Deferred tax assets and liabilities are not discounted.

Value adjustments to the carrying amount of deferred tax assets will only be made when a realisation of the anticipated benefits from deferred taxes is unlikely. The estimates made here may be subject to change over time, resulting in an adjustment of the allowances in subsequent periods.

Deferred tax assets and liabilities are measured at the tax rates that apply to the period in which the asset is expected to be realised or the liability settled. In the process, tax rates (and tax laws) which are in force or have been announced on the balance sheet date are applied.

Income tax relating to items recorded directly in equity is recorded in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to offset actual tax assets against actual tax liabilities, and these income taxes relate to the same taxable entity, which is assessed by the same tax authority.

Leasing

The determination as to whether an agreement is or contains a lease is made on the basis of the economic content of the agreement and requires an assessment of whether the fulfilment of the contractual agreement is dependent on the use of a particular asset or assets, and of whether the agreement grants the right to use the asset.

Finance lease contracts, in which essentially all risks and opportunities associated with the ownership of the transferred asset are transferred to the Group are capitalised at the fair value of the leased asset or at the present value of the minimum lease payments, whichever is lower, at the start of the lease. A matching liability is recognised at the same time, which is subsequently repaid and updated using the effective interest rate method. Lease payments are apportioned between finance charges and the repayment of the balance of the outstanding lease, so that interest is charged on the remaining carrying amount of the lease liability at a constant rate. Finance charges are immediately recognised as expenses.

Expenses from operating leases are recorded directly as an expense in the income statement. The corresponding future obligation in respect of leasing is reported under other financial commitments.

Sales recognition

Sales are recognised when it is probable that the economic benefits will accrue to the Group and the sales can be reliably determined.

In compliance with IAS 18 "Revenue", sales are recognised once the service has been supplied.

Sales from fixed price contracts are recorded as sales, according to the percentage of completion. The percentage of completion is determined in accordance with the number of hours worked as at the balance sheet date as a percentage of the total estimated working hours for the respective project. If the result of a service transaction cannot be reliably estimated, sales should be only recognised to the extent that the expenses incurred are recoverable.

Software sales are recognised immediately, provided that no significant modifications or other adjustments to the software are required as part of the sale. By default the software carries an unlimited license. Agreements regarding maintenance are usually concluded separately. In cases of advance payment for maintenance charges for several years, sales are deferred pro rata temporis.

Interest is recorded using the effective interest rate method and dividends/entitlements to profits are recorded at the time when there is a legal entitlement to payment.

A regional breakdown of sales proceeds can be viewed in the segment report.

8. Mergers and acquisitions

In fiscal year 2013, the entire business operations of GL Consulting, Inc., Jersey City/USA, and its 100% subsidiary Cetova Corp., Jersey City/USA, (together GLA) were acquired as part of an asset deal. GLA is a consulting service provider in the area of the optimisation and transformation of ERP landscapes from the Oracle Group, and has a tool-based approach. The acquisition will allow SNP to further expand its own portfolio of consultancy services and, in particular, its SNP Transformation Backbone (SNP T-Bone) to include transformation scenarios based on ERP systems from the Oracle Group. The transformation market for Oracle systems prospectively offers considerable growth, and GLA's expertise will enable SNP to perform transformations between systems from the Oracle Group and SAP AG using SNP T-Bone in the medium term. At the same time, the takeover of GLA allows SNP to further penetrate the transformation market in the USA, in that it is able to broaden its customer base and software portfolio. In addition, the takeover opens up new sales channels for its standard software (SNP T-Bone).

The acquisition was completed on 1 September 2013; at this point, the business operations were included in the consolidated financial statements 2013. In accordance with IFRS 3 ("Business Combinations"), the company was consolidated for the first time in accordance with the purchase method.

The goodwill resulting from the acquisition of € 2,117 thousand (31 December 2013: € 2,032 thousand) encompasses the value of anticipated synergies. The goodwill deriving from the acquisition is assigned to the "Professional Services" segment. The recognised goodwill is tax deductible. Changes in goodwill can be found in the consolidated statement of changes in fixed assets.

The € 85 thousand difference between the goodwill of € 2,117 thousand on the date of acquisition and of € 2,032 thousand on the reporting date is the result of exchange differences in accordance with IAS 21.

Transferred consideration

The fair values of each major class of consideration as of the acquisition date are shown below:

€ k	
Cash and cash equivalents	2,267
Contingent consideration	1,511
Total transferred consideration	**3,778**

Costs associated with the business combination

The Group incurred costs associated with the business combination of € 145 thousand for legal and consulting fees. These costs are included in other operating expenses.

Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities at the time of purchase are as follows:

€ k	Note	
Intangible assets	14.	967
Receivables		963
Property, plant and equipment	15.	30
Other assets		70
Trade payables		-148
Other liabilities		-221
Total identifiable acquired net assets		**1,661**

The trade receivables include contractual receivables due, for which no credit risk existed at the time the consolidated financial statements were prepared and therefore for which no impairment loss had to be recognised.

Goodwill

The goodwill was recorded as follows in the wake of the acquisition:

€ k	Note	
Transferred consideration	14.	3,778
Fair value of the identifiable net assets		-1,661
Goodwill on the acquisition date		**2,117**

The purchase price for the acquisition of GLA is divided into a fixed component payable at the acquisition date and a variable component (contingent consideration). The amount of the contingent consideration depends on contractually agreed key performance indicators defined within 16 months of the acquisition date. On the acquisition date, the Group allowed for a variable component of € 1,511 thousand, which equates to the fair value on the acquisition date. The maximum payment risk amounts to approximately € 1,900 thousand. As of the reporting date, the fair value of the contingent consideration had fallen to € 1,450 thousand. The contingent obligation is shown under non-current liabilities.

The consideration of € 2,267 thousand represents the fixed portion of the purchase price that was paid in full at the end of fiscal year 2013. It therefore represents a cash outflow.

No equity instruments were issued to acquire the shares.

The company, which was acquired in fiscal year 2013, made a negative earnings contribution of approximately € 132 thousand to consolidated net loss in 2013. If the merger had taken place at the beginning of 2013, the consolidated net loss would have decreased to approximately € 2,129 thousand and income from continuing operations (sales and other operating income) amounted to approximately € 26,159 thousand.

Fair values measured provisionally

The receivables, prepayments, deferrals and liabilities (defined by the contract as working capital) were measured provisionally on the basis of contractual agreements. The carrying amounts are reviewed on an ongoing basis using information and facts that became known after the acquisition date and adjusted in line with the contractual arrangements.

If new information on facts and circumstances that existed at the acquisition date and would have resulted in adjustments to the above amounts or additional provisions becomes apparent within a year of the acquisition date, the accounting for the acquisition is adjusted.

9. Earnings per share

		2013	2012*
Earnings attributable to SNP AG shareholders	**€**	**-2,405,465**	**1,790,547**
Weighted average number of shares -undiluted-**	shares	3,716,317	3.407,799
Weighted average number of shares -diluted-**	shares	3,716,317	3.407,799
Basic earnings per share	€/share	-0.65	0.53
Diluted earnings per share	€/share	-0.65	0.53

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

** The weighted average number of shares contains the weighted average effect from the acquisition of treasury shares and the issue of new shares in the course of the year (at the balance sheet date, 31 December 2013, the company holds 21,882 treasury shares).

On 19 June 2013, 2,492,040 new shares were issued by way of a capital increase from company funds. The prior year information was adjusted according to IAS 33.28.

10. Segment reporting

The segment report was prepared in accordance with IFRS 8. Using the Group's internal reporting and organisational structure as a basis, individual Group financial data is presented below according to business area.

€ k	Professionals Services	Software	Total
Segment result			
2013	-1,160	580	-580
Margin	-6.2%	12.0%	-2.5%
2012*	1,634	3,080	4,714
Margin	8.1%	44.1%	17.4%
External sales			
2013	18,696	4,840	23,536
2012	20,165	6,992	27,157
Depreciation included in the segment result			
2013	602	141	743
2012	595	168	763
Segment assets			
31.12.2013	18,208	3,610	21,818
31.12.2012*	19,917	1,402	21,319
Segment investments			
31.12.2013	291	1,728	2,019
31.12.2012	488	150	638

Reconciliation

€ k	2013	2012*
Net earnings		
Total reportable segments	-580	4,714
Non-segment-related expenses	-2,339	-1,986
Non-segment-related amounts		
- Other operating income	240	250
- Other taxes	-35	-27
EBIT	**-2,714**	**2,951**
Assets		
Total reportable segments	21,818	21,319
Assets not allocated to the segments	2,086	1,232
Group assets	**23,904**	**22,551**
Assets not allocated to the segments		
- Deferred tax assets	1,401	377
- Income tax claims	685	855
Total	**2,086**	**1,232**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

Reporting by region

Regions	(External) sales		Non-current assets		Investments	
€ k	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Germany	15,102	21,431	5,227	3,677	2,463	540
Austria	3,177	3,121	85	62	64	49
Switzerland	2,051	551	0	38	0	45
USA	1,594	34	949	35	1,029	3
South Africa	409	17	0	1	0	1
Spain	0	0	1	0	1	0
Others	1,203	2,003	0	0	0	0
Total	**23,536**	**27,157**	**6,262**	**3,813**	**3,556**	**638**

Segmentation into operational areas is based on internal reporting and organisational structures which are organised according to business areas.

The Software segment includes the development and marketing of the software developed in-house for ERP transformations such as SNP Transformation Backbone, the translation software SNP Dragoman and the SNP Data Provisioning and Masking software for migration and secure masking of productive ERP data for tests, training and quality assurance.

The Professional Services segment includes consulting in the event of changes in the business area (Business Landscape Transformation) and in the implementation of customised solutions. This segment also includes training sales.

The segment data are determined using data from Financial Controlling and are based on IFRS figures. EBIT (earnings before interest and taxes) and EBITDA (earnings before interest, taxes, depreciation and amortisation) are used for internal management purposes within the company.

Transfer prices between segments by region are determined according to the normal market conditions among third parties. Segment sales, segment expenses and segment net earnings include transfers between business segments. These transfers are eliminated upon consolidation.

In fiscal year 2013, no customer generated sales that exceeded 10% of total sales (prior year: one). In 2013, the largest customer generated total sales of € 1,619 thousand (prior year: € 1,739 thousand), the second largest € 1,252 thousand (prior year: € 4,001 thousand) and the third € 1,148 thousand (prior year: € 152 thousand). These sales relate to the Professional Services and Software segments.

Notes to the Consolidated Balance Sheet

11. Cash and cash equivalents

Cash and cash equivalents refer to bank balances and cash reserves.

12. Trade receivables / trade payables

Trade receivables are as follows:

€ k	31.12.2013	31.12.2012
Trade receivables	6,924	5,389
Receivables from fixed price projects (POC method)	1,811	1,551
	8,735	**6,940**
Value adjustments	-47	-40
	8,688	**6,900**

Trade receivables are non-interest bearing and are stated at amortised cost.

Changes in value adjustments on receivables:

€ k	31.12.2013	31.12.2012
As at 1 January	40	68
Allocation	7	2
Consumption	0	30
Release	0	0
As at 31 December	**47**	**40**

Trade payables are as follows:

€ k	31.12.2013	31.12.2012
Trade payables	921	751
Liabilities from fixed price projects (POC method)	155	70
	1,076	**821**

13. Other assets

Other current assets mainly contain prepaid expenses of € 344 thousand (prior year: € 307 thousand), creditors with debit balances of € 16 thousand (prior year: € 48 thousand), sales tax receivables of € 40 thousand (prior year: € 35 thousand) and other receivables of € 17 thousand (prior year: € 19 thousand). Non-current assets primarily include rent deposits of € 83 thousand (prior year: € 33 thousand).

14. Intangible assets

The changes in the individual items of intangible assets are shown in the statement of changes to fixed assets for fiscal year 2013 and the prior year.

There are no title or disposal restrictions.

15. Property, plant and equipment

The changes to individual items of plant, property and equipment for fiscal year 2013 and the prior year are shown in the statement of changes to fixed assets.

There are no title or disposal restrictions.

16. Participations accounted for in accordance with the equity method

In the prior year, a stake of 24% was acquired in the ordinary shares of Composite Design Transformation GmbH, based in Mannheim. The original intention was cooperation at the level of software development activities. The acquisition costs in fiscal year 2012 amounted to a total of € 107 thousand.

The last available and provisional financial statements relate to fiscal year 2012; they show a loss for the year of € 4 thousand and equity of approximately € 11 thousand.

In the prior year, there were indications that the continued existence of the associate was at risk. This is why it was written down to € 1.00 in fiscal year 2012. It was shown under the item "Net income from participations accounted for in accordance with the equity method" in the income statement.

On the basis of the latest information, there is no change in the assessment of the recoverability of the participation.

No additional risks are associated with the participation. In the view of the Group, the participation is to be classified as immaterial overall.

17. Provisions

€ k	As at 01.01.2013	Consumption	Release	Allocation	As at 31.12.2013
Guarantee risks	30	0	0	0	30
Archiving costs	26	0	0	0	26
Legal costs	12	3	4	1	6
Total	**68**	**3**	**4**	**1**	**62**

18. Tax assets and tax liabilities

The tax assets and tax liabilities relate to claims and liabilities arising from current income taxes.

19. Other current liabilities

Other current liabilities are as follows:

€ k	31.12.2013	31.12.2012
Personnel obligations (holiday, bonus, others)	2,119	2,229
Income tax and other tax obligations	832	627
Maintenance deferrals	210	0
Social security costs	50	65
Annual financial statement costs	73	50
Insurance association	65	45
Miscellaneous	311	210
Total	**3,660**	**3,226**

20. Provisions for pensions

The pension provisions relate to the severance payment provisions of SNP Austria GmbH, which by law must be set aside in Austria for employees. They also relate to commitments made to one of the Members of the Executive Board and to the CFO of the parent company who resigned in 2011. They are only entitlements. Ongoing pension payments are not expected for the coming years. In fiscal year 2006, an insurance policy was arranged to cover future payment obligations to both SNP AG beneficiaries. The insurance policy has been pledged on behalf of its beneficiaries.

The following amounts from the defined benefit plans for post-employment benefits were included in the consolidated financial statements:

€ k	2013	2012*
Defined-benefit obligation (DBO)	618	643
Fair value of plan assets	63	51
Net balance sheet recognition of defined benefit plans	**555**	**592**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

The costs for defined benefits plans are as follows:

€ k	2013	2012*
Current service cost	33	22
Net interest expense **	21	19
Expenses for defined benefit plans recognised in the consolidated income statement	**54**	**41**
Actuarial gains (-) / losses	-10	180
Return on plan assets (not including interest income)	1	3
Remeasurements of defined benefit plans recognised in the consolidated statement of comprehensive income	**-9**	**183**
Costs for defined benefit plans	**45**	**224**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.
** Recognised in the income statement under "Interest expenses".

The following table shows the development of DBO in detail:

€ k	2013	2012*
DBO at the beginning of the fiscal year	**643**	**420**
Current service cost	33	22
Interest expense	23	21
Remeasurement		
• Actuarial gains (-) / losses due to changes in demographic assumptions	0	0
• Actuarial gains (-) / losses due to changes in financial assumptions	7	127
• Actuarial gains (-) / losses based on experience	-17	53
Payments for settlements	-71	0
DBO at the end of the fiscal year	**618**	**643**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

The detailed reconciliation of changes in the fair value of plan assets is shown in the following table:

€ k	2013	2012*
Fair value of plan assets at the beginning of the fiscal year	**51**	**41**
Interest income	2	2
Remeasurement		
Return on plan assets not including amounts included in net interest expense and income	-1	-3
Employer contributions	11	11
Fair value of plan assets at the end of the fiscal year	**63**	**51**

* The prior year reporting was adjusted due to the effects of the application of IAS 19R.

	2013	2012
Discount rate	3.5% bis 3.6%	3.5% bis 3.75%
Salary trends	0% bis 3.0%	0% bis 3.0%
Pension trends	0% bis 3.0%	0% bis 3.0%
Average turnover of employees *	0% bis 0.5%	0% bis 2%

* Depending on years of service.

The underlying benefits are not linked to changes in medical costs. The implications of expected changes in medical costs were, therefore, not considered. The calculation is based on actuarial assessments to be carried out on a yearly basis that take account of biometric data.

Sensitivity analysis:

A change in the above basic assumptions while other assumptions remained constant would have increased or decreased the DBO as of 31 December 2013 as follows:

Basic assumption	Defined-benefit obligations	
€ k	**Increase**	**Decrease**
Discount rate (1% change)	-103	114
Future pension trend (1% change)	26	-26
Future income trend (1% change)	54	-47
Future mortality (-10%)	9	-

On 31 December 2013, the weighted average term of the defined benefit obligations was approximately 18 years.

The employee contributions to plan assets expected for 2014 and the following nine years amount to € 11 thousand per year.

The benefit payments expected in the next few years relate exclusively to the employees of SNP Austria GmbH from severance payment provisions. The actual payments depend on the fulfilment of additional criteria. On average, an annual payment of € 102 thousand is expected for the next nine years.

21. Subscribed capital

As at 31 December 2013, the company's share capital amounted to € 3,738,060.00 (prior year: € 1,246,020.00) and was made up of 3,738,060.00 (prior year: 1,246,020.00) ordinary bearer shares in the form of no-par shares of SNP Schneider-Neureither & Partner AG with a nominal value of € 1.00 per share.

On 16 May 2013, the Annual General Meeting of SNP AG resolved, among other things, to increase the company's share capital of € 1,246,020.00 by € 2,492,040.00 to € 3,738,060.00 by way of a capital increase from company funds by converting a portion of retained earnings. The capital increase was implemented on 19 June 2013 by issuing 2,492,040 new no-par-value bearer shares, each with a nominal share of the share capital of € 1.00 (bonus shares). The shareholders were entitled to bonus shares in line with their shareholdings in a ratio of 1:2, which meant every shareholder received two new bonus shares for every one old share they held. The new shares carry dividend rights from 1 January 2013.

22. Authorised capital

The Executive Board was authorised by the Annual General Meeting held on 12 May 2009, with the approval of the Supervisory Board, to increase the company's share capital by 30 April 2014, by up to € 562,500.00 in return for contributions in kind or cash contributions. This was to be done by issuing new voting bearer ordinary shares, with a proportionate amount of the share capital of € 1.00 per share (Authorised Capital 2009). In December 2012, the company made partial use of the authorised capital at its disposal and increased the share capital by € 113,270.00 from the previous € 1,132,750.00 to € 1,246,020.00 in return for cash contributions by issuing 113,270 no-par value bearer shares. As a result of its partial exhaustion following the capital increase in 2012 (issue of 113,270 new shares), authorised capital amounts to € 449,230.00 at the end of fiscal year 2013.

Own shares

At the Annual General Meeting held on 20 May 2010 the company was authorised to acquire treasury shares of up to 10% of the share capital at the time of the resolution. In August 2011 the Executive Board had decided to initiate a share buyback programme, initially for up to 4,000 shares, representing 0.35% of the company's share capital at the time. As part of this buyback programme, a total of 3,472 shares were acquired at a price of € 210,398.00 in fiscal year 2011 and a total of 528 shares at a price of € 35,894.00 in January 2012.

In February 2012, the Executive Board decided to continue the share buyback programme and acquire up to 4,000 more of the company's no-par value shares via the stock exchange, which equates to a further approximately 0.35% of the company's share capital at the time. In fiscal year 2012, a further 2,551 shares thereof were acquired at a price of € 133,133.22. In fiscal year 2013, a further 743 shares were acquired at a price of € 35,224.97. The share buyback programme ended in February 2013 with 7,294 shares acquired.

The acquisition costs for 7,294 shares in total of € 414,650.19 are reported in equity as a negative item in accordance with IAS 32.22. After the bonus shares were granted (capital increase from company funds resolved by the Annual General Meeting on 16 May 2013), the current shareholding amounts to 21,882 shares.

The nominal amount of treasury shares was deducted openly from subscribed capital in accordance with section 272 (1a) HGB.

The securities identification number for the shares is 720 370, ISIN: DE0007203705.

23. Retained earnings and capital reserves

For changes in retained earnings, please refer to the consolidated statement of changes in equity.

The capital reserves did not change year on year (prior year: € 7,189,482.76).

24. Financial instruments

Objectives and methods of financial risk management

The Group is primarily financed through its operating cash flow. Furthermore, there are financial liabilities that contribute to the funding of operational activities, in the form of trade payables and obligations to employees. This compares with various financial assets, such as trade receivables, as well as cash and cash equivalents that arise directly from operating activity.

The Management monitors and manages the Group's financing and capital structure on an ongoing basis. In so doing, it makes use of performance indicators such as the "debt equity ratio" and „equity ratio", among others. The Group may make adjustments to the dividend payments to shareholders to maintain or adjust the capital structure. As of 31 December 2013 and 31 December 2012, no changes were made to the objectives, policies or procedures to monitor financing and the management of the capital structure.

In fiscal years 2013 and 2012, no trading in derivatives was undertaken.

The possible risks arising from financial instruments include interest rate-related cash flow risks, as well as liquidity, currency, and credit risks. The Group continually monitors these risks and considers individual risks in relation to the total risk exposure in order to determine risk concentrations. Where necessary, company management adopts strategies and procedures to control the individual types of risk which are presented below.

Credit risk

The Group enters into transactions with creditworthy third parties. All customers who wish to complete transactions with the Group on a credit basis are subject to a credit check. Receivables are also continually monitored so that the Group is not exposed to any significant risk of default. No credit is granted without prior review and approval in accordance with the current regulations set by the Executive Board. The Group has no significant concentrations of credit risk.

In the case of receivables and other financial assets of the Group, in the event of a default by the counterparty, the maximum credit risk is equivalent to the carrying amount of these instruments.

The following table shows the credit and default risk of financial assets according to gross carrying amounts:

€ k	Neither past due nor impaired	Past due and not impaired	Impaired	31.12.2013
Non-current financial and other assets	85	0	0	85
Trade receivables	6,379	2,309	0	8,688
Other assets	31	0	0	31
Total	**6,495**	**2,309**	**0**	**8,804**

€ k	Neither past due nor impaired	Past due and not impaired	Impaired	31.12.2012
Non-current financial and other assets	33	0	0	33
Trade receivables	5,396	1,504	0	6,900
Other assets	53	0	0	53
Total	**5,482**	**1,504**	**0**	**6,986**

The extent to which not impaired financial assets are past due is clear from the following overview:

€ k	Up to 30 days	31 to 60 days	More than 60 days	31.12.2013
Unimpaired trade receivables	1,009	184	1,116	2,309

€ k	Up to 30 days	31 to 60 days	More than 60	31.12.2012
Unimpaired trade receivables	865	278	361	1,504

At the time the consolidated financial statements were prepared, the trade receivables either had been paid or related primarily to customers with top credit ratings.

Liquidity risk

The Group monitors the risk of a possible liquidity squeeze through ongoing cash flow planning and monitoring procedures.

As at 31 December 2013, the cash flows from the Group's financial liabilities were due to mature as follows:

2013 € k	Up to 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total
Financial liabilities	600	600	1,650	0	2,850
Trade payables	1,076	0	0	0	1,076
Other liabilities (contractual obligations)	2,502	1,450	0	0	3,952
Total	**4,178**	**2,050**	**1,650**	**0**	**7,878**

2012 € k	Up to 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total
Financial liabilities	0	0	0	0	0
Trade payables	821	0	0	0	821
Other liabilities (contractual obligations)	2,482	0	0	0	2,482
Total	**3,303**	**0**	**0**	**0**	**3,303**

Financial liabilities that can be repaid at any time are always assigned to the earliest possible time period.

Market price risk

Interest rate risk management
The Group is financed through its operating cash flow. Changes in interest rates only affect interest income from cash and cash equivalents. To ensure a market interest rate for free cash, conditions are constantly monitored by the Management. Therefore, from a Group perspective, there are no interest rate risks which are liable to have a sustained impact on its net assets, financial position or results of operations.

Currency risk management
Currency risks arise when an operating unit performs transactions in currencies other than its functional currency. The contracts concluded within the Group are almost exclusively in euro. If contracts are concluded in a foreign currency, then the Management will endeavour to counter this currency risk through ongoing settlement with the respective foreign currency liabilities. The currency risk is negligible owing to the current contractual arrangements.

As part of the presentation of market risks, IFRS 7 requires disclosure about how hypothetical changes in risk variables affect the prices of financial instruments. Stock exchange prices are a particular concern when it comes to risk variables. As at 31 December 2013 and as at 31 December 2012, the Group had no financial instruments associated with share price risks in its portfolio.

Fair value

The following table shows the carrying amounts and fair values of all financial instruments recognised in the consolidated financial statements:

Financial instruments measured at amortised cost:

	Carrying amount		Fair value	
€ k	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Loans and receivables Trade receivables	6,986	6,900	6,986	6,900
Cash and cash equivalents	6,355	10,152	6,355	10,152
Other financial assets	64	53	64	53
Total	**13,405**	**17,105**	**13,405**	**17,105**
Financial liabilities measured at amortised cost Financial liabilities	2,850	0	2,850	0
Trade payables	1,076	821	1,076	821
Other financial liabilities	2,502	2,482	2,502	2,482
Total	**6,428**	**3,303**	**6,428**	**3,303**

The financial liabilities relate to floating-rate bank loans.

			31.12.2013		
Financial liabilities measured at fair value	**31.12.2013**	**31.12.2012**	**Level 1**	**Level 2**	**Level 3**
Other financial liabilities	**1,450**	**0**	**0**	**0**	**1,450**

This relates to the earnout obligation from the acquisition of a business in fiscal year 2013, which was measured at fair value. See note 8 for details.

The classification of financial instruments stipulated by IFRS 7 can be seen in the table above.

Net results according to measurement categories

	Loans and receivables	
€ k	**2013**	**2012**
From interest	38	48
Neutral effect on net income	0	0
Affecting net income	0	0

Interest incurred on current accounts amounted to € 17 thousand (prior year: € 0.00).

25. Capital management

The Group aims to secure the company's continued existence long-term and to safeguard the interests of its shareholders, employees and all other recipients of the financial statements.

The management of the capital structure is based on changes in the macroeconomic environment and the risks resulting from the assets held.

The Group's strategy is to increase the value of the company continuously and sustainably.

The capital of the Group corresponds to the equity reported in the balance sheet. As at 31 December 2013, the equity ratio amounted to 57.6% (prior year: 75.4%; adjusted on the basis of IAS 19R).

Notes to the Income Statement

26. Fixed-price projects – POC (percentage of completion) projects

Sales relating to fixed-price projects that were not yet completed as at 31 December 2013 totalled € 3,827 thousand (prior year: € 1,993 thousand) and equal the costs incurred plus the pro rata realisable profit.

27. Other operating income

Other operating income is as follows:

€ k	2013	2012
Insurance compensation payments	44	29
Reversal of provisions and derecognition of liabilities	36	21
Capital gains on the disposal of fixed assets	30	17
Compensation/damages	23	0
Insurance refunds	19	0
Commission income	11	20
Exchange rate differences	11	69
Reversal of value adjustments	7	30
Discount income	3	7
Miscellaneous	57	57
Total	**241**	**250**

28. Material costs

These almost exclusively relate to costs for the procurement of external consultants for the implementation of projects (expenses for services purchased).

29. Personnel costs

Personnel costs contain expenses for defined-contribution pension schemes to the amount of € 240 thousand (prior year: € 232 thousand) (not including insurance contributions to statutory pension schemes). Contributions to statutory pension schemes amounted to € 1,185 thousand (prior year: € 1,037 thousand).

Personnel expenses contain severance payments of € 20 thousand (prior year: € 0 thousand).

The average number of employees in the Group has developed as follows:

	2013	2012
Full-time	211	185

30. Other operating expenses

Other operating expenses are as follows:

€ k	2013	2012
Motor vehicles	1,396	1,226
Advertising, representation	916	877
Legal and consultancy costs	951	865
Travel costs	889	882
Rent, leases	812	715
Other personnel costs	521	423
Occupancy costs, energy	408	297
Communications	355	345
Exchange losses	168	0
Bad debt losses	156	0
Insurance policies, contributions	155	142
Miscellaneous	681	514
Total	**7,408**	**6,286**

31. Net financial income

Net financial income mainly contains interest expenses and income and expenses from value adjustments of loans not classified as "net investments". In the prior year, it also contained impairment of € 107 thousand on a non-controlling interest in a participation.

32. Taxes on income

Current and deferred taxes on income and earnings are as follows:

€ k	2013	2012
Actual taxes		
Domestic	401	1,067
Foreign	256	262
	657	**1,329**
Deferred taxes		
Domestic	-1,172	-210
Foreign	38	-173
	-1,134	**-383**
Total	**-477**	**946**

In the fiscal year income taxes in Germany amounted to 30.0% (prior year: 30.0%).

The deferred taxes recognised directly in equity under other components of equity are apparent from the statement of comprehensive income and are as follows:

	2013			2012		
€ k	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Remeasurements of defined benefit obligations	**10**	**-3**	**7**	**-186**	**47**	**-139**

Tax reconciliation statement

Taxes on income and profits can be derived from earnings before taxes as follows:

€ k	2013	2012
Earnings before tax, after other taxes	-2,799	2,865
Theoretical tax rate**	30.0%	30.0%
Theoretical tax expenses	-840	860
Changes in the theoretical tax expense owing to		
- Differences between domestic and foreign tax rates	-91	-82
- Taxes relating to other periods	-4	-17
- Non-deductible operating expenses	29	63
- Non-admissible deferred taxes on losses carried forward	387	66
- Other effects	42	57
Actual tax on income and earnings	**-477**	**947**

* The prior year figures were adjusted due to the effects of the application of IAS 19R.
** Calculated on the basis of domestic income tax rates

Deferred tax assets and deferred tax liabilities arising from temporary differences between the carrying amounts and the tax valuation of assets and liabilities are shown in the table below:

€ k	2013	2012
Deferred tax liabilities		
Intangible assets	-9	-7
Receivables (POC)	-174	-173
Total deferred tax liabilities	**-183**	**-180**
Deferred tax assets		
Loss carried forward	1,356	230
Pension obligations	145	147
Total deferred tax assets	**1,501**	**377**
Balance sheet figures after netting		
Deferred tax liabilities	-83	-180
Deferred tax assets	1,401	377

* The prior year figures were adjusted due to the effects of the application of IAS 19R.

The capitalisation of deferred tax on tax losses carried forward in fiscal year 2013 related to the parent company. The tax loss was mainly due to the lower order volumes and the lower licence income year on year. The realignment of sales in fiscal year 2013 is intended to contribute to SNP AG generating positive results again. The planning assumes a considerable improvement compared to fiscal year 2013. This was corroborated by a significant revival of incoming orders at the end of 2013/start of 2014; this means a considerable increase in utilisation in the consultancy business is to be expected for the first two quarters of 2014 compared to the same period of 2013. The tax losses carried forward are therefore expected to be used in the next few years.

As at 31 December 2013, there were tax losses carried forward abroad of approximately € 2,014 thousand (prior year: € 723 thousand), for which no deferred tax assets were recognised as the requirements according to IAS 12 were not met as of the reporting date. According to the current legal situation, foreign losses have an unlimited carry forward period.

Notes to the Cash Flow Statement

33. Interest and tax payments

The cash flow generated from operating activities includes the following items: interest paid of € 34 thousand (prior year: € 4 thousand), interest received of € 38 thousand (prior year: € 46 thousand), income taxes paid of € 1,062 thousand (prior year: € 1,826 thousand) and income taxes received of € 506 thousand (prior year: € 3 thousand).

Other disclosures

34. Members of the Executive Board

Appointed members of the Group's Executive Board are:

Members of the SNP AG Executive Board 2013	Tenure from/to	Responsibilities and Departments	Other Appointments
Dr Andreas Schneider-Neureither Physicist (diploma) d.o.b. 05.10.1964	01.10.2009 to 30.09.2012; 01.10.2012 to 31.12.2015	**CEO** Until 30.06.2013 responsible for: - Corporate Strategy - Sales - Marketing - Product Strategy - Development - Quality Assurance - Product - Support - Control of Group companies From 01.07.2013 until 31.12.2013: - Sole Executive Board member of the company	Supervisory Board Casadomus AG, Stuttgart Member of the Board of Directors VHV Group, Hannover
Andrew Watson Business economist (diploma) BA (Hons) d.o.b. 23.03.1967	17.08.2011 to 31.12.2014; Resigned on: 30.06.2013	**CFO/COO** Until 30.06.2013 responsible for: - Consulting - Training - Finance & controlling - Human Resources - Investor Relations & Corporate Governance - Legal/Compliance - IT - Administration	

35. Members of the SNP AG Supervisory Board

Members of the SNP AG Supervisory Board 2013	Appointed/elected from/to	Membership on other Supervisory Boards and other similar bodies*
Roland Weise Management Consultant	Chairman since: 12.11.2013 First appointed: 04.11.2013 Appointed by the court until: AGM resolving on the approval of the actions of the Supervisory Board FY 2013	No further appointments
Dr Michael Drill Chairman of the Executive Board Lincoln International AG	Deputy Chariman since: 24.05.2012 First appointed: 04.04.2011 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	Shareholder Value Beteiligungen AG Chairman of the Supervisory Board, Germany Lincoln International SAS Supervisory Board member, France Lincoln International LLP Supervisory Board member, England
Gerhard A. Burkhardt Chairman of the Executive Board Familienheim Rhein-Neckar eG	Member of the Supervisory Board First appointed: 01.05.2013 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	Disclosures of memberships in other statutory Supervisory Boards: - casadomus AG Chairman, Germany - Haufe-Lexware Real Estate AG, Germany - GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Germany - GWE Gesellschaft für Wohnen im Eigentum AG, Germany Membership on similar domestic and foreign bodies of commercial enterprises: - ASW südwest Assekuranz- und Finanzierungsvermittlungsservice GmbH, Germany - AWI Akademie der Wohnungs- und Immobilienwirtschaft GmbH, Germany - AWTS-Assekuranz-GmbH, Germany - WTS - Wohnungswirtschaftliche Treuhand Stuttgart GmbH, Germany - HABITAT Revisions- und Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft, Germany
Thomas Volk CEO Lumesse Corporate Ltd.	First elected: 19.05.2011 Resigned on: 31.10.2013	P&I Personal & Informatik AG Chairman, Germany
Klaus Weinmann Chairman of the Executive Board CANCOM SE	First appointed: 26.04.2011 Resigned on: 30.04.2013	IHK Schwaben Vice President, Germany CANCOM NSG GmbH Supervisory Board member, Germany CANCOM IT Solutions GmbH Chairman, Germany*

* In the event of the retirement of Supervisory Board members during the year, at the time of exit.

36. Related party transactions and related party disclosures

According to IAS 24 “Related Party Disclosures”, transactions with persons or companies that may either be influenced by the reporting company or that can exercise influence over the company must be disclosed unless they have already been included in the consolidated financial statements as a consolidated company.

The Executive Board

The total remuneration of Executive Board members consists of a number of components and is composed of fixed and performance- related components. The non-performance-related components consist of a basic salary, fringe benefits and pension plans, whilst the performance-related components are based on the company’s business performance.

The total remuneration awarded to Members of the Executive Board in fiscal year 2013 amounted to a total of € 377,338.44. Details of the remuneration paid to Executive Board members in fiscal year 2013 are itemised in the following table:

2013 **€**	**Basic salary**	**Variable salary**	**Fringe benefits**	**Pension fund**	**Insurance benefits**	**Total**
Dr Andreas Schneider-Neureither	220,008.00	0.00	21,530.84	9,700.81	6,574.08	257,813.73
Andrew Watson	110,004.00	0.00	7,789.32	0.00	1,731.38	119,524.70
Total	**330,012.00**	**0.00**	**29,320.16**	**9,700.81**	**8,305.46**	**377,338.43**

2012 **€**	**Basic salary**	**Variable salary**	**Fringe benefits**	**Pension fund**	**Insurance benefits**	**Total**
Dr Andreas Schneider-Neureither	174,999.00	102,600.00	22,134.12	9,608.81	3,356.67	312,698.60
Andrew Watson	220,008.00	105,000.00	15,578.64	0.00	5,128.92	345,715.56
Total	**395,007.00**	**207,600.00**	**37,712.76**	**9,608.81**	**8,485.59**	**658,414.16**

In addition to general insurance and pension commitments, the company has also arranged Directors and Officers (D&O) liability insurance on behalf of the Executive Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for Members of the Supervisory Board and senior executives. The corresponding D&O insurance of SNP America, Inc. also provides proportionate cover for the CEO of SNP AG, who is simultaneously Chairman of the Board of SNP America, Inc. The D&O insurance policies described total an annual insurance premium of € 1,743.28. The pro-rata insurance premiums paid per person/per period of activity can be consulted in the insurance benefit table.

Advances or loans to Executive Board members or contingent liabilities incurred on behalf of these persons

As at 31 December 2013, no loans, credits or advances had been extended to any of the Executive Board members (prior year: € 0 thousand).

Furthermore, during the reporting year, SNP AG did not incur any contingent liabilities on behalf of members of the Executive Board.

Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has made provisions for pension commitments to Dr Andreas Schneider-Neureither and Mrs Petra Neureither (CFO until 19 May 2011), totalling € 125 thousand (prior year: € 123 thousand – taking into account IAS 19R). An insurance policy has been agreed to cover pension obligations.

Other transactions

Between 1 September 2009 and 30 September 2012, a rental agreement existed between an Executive Board member and SNP Schneider-Neureither & Partner AG. Accordingly, rental expenses were no longer incurred for this in fiscal year 2013 (prior year: € 7 thousand).

Since 1 December 2010, a rental agreement has existed between an Executive Board member and SNP Schneider-Neureither & Partner AG. In fiscal year 2013, rental expenses of € 230 thousand (prior year: € 230 thousand) were incurred for this. In fiscal year 2013, a car owned by the company and various articles of daily use were sold to an Executive Board member for € 30 thousand and € 23 thousand respectively. In addition, a car owned by the company was sold to a person related to an Executive Board member for € 5 thousand and several articles of daily use were sold to another Executive Board member for € 2 thousand. The sales prices were based strictly on comparable market prices.

Supervisory Board

The total remuneration awarded to members of the Supervisory Board in the fiscal year 2013 amounted to a total of € 68 thousand (prior year: € 60 thousand). At the balance sheet date, there were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

2013 **€**		**Fixed amount**	**Attendance fee**	**Other expenses**	**D&O Insurance**	**Total**
Thomas Volk	Chairman of the Supervisory Board until 31 October 2013	16,666.66	5,000.00	1,728.36	557.22	23,952.24
Dr Michael Drill	Deputy Chairman	15,000.00	6,000.00	508,46	668.67	22,177.13
Klaus Weinmann	Member of the Supervisory Board until 30 April 2013	3,333.33	2,000.00	0.00	222.89	5,556.22
Gerhard A. Burkhardt	Member of the Supervisory Board from 1 May 2013	6,666.67	4,000.00	0.00	445.78	11,112.45
Roland Weise	Chairman of the Supervisory Board from 12 November 2013	2,888.89	1,000.00	1,092.28	111.44	5,092.61
Total		**44,555.55**	**18,000.00**	**3,329.10**	**2,006.00**	**67,890.65**

2012 **€**		**Fixed amount**	**Attendance fee**	**Other expenses**	**D&O Insurance**	**Total**
Thomas Volk	Chairman	20,000.00	4,000.00	496.89	663.40	25,160.29
Dr Michael Drill	Deputy Chairman	15,000.00	4,000.00	280.85	663.40	19,944.25
Klaus Weinmann	Member of the Supervisory Board	10,000.00	4,000.00	115.88	663.40	14,779.28
Total		**45,000.00**	**12,000.00**	**893.62**	**1,990.20**	**59,883.82**

The company has arranged Directors and Officers liability insurance on behalf of the Supervisory Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Executive Board and senior executives. The pro rata premiums paid for each person for the period of their appointment are shown in the table.

On the basis of a consulting contract dated 22 November 2013, which the Supervisory Board approved on the same day, Mr Weise rendered consulting services for SNP AG. These services were remunerated in the reporting period by a total of € 3,048.00 plus sales tax.

Members of the Supervisory Board held no shares in SNP AG in fiscal year 2012. In fiscal year 2013, the Supervisory Board members Mr Roland Weise and Dr Michael Drill held 1,780 and 4,000 voting rights in SNP AG respectively as at 31 December 2013.

37. Contingent liabilities and other financial commitments

The obligations arising from rental and leasing agreements are essentially made up of rental agreements for office space and lease agreements for company vehicles. The following payments for non-terminable rental and lease agreements are due in the coming fiscal years:

€ k	2013	2012
No additional opportunities and risks are apparent.	1,345	960
Within one year	1,565	635
After one to five years	0	0
Total	**2,910**	**1,595**

38. Paid and proposed dividends

During the fiscal year a dividend was approved and distributed for 2012 amounting to € 897,134.40 (prior year: € 1,973,221.25). The dividend amounted to € 0.72 per share or, calculated on the basis of bonus shares, € 0.24 per share (prior year: € 1.75 per share or € 0.58 per share on the basis of bonus shares).

At the Annual General Meeting on 6 June 2014, a dividend for the fiscal year 2013 of € 297,294.24 – equivalent to € 0.08 per share – will be put forward for approval. The dividend is not recorded as liability in the consolidated financial statements as at 31 December 2013.

Statements pursuant to section 315 (4) of the German Commercial Code (HGB)

On 16 May 2013, the Annual General Meeting passed a resolution on a capital increase from company funds. As a result, the share capital of the company was increased from € 1,246,020.00 to € 3,738,060.00 in June 2013 by way of the issue of bonus shares at a ratio of 1:2. Accordingly, the disclosures made in the following WpHG notifications regarding the number of voting rights relate to the share capital valid on the relevant date.

Disclosures in accordance with the German Securities Trading Act (WpHG) regarding participations in capital which exceed 3%, 5%, 10%, 15% and 20% of the voting rights:

- On 4 January 2013, ALTO INVEST, Versailles, France, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 7 December 2012 and amounted to 3.37% on this date (corresponding to 42,000 voting rights).

- On 10 January 2013, Invesco Limited, Hamilton, Bermuda, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 5% of the voting rights on 7 January 2013 and amounted to 5.0004% on this date (corresponding to 62,306 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG in conjunction with section 22 (1) sentence 2, 5.0004% of the voting rights (corresponding to 62,306 voting rights) are attributable to the company.

- On 18 January 2013, Inflection Point Investments Company Ltd, George Town, Cayman Islands, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 5 December 2012 and amounted to 3.37% on this date (corresponding to 42,000 voting rights).

- On 18 January 2013, Inflection Point Investments LLP, London, UK, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 5 December 2012 and amounted to 3.37% on this date (corresponding to 42,000 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 3.37% of the voting rights (corresponding to 42,000 voting rights) are attributable to the company via Inflection Point Investments Company Ltd.

- On 24 January 2013, Dr Andreas Schneider-Neureither, Germany, notified us pursuant to section 21 (1) of the WpHG that his share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 20% of the voting rights on 22 January 2013 and amounted to 19.30% on this date (corresponding to 240,466 voting rights). Pursuant to section 22 (1) sentence 1 No. 6 of the WpHG, 0.15% of the voting rights (corresponding to 1,830 voting rights) are attributable to Dr Andreas Schneider-Neureither, 17.98% of the voting rights (corresponding to 224,073 voting rights) are attributable pursuant to section 22 (1) sentence 1, No. 1 of the WpHG from Schneider-Neureither GmbH, SN Verwaltungs GmbH & Co. KG, SN Holding GmbH and SN Assets GmbH.

- On 24 January 2013, Schneider-Neureither GmbH, Heidelberg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 20% of the voting rights on 22 January 2013 and amounted to 17.98% on this date (corresponding to 224,073 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 17.74% of the voting rights (corresponding to 221,073 voting rights) are attributable to the company from SN Verwaltungs GmbH & Co. KG, SN Holding GmbH and SN Assets GmbH.

- On 24 January 2013, SN Verwaltungs GmbH & Co. KG, Heidelberg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 20% of the voting rights on 22 January 2013 and amounted to 17.74% on this date (corresponding to 221,073 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 17.74% of the voting rights (corresponding to 221,073 voting rights) are attributable to the company from SN Holding GmbH and SN Assets GmbH.

- On 24 January 2013, SN Holding GmbH, Heidelberg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 20% of the voting rights on 22 January 2013 and amounted to 17.74% on this date (corresponding to 221,073 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 17.74% of the voting rights (corresponding to 221,073 voting rights) are attributable to the company from SN Assets GmbH.

- On 24 January 2013, SN Assets GmbH, Heidelberg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 20% of the voting rights on 22 January 2013 and amounted to 17.74% on this date (corresponding to 221,073 voting rights).

- On 25 January 2013, Mrs Petra Neureither, Germany, notified us pursuant to section 21 (1) of the WpHG that her share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the thresholds of 5% and 3% of the voting rights on 23 January 2013 and amounted to 0.15% (corresponding to 1,830 voting rights) on this date. Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 0.15% of the voting rights (corresponding to 1,830 voting rights) are attributable to Mrs Neureither.

- On 25 January 2013, FIL Limited, Hamilton, Bermuda, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the thresholds of 3% and 5% of the voting rights on 23 January 2013 and amounted to 5.13% on this date (corresponding to 63,982 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 5.13% of the voting rights (corresponding to 63,982 voting rights) are attributable to the company via Fidelity Funds SICAV.

- On 25 January 2013, FIL Investments International, Hildenborough, United Kingdom, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the thresholds of 3% and 5% of the voting rights on 23 January 2013 and amounted to 5.13% on this date (corresponding to 63,982 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 5.13% of the voting rights (corresponding to 63,982 voting rights) are attributable to the company via Fidelity Funds SICAV.

- On 25 January 2013, FIL Holdings Limited, Hildenborough, United Kingdom, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the thresholds of 3% and 5% of the voting rights on 23 January 2013 and amounted to 5.13% on this date (corresponding to 63,982 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG in conjunction with section 22 (1) sentence 2, 5.13% of the voting rights (corresponding to 63,982 voting rights) are attributable to the company via Fidelity Funds SICAV.

- On 25 January 2013, Fidelity Funds SICAV, Luxembourg, Luxembourg, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the thresholds of 3% and 5% of the voting rights on 23 January 2013 and amounted to 5.13% on this date (corresponding to 63,982 voting rights).

- On 24 January 2013, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 10% of the voting rights on 23 January 2013 and amounted to 11.24% on this date (corresponding to 140,034 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 3.76% of the voting rights (corresponding to 46,800 voting rights) are attributable to the company.

- On 29 January 2013, Universal-Investment Gesellschaft mbH, Frankfurt am Main, Germany, informed us of the following pursuant to section 27a (1) of the WpHG in connection with exceeding or reaching the 10% threshold or a higher threshold on 23 January 2013:

- The investment serves the implementation of strategic objectives.
- The reporting party does not intend to obtain additional voting rights by acquisition or other means within the next twelve months.
- The reporting party does not seek to influence appointments to the issuer's administrative, executive or supervisory bodies.
- The reporting party does not seek to make any material change to the capital structure of the company, especially with regard to the ratio of internal to external financing and the dividend policy.
- With regard to the origin of the funds, they are 100% external funds that the reporting party borrowed to finance the acquisition of the voting rights.

- On 5 March 2013, Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 10% of the voting rights on 1 March 2013 and amounted to 7.66% on this date (corresponding to 95,503 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 3.76% of the voting rights (corresponding to 46,800 voting rights) are attributable to the company.

- On 6 March 2013, IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 1 March 2013 and amounted to 3.99% on this date (corresponding to 49,731 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 3.99% of the voting rights (corresponding to 49,731 voting rights) are attributable to the company from SIGNAL IDUNA Holding Aktiengesellschaft, SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft and HANSAINVEST Hanseatische Investment-GmbH.

- On 6 March 2013, SIGNAL IDUNA Holding Aktiengesellschaft, Dortmund, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 1 March 2013 and amounted to 3.99% on this date (corresponding to 49,731 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 3.99% of the voting rights (corresponding to 49,731 voting rights) are attributable to the company from SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft and HANSAINVEST Hanseatische Investment-GmbH.

- On 6 March 2013, SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft, Dortmund, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 1 March 2013 and amounted to 3.99% on this date (corresponding to 49,731 voting rights). Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 3.99% of the voting rights (corresponding to 49,731 voting rights) are attributable to the company from HANSAINVEST Hanseatische Investment-GmbH.

- On 5 March 2013, HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 1 March 2013 and amounted to 3.99% on this date (corresponding to 49,731 voting rights).

- On 27 March 2013, IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 3% of the voting rights on 25 March 2013 and amounted to 0.00% on this date (corresponding to 0 voting rights).

- On 27 March 2013, SIGNAL IDUNA Holding Aktiengesellschaft, Dortmund, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 3% of the voting rights on 25 March 2013 and amounted to 0.00% on this date (corresponding to 0 voting rights).

- On 27 March 2013, SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft, Dortmund, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 3% of the voting rights on 25 March 2013 and amounted to 0.00% on this date (corresponding to 0 voting rights).

- On 11 April 2013, HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us pursuant to section 21 (1) of the WpHG that its share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the threshold of 3% of the voting rights on 10 April 2013 and amounted to 2.85% on this date (corresponding to 35,531 voting rights).

- SNP Schneider-Neureither & Partner AG hereby discloses that the total number of voting rights at the end of the month of June 2013 amounted to 3,738,060.

- On 26 June 2013, Invesco Limited, Hamilton, Bermuda, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, fell below the thresholds of 5% and 3% of the voting rights on 6 June 2013 and amounted to 2.24% on this date (corresponding to 83,827 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG in conjunction with section 22 (1) sentence 2, 2.24% of the voting rights (corresponding to 83,827 voting rights) are attributable to the company.

- On 25 July 2013, Inflection Point Investments Company Ltd, George Town, Cayman Islands, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 7 December 2012 and amounted to 3.37% on this date (corresponding to 42,000 voting rights).

- On 25 July 2013, Inflection Point Investments LLP, London, UK, notified us pursuant to section 21 (1) of the WpHG that its share of voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 3% of the voting rights on 7 December 2012 and amounted to 3.37% on this date (corresponding to 42,000 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 3.37% of the voting rights (corresponding to 42,000 voting rights) are attributable to the company via Inflection Point Investments Company Ltd.

- On 18 October 2013, Dr Andreas Schneider-Neureither, Germany, notified us pursuant to section 21 (1) of the WpHG that his share of the voting rights in SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, exceeded the threshold of 20% of the voting rights on 18 October 2013 and amounted to 20.0006% on this date (corresponding to 747,633 voting rights). Pursuant to section 22 (1) sentence 1, No. 6 of the WpHG, 0.0245% of the voting rights (corresponding to 915 voting rights) are attributable to Dr Schneider-Neureither.

  Pursuant to section 22 (1) sentence 1, No. 1 of the WpHG, 18.81% of the voting rights (corresponding to 703,029 voting rights) are attributable to Dr Schneider-Neureither. These voting rights are held via the following entities controlled by Dr Schneider-Neureither, which each hold a share in the voting rights of SNP Schneider-Neureither & Partner AG of 3% or more:

  - Schneider-Neureither GmbH
  - SN Verwaltungs GmbH & Co. KG
  - SN Holding GmbH
  - SN Assets GmbH

- On 18 October 2013, Dr Andreas Schneider-Neureither, Germany, informed us of the following pursuant to section 27a (1) of the WpHG in connection with exceeding or reaching the 10% threshold or a higher threshold on 18 October 2013:

  - The investment serves the implementation of strategic objectives.
  - he reporting party currently has no concrete plans to obtain additional voting rights by acquisition or other means within the next twelve months. However, the reporting party has a fundamental interest in the development of the company and will therefore consider changes in his participation on an ongoing basis in relation to the development of the company and the share price.
  - The reporting party does not currently seek any greater influence over appointments to the issuer's administrative, executive or supervisory bodies.
  - The reporting party does not currently seek to make any material change to the capital structure of the company, especially with regard to the ratio of internal to external financing and the dividend policy.
  - With regard to the origin of the funds, some are internal funds and some are external funds that the reporting party borrowed to finance the acquisition of the voting rights. The same applies to acquirers of the voting rights attributed to him.

Other disclosures pursuant to Section 315a of the German Commercial Code (HGB)

39. Auditing and consultancy fees

For the fiscal year, the Group Auditor's fees were as follows: for the annual audit, € 48 thousand (prior year: € 44 thousand), for tax advice, € 9 thousand (prior year: € 25 thousand) and for other consultancy services, € 27 thousand (prior year: € 22 thousand).

40. Corporate governance

The Executive and Supervisory Boards have submitted the Declaration of Conformity with the German Corporate Governance Code. This declaration is published on the company's website: www.snp-ag.de.

Heidelberg, 6 March 2014

The Executive Board
Dr Andreas Schneider-Neureither

Assurance by the Legal Representatives

I assure, to the best of my knowledge that, in accordance with the applicable accounting principles, the Consolidated Financial Statement gives a true and fair view of the financial position and earnings situation of the Group, and that the Management Report describes a true and fair view of the Group's business performance, results and position, its principals opportunities and the risks faced by the Group in its foreseeable development.

Heidelberg, 6 March 2014

The Executive Board
Dr Andreas Schneider-Neureither

Independent Auditors´ Report

We have examined the Consolidated Financial Statement of SNP Schneider-Neureither & Partner AG, Heidelberg - comprising of the Consolidated Balance Sheet, Consolidated Profit and Loss Statement, the Consolidated Statement of Comprehensive Income, Group Statement of Changes in Equity Capital, Consolidated Cash Flow Statement and the Notes to Consolidated Financial Statements and the Group Management Report for the fiscal year from 1 January to 31 December 2013. The preparation of the Financial Statement and Group Management Report in accordance with IFRS standards, as adopted by the EU and the supplementary applicable commercial law pursuant to Section 315a, Paragraph 1 of the German Commercial Code (HGB) are the responsibility of the legal representatives of the company. Our responsibility is to deliver an opinion based on the audit we have carried out on the Consolidated Financial Statement and Group Management Report.

We conducted our audit in accordance with Section 317 of the German Commercial Code (HGB) under consideration of the German principles of proper accounting, issued by the Institute of Certified Public Accountants (IDW). The audit was planned and performed so that misstatements, materially affecting the presentation of the net assets, financial position and earnings situation as disclosed in the Group Financial Statement in accordance with German principles of proper accounting and as summarised in the Management and Group Management Reports, are detected with reasonable assurance. In determining audit procedures, knowledge of the business activities and the economic and legal environment of the company, as well as expectations of possible misstatements are taken into account Amongst other things the audit examines the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statement and the Group Management Report primarily on a test basis. The audit includes an assessment of the financial statements of the companies included in the Consolidated Financial Statement, the segregation of the consolidated group, the accounting and consolidation principles used, and the significant estimates made by legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statement and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to any reservations.

On the basis of the findings of our audit, it is our opinion that the Consolidated Financial Statement complies with IFRS standards, as they are to be applied in the EU, and with the additional requirements of German commercial law, pursuant to Section 315a, Paragraph 1 of the German Commercial Code (HGB). In accordance with these requirements, it gives a true and fair view of the net assets, financial and earnings situation of the Group. The Group Management Report is consistent with the Consolidated Financial Statement and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks associated with its future development.

Mannheim, 6 March 2014

MOORE STEPHENS TREUHAND KURPFALZ GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr Matthias Ritzi
Auditor

Stefan Hambsch
Auditor

Annual Financial Statements

SNP Schneider-Neureither & Partner AG, Heidelberg
Balance Sheet (HGB) as at 31 December 2013

ASSETS	€	2013 €	2012 € k
A. Fixed assets			
I. Intangible assets			
1. Concessions, industrial property rights and similar rights and values such as licenses to such rights and values		186,189.00	184.4
II. Fixed assets			
1. Land, rights equivalent to property and buildings including buildings on third-party land	52,041.00		56.3
2. Other equipment, office and factory equipment	609,114.00	661,155.00	1,001.7
III. Financial assets			
1. Shares in affiliated companies	4,856,091.14		2,917.2
2. Loans in affiliated companies	1,561,544.79		958.9
3. Participationsn	1.00	6,417,636.93	0.0
B. Current assets			
I. Inventories			
1. Work in progress	1,916,043.01		887.8
2. Goods	300,000.00	2,216,043.01	0.0
II. Receivables and other assets			
1. Trade receivables	2,910,447.95		3,611.7
2. Receivables from affiliated companies	2,642,976.24		1,120.7
3. Other assets	722,708.35	6,276,132.54	744.5
III. Cash reserves and bank balances		3,960,173.48	7,312.4
C. Deferred items		189,534.16	190.5
		19,906,864.12	**18,986.0**

LIABILITIES	€	2013 €	2012 € k
A. Equity Capital			
I. Subscribed capital	3,738,060.00		1,246.0
1. Own shares	-21,882.00	3,716,178.00	-6.6
II. Capital reserves		7,451,959.30	7,452.0
III. Revenue reserves			
1. Statutory reserves	19,100.00		19.1
2. Other reserves	52,888.55	71,988.55	6,414.8
VI. Retained earnings		327,557.74	897.1
B. Provisions			
1. Provisions for pensions and similar obligations	70,993.52		69.5
2. Tax provisions	0.00		102.0
3. Other provisions	2,452,863.67	2,523,857.19	1,232.6
C. Liabilities			
1. Liabilities to credit institutions	2,850,000.00		0.0
2. Payments received on orders	1,777,264.08		394.8
3. Liabilities for goods and services	608,404.94		450.6
4. Liabilities to affiliated companies	32,523.92		268.2
5. Other liabilities	547,130.40	5,815,323.34	435.9
D. Prepaid expenses		0.00	7.7
E. Deferred tax liabilities		0.00	2.1
		19,906,864.12	**18,986.0**

SNP Schneider-Neureither & Partner AG, Heidelberg

Profit and Loss Acount (HGB) from 1 January to 31 December 2013

	€	2013 €	2012 €k
1. Sales revenues		**12,669,491.08**	**18,744.4**
2. Increase in inventories of finished and unfinished goods		1,028,246.82	-58.8
3. Other operating income - Including income from foreign currency conerversation of €k 1,481.14 (€k 21.1)		951,775.43	856.4
4. Material costs			
a) Cost of raw materials, auxiliaries and supplies and for purchased goods	0.00		4.4
b) Cost of purchased services	4,643,500.56	4,643,500.56	5,703.4
5. Personnel costs			
a) Wages and salaries	7,877,823.50		7,429.7
b) Social security and expenses for pensions and related employee benefits	1,263,337.23	9,141,160.73	1,144.4
6. Depreciation a) Of intangible assets and fixed assets		479,547.00	560.9
7. Other operating expenses - Including expenses from foreign currency conversion €k 21,832.10 (€k 31.8)		5,029,279.40	4,197.4
8. Income from participations - Of which from affiliated companies €k 955,000.00 (€k 1,425.0)		955,000.00	1,425.0
9. Income from other securities and financial assets		65.00	0.1
10. Other interest and similar income Of which from affiliated companies €k 124,490.66 (€k 66.9) Of which income from discounting €k 0.00 (€k 1.1)		160,498.38	95.2
11. Depreciation on financial assets Of which from affiliated companies €k 89,596.64 (€k 28.0)		89,596.64	106.9
12. Interest and similar expenses Of which discounted expenses €k 1,448.98 (€k 0.0)		20,640.63	0.7
13. Loss/profit from ordinary activities		**-3,638,648.25**	**1,914.4**
14. Taxes on income of which from deferred taxes €k -2,113.00 (€k -0.9)	-132,797.31		210.6
15. Other taxes	21,843.00	-110,954.31	20.4
16. Net loss/income		**-3,527,693.94**	**1,683.4**
17. Profit carried forward from previous year		5,251.68	9.1
18. Withdrawals from revenue reserves a) From other revenue reserves		3,850,000.00	0.00
19. Allocations to revenue reserves a) In other revenue reserves		0.00	795.3
20. Retained earnings		**327,557.74**	**897.1**

Glossar I – Finance

CASH FLOW
The difference between the inflow and outflow of cash and cash equivalents. Cash flow indicates to what extent a company can use the funds it has generated to make investments, pay off its debts and distribute profits.

CORPORATE GOVERNANCE
Rules for good, responsible corporate management. The German Corporate Governance Code contains provisions relating to the management and monitoring of listed companies. By applying the Code, the rules relating to corporate management are made transparent to investors, thereby strengthening confidence in the company. With the exception of some repetitions of statutory provisions, the rules of the German Corporate Governance Code are not required to be applied. In accordance with the "comply or explain" principle, however, a company must submit an annual declaration confirming that it has complied with the recommendations of the Code and disclosing and explaining any deviations from these recommendations.

DIRECTORS' DEALINGS
Securities transactions made by members of the Executive and Supervisory Boards of listed public companies and related persons or companies in the securities of their own company. In accordance with section 15a of the German Securities Trading Act (WpHG), these transactions must be reported to the German Federal Financial Supervisory Authority (BaFin) if the total volume of the transactions exceeds €5,000 by the end of the calendar year.

EARNINGS PER SHARE (EPS)
Ratio of profit after tax and minority interests to the number of shares outstanding. Indicates the profitability of a stock corporation.

EBIT (MARGIN)
Earnings before interest and taxes. The EBIT margin is calculated as the ratio of EBIT to sales.

EQUITY RATIO
Ratio of equity to total capital. The equity ratio is an indicator of the economic and financial stability of a company.

FREE CASH FLOW
Free cash flow indicates the funds that have been generated by a company after expansion and replacement investments, and hence that are available for distribution to shareholders (dividends) or to repay debt capital.

FREE FLOAT
The number of shares outstanding that are publicly traded. SNP calculates free float in accordance with the rules prescribed by Deutsche Börse AG.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
The International Financial Reporting Standards (IFRS) are accounting regulations developed by the International Accounting Standards Board (IASB). They aim to harmonise the regulations governing financial accounting for companies in different countries by means of uniform international standards. SNP prepares the single-entity financial statements of SNP AG in accordance with the provisions of the German Commercial Code (HGB). The consolidated financial statements are prepared in accordance with IFRS.

MARKET CAPITALISATION
The value of a company on the stock exchange. Market capitalisation is calculated by multiplying a company's share price by the number of shares outstanding. It is one of the criteria for inclusion in the indices operated by Deutsche Börse AG.

PAYOUT RATIO
Ratio of the dividend payout to consolidated net profit after tax, excluding minority interests.

RETURN ON CAPITAL EMPLOYED
Ratio of net profit before tax and interest expense to the average amount of total capital employed (total equity and liabilities)

RETURN ON SALES
Ratio of net profit after tax to sales.

Glossar II – Technical

APPLICATION LIFECYCLE MANAGEMENT (ALM)

Covers all activities for the planning, design, development/configuration, testing, operation and optimisation of IT business applications. ALM supports coordination between departments, IT managers and software developers and helps to reduce the total cost of operating IT systems.

ERP SYSTEM TRANSFORMATIONS

ERP stands for "enterprise resource planning" and describes the management of resources (capital, equipment and staff) and business processes within a company. ERP systems are complicated and elaborate programs that connect all of the parts of a company. For example, materials management, procurement, financial accounting and human resources are all performed using the same system. Depending on customer size, the providers of such ERP systems include the likes of SAP AG or Oracle. In the event of changes such as the acquisition/disposal of parts of a company, these systems must be adapted accordingly. In the IT industry, these adaptations are described as ERP system transformations.

SNP BUSINESS LANDSCAPE MANAGEMENT (SNP BLM)

Consulting approach for changes to company workflows that are mapped in ERP systems. A gradual approach is adopted: firstly, a thorough analysis of the existing ERP processes is performed. The consultants then develop a concept for the target scenario before starting to make the necessary changes. SNP BLM structures the entire consulting process using standardised modules.

SNP BUSINESS LANDSCAPE TRANSFORMATION (SNP BLT)

Business landscape transformation describes the change and adaptation of ERP system landscapes and represents SNP's main area of activity. With our expertise and the SNP Transformation Backbone® software, we implement ERP system transformations quickly, effectively and with significantly reduced risk.

SNP DRAGOMAN

Customers often wish to transfer data from other systems to their own software system or make systems available in other languages. Instead of having to manually translate the individual forms, the SNP Dragoman software package developed by SNP lists the individual elements to be translated, thereby enabling automated, rapid and smooth translation.

SYSTEM LANDSCAPE OPTIMISATION (SLO)

Companies change constantly, whether through growth or the acquisition or disposal of parts of the company. Company structures must be adjusted to reflect these changes and broken down at an IT level, while workflows and business processes must be optimized and harmonised. This helps companies to retain an overview even over extensive systems, as well as saving them time and money.

SAP® SOLUTION MANAGER

SAP® Solution Manager supports the implementation, monitoring and further development of a company's complete ERP system landscape ("application lifecycle management").

SNP TRANSFORMATION BACKBONE®

The world's first standard software to provide end-to-end support and automation for ERP system transformations. There are six standard transformations (company scenarios) that necessitate the transformation of IT systems particularly frequently. We call these six scenarios "system/client merge" (traditional company mergers), "system/client split" (especially company breakups), "upgrade" (when new program versions are introduced to replace existing ones), "harmonisation" (when companies that do not have uniform internal structures in their corporate data wish to resolve this situation), "move" (when clients are to be moved to other systems) and "HR merge" (consolidation of HR data systems).

SNP is currently the only provider of software that covers all of these scenarios.

Financial Calendar

30 April 2014	Publication of the Interim Statement for Quarter I
5 - 7 May 2014	5. SCF_Small Cap Forum/Frühjahrskonferenz 2014
6 Juni 2014	14th SNP Annual General Meeting
31 July 2014	Publication of Half Year Figures
31 October 2014	Publication of the Interim Statement for Quarter III
24 - 26 November 2014	German Equity Forum 2014

The current financial calendar can be consulted at: www.snp-ag.com/eng/Investor-Relations/Financial-calendar

Contact

Do you have questions or need more information? We are at your disposal:

SNP Schneider-Neureither & Partner AG
Dossenheimer Landstraße 100
69121 Heidelberg
Germany
Phone: +49 6221 6425-0
Fax: +49 6221 6425-20
E-mail: info@snp-ag.com
Website: www.snp-ag.com

Investor Relations Kontakt
Marcel Wiskow
Phone: +49 6221 6425-637
Fax: +49 6221 6425-470
E-mail: investor.relations@snp-ag.com

This Annual Report is also available in German.
The legally binding document is the original German version, which shall prevail in any case of doubt.

Legal notice

Contents
Dr Andreas Schneider-Neureither (CEO)
Jörg Vierfuß (CFO)
SNP Investor Relations

Layout & Structure
Compart Media GmbH

Printing
abcdruck GmbH

SNP Schneider-Neureither & Partner AG

Dossenheimer Landstraße 100
69121 Heidelberg (Deutschland)
Germany

Phone: +49 6221 6425-0
Fax: +49 6221 6425-20
E-mail: info@snp-ag.com
Website:www.snp-ag.com

DE
SNP Consulting GmbH
Wolfsburgstraße 31
06502 Thale
Ph.: +49 3947 610-0

SNP Consulting GmbH
Lorenzweg 42
39124 Magdeburg
Tel.: +49 3947 610-0

SNP Consulting GmbH
Frankenstraße 5
20097 Hamburg
Ph.: +49 40 309 549 75-0

AT
SNP AUSTRIA GmbH
Fabrikstraße 32
4020 Linz
Ph.: +43 732 771111-0

SNP AUSTRIA GmbH
Lassallestraße 7b
1020 Wien
Ph.: +43 732 771111-0

CH
SNP (Schweiz) AG
Baarerstrasse 14
6300 Zug
Ph.: +41 41 561 3250

USA
SNP America, Inc.
1400 Shepard Drive, Suite 200
Sterling, VA 20164
Ph.: +1 571 375 2-097

SNP America, Inc.
SNP GL Associates
Harborside Financial Center
1000 Plaza III
Jersey City, NJ 07311
Ph.: +1 201 451 9-121

ZA
SNP Schneider-Neureither & Partner
ZA (Pty) Limited
Suite 7
Palazzo Towers West
Montecasino
William Nicol Drive
Fourways 2196, Johannesburg
Ph.: +27 011 510 0510

ES
Schneider-Neureither & Partner
Iberica, S.L.
Parque Tecnológico de León
Edificio de Usos Comunes
c/ Julia Morros, 1
Oficina 214 y 215
24009 Armunia León
Ph.: +34 987 2620 12