20

Twenty years. We are growing ...

SNP

350

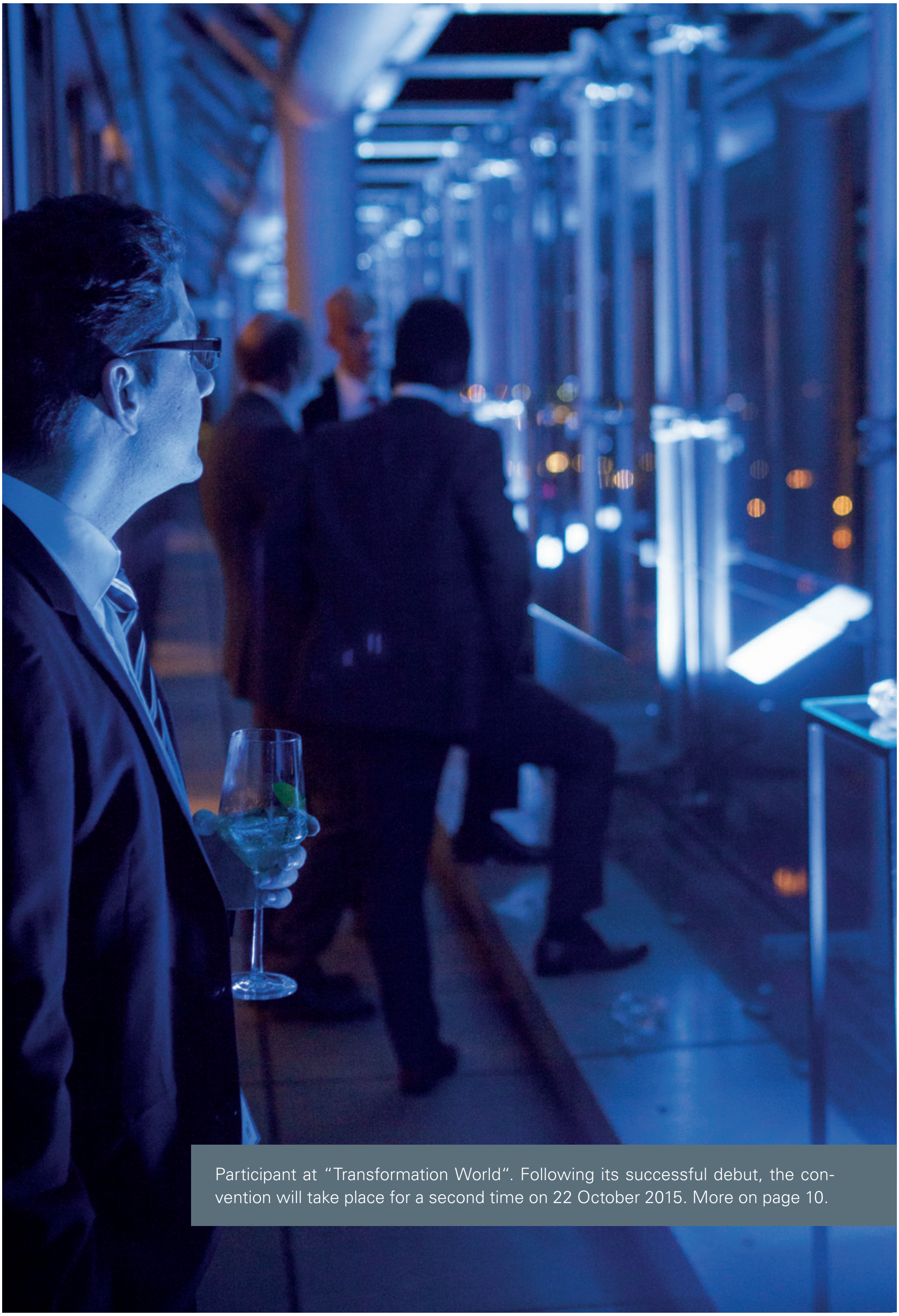
... with three hundred and fifty employees now

500

and with the aim of reaching five hundred.

Growth:

the increase in economic performance – with the aim of raising market perception and better utilising available market opportunities. SNP AG is focusing on this in the years ahead. The growth strategy will be implemented via two parallel approaches: Alongside organic growth generated internally, SNP AG will also pursue an inorganic growth approach through purchases and acquisitions.



Participant at "Transformation World". Following its successful debut, the convention will take place for a second time on 22 October 2015. More on page 10.

_Content

_KEY FIGURES AT A GLANCE

Unless otherwise specified in € million	2014	2013
Backlog (as of 31 December)	**11.2**	**10.4**
Revenue	**30.5**	**23.5**
- Software	7.7	4.8
- Professional Services	22.7	18.7
EBIT	**1.4**	**-2.7**
- Margin (%)	4.7	-11.5
Consolidated net income	**1.0**	**-2.3**
Earnings per share (€)		
- Undiluted	0.27	-0.65
- Diluted	0.27	-0.65
Number of shares (million)	**3.738**	**3.738**
Equity	**13.9**	**13.8**
- Ratio (%)	53.1	57.6
Number of employees (as of 31 December)	**280**	**248**
Personnel costs	**20.5**	**17.2**

_Letter from the CEO

Dear Shareholders, business partners and employees,

The last financial year has proved: SNP AG's products, solutions and business model are convincing and offer excellent prospects for the future. SNP AG achieved its targets in the year under review and has grown sustainably and profitably. We not only occupied key positions in our markets, but also successfully expanded them. Moreover – and this is no less important to us – SNP AG achieved a return to profitability despite heavy investments in the future. This is also proof of the strength of our business model. The confirmation of our sales and earnings forecast in a challenging environment underlines the fact that SNP AG has set the right course and is strategically increasingly well positioned.

The new Executive Board team (from left to right): Dr. Andreas Schneider-Neureither, Jörg Vierfuss, Henry Göttler

The title of "Growth", under which we have prepared our 2014 Annual Report, expresses a key strategic focus of our company for the coming years: We intend to confirm the economic path of success and expand our market position. We want to tap new areas and penetrate new markets – and with a sense of proportion, with an eye on profits and above all with a view on sustainable expansion.

SNP sees itself as a catalyst and promoter of the digital transformation of companies. As the first global provider of standard software solutions who truly supports companies in business transformations in ERP landscapes, it is our claim to represent the industry standard for every possible IT transformation. One strong competitive advantage of SNP AG and also a basis for further growth is the experiences from more than 4,000 projects for leading global companies from diverse sectors. We utilise our in-depth knowledge and understanding of specific customer requirements in transformation processes to continuously further develop our software and optimise it in relation to customers. Our aim is to exploit even more the tremendous market potential of the digital transformation worldwide.

It is a fact that the significance of IT transformations for our customers as well as companies will continue to increase in the years to come. Digital transformation and the ability to react quickly to changes in the business environment count today as the most critical factors for success in competition across different sectors. Alongside organisational changes, such as fusions, reorganisations or spin-offs, there is increasing focus on the technological necessity of merging previously heterogeneous and complex IT infrastructures. This development up to "Industry 4.0" and increasing digitalisation and networking in the industry is only achievable with homogenous IT systems as a database. SNP delivers answers here and puts companies in the position to consolidate their IT landscapes or adjust to new conditions rapidly and economically.

The fact that SNP AG has been successfully operating as a first mover in a highly dynamic and comparatively young market for now more than 20 years motivates us and fortifies us on our journey. To secure the future through healthy and sustainable growth, we are pursuing a holistic strategy: The SNP Vision 2020. This consists of the following four elements:

Innovation: We want to offer software at all consulting levels. As part of the new SAP partnership, we plan to expand the SNP Transformation Backbone in a future version with the SAP Landscape Transformation Software and to make this generally available. Together, we will hereby deliver considerable benefits for customers.

Manufacturer neutrality: Alongside SAP, we are focusing on ERP systems such as Oracle, Microsoft or Salesforce. Another focus of the collaboration with SAP is the development of a technical solution which can be used for the migration of other ERP systems to SAP systems.

Overall consultancy approach: We want to exploit the entire potential of the transformation market. With the acquisition of RSP GmbH, we are penetrating further business areas and can now support our customers with process and strategy consulting.

Internationalisation: The core market of the SNP Group is the DACH region. We have established an access point to the US market, the biggest worldwide for IT services, with the acquisition of the consulting company GL Associates in New Jersey, and will tap this further with our transformation services. Our progress is demonstrated by the winning of an international SAP major project of around USD 5 million in February 2015. We also see further market potential in China and Southeast Asia.

We will continue on course with organic and inorganic growth in the future. We are convinced that our path will decisively drive forward the further development of the SNP Group with both business segments, software development and consultancy.

Our success would not be possible without the personal commitment and the systematic customer orientation of our employees. We wish to offer our sincere thanks to the entire team for their excellent work. We will continue to count on this.

We would like to thank our business and sales partners for the excellent collaboration. And special thanks also go to all the shareholders for their many years of confidence in us and our work. We will do our utmost to justify this confidence in the years to come as well.

Dr. Andreas Schneider-Neureither
CEO

_Organic growth

In 2014, the stability and performance of our business model was confirmed. We are increasingly investing in growth and are continuing to focus on acquisitions, new partnerships and new communication channels. The positive results of these efforts confirm us in our strategy. In 2014, SNP AG came another step closer to our customers, and sustainably expanded its market position.

"We are bundling shared expertise to implement projects more effectively and more efficiently."

Wolfgang Gutberlet, Senior Vice President at SAP SE

_WITH HIGHLY QUALIFIED EMPLOYEES

A cornerstone of our success is our specialist staff. We rely on their knowledge and skills. As part of the expansion of our business areas and in order to tap new areas, SNP AG created new jobs in the year under review: At the beginning of 2014, SNP employed around 250 staff. By the end of 2014, the number had grown by more than 10% to around 280. On the basis of current forecasts, we expect an increase in employee numbers to 500 by 2018. We need the expertise of highly trained specialist staff for healthy and sustainable growth.

Alongside the increases from corporate acquisitions, we are training our employees internally both professionally and personally, and are already approaching suitable young talents at universities. In the past year, we launched a special graduate trainee program for graduates, in which theoretical knowledge is taught in an academy. We are thereby optimally preparing young talents for the high demands at SNP.

Our aim on the product side is to develop SNP software into an IT industry standard. In addition to the specialists, we also rely on partnerships and convincing products and solutions for this. Our partnership with SAP® is important here for two reasons: On the one hand, the SNP Transformation Backbone will be expanded in a future version with the SAP® Landscape Transformation Software. On the other, we are working on the development of a technical solution which can be used for the migration of other ERP systems to SAP® systems. A win-win for customers, partners, and not least for SNP AG.

THREE QUESTIONS FOR Wolfgang Gutberlet, Senior Vice President, Active Global Support – System Landscape Optimization at SAP SE

_SNP AND SAP – A STRONG TEAM

Mr Gutberlet, SAP and SNP agreed to intensify and expand their cooperation at the end of last year. What is the intention behind this?

Wolfgang Gutberlet: Our new business software SAP Business Suite 4 SAP® HANA (SAP® S/4HANA) not only helps our customers to simplify their business processes in a sustainable way, but also enables a radical simplification of the system landscape. The cooperation with SAP will focus on transformation projects within SAP® landscapes and solving technical challenges with regard to migration from other ERP systems to SAP® systems.

Where are the benefits for customers?

Wolfgang Gutberlet: We are bundling shared expertise to implement projects for strategic customers more effectively and more efficiently. Essentially, the focus is on implementing transformations more quickly, more cost-efficiently and with minimal risk for our shared customers. Through the cooperation with SNP, we are taking a major step in this direction.

What can be expected from the partnership in the future?

Wolfgang Gutberlet: The aim is to further increase the automation level for transformation projects. The SAP®Landscape Transformation Software provides the platform for transformation projects in SAP® landscapes and contains many preconfigured standard scenarios that will be permanently expanded. These form a basis for the SNP Transformation Backbone®. The SNP solution version 4.0 will be available following the integration of the SAP®Landscape Transformation Software. One added value for customers will be the more complete coverage of required transformation scenarios with standardised software and standardised methods.

_New channels of communication

TRANSFORMATION WORLD

Direct contact between experts, customers and partners

The dialogue with customers and partners is decisive for the growth course of SNP AG. We built new communicative platforms in the year under review – in 2014, the first "Transformation World" took place in the Heidelberg Print Media Academy.

The convention, initiated by SNP, brings potential and existing customers as well as partners and experts together, presents successful projects and brings fresh ideas to the debate over the issue of "digital transformation". We welcomed over 100 participants to the first event in October 2014 with 17 presentations on the topic of "SAP transformations".

Among the contributors to "Transformation World" were representatives from the companies EVONIK and PATRIZIA Immobilien, who provided information on the successful implementation of transformation projects using concrete projects. Both companies are new customers of SNP AG. We supported PATRIZIA in achieving the retroactive merging of seven accounting areas into one accounting area in a project lasting only three months. At EVONIK, the challenge was to consolidate a heterogeneous SAP landscape, grown through several acquisitions over the years and with innumerable different master data, in one standard system. SNP implemented a total of 21 workshops for employees for this, as well as nearly 4,000 test cases in all processes.

After its successful launch, the Transformation World will take place again in 2015. SNP will also utilise further communications platforms to compare notes with customers and to increase customer loyalty.

THREE QUESTIONS FOR
Eckart Würzner, Lord Mayor of Heidelberg

_A HEIDELBERG COMPANY WITH A FUTURE

Mr Würzner, how important are companies like SNP AG for the city of Heidelberg and the region?

Eckart Würzner: SNP AG is one of the modern and future-oriented companies in the region. With an expansive business model, SNP is optimally suited to Heidelberg. 70% alone of jobs subject to social security contributions here are in knowledge-intensive services and high technology. The city supports this development, for example with the technology park, the campus within the Bahnstadt and parts of the former US areas, where there is space for research and innovation. Companies like SNP distinguish the location and make a significant contribution to the city's appeal.

Extended headquarters of SNP
in Heidelberg, Speyerer street

How can municipal policy support a company like SNP in terms of its growth plans?

Eckart Würzner: Commercial space in Heidelberg is in short supply. However, in the past the city has often succeeded in meeting the desire of high-quality companies to establish themselves with minimal use of space and high job density. The conversion areas represent a unique development opportunity. The Südstadt is developing into a district with excellent logistical connections, in which living, working, education, research and development can be ideally combined. Companies like SNP will also find a large offering of business areas for expansion plans in the years to come.

From your perspective, what are the decisive elements in the success of companies?

Eckart Würzner: Seemingly conservative values such as corporate culture and value-oriented employee management are gaining in significance. The location of Heidelberg stands for tradition and knowledge at the highest level, and offers companies an optimal environment for success. In an increasingly important competition for qualified employees, the combination of very good companies, universities and a well-positioned city with its hard and soft location factors must be attractive. Here, Heidelberg is playing in the premier league and thereby also provides its companies with an important element in their success.

_Growth through acquisitions

Growth is a key prerequisite for SNP AG for securing investment and stable prospects for the future. We are therefore working constantly to expand our international presence and to advance our service portfolio for customers. In addition to organic growth in its own right, we use selective acquisitions – not least to accelerate our rate of growth as well.

In considering potential takeovers SNP AG always sets strict standards for compatibility, risk profile, results of operations and corporate culture. The most recent acquisition, of RSP GmbH, was also implemented in line with our proven, multi-stage acquisition model: As with company acquisitions in the past, SNP AG first acquired a majority in RSP GmbH. The remaining shares are to be bought in a second tranche at the start of 2018. The transactions for SNP Austria GmbH and SNP Consulting GmbH took a similar course – both subsidiaries are now wholly owned by the SNP Group. In acquiring RSP GmbH we are tapping new business areas and are standing by our customers, now with process and strategy consulting as well. Moving ahead, we are likewise looking at competitive opportunities and lengthening or further strengthening our value chain where this makes sense. It is our clear goal to cover the entire transformation market. To secure the financing of further acquisitions, SNP AG recently successfully placed a corporate bond of € 10 million.

THREE QUESTIONS FOR
Josef Haag, Managing Director of RSP GmbH

_A PARTNERSHIP WITH POTENTIAL

Mr Haag, what do you see as the advantages of the merger with SNP?

Josef Haag: In a nutshell, our service portfolios are virtually a perfect fit for each other. And SNP AG is not just our ideal partner regarding the synergy effects, we also an excellent match in terms of philosophy, expertise and corporate culture. All this is a good foundation for leveraging growth opportunities.

You yourself are staying on board. What drives you?

Josef Haag: We want to show that the merger does not just make sense on paper, and that customers will benefit from it as well. Together we have the opportunity to harness the major market potential in the field of transformation processes for companies around the world.

In which areas do you anticipate the biggest growth potential?

Josef Haag: Above all in the consolidation and harmonisation of IT landscapes. This includes carve-outs. A lot of companies still have untapped potential here. SNP provides the world's first standard software for the automated analysis and standardised implementation of changes in IT systems. This reduces the time taken and saves costs, at the same time processes can be designed more consistently and without unnecessary breaks.

"Our service portfolios are virtually a perfect fit for each other."

_Company history

1994

- **Foundation** of Schneider-Neureither & Partner GmbH

2

1996 – 2000

50

- Transformation into a stock corporation
- Foundation of SNP (Schweiz) AG
- IPO

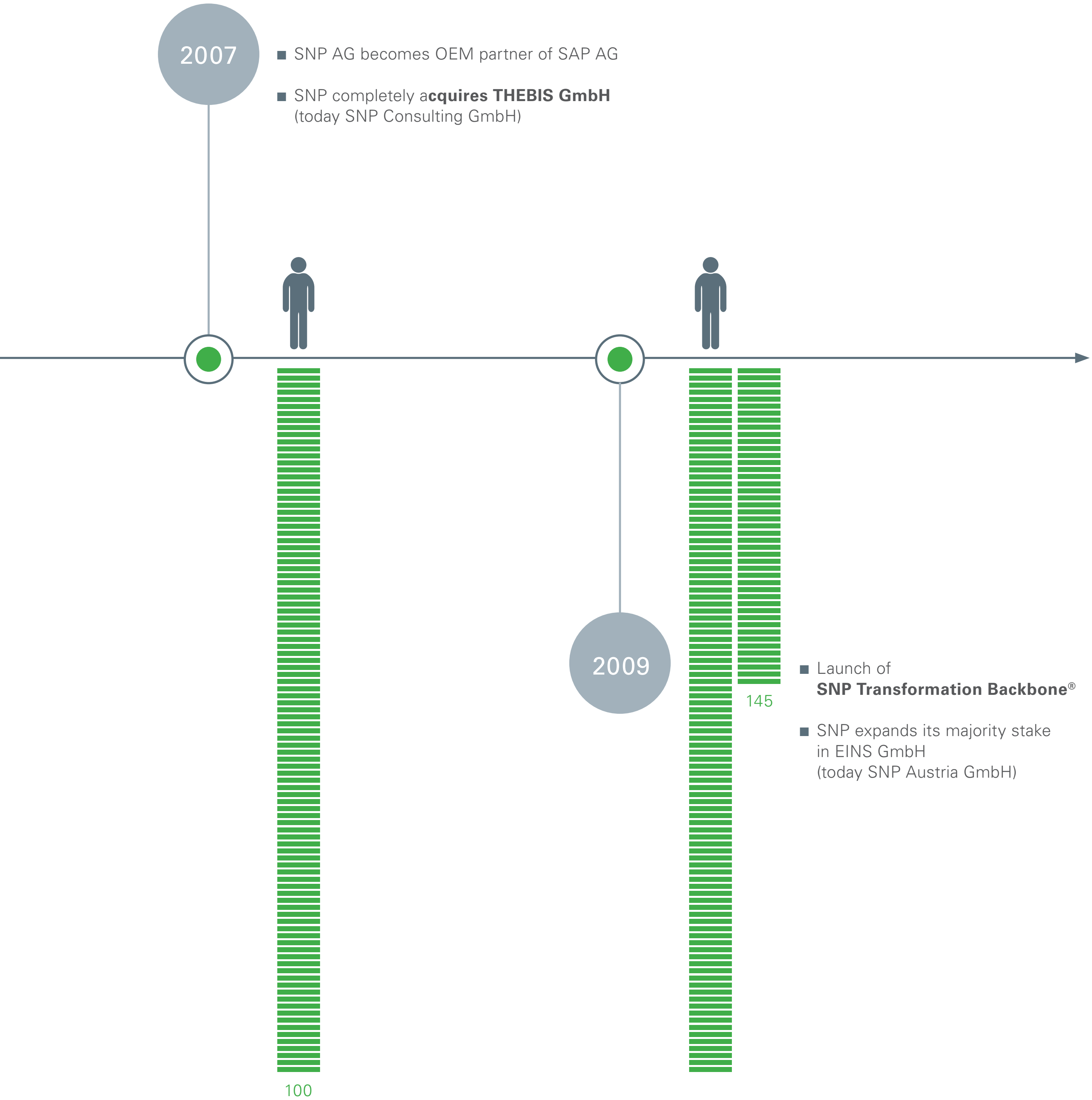
2002 – 2003

- Service & Support / **Business Landscape Management**
- General Standard Stock Exchange segment
- SNP acquires a majority stake in EINS GmbH (today SNP Austria GmbH)

70

2005 – 2006

- SNP Data Distillery
- SNP Client Move and SNP Client Upgrade
- SNP acquires a majority stake in THEBIS GmbH (today SNP Consulting GmbH)



2007

- SNP AG becomes OEM partner of SAP AG
- SNP completely a**cquires THEBIS GmbH** (today SNP Consulting GmbH)

2009

- Launch of **SNP Transformation Backbone®**
- SNP expands its majority stake in EINS GmbH (today SNP Austria GmbH)

2012

- SNP wins **IBM as a global cooperation partner**
- **Certification** of SNP Transformation Backbone by PwC

2010 – 2011

- Sales companies in the United States and South Africa
- **Certification** of SNP Transformation Backbone by E&Y

2014

- SNP acquires majority stake in **RSP Reinhard Salaske & Partner Unternehmensberatung GmbH**
- Successful placing of a corporate bond of € 10 million
- Foundation of **SNP Applications GmbH**

350

2013

248

- Foundation of **subsidiary** in León, Spain
- New partnership with SAP
- SNP acquires operations of US company **GLA**

_SNP celebrates two decades of success

Anniversary celebration in the King's Hall of Heidelberg Castle, 20 November 2014

_20-YEAR COMPANY ANNIVERSARY

At the end of 2014, SNP AG celebrated its 20-year company anniversary with its SNP founder Dr. Andreas Schneider-Neureither and together with its Executive Board members, employees, partners and customers. Reason enough to review two decades of successful product development and consultancy in the area of IT transformations, and to look back on its beginnings:

Founded in 1994, the company succeeded very quickly in establishing itself in an attractive but highly competitive market. The technological foundation of the success is the SNP Transformation Backbone® software – alongside further applications, the key cornerstone of the SNP portfolio. Continuous success in subsequent years was based on a mix of organic and inorganic growth. Continuing on this course is the express aim of SNP for the years to come.

The topics of "Growth" and securing the future were thus also the focus of the official anniversary celebration in Heidelberg Castle, to which over 300 guests from Germany and abroad were invited. The Mayor of Heidelberg, Dr. Eckart Würzner, commended SNP for its business performance and commitment as a strong employer in the region.

For SNP, the company anniversary is a milestone of which we are proud. Above all, the anniversary is an occasion for us to focus on the future in order to work together with our customers to continue their and SNP AG's success story.

_Expansion of the service portfolio

A crucial goal on SNP AG's path to becoming an end-to-end provider in the field of IT transformation services is to even better exploit the massive potential that exists on the transformation market. We took a big step towards achieving this goal at the start of the year:

In acquiring an equity investment in RSP GmbH we have secured an ideal partner with which to combine SNP's software-based services with process and strategy consulting. For more than 25 years RSP has been assisting companies in SAP launch projects and advising its customers on strategic matters.

With the acquisition of RSP services, SNP is expanding its existing consulting range and tapping the increasingly significant field of process and strategy consulting. Thus, in future, SNP will be positioned as an end-to-end provider for IT transformation services. This will raise our market profile and, at the same time, grow our name recognition among business decision-makers. These are the basic requirements for further enhancing the market penetration of SNP services.

THE SNP-VISION 2020

Four elements for healthy and sustainable growth.

Innovative Software

Intelligent Infrastructure Discovery
Automated Application Analysis
Any-to-Any Transformation
Business Process Analysis

End to End Consulting

Transformation Strategy
Process and Module Consulting
Customer Development
Infrastructure and Technology

SOFTWARE

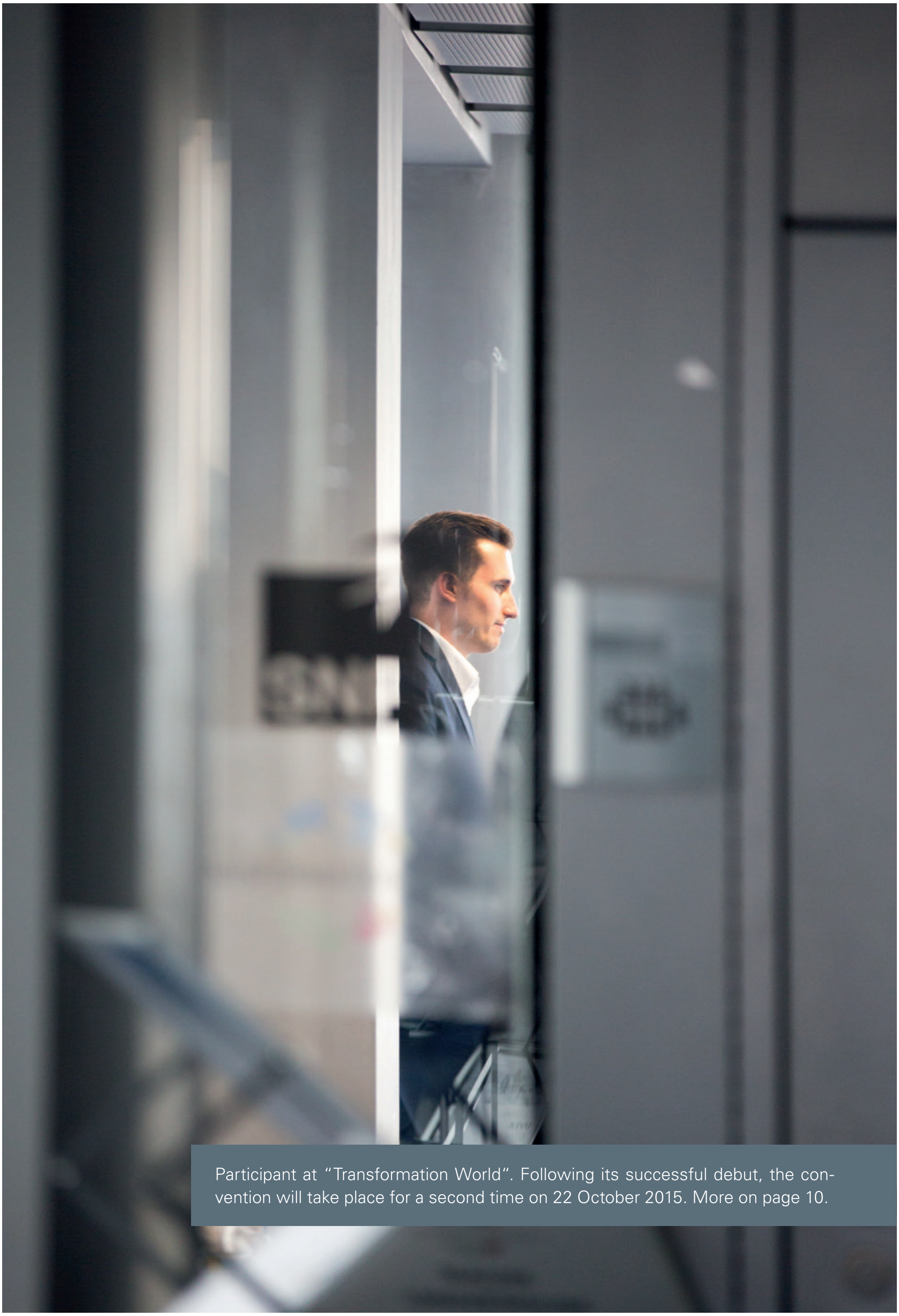
SERVICES

Vendor Neutral

SAP	Salesforce
Oracle	Workday
Microsoft	Legacy
Infor	Others

Global Delivery

EMEA
Americas
APAC



Participant at "Transformation World". Following its successful debut, the convention will take place for a second time on 22 October 2015. More on page 10.

_Content

Supervisory Board Report

Dear Shareholders,

In fiscal year 2014, SNP's Supervisory Board once again performed the tasks incumbent on it in accordance with the law and the Articles of Association and rules of procedure of SNP Schneider-Neureither & Partner AG, paying 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 company returned to profitability at the end of fiscal year 2013, the operating turnaround was substantially reinforced in fiscal year 2014: Based on a considerable improvement in the order situation, consolidated sales climbed by around 30% year-on-year to €30.5 million. The return to profitability and the stable financial and capital situation serve to underline the company's positive development in fiscal year 2014.

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 examining acquisitions. At the meetings in the past year, possible acquisitions and the resulting opportunities and risks were discussed or the acquisition completed in January 2015 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.

Meetings

In fiscal year 2014, the Supervisory Board held a total of four meetings in person; outside these meetings, it also discussed projects of particular significance to SNP Schneider-Neureither & Partner AG by telephone. In five 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 Steuerberatungsgesellschaft, 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 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.

The Supervisory Board meeting on 6 March 2014 was dominated by the discussion and approval of the annual and consolidated financial statements for fiscal year 2013. 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 Supervisory Board also approved the Executive Board's plan to acquire the remaining minority interests in SNP AUSTRIA GmbH.

The agenda for the 2014 Annual General Meeting and the corresponding proposed resolutions were approved by way of written circulars in April. Another circular resolution in April related to the conclusion of two consultancy contracts between the then Chairman of the Supervisory Board, Mr Roland Weise, and the company. The decision by Mr Weise not to stand for election as a member of the Supervisory Board as had been set out in the agenda for the Annual General Meeting on 6 June 2014 due to personal reasons also resulted in the termination of his consultancy activities.

Mr Rainer Zinow, who was subsequently proposed for election in the interests of the company, was elected as a Supervisory Board member for the period from the end of the Annual General Meeting on 6 June 2014 until the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for fiscal year 2015.

On the same day, the Supervisory Board elected its members Dr Michael Drill and Mr Gerhard A. Burkhardt as Chairman and Deputy Chairman respectively. At the subsequent meeting, the Executive Board and the Supervisory Board welcomed Mr Rainer Zinow as a new member of the Supervisory Board. The Executive Board and Supervisory Board then discussed the resource issues affecting the area of strategic and process consultancy and the option of examining potential acquisitions for the establishment and expansion of strategic and process consultancy. The discussion also focused in particular on potential models for future cooperation with SAP.

At its meeting on 4 October 2014, the Supervisory Board was provided with information on sales and earnings development in the third quarter in particular and sales and marketing measures.

On 1 December 2014, the Supervisory Board met the Executive Board to discuss the formation of "SNP Applications GmbH" and the adjusted long-term remuneration for the Executive Board. Both of the proposed resolutions and the budget plan for fiscal year 2015 were approved by the Supervisory Board.

In an extraordinary meeting held by telephone on 18 December 2014, the Supervisory Board discussed the results of the due diligence review and the status of negotiations on the planned acquisition of a majority interest in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH, Wiehl near Cologne. The Supervisory Board approved the acquisition by way of a resolution passed by written circular on 30 January 2015.

The Supervisory Board approved the conclusion of an OEM agreement with SAP SE by way of a resolution passed by written circular on 30 December 2014.

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 fiscal year 2014 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 viewed on the company's website.

Changes in the Supervisory Board in fiscal year 2014

Mr Roland Weise, who was appointed by court order effective 4 November 2013 and elected as Chairman of the Supervisory Board on 12 November 2013, informed the company on 9 May 2014 that he would not stand for election as a member of the Supervisory Board as had been set out in the agenda for the Annual General Meeting in Leimen on 6 June 2014. Accordingly, his membership of the Supervisory Board ended at the end of the Annual General Meeting. Mr Rainer Zinow, who was subsequently proposed for election in the interests of the company, was elected as a Supervisory Board member with a substantial majority of the votes cast for the period from the end of the Annual General Meeting on 6 June 2014 until the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for fiscal year 2015. The Supervisory Board subsequently elected its members Dr Michael Drill and Mr Gerhard A. Burkhardt as Chairman and Deputy Chairman respectively.

Changes in the Executive Board in fiscal year 2013/2014

After Mr Andrew Watson stepped down as CFO/COO of SNP Schneider-Neureither & Partner AG effective 30 June 2013, the Supervisory Board intensively addressed the issue of staffing the Executive Board positions at SNP AG in the second half of 2013. 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.

In January 2014, the Supervisory Board resolved to reorganise and increase the number of members on the Executive Board. To this end, Mr Henry Göttler was appointed to the Executive Board of SNP AG as COO effective 1 July 2014 with primary responsibility for the areas of product management and development. The Supervisory Board meeting on 6 March 2014 then unanimously appointed Mr Jörg Vierfuß as Finance Director effective 1 April 2014 after he had already been appointed as Chief Financial Officer (CFO) of the company in summer 2013. The Supervisory Board also unanimously confirmed Dr Andreas Schneider-Neureither as CEO. The establishment of a three-person Executive Board also put in place the conditions for the systematic pursuit of the planned growth at a management level.

Audit of the annual and consolidated financial statements

The annual and consolidated financial statements for the year ended 31 December 2014 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 Steuerberatungsgesellschaft, and issued with an unqualified audit opinion on 5 March 2015.

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 5 March 2015, 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 5 March 2015. 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 SNP Group's employees form the basis for the 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, particularly in the past fiscal year.

Heidelberg, 5 March 2015
For the Supervisory Board

M. Drill

Dr Michael Drill, Chairman

SNP's Shares

Most of the leading German indices closed 2014 comparatively unchanged on the whole. However, the moderate overall rises in the leading indices should not hide the fact that there were considerable fluctuations during the course of the year. Following solid performance in the first half of the year, fears of an escalation in Eastern Europe in particular led to significant price falls in late summer and autumn. The upturn that followed and the largely satisfactory end to the year were again attributable to the policy of cheap money, which provided impetus for the stock markets.

The DAX closed the year with moderate growth of 2.7%. The MDAX, which has been bullish for a number of years, also rose slightly by 2.2%, while the SDAX recorded growth of 5.9%. The positive outlier was the TecDAX technology index, which rose by 17.5%.

The dividend-adjusted closing price for SNP AG's shares for 2013 was €11.24. Starting from this level, the share price moved in a corridor between €11.73 (high) and €9.90 (low) in the first quarter of 2014, with the latter also representing the low for the year as a whole. Boosted by extremely positive company news, the share price rose over the next two quarters, reaching a high for the year of €15.00 in July. It should be noted that the company also paid a dividend of €0.08 per share in June.

SNP's shares have been listed in the Prime Standard of the Frankfurt Stock Exchange since late August. The move from the General Standard to the Prime Standard is intended to attract greater attention from private and institutional investors and further reinforce investor confidence.

The fluctuations on the markets as a whole in October also affected SNP AG's share price performance. The share price came under severe pressure in the second week of October in particular as a result of wider market developments, quickly falling to a temporary low of €11.60. SNP's shares recovered from this level during the fourth quarter to close the year on 31 December 2014 at €14.00 in Xetra trading.

This corresponds to growth of 24.6%. The average daily turnover in Xetra trading was 1,361 shares (previous year: 1,926 shares). SNP's market capitalisation at the end of fiscal year 2014 was approximately €52.33 million.

Further information on SNP's shares can be found at http://www.snp-ag.com/Investor-Relations/Aktie/

Further information on investor relations can be found at http://www.snp-ag.com/Investor-Relations/

Share performance indicators*

		2014	2013
Earnings per share at 31 December	(in €)	0.27	-0.65
Market capitalisation at 31 December	(in € million)	52.33	42.02
Closing price	(in €)	14.00	11.24
High	(in €)	15.00	19.25
Low	(in €)	9.90	9.37

* Adjusted data (Xetra), source: Bloomberg

Key share data

ISIN	DE0007203705
German Securities Identification Number (WKN)	720 370
Number of shares	3,738,060
Share capital in €	3,738,060 €
Class	No-par value bearer shares
Market segment	Prime Standard (since 29 August 2014)
Trading exchanges/stock exchanges	Xetra®, Frankfurt, Berlin, Hamburg, Munich, Stuttgart, Düsseldorf
Ticker symbol	SHF
Bloomberg	SHF:GR
Reuters	SHFG.DE

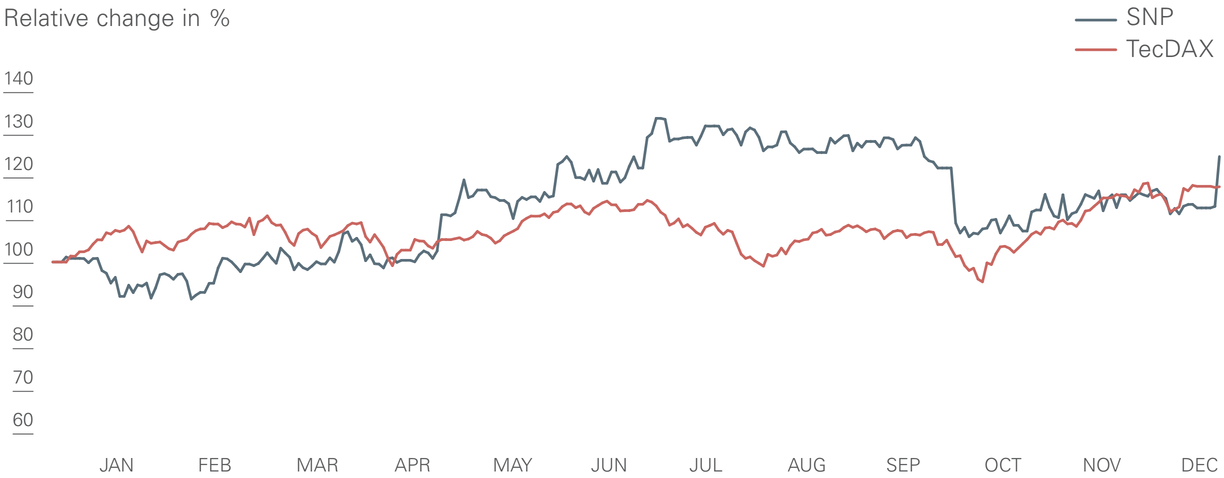
Shareholder structure (in %)

As of 31 December 2014

Dr. Andreas Schneider-Neureither (CEO)	20.06%
Ingrid Weispfenning	13.29%
Christiane Weispfenning	8.21%
Free Float	58.44%
there of identified institutional investors(∑ 31,18%):	
Inflection Point	6.58%
Allianz Global Investors	5.46%
Fidelity Worldwide Investments	5.13%
Invesco	3.93%
HANSAINVEST	3.54%
ALTO INVEST	3.37%
Kabouter Management	3.17%

Development of SNP-Share in 2014

Relative change in %



Corporate Governance Report 2014

Corporate governance – good, responsible corporate management and monitoring – has always been a top priority for SNP. Close, efficient cooperation between the Executive Board and the Supervisory Board, upholding the interests of shareholders, a policy of open corporate communications, proper financial accounting and auditing, compliance with statutory provisions and internal guidelines, and a responsible approach to risk represent the basis for success.

SNP welcomes the German Corporate Governance Code. It provides transparency with regard to the statutory conditions for corporate management and control at listed German companies and sets out recognised standards of good, responsible corporate management. The Executive Board and the Supervisory Board have the shared objective of ensuring the continued existence of the company and its sustainable value creation. The declaration of conformity has also been made permanently available for viewing in the Investor Relations/ Corporate Governance section of the company's website.

Declaration of conformity

In accordance with section 161 of the German Stock Corporation Act (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 for 2014 by SNP Schneider-Neureither & Partner AG on the recommendations of the Commission of the German Corporate Governance Code in accordance with section 161 AktG

The Executive and Supervisory Boards of SNP Schneider-Neureither & Partner AG hereby declare that, since their last declaration of conformity on 6 March 2014, 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 24 June 2014 with the following exceptions:

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 4.2.3 (2) of the GCGC

Section 4.2.3 (2) of the GCGC recommends that retroactive changes to the performance targets or comparison parameters for the variable remuneration paid to Executive Board members be excluded. As a result of the two new appointments to the Executive Board, the principles of the remuneration system were adjusted in fiscal year 2014 and presented to the 2014 Annual General Meeting. The long-term remuneration component with a target date of 31 December 2016 is based on the company's sales, EBIT margin and share price. As it is recommended that the variable remuneration components are based on demanding, relevant comparison parameters, the existing provision on long-term remuneration in the CEO's contract of employment has also been replaced by the new provision on long-term remuneration, as this contract previously only included EBT per share as an agreed long-term target – but only if the contract of employment remains in place beyond 31 December 2015 as a result of the CEO being reappointed to the Executive Board for the duration of the new appointment.

The reference points for the provisions on the variable bonus for Executive Board members have also been harmonised for the reasons mentioned above. The amended provision for the CEO will come into force with effect from 1 January 2015 and will involve a change in wording compared with the previous position due to the aforementioned harmonisation. This means that SNP AG will deviate from the recommendation of section 4.2 (3) of the GCGC on the creation of a uniform remuneration system for the Executive Board on a one-off basis.

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 company's Supervisory Board is made up of only three members. It was therefore 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 define 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. The Supervisory Board is made up of only three members. Against this background, 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. 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, 5 March 2015
SNP Schneider-Neureither & Partner AG

For the Executive Board

Dr. Andreas Schneider-Neureither, Vorstandsvorsitzender / CEO

For the Supervisory Board

Dr. Michael Drill

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. Mr Roland Weise, who was the Chairman of the Supervisory Board in fiscal year 2014 up until the end of the Annual General Meeting on 6 June 2014, worked for SNP AG as a strategic consultant to a limited extent. His departure from the Supervisory Board was accompanied by the termination of his consultancy activities for the company. Other than this, there were no conflicts of interest requiring immediate disclosure to the Supervisory Board in fiscal year 2014. In fiscal year 2014, the Supervisory and Executive Boards of SNP AG held four joint 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 five 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 fiscal year 2014, the Executive Board of SNP AG initially consisted solely of the founding member of the company, Dr Andreas Schneider-Neureither, as Chairman (CEO) and sole member of the Executive Board. During the course of the year, two members were appointed to the Executive Board, thereby increasing the number of members to three: Mr Jörg Vierfuß was appointed as Finance Director effective 1 April 2014, while Mr Henry Göttler joined the Executive Board of SNP AG as COO effective 1 July 2014. Both of their terms of office will end on 31 December 2016. Dr Schneider-Neureither's current term of office began on 1 October 2012 and will end on 31 December 2015.

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 31.03.2014: - Sole Executive Board member of the company From 01.04.2014 responsible for: - Corporate Strategy - Portfolio- & Product Strategy - Sales & Partnermanagement - Marketing - Investor Relations & Corporate Governance - Operational areas From 01.07.2014 responsible for: - Corporate Strategy - Portfolio & Product Strategy - Sales & Partnermanagement - Marketing - Investor Relations & Corporate Governance - Strategic and process consulting	Supervisory Board Casadomus AG, Stuttgart Supervisory Board VHV insurance services GmbH, Hannover Member of the Board of Directors VHV-Gruppe, Hannover
Jörg Vierfuß Master of Business Administration d.o.b. 05.07.1968	01.04.2014 to 31.12.2016	**CFO** From 01.04.2014 responsible for: - Finance, Controlling & Accountancy - Puchasing department & Taxes - Human Resources - Legal & Compliance - Administration - IT	No further appointments
Henry Göttler MA d.o.b. 03.12.1965	01.07.2014 to 31.12.2016	**COO** From 01.07.2014 responsible for: - Product Management - Product Marketing - Pre-Sales - Development - Support - Quality Assurance - Professional Services	Supervisory Board Smart Commerce SE

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. The current members of the Supervisory Board represent a highly competent advisory and controlling body of proven experts in the finance and software industries and ensure the most effective possible corporate governance and support for the Executive Board in matters of strategic orientation.

Mr Roland Weise, who was appointed to the Supervisory Board by court order effective 4 November 2013 and elected as Chairman of the Supervisory Board on 12 November 2013, did not stand for election as a member of the Supervisory Board as had been set out in the agenda for the Annual General Meeting in Leimen on 6 July 2014. Mr Rainer Zinow was elected as a Supervisory Board member with a substantial majority of the votes cast for the period from the end of the Annual General Meeting on 6 June 2014 until the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for fiscal year 2015. The Supervisory Board subsequently elected its members Dr Michael Drill and Mr Gerhard A. Burkhardt as Chairman and Deputy Chairman respectively.

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, the Supervisory Board of SNP AG 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.

Furthermore, the Executive Board and the Supervisory Board support social efforts aimed at equality of the various population groups including women in the workplace, and rigorously complies with the applicable bans on discrimination in connection with the recruitment and promotion of employees and directors. In line with Section 4.1.5 GCGC, the Executive Board shall also ensure diversity when appointing persons to leadership positions and strive for due consideration of women. In line with Section 5.1.2 GCGC, the Supervisory Board shall do the same in terms of the composition of the

Members of the SNP AG Supervisory Board 2014	**Appointed/elected from/to**	**Memberships on other Supervisory Boards and other similar bodies***
Dr. Michael Drill Chairman of the Executive Board Lincoln International AG	Chairman since: 06.06.2014 Deputy Chairman from: 24.05.2012 until 06.06.2014 First appointed: 04.04.2011 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 201	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	Deputy Chairman from: 06.06.2014 First appointed: 01.05.2013 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	casadomus AG Chairman, Germany Haufe-Lexware Real Estate AG Germany GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Germany GWE Gesellschaft für Wohnen im Eigentum AG Germany
Rainer Zinow Senior Vice President SAP SE	Member of the Supervisory Board First elected: 06.06.2014 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	No further appointments
Roland Weise Management Consultant	Chairman from: 12.11.2013 until 06.06.2014 First appointed: 04.11.2013 Resigned on: 06.06.2014	No further appointments

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

Executive Board. At the same time, the Executive Board and the Supervisory Board feel they are particularly obligated to the economic interests of the company when appointing persons to leadership positions and Executive Board members. The key criteria of competence, qualifications, and suitability shall always apply and there will be no fixed internal quota or target in terms of diversity and/or percentage of women. This is particularly the case because the company operates in an extremely specialised sector. Consequently, it is already very difficult to find qualified applicants for key posts.

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 AG, 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 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 submitted to SNP AG for the past fiscal year were published as required and can be viewed in the Investor Relations/Directors' Dealings section of the company's website.

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 2014, the members of the Executive Board directly and indirectly held around 20% of the shares issued by the company (754,218 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 the Executive Board. In addition, there are no share option plans or similar securities-based incentive systems in place at the company. The following table shows the number of SNP shares held by or attributable to each member of the executive bodies and any changes in fiscal year 2014.

Shares owned by the Executive Board	Number of shares on 31.12.2013	% on 31.12.2013	Number of shares on 31.12.2014	% on 31.12.2014
Dr. Andreas Schneider-Neureither	749,718	20.06	749,718	20.06
Jörg Vierfuß	not specified*	not specified*	2,500	0.07
Henry Göttler	not specified*	not specified*	2,000	0.05
Total	**749,718**	**20.06**	**754,218**	**20.18**

Shares owned by the Supervisory Board	Number of shares on 31.12.2013	% on 31.12.2013	Number of shares on 31.12.2014	% on 31.12.2014
Dr. Michael Drill	4,000	0.11	5,500	0.13
Gerhard A. Burkhardt	0	0	0	0
Rainer Zinow	not specified*	not specified*	0	0
Roland Weise	1,780	0.05	not specified*	not specified*
Total	**5,780**	**0.16**	**5,500**	**0.13**

* Due to joining / resigning during FY 2014.

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 2014 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).

Further information on corporate governance at SNP

Comprehensive information on the activities of the Supervisory Board and cooperation between the Supervisory Board and the Executive Board can also be found in the Supervisory Board Report in this Annual Report.

SNP's consolidated financial statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRS), while the annual financial statements of SNP AG are prepared in accordance with the provisions of the German Commercial Code (HGB). The Annual General Meeting on 6 June 2014 elected MOORE STEPHENS TREUHAND KURPFALZ GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mannheim, as the auditor for SNP AG and the SNP Group for fiscal year 2014.

We place a high priority on transparency and an aspiration to provide our shareholders and the public with quick, comprehensive and simultaneous information. Accordingly, important company information and current developments are published in good time on our company website. In addition to detailed information on corporate governance at SNP, the website includes supplementary information on the Executive Board, Supervisory Board and Annual General Meeting, company reports (annual reports, annual financial statements, management reports and interim reports), a financial calendar containing all of the major dates and publications, ad hoc disclosures and directors' dealings.

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.

Remuneration report

The remuneration report describes the structure and level of remuneration of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code. It is an integral part of the annual financial statements and the management reports of the company and the Group.

Remuneration of the Executive Board

According to the German law on the appropriateness of executive remuneration („VorstAG“), the Supervisory Board is responsible for setting Executive Board remuneration. 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.

In fiscal year 2014, as a result of the two new appointments to the Executive Board, the Supervisory Board dealt with adjustment of the remuneration system with the aim of standardising Executive Board remuneration. The adjusted system was also presented to the 2014 Annual General Meeting.

According to this adjusted system, the total remuneration of Executive Board members continues to consist 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.

Variable remuneration is calculated on the basis of the company's business results, specifically EBT, which is defined as net income before taxes on the SNP Group's balance sheet. The calculation is performed by applying a percentage to EBT, which the Supervisory Board sets for each fiscal year. This bonus is capped. If the company's net earnings result in a bonus calculation that is below a specific minimum level, this leads to a complete loss of the variable bonus for the fiscal year. With regard to the targeted sustainability of results, the calculation of the variable bonus will include a multi-year component starting from fiscal year 2016. To create a uniform Executive Board remuneration system, the regulations on variable remuneration also came into force for the CEO on 1 January 2015. They only involve a change to the formulation of the existing regulation.

The long-term remuneration component was agreed effective 1 January 2015, and is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. As it is recommended that the variable remuneration components are based on demanding, relevant comparison parameters, the existing provision on long-term remuneration in the CEO's contract of employment has also been replaced by the new provision on long-term remuneration, as this contract previously only included EBT per share as an agreed long-term target – but only if the contract of employment remains in place beyond 31 December 2015 as a result of the CEO being reappointed to the Executive Board for the duration of the new appointment.

The Supervisory Board set the remuneration of the Executive Board for fiscal year 2014 on 5 March 2015.

Remuneration of the Executive Board in fiscal year 2014

The total remuneration awarded to Members of the Executive Board in fiscal year 2014 amounted to a total of € 725,121.15. Details of the remuneration paid to Executive Board members in fiscal year 2014 are itemised in the following table:

Fiscal year 2014

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr. Andreas Schneider-Neureither	220,008.00	154,622.68	21,390.48	9,774.81	10,323.62	416,119.59
Jörg Vierfuß	90,000.00	51,540.89	13,823.28	0.00	2,884.89	158,249.06
Henry Göttler	90,000.00	51,540.89	8,801.36	0.00	410.25	150,752.50
Total	**400,008.00**	**257,704.46**	**44,015.12**	**9,774.81**	**13,618.76**	**725,121.15**

Fiscal year 2013

In €	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
Summe	**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., and for the CFO of SNP AG, who is also Vice President Finance of SNP America. The D&O insurance policy described totals an annual insurance premium of € 2,321.23. The pro-rata insurance premium paid per person per period of activity can be consulted in the insurance benefit table.

For fiscal year 2014, remuneration of the Executive Board is posted in individualised form for the first time on the basis of the uniform model tables recommended in the German Corporate Governance Code. A key feature of these model tables is separate posting of the granted benefits (Table 1) and the actual allocations (Table 2). In terms of benefits, the target figures (payment in the event of 100% target attainment) and the attainable minimum and maximum figures are also stated.

Table 1: Remuneration of the Executive Board in 2014 (benefits granted)

	Dr. Andreas Schneider-Neureither			
	CEO / joined: 01.12.1994			
In €	**2013 Initial value**	**2014 Initial value**	**2014 Minimum**	**2014 Maximum**
Fixed remuneration	220,008.00	220,008.00	220,008.00	220,008.00
Variable remuneration	21,530.84	21,390.48	21,390.48	21,390.48
Total	**241,538.84**	**241,398.48**	**241,398.48**	**241,398.48**
One-year variable remuneration	-	180,000.00	0.00	360,000.00
Multi-year variable remuneration*	-	-	-	-
Total	**-**	**180,000.00**	**0.00**	**360,000.00**
Pension expenses	16,973.36	20,098.43	20,098.43	20,098.43
Total sum	**258,512.20**	**441,496.91**	**261,496.91**	**621,496.91**

In €	2013 Initial value	2014 Initial value	2014 Minimum	2014 Maximum
	Jörg Vierfuß CEO / joined: 01.04.2014			
Fixed remuneration	-	90,000.00	90,000.00	90,000.00
Variable remuneration	-	13,823.28	13,823.28	13,823.28
Total	**-**	**103,823.28**	**103,823.28**	**103,823.28**
One-year variable remuneration	-	60,000.00	0.00	120,000.00
Multi-year variable remuneration*	-	-	-	-
Total	**-**	**60,000.00**	**0.00**	**120,000.00**
Pension expenses	-	2,884.89	2,884.89	2,884.89
Total sum	**-**	**166,708.17**	**106,708.17**	**226,708.17**

In €	2013 Initial value	2014 Initial value	2014 Minimum	2014 Maximum
	Henry Göttler COO / joined: 01.07.2014			
Fixed remuneration	-	90,000.00	90,000.00	90,000.00
Variable remuneration	-	12,881.36	12,881.36	12,881.36
Total	**-**	**102,881.36**	**102,881.36**	**102,881.36**
One-year variable remuneration	-	60,000.00	0.00	120,000.00
Multi-year variable remuneration*	-	-	-	-
Total	**-**	**60,000.00**	**0,00**	**120,000.00**
Pension expenses	-	8,801.36	8,801.36	8,801.36
Total sum	**-**	**171,682.72**	**111,682.72**	**231,682.72**

* The long-term remuneration component was agreed effective 1 January 2015, and is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. The 100% target figures are staggered as follows: Dr Andreas Schneider-Neureither: € 200,000, Henry Göttler: € 150,000 and Jörg Vierfuß: € 100,000.

Table 2: Remuneration of the Executive Board in 2014 (allocations)

	Dr. A. Schneider-Neureither CEO from 01.12.1994		**Jörg Vierfuß** CFO from 01.04.2014		**Henry Göttler** COO from 01.07.2014	
In €	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fixed remuneration	220,008.00	220,008.00	90,000.00	-	90,000.00	-
Variable remuneration	21,390.48	21,530.84	13,823.28	-	8,801.36	-
Total	**241,398.48**	**241,538.84**	**103,823.28**	**-**	**98,801.36**	**-**
One-year variable remuneration	154,622.68	-	51,540.89	-	51,540.89	-
Multi-year variable remuneration*	-	-	-	-	-	-
Total	**154,622.68**	**-**	**51,540.89**	**-**	**51,540.89**	**-**
Pension expenses	20,098.43	16,973.36	2,884.89	-	410.25	-
Total sum	**416,119.59**	**258,512.20**	**158,249.06**	**-**	**150,752.50**	**-**

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

As at 31 December 2014, 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 € 176 thousand (prior year: € 125 thousand). An insurance policy has been agreed to cover pension obligations.

Other transactions

Since 1 December 2010, a lease agreement for office premises and parking spaces has been in place between a member of the Executive Board and SNP AG. With effect from 1 September 2014, two separate agreements (office premises and parking spaces) were concluded at unchanged conditions. The services are charged at arm's-length conditions. In financial year 2014, rental expenses of € 229 thousand (prior year: € 230 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2014. Since 1 September 2014 and 1 November 2014, five new lease agreements for office premises and parking spaces have also been in place between a company controlled by a member of the Executive Board and SNP AG. The services are charged at arm's-length conditions. In financial year 2014, rental expenses of € 46 thousand (prior year: € 0 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2014.

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. In addition to the reimbursement of their expenses and an attendance fee of € 1,000 per Supervisory Board meeting, the members of the Supervisory Board receive a fixed sum of € 10,000 per fiscal year for their work. The Chairman receives twice and his deputy one and a half times the fixed sum. 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 € 6,000,000, arranged by the company for each member of the Supervisory Board. No deductible is agreed.

Remuneration of the Supervisory Board in fiscal year 2014

The total remuneration awarded to members of the Supervisory Board in fiscal year 2014 amounted to a total of € 60,203.61. 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:

Fiscal year 2014

€	Fixed amount	Attendance fee	Other expenses	D&O - Insurance	Total
Dr. Michael Drill Chairman of the Supervisory Board from 06.06.2014	17,847.22	4,000.00	327.47	668.67	22,843.36
Gerhard A. Burkhardt Deputy Chairman from 06.06.2014	12,847.23	4,000.00	0.00	668.67	17,515.90
Rainer Zinow Member of the Supervisory Board from 06.06.2014	5,694.44	3,000.00	0.00	334.33	9,028.77
Roland Weise Chairman of the Supervisory Board until 06.06.2014	8,611.83	1,000.00	869.42	334.33	10,815.58
Total	**45,000.72**	**12,000.00**	**1,196.89**	**2,006.00**	**60,203.61**

Fiscal year 2013

€	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	11,112.44
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**

Mr Roland Weise, who worked for company in fiscal year 2013 on the basis of a consulting contract that complied with the legal requirements, also performed consultancy services for SNP AG in addition to his Supervisory Board duties in the last fiscal year. These services were remunerated in the reporting period by a total of € 31,396.43 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 insurance premiums paid for each person for the period of their appointment are shown in the table.

Group Management Report of SNP Schneider-Neureither & Partner

Basic information on the Group for Fiscal Year 2014

Market position and business model of the SNP Group

SNP – The Transformation Company

Digital transformation and the ability to react quickly to changes in the business environment count today as the most critical factors for success in competition across different sectors. SNP AG assists companies in consolidating their IT landscapes and adjusting to new conditions rapidly and economically. It sees itself as a catalyst and promoter of the digital transformation. With SNP Transformation Backbone®, SNP offers the world's first standard software that automatically analyses changes in IT systems and implements them on a standardised basis. It is based on the experience SNP has accumulated in over 4,000 projects worldwide with its software-related services for Business Landscape Transformation.

Since the beginning of the year 2015, SNP AG has around 350 employees in Europe, South Africa and the USA, including around 250 in Germany. Following the majority acquisition of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH at the beginning of 2015, around 70 employees are attributable to RSP. SNP AG, which is headquartered in Heidelberg, generated sales of approximately € 30.5 million in 2014, not including RSP. Its customers are multinational corporations from the industrial, financial and service sectors. SNP AG was established in 1994, went public in 2000 and has been listed in the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0007203705) since August 2014.

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 Optimisation (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)**
  SAP® Solution Manager supports the implementation, monitoring and further development of a company's complete system landscape, referred to as application lifecycle management (ALM) for short.

  The range of functions and complexity of SAP® Solution Manager pose a challenge to many companies. As the central system, the SAP® Solution Manager can be individually adapted to companies' specific processes and organisations. The typical changes in the organisations and in IT service management (ITSM) and ALM processes must be constantly monitored and optimised where necessary.

  With Business Landscape Management (SNP BLM), SNP offers a holistic consultancy approach for service and support processes in SAP® and non-SAP system landscapes. SNP BLM structures the implementation of SAP® Solution Manager with standardised consultancy, best practices and finished enhancements. It encompasses all activities from the thorough analysis of the ITSM processes through to the design and implementation of customised for service and support teams with 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 4,000 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 Verification

SNP Verification serves to ensure successful data transformation between two clients after a transformation project. Various verification methods are used to compare the data from selected table and application levels. The results of the verification are automatically documented and archived and are suitable for auditing purposes.

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 – functional 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 (BLM) range of solutions encompasses all Application Lifecycle Management functions and modules in SAP® Solution Manager. Based on best practices and 450 successfully completed projects, the SNP BLM specialists have developed useful add-ons for SAP® Solution Manager. These relate to functional enhancements to optimise IT processes, simplify dealing with SAP® Solution Manager and make the application more user-friendly. The standardised SNP add-ons for SAP® Solution Manager can be integrated in SAP® environments without difficulty and are ready for use immediately.

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.

SNP Business Process Analysis (BPA)

SNP Business Process Analysis (BPA) supports companies in extracting, visualising and analysing business processes from SAP® systems. Based on the results of the analysis, customers have the option of actively intervening in the business processes running in an SAP® system and ensuring optimal, process-compliant mapping of the processes in their systems. BPA can be integrated seamlessly in existing SAP® environments, has interfaces with SAP® Solution Manager and forms the technological basis for accompanying transformation projects in the analysis phase.

Sales

In marketing its service and product portfolio, SNP AG pursues a sales mix approach. In addition to direct sales, the SNP Group also offers its services and software products indirectly via independent partners. In fiscal year 2014, the number of partner companies, which include companies such system integrators and consultants, increased by another 10 to reach a total of 50 globally operating SNP partners. Their importance and sales potential are also reflected in their increased share of sales: In the previous year, € 4.478 million or around 19% of total sales were attributable to indirect sales channels; by 2014 this figure had risen to € 6.417 million or around 21%.

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 partner/licensing/maintenance model, its notable clients and the good reputation it has developed through numerous international projects.

In direct sales, consultancy services including SNP solutions are sold in the Professional Services segment, the SNP Group's consultancy segment. The Software segment offers SNP solutions, particularly SNP Transformation Backbone, as independent products. In the past fiscal year, the number of employees was increased in the telesales and telemarketing areas in particular. The aim is to strengthen higher-margin and more scalable software sales – firstly by selling corporate and project licences for SNP Transformation Backbone and secondly by means of more intensive marketing of the rest of the SNP software portfolio, including SNP Dragoman, SNP Data Provisioning & Masking, SNP Business Process Analysis and SNP Systemscan.

Group structure & acquisitions

In addition to SNP Schneider-Neureither & Partner AG, headquartered in Heidelberg, the SNP Group also comprises the following wholly-owned equity investments as at 31 December 2014:

- SNP (Schweiz) AG, Zug, Switzerland
- SNP Austria GmbH, Linz, Austria (wholly owned since April 2014)
- SNP Consulting GmbH, Thale, Germany
- SNP America, Inc., Jersey City, NJ, USA
- SNP Schneider-Neureither & Partner ZA (Pty) Limited, Johannesburg, South Africa
- Schneider-Neureither & Partner Iberica, S.L., León, Spain
- SNP Applications GmbH, Heidelberg, Germany

In line with its corporate strategy, the remaining 15% of the shares in SNP Austria GmbH were acquired in April 2014. The Austrian subsidiary is now wholly owned by the SNP Group.

SNP Applications GmbH was established and consolidated for the first time in December 2014.

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

After an encouraging start to the year, sentiment deteriorated in autumn 2014 with regard to the further development of the global economy. The geopolitical crises in Ukraine and in the Middle East represented a particular cause of concern. For 2014 as a whole, the International Monetary Fund (IMF) is reporting global economic growth of 3.3%, which corresponds to the previous year's level. The euro zone economy posted growth of around 0.8% in 2014, with the third quarter proving somewhat weaker than anticipated due to lower investing activities. However, the euro zone has at any event left the previous year's recession behind.

With a 1.5% increase, Germany was still the growth driver in the euro zone, even though it lost momentum significantly in the second half of 2014 after a strong start to the year. In the third quarter, overall economic production even stagnated. Growth was held back primarily by low momentum in the euro zone and the moderate pace of global economic expansion. By contrast, the ifo Business Climate Index for industry and trade in Germany increased for the third time in a row in January 2015, reaching 106.7 points after 105.5 points in the previous month. This continuing confidence among German companies was attributable to the low oil price and the favourable EUR/USD exchange rate.

Development in some of the emerging economies of Latin America and the Middle East was negative last year, while the IMF also expects China to see a slight downturn in growth. China's growth rate of 7.4% was down slightly on the previous year's level of 7.7%. But even though the growth rates are now somewhat lower, they are still among the highest in the global economy.

The US economy was one of the main growth drivers for the global economy last year, growing by a higher-than-anticipated 2.4% (2013: 2.2%). An accommodating fiscal policy, the positive financial market environment and the recovery of the housing market are making for advantageous conditions here that are expected to continue to spur the current upturn. This substantiates hopes of a sustainable recovery of the US economy. Strong growth impetus is also expected from the USA in the coming year.

German ITC market grows in 2014

According to estimates by the industry association BITKOM, global sales from products and services relating to information technology and telecommunications (ITC) grew by 4.0% to € 2.79 trillion in 2014. China posted the highest growth rate, with the ITC market here expanding by 14.7% to € 351 billion. The ITC market in the USA grew by 3.3% to € 775 billion, whereas in the EU there was an increase of just 0.4% to € 641 billion.

Globally, the information technology segment grew by 2.9% to € 1.15 trillion in 2014. This growth was once again driven by software business, which was up 6.0%. Sales from IT services also recorded a significant increase of 3.4%. By contrast, the global market for IT hardware declined by 0.5% in 2014.

The German ITC market grew by 1.6% to € 153.4 billion in 2014. The most important pillar of this growth was still information technology, which increased by 4.3% to € 77.8 billion. Software sales also increased substantially by 5.6% to € 19.1 billion. Growth in IT services was somewhat lower at 2.7% to a level of € 36.3 billion. For 2015, the association expects the German ITC market to grow by 2.4% to € 79.7 billion.

The BITKOM SME index, which reflects the economic forecasts of small and medium-sized IT companies, climbed by five points in the latest survey to a record level of 75 points, three points higher than the index for the industry as a whole. SMEs thus remain the key growth driver of the BITKOM sector. Eight out of ten SMEs in the information technology and telecommunications sector are forecasting rising sales in the coming six months (basis: February 2015). Software companies and IT service providers are particularly confident, with 83% of software companies and 87% of service providers anticipating an increase in sales. Only 4% of software providers and 6% of service providers are anticipating a decline.

BITKOM is forecasting stronger growth for the global ITC market in 2015 than for the economy as a whole. In telecommunications, a significant global increase of 4.8% to € 1.64 trillion is anticipated in 2015. According to the forecast, sales from TC infrastructure will grow by 7.4%.

Industry 4.0 becoming increasingly important

Cloud computing, IT security and big data analytics – according to a BITKOM survey of IT managers, these are the three most important high-tech topics for 2015. Cloud computing once again came top with 64% of citations. Big data – the analysis of large quantities of data – established itself among the top issues with 48%. The biggest climber of the year was Industry 4.0, which broke into the top five for the first time with 42% of citations. This result highlights growing awareness of the increasing digitalisation and networking in industry.

IT expertise in management increasing

A study of IT trends in 2014 by the consultancy and IT service provider Capgemini revealed that the three most important requirements for an IT department in a corporate environment are increasing efficiency in IT, improving business processes and reducing IT costs. The most important contributing factors for success in IT are quoted as reducing lead time, increasing customer satisfaction and reducing product costs. One important top issue for the years ahead will be the integration of standard and individual software.

Business performance and economic situation

Significant events in 2014

On 9 May 2014, the Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, Mr Roland Weise, informed the company that he would not be standing for election as a member of the Supervisory Board, contrary to what was stated in the invitation to the Annual General Meeting, owing to personal reasons. At the Annual General Meeting, Mr Rainer Zinow was elected as a new member of the Supervisory Board. Mr Zinow, a business graduate, is the Senior Vice President of SAP SE where he heads the development of the SAP HANA Cloud platforms and applications. In the constituent meeting that followed, the Supervisory Board then elected Dr. Michael Drill as its new Chairman. Michael Drill has been on the Supervisory Board of SNP AG since April 2011. In May 2012 he became the Deputy Chairman of the Supervisory Board, an office now held by Gerhard A. Burkhardt, a member of the Supervisory Board since May 2013. SNP therefore has a highly competent advisory and controlling body with proven experts in the finance and software industries.

Furthermore, SNP AG has expanded its Executive Board to three members, thereby creating the conditions within its management team for the systematic pursuit of its planned growth. After Mr Jörg Vierfuß was appointed as CFO effective 1 April 2014, Mr Henry Göttler joined the Executive Board as COO effective 1 July 2014.

In August, SNP's software development successfully achieved the CMMI Maturity Level 2 certification. In early 2013, the developer team initiated a continuous improvement process on the basis of Capability Maturity Model Integration (CMMI) in order to further optimise the processes in software development and in this way to establish SNP as a software company for the long term. Furthermore, SNP's quality management system was successfully certified according to the DIN EN ISO 9001:2008 quality standard in September. This certification and the subsequent optimisation of company processes form the basis for the increase in competitiveness and the improvement of our performance for customers. After the pre- and certification audit by TÜV SÜD, SNP was issued with the ISO 9001 certificate in the fields of development, sales, training and support of software products relating to company transformation and IT management.

Effective 29 August 2014, SNP AG was granted admission to the Prime Standard of the Frankfurt Stock Exchange by Deutsche Börse AG. The change from the General Standard to the Prime Standard and the fulfilment of the highest transparency requirements is intended to increase the attractiveness of SNP's shares and reinforce investors' confidence. The move to the premium segment of the Frankfurt Stock Exchange is also intended to gain more attention from private and institutional investors. SNP AG went public in 2000 and its shares had been listed in the General Standard of the Frankfurt Stock Exchange since 2003.

In October 2014, SNP AG opened a new training centre in Magdeburg. In future, the centre will provide numerous trainees and young talents every year with training on various specialist subjects. With the new training centre, SNP AG is pursuing a targeted approach to training young talents as part of its growth path and seeking to further improve the range of training opportunities that are already in place. In September 2014, SNP AG's training programme already received the seal of quality for "career-promoting and fair trainee programmes" initiated by the Berlin-based careers network "Absolventa", Ludwig Maximilians University of Munich and the Süddeutsche Zeitung newspaper.

In December, SAP SE and SNP agreed to intensify and expand their cooperation. The cooperation will focus in particular on transformation projects within SAP® landscapes and solving technical challenges with regard to migration from non-SAP® ERP systems to SAP® systems. Following a technological transition period, the SNP Transformation Backbone is to be expanded in a future version with the SAP® Landscape Transformation Software and made generally available.

December 2014 also saw the establishment of SNP Applications GmbH, a company wholly owned by the SNP Group. In this subsidiary, the software products SNP Dragoman and SNP Data Provisioning & Masking are grouped together in an independent operating unit. In addition, the relevant specialist employees from the areas of telesales, telemarketing, development and support are integrated in this new company.

Target achievement

The development of sales and earnings in fiscal year 2014 was in line with the forecast for the year that was published on 31 March 2014 along with the annual report for 2013. Both the annual target set for total sales of approximately € 30 million and the targeted EBIT margin in the medium single-digit percentage range were achieved in the reporting period. Compared to the previous year, sales increased by 29.5% from € 23.536 million to € 30.480 million. The operating result (EBIT) improved from € -2.714 million in the previous year to € 1.439 million. The EBIT margin thus came to 4.7%.

Net assets, financial position and results of operations

Result of operations

In fiscal year 2014, SNP AG generated sales of € 30.480 million as against € 23.536 million in the previous year. The DACH region (Germany, Austria and Switzerland) accounted for sales of € 23,079 million in 2014, equivalent to around 76% of total sales. In the previous year, the DACH region had contributed € 20.330 million or 86% of total sales. The decline in its share of sales is attributable primarily to stronger international business.
Both SNP business segments contributed to the positive sales and business development. A significant upturn in consultancy business, combined with growth in incoming orders and increasing utilisation, resulted in a rise of 21.6% to € 22.743 million in the Professional Service segment. In the Software segment, which comprises licence and maintenance revenue, sales increased by an above-average rate of 59.9% to € 7.737 million in the same period. Based on the positive sales performance and in spite of further investments in development, consultancy and sales capacity and the acquisition costs arising from the acquisition of a majority stake in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH at the beginning of 2015, EBIT improved from € -2.714 million to € 1.439 million. This development ultimately shows the success of the measures initiated in the past year, particularly the progress made in the operational implementation of the sales strategy.

SNP AG laid important foundations for the future with investments in new specialist staff and the acquisition of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH at the beginning of 2015. Together with the continued very stable financial position, there is thus a good basis for future corporate growth.

Sales performance

In fiscal year 2014, SNP generated consolidated sales of € 30.480 million (prior year: € 23.536 million). This equates to sales growth of 29.5% year-on-year. The two business segments were affected by this development to different degrees: In the Professional Services segment, which consists mainly of consultancy services, sales rose by 21.6% to approximately € 22.743 million in the period under review (prior year: € 18.696 million). Sales in the Software segment climbed by 59.9% to € 7.737 million (prior year: € 4.840 million). Sales from maintenance services increased from € 0.804 million in the prior year to € 1.336 million in 2014, while sales from licence sales increased from € 4.036 million to € 6.401 million. The largest source of sales in the Software segment in fiscal year 2014 was still SNP Transformation Backbone, which contributed approximately € 4.881 million (prior year: € 3.596 million) to segment sales. It thus accounted for around 63% (prior year: 74%) of total software revenue. This lower revenue share is attributable primarily to the increased sales of the standard software SNP Data Provisioning and Masking; the second strongest product in the Software segment in terms of revenue accounted for € 1.397 million in the period under review (prior year: € 0.1 million). Overall, the share of sales attributable to the Software segment rose from 21% to 25% in the period under review.

SNP invests in future growth

The SNP Group continued to systematically pursue its long-term growth strategy in fiscal year 2014. The company invested both in further development of its core product SNP Transformation Backbone and in improvements in the other SNP software solutions and services. In addition, SNP made further targeted investments in developing additional capacity, particularly in the

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areas of development, consultancy and marketing and sales. Acquisition costs were also incurred in the year under review in connection with the acquisition of a majority stake in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH at the beginning of 2015. These forward-looking investments are reflected particularly in the increase in other operating expenses and personnel expenses. Other operating expenses increased by 12% year-on-year to € 8.316 million (prior year: € 7.408 million). The 19% rise in personnel expenses to € 20.514 million (prior year: € 17.190 million) is attributable to the general increase in the number of employees. Overall, the number of employees rose to 280 as at 31 December 2014 (prior year: 248).

Depreciation and amortisation amounted to € 0.928 million in the period under review and was therefore up slightly on the prior year's level (€ 0.743 million).

Earnings performance

Based on the adjusted corporate and growth strategy, SNP AG returned to profitability in fiscal year 2014. Viewed over the entire reporting period, EBITDA amounted to € 2.367 million as compared to € -1.972 million in the previous year. EBIT improved from € -2.714 million in the previous year to € 1.439 million. This corresponds to profit margins of 7.8% (EBITDA) and 4.7% (EBIT) respectively. This turnaround was achieved in spite of continuing growth investments. Staff costs rose by € 3.324 million in the fiscal year to € 20.514 million. Other operating expenses increased from € 7.408 million to € 8.316 million. At the same time, other income rose from € 0.241 million to € 2.112 million, largely as a result of the reversal of the contingent purchase price liability in connection with the acquisition of GLA.

Non-segment-related expenses in accordance with IFRS 8.6 decreased by € 0.259 million year-on-year to € 2.080 million (prior year: € 2.339 million).

As other financial expenses amounted to € 86 thousand in the period under review while other financial income was only immaterial, the financial result was negative at € -66 thousand (prior year: € -85 thousand), resulting in earnings before taxes of € 1.373 million (prior year: € -2.799 million). After taxes on income of € 0.344 million (prior year: tax income of € 0.477 million), net income for fiscal year 2014 amounted to € 1.028 million compared with a net loss of € -2.322 million in the previous year. This corresponds to a net margin of 3.4%.

After subtracting profits due to minority interests, amounting to € 0.040 million, consolidated net income for the year after minorities stood at € 0.988 million (prior year: consolidated net loss of € -2.405 million) and earnings per share at € 0.27 (prior year: € -0.65), in each case both undiluted and diluted. Adjusted for currency translation differences and remeasurements of defined benefit pension plans, there was positive total comprehensive income of € 0.923 million (prior year: negative total comprehensive income of € -2.349 million).

Proposed dividend

The Annual General Meeting of SNP AG, which took place in Leimen on 6 June 2014, 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 dividend of € 0.08 per share (prior year: € 0.24 per share). The total distribution therefore amounted to € 0.297 million (prior year: € 0.892 million).

As the distributing company pursuant to the German Commercial Code (HGB), SNP AG recorded net income for fiscal year 2014 of € 2.008 million (prior year: net loss of € -3.528 million).

In light of the positive development in fiscal year 2014, the Executive Board and the Supervisory Board will propose to the Annual General Meeting to be held on 21 May 2015 that a dividend of € 0.13 per share be paid for fiscal year 2014 (prior year: € 0.08 per share).

Order backlog

As at 31 December 2014, the order backlog of € 11.163 million was about 7% above the prior-year level of € 10.409 million. This was chiefly due to a significant upturn in the Professional Services segment.

€ million	**2014**	**2013**
Order backlog	11.163	10.409
Revenue	30.480	23.535
EBIT	1.439	-2.714
EBITDA	2.367	-1.972
Number of employees	280	248

Net assets and financial position

Current assets rose from € 16.145 million in the previous year to € 17.882 million. This was partly due to a € 1.921 million increase in receivables from € 8.688 million to € 10.609 million. The sale of software licences to a leasing company as at the end of the financial year contributed to this. These software licences were acquired before the end of the December 2014; this increased liabilities, as explained below.

Non-current assets rose from € 7.759 million in the previous year to € 8.291 million as at 31 December 2014. This increase was attributable to several factors, including the rise in property, plant and equipment from € 1.070 million to € 1.231 million and the increase in deferred taxes from € 1.401 million to € 1.793 million.

Current liabilities rose from € 5.804 million in the previous year to € 9.782 million as at 31 December 2014. This increase was due mainly to the rise in trade payables from € 1.076 million to € 3.898 million and the decrease in tax liabilities from € 0.405 million to € 0.149 million. The increase in other liabilities in the period under review from € 3.660 million to € 4.975 million is due primarily to higher personnel obligations.

Non-current liabilities decreased in the fiscal year, amounting to € 2.501 million as at 31 December 2014 (prior year: € 4.338 million). This was attributable mainly to two factors: the reduction in liabilities to banks from € 2.250 million to € 1.650 million as a result of scheduled repayments and the reduction in other non-current liabilities from € 1.450 million to € 0.0 million as a result of the reversal of the contingent purchase price liability in connection with the acquisition of GLA.

The company's equity increased slightly in the fiscal year from € 13.762 million to € 13.890 million. Issued capital, capital reserves and treasury shares remained unchanged. Based on the net income generated less the acquisition of minority interests and the dividend payment for 2013, retained earnings rose from € 3.010 million to € 3.429 million in the fiscal year. All in all, total assets increased to € 26.173 million as at 31 December 2014 (31 December 2013: € 23.904 million), leading to a decline in the equity ratio from 57.6% to 53.1%.

As a result of the net income generated, SNP AG generated an operating cash flow of € 1.411 million in fiscal year 2014 (prior year: € -3.168 million). This was offset by net cash used in investing activities of € 0.701 million (prior year: net cash used of € 2.497 million), which is attributable primarily to payments for investments in property, plant and equipment. Financing activities resulted in a cash outflow of € 1.435 million in the fiscal year (prior year: inflow of € 1.878 million). This figure consisted of the dividend payment (including payments to non-controlling interests) of € 0.335 million (prior year: € 0.937 million), payments for the acquisition of minority interests in SNP Austria GmbH of € 0.500 million (prior year: € 0 million) and loan repayments in the amount of € 0.600 million (prior year: € 0.150 million). The effects of exchange rate changes on cash and bank balances amounted to € 0.051 million in fiscal year 2014 (prior year: € -0.010 million).

Total cash flow therefore amounted to € -0.674 million in fiscal year 2014 (prior year: € -3.797 million). Holdings of cash and cash equivalents accordingly declined to € 5.681 million as at 31 December 2014 (prior year: € 6.355 million). Thus, SNP AG's financial position is still extremely solid overall.

The Executive Board anticipates that in fiscal year 2015 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. In September 2014, SNP AG's training programme received the seal of quality for "career-promoting and fair trainee programmes" initiated by the Berlin-based careers network "Absolventa", Ludwig Maximilians University of Munich and the Süddeutsche Zeitung newspaper. In addition, a new training centre was opened in Magdeburg for teaching theoretical knowledge in an academy. SNP AG is thus continuing to pursue a targeted approach to training young professionals and is creating an extremely attractive working environment by combining 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 also develop soft skills.

The SNP Group succeeded in increasing the number of employees again in fiscal year 2014. New staff were hired in the areas of consultancy, development and sales in particular. As at 31 December 2014, the number of employees therefore increased to a total of 280 (prior year: 248), which includes three Executive Board members (prior year: one), four managing directors (prior year: five), 15 trainees, students, pupils and interns (prior year: 16) and no employees in partial retirement (prior year: one). Accordingly, nominal personnel expenses rose by 19.3% year-on-year to € 20.514 million (prior year: € 17.190 million). The personnel expenses ratio fell from 73.0% in the previous year to 67.3%.

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.

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 the planned cooperation with SAP®, SNP Transformation Backbone will be expanded in a future version with parts of the SAP® Landscape Transformation Software. This will decisively strengthen SNP's market position as an innovation leader for business and IT transformations.

In fiscal year 2014, research and development costs in relation to revenue amounted to 19.5% (prior year: 18.1%).

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.

Disclosures relating to takeover law

The disclosures relating to takeover law that are required in accordance with section 315 (4) HGB are presented below:

As at 31 December 2014, the share capital of SNP Schneider-Neureither & Partner AG amounted to € 3,738,060, 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. Each share entitles the holder to one vote.

No restrictions affecting the exercise of voting rights or the transfer of shares are known. 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 2014.

The following companies and persons have a share of the voting rights that exceeds 10% of the total voting rights:

- Dr. Andreas Schneider-Neureither: 20.0006%. Pursuant to section 22 (1) sentence 1, no. 6 of the WpHG, 0.0245% of the 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 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

- Ms Ingrid Weispfenning: 13.29%
  Pursuant to section 22 (1) sentence 1, no. 1 of the WpHG, 1.67% of the voting rights are attributable to Ms Weispfenning.

No shares have been issued with special rights conferring powers of control.
There are no rights to control voting rights with regard to employee participation.

The provisions in sections 84, 85, 113, 119 and 179 of the German Stock Corporation Act (AktG) and articles 5 (2) and 6 (7) of the Articles of Association shall apply to amendments to the Articles of Association and the appointment/dismissal of Executive Board members.

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 buyback 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. No further treasury shares were acquired in fiscal year 2014, meaning that holdings of treasury shares still amounted to 21,882 as at 31 December 2014.

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 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). The authorised capital has thus expired after partial utilisation (remaining volume: € 449,230). There is no further authorised capital.

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.

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. The Executive Board sets out risk management guidelines that serve as a basis for risk management by the risk management officer. The risk management officer ensures that the specialist departments identify risks proactively and in good time, assess these risks both quantitatively and qualitatively and develop suitable measures to avoid or compensate for the risks. Using a systematic risk inventory, the risks are revised and reassessed by the employee responsible at least once each fiscal year. In addition to the regular reporting process, a Group-wide obligation to report has been established to cover any unexpected risks which may occur. Each risk is allocated to a risk group. When reporting and reassessing risks, the level of loss and the probability of occurrence must be stated in accordance with the provisions of a guideline. 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. 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 risk 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. In particular, no significant risks arose that threaten the company's survival in terms of their probability of occurrence and the losses they would cause. Adequate measures have been taken to avoid or compensate for risks.

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. Compared to the previous year, commissioning of external service providers was increased by 21.84% to € 1.358 million.

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. SNP seeks to reduce this risk by means of greater diversification of the software products and stronger marketing of all software products. In the current fiscal year, software sales were consequently increased by 59.9% to € 7.737 million. At the same time, the share of and thus also the focus on the main product SNP Transformation Backbone decreased considerably from 74% to 63%.

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 share of research and development costs in relation to sales therefore remained high in 2014 at 19.5% (prior year: 18.1%). 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 SE

The success of SNP products and consulting services is strongly linked to the popularity and market penetration of the standard ERP software of SAP SE. There is a risk that SAP SE 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 SE.

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. SNP generally safeguards against this risk by agreeing high variable purchase price components that depend on future key performance indicators.

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.

In addition, SNP has increasingly begun to train young professionals in customised training programmes. As at 31 December 2014, there were 15 trainees (prior year: 16). This number is to be increased significantly in the coming years.

Nevertheless, insuring against personnel risks is generally possible to a limited extent only.

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 economically disproportionate. 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 relate mainly 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 2014.

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.

As at 31 December 2014, the number of sales employees had increased to 21 (31 December 2013: 15). The number of partner companies rose by 10 to 50 in the same period.

Risk of dependency on individual customers

In fiscal year 2014, no customer generated sales that exceeded 10% of total sales (prior year: none). In 2014, the largest customer generated total sales of € 2.961 million (prior year: € 1.252 million), the second largest € 1.409 million (prior year: € 0.450 million) and the third € 1.082 million (prior year: € 1.619 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 concern only 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 2014. 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 result in particular 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 relate primarily 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 2014, 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 2014.

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 covers only 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. In fiscal year 2014, the number of partner companies rose by 10 year-on-year to a total of 50.

- **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. As at 31 December 2014, the number of sales employees had increased to 21 (31 December 2013: 15).

- **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 2013, 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. This is confirmed not least by the winning of an international SAP® major project of around USD 5 million in February 2015.

- **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 SE systems and Oracle Group systems. With the acquisition of the operations of GL Consulting Inc. and Cetova Corp. in fiscal year 2013, 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. The acquisition of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH should also be seen in this context. This company advises and supports companies from different sectors with SAP introduction projects and with optimisation of their business processes through the use of suitable IT systems and applications. This investment will enable SNP to expand its range of strategic and process-oriented consultancy activities while also significantly extending the value chain in the company transformation market.

- **Growth through acquisitions**
  Additional acquisitions give rise to further 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 growth investments made in the past fiscal year, 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 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.

The OEM partnership with SAP SE for SAP Landscape Transformation Software that was entered into at the end of the year and the acquisition of a majority stake in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH at the beginning of 2015 offer SNP AG opportunities for non-organic growth and technological development:

The cooperation with SAP will focus in particular on transformation projects within SAP landscapes and solving technical challenges with regard to migration from other ERP systems to SAP systems. We also plan to expand the SNP Transformation Backbone in a future version with the SAP Landscape Transformation Software and to make this generally available.

As a result of the acquisition of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH and the further expansion of sales and consultancy capacity in 2014, the Executive Board expects the consultancy business grouped together in the Professional Services segment to post a significant increase in its sales and earnings contributions in fiscal year 2015. 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. In the Software segment, the conclusion of large-volume license agreements for the use of SNP Transformation Backbone and more intensive marketing of the other software products in particular still offer considerable profit potential. The Executive Board is assuming a marked increase in sales and profits in the Software segment in fiscal year 2015.

As in previous years, it is assumed that revenues in the current financial 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 is forecasting consolidated revenue for the 2015 financial year of between € 47 and € 49 million and is planning an operating EBIT margin of at least 6%.

Supplementary report

Effective 1 January 2015 SNP AG acquired 74.9% of shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH. SNP AG will acquire the remaining 25.1% of shares effective 1 January 2018. The total purchase price will be a mid-to-high seven-figure amount. The IT service and management consulting company advises and supports companies across all industries in SAP launch projects and in the optimisation of their business processes with the use of suitable IT systems and applications. The investment allows SNP AG to expand its strategy- and process-oriented consulting range and, at the same time, to significantly extend its value chain on the market for company transformations.

The Group is planning to steadily expand its business activities moving ahead. In addition to growth in its own right, the Group will also leverage the opportunities of selectively acquiring companies that intelligently supplement its range of services. The flexibility needed for this will be ensured by adequate financing. In addition to equity financing measures, there is also the option of raising borrowed capital. Specifically, the Group is in the process of placing a bond; this process had not yet been concluded at the time these consolidated financial statements were prepared. A final decision on whether a bond will be issued is expected shortly.

Between the end of the financial year and the completion of this management report, there were no further events of particular significance to the assessment of the Group's net assets, financial position and results of operations.

Heidelberg, 5 March 2015

The Executive Board

Dr. Andreas Schneider-Neureither

Henry Göttler

Jörg Vierfuß

Consolidated Financial Statement

Consolidated Balance Sheet

as at 31 December 2014

ASSETS

€	Note	31.12.2014	31.12.2013*
Current assets			
Cash and cash equivalents	11.	5,680,874.35	6,354,829.85
Trade receivables	12.	10,608,539.88	8,687,670.64
Current tax assets	18.	914,704.40	685,393.65
Other current assets	13.	677,443.65	417,298.24
		17,881,562.28	**16,145,192.38**
Non-current assets			
Goodwill	8./14.	3,980,121.27	3,751,301.61
Intangible assets	14.	1,209,547.59	1,442,291.53
Property, plant and equipment	15.	1,230,658.19	1,069,633.12
Participations accounted for in accordance with the equity method	16.	1.00	1.00
Other non-current assets	13.	70,964.64	85,219.65
Non-current tax assets	18.	6,371.93	9,375.64
Deferred taxes	32.	1,793,484.27	1,401,120.01
		8,291,148.89	**7,758,942.56**
		26,172,711.17	**23,904,134.94**

EQUITY AND LIABILITIES

€	Note	31.12.2014	31.12.2013*
Current liabilities			
Liabilities due to banks	24.	600,000.00	600,000.00
Trade payables	12.	3,898,419.35	1,076,087.43
Provisions	17.	161,138.65	62,200.00
Tax liabilities	18.	148,597.28	404,959.15
Other current liabilities	19.	4,974,675.38	3,660,408.58
		9,781,830.66	**5,803,655.16**
Non-current liabilities			
Liabilities due to banks	24.	1,650,000.00	2,250,000.00
Provisions for pensions	20.	726,432.00	554,965.00
Deferred taxes	32.	124,229.44	83,112.64
Other non-current liabilities	8.	0.00	1,450,221.16
		2,500,661.44	**4,338,298.80**
Equity			
Subscribed capital	21./22.	3,738,060.00	3,738,060.00
Capital reserves	23.	7,189,482.76	7,189,482.76
Retained earnings	23.	3,428,687.87	3,010,258.68
Other reserves		-51,361.37	16,666.97
Treasury shares	22.	-414,650.19	-414,650.19
Equity attributable to shareholders		**13,890,219.07**	**13,539,818.22**
Non-controlling interests		0.00	222,362.76
		13,890,219.07	**13,762,180.98**
		26,172,711.17	**23,904,134.94**

* Adjustment of prior values, see notes to no. 8 „Mergers ans acquisitions“ in the Notes to Consolidated Financial Statements.

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

Consolidated Income Statement

for the period from 1 January to 31 December 2014

€	Note	2014	2013
Revenue	26.	**30,479,923.29**	**23.535.509,06**
Professional Services		22,742,474.19	18.696.411,48
Licenses		6,401,079.88	4.035.509,14
Maintenance		1,336,369.22	803.588,44
Other operating income	27.	2,111,922.87	240.622,77
Cost of material	28.	-1,358,410.37	-1.114.871,17
Personnel costs	29.	-20,513,628.55	-17.189.604,98
Other operating expenses	30.	-8,316,052.31	-7.408.090,38
Other taxes		-36,756.48	-35.374,79
EBITDA		**2,366,998.45**	**-1.971.809,49**
Depreciation and impairments on intangible assets and property, plant and equipment		-928,313.04	-742.523,22
EBIT		**1,438,685.41**	**-2.714.332,71**
Income from participations accounted for in accordance with the equity method		0.00	0,00
Other financial income		19,872.27	38.526,48
Other financial expenses		-85,851.89	-123.413,02
Net financial income	31.	**-65,979.62**	**-84.886,54**
EBT		**1,372,705.79**	**-2.799.219,25**
Income taxes	32.	-344,242.12	477.446,21
Consolidated net income/loss (-)		**1,028,463.67**	**-2.321.773,04**
Of which:			
Profit attributable to non-controlling shareholders		40,137.24	83.692,02
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG		988,326.43	-2.405.465,06
Earnings per share	9.	**€**	**€**
- Undiluted		0.27	-0,65
- Diluted		0.27	-0,65
Weighted average number of shares		**in thousands**	**in thousands**
- Undiluted		3,716	3.716
- Diluted		3,716	3.716

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 2014

€	Jan - Dec 2014	Jan - Dec 2013
Net income for the period	**1,028,463.67**	**-2,321,773.04**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	28,359.46	50,534.71
Deffered taxes on differences from currency conversion	0.00	0.00
	28,359.46	**50,534.71**
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	-128,824.00	10,330.14
Deferred taxes on remeasurements of defined benefit pension plans	34,833.20	-2,608.14
	-93,990.80	**7,722.00**
Income and expenses directly recognised in equity	**-65,631.34**	**58,256.71**
Total comprehensive income	**962,832.33**	**-2,263,516.33**
Profit attributable to non-controlling interests	-40,137.24	-85,924.02
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG in total comprehensive income	**922,695.09**	**-2,349,440.35**

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

Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2014

€ k	2014	2013
Profit after tax	**1,028,463.67**	**-2,321,773.04**
Depreciation	928,313.04	742,523.22
Change in provisions for pensions	171,467.00	-37,398.00
Other non-cash income/expenses*	-852,305.04	-899,970.30
Change in trade receivables, other current assets, other non-current assets	-2,393,066.68	-611,753.78
Changes in trade payables, other provisions, tax liabilities, other current liabilities	2,527,954.34	-39,856.69
Cash flow from operating activities (1)	**1,410,826.33**	**-3,168,228.59**
Payments for investments in property, plant and equipment	-679,105.51	-328,982.61
Payments for investments in intangible assets	-65,281.17	-102,122.93
Payments for investments in at-equity participations	0.00	0.00
Payments for the acquisition of business operations	0.00	-2,266,717.02
Proceeds from disposal of tangible fixed assets	43,883.22	200,633.85
Cash flow used in investing activities (2)	**-700,503.46**	**-2,497,188.71**
Dividend payments	-297,294.24	-891,882.72
Dividend payments to non-controlling shareholders	-37,500.00	-45,000.00
Payments for purchase of shares in non-controlling shareholders	-500,000.00	0.00
Payments for the purchase of own shares	0.00	-35,224.97
Proceeds from loans	0.00	3,000,000.00
Payments on loans received	-600,000.00	-150,000.00
Cash flow used in financing activities (3)	**-1,434,794.24**	**1,877,892.31**
Effects of exchange rate changes on cash and bank balances* (4)	50,515.87	-9,677.41
Cash change in cash and cash equivalents (1) + (2) + (3) + (4)	**-673,955.50**	**-3,797,202.40**
Cash and cash equivalents at the beginning of the fiscal year	6,354,829.85	10,152,032.25
Cash and cash equivalents at 31 Dezember	**5,680,874.35**	**6,354,829.85**
Composition of cash and cash equivalents:	**2014**	**2013**
Cash and cash equivalents	5,680,874.35	6,354,829.85
Cash and cash equivalents at 31 December	**5,680,874.35**	**6,354,829.85**

* Previous year's cash flow was adjusted with respect to the exchange rate changes.

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

Consolidated Statement of Changes in Equity
for the period from 1 January 2013 to 31 December 2014

€	Subsribed capital	Capital reserve	Retained earnings
As of 01.01.2013	**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**		**3,010,258.68**
Acquisition of minority interests		7,189,482.76	-275,000.00
Acquisition of treasury shares			
Dividend payment			-297,294.24
Total comprehensive income			990,723.43
As of 31.12.2014	**3.738.060,00**	**7.189.482,76**	**3,428,687.87**

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	Treasury shares	Shareholders of SNP AG attributable capital	Non-controlling shares	Total equity
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**
				-275,000.00	-225,000.00	-500,000.00
				0.00		0.00
				-297,294.24	-37,500.00	-334,794.24
28,359.46	-96,387.80	-68,028.34		922,695.09	40,137.24	962,832.33
119,763.43	**-171,124.80**	**-51,361.37**	**-414,650.19**	**13,890,219.07**	**0.00**	**13,890,219.07**

Changes in Consolidated Fixed Assets

for the period from 1 January to 31 December 2014

€	Acquisition/ production costs 01.01.2014	Currency differences	Additions	Additions from acquisitions	Disposals	Acquisition/ production costs 31.12.2014
I. Intangible fixed assets						
1. Concessions, industrial property rights and similar rights and licenses to such rights and values	2.257,674.48	160,182.18	65,291.17	-55,304.94	361,309.75	2,789,152.64
2. Goodwill	4,099,354.69	242,076.33	0.00	0.00	-361,309.75	3,980,121.27
	6,357,029.17	**402,258.51**	**65,291.17**	**-55,304.94**	**0.00**	**6,769,273.91**
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	3,233,454.04	21,348.01	679,105.51	-443,917.36	0.00	3,489,990.20
	3,304,186.33	**21,348.01**	**679,105.51**	**-443,917.36**	**0.00**	**3,560,722.49**
Total fixed assets	**9,661,215.50**	**423,606.52**	**744,396.68**	**-499,222.30**	**0.00**	**10,329,996.40**

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**

Depreciation and impairments cumulated 01.01.2014	Currency differences	Additions	Disposals	Depreciation and impairments cumulated 31.12.2014	Book value 31.12.2014	Book value 31.12.2013
1,163,436.03	35,645.02	435,818.94	-55,294.94	1,579,605.05	1,209,547.59	1,094,238.45
0.00	0.00	0.00	0.00	0.00	3,980,121.27	4,099,354.69
1,163,436.03	**35,645.02**	**435,818.94**	**-55,294.94**	**1,579,605.05**	**5,189,668.86**	**5,193,593.14**
18,691.29	0.00	4,235.00	0.00	22,926.29	47,806.00	52,041.00
2,215,861.92	4,534.42	488,259.10	-401,517.43	2,307,138.01	1,182,852.19	1,017,592.12
2,234,553.21	**4,534.42**	**492,494.10**	**-401,517.43**	**2,330,064.30**	**1,230,658.19**	**1,069,633.12**
3,397,989.24	**40,179.44**	**928,313.04**	**-456,812.37**	**3,909,669.35**	**6,420,327.05**	**6,263,226.26**

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**

Notes to the Consolidated Financial Statements
for the financial year ended 31 December 2014

1. Basic information on the company

SNP Schneider-Neureither & Partner AG was created by way of the transformation of SNP Schneider-Neureither & Partner GmbH with a subsequent change of name. Its transformation into a German stock corporation (AG) was entered in the commercial register on 28 December 1998. The company is based in Heidelberg, Germany. The company is entered in the commercial register of the Mannheim District Court under HRB 335155.

The shares of SNP Schneider-Neureither & Partner AG (ISIN DE 007203705) are traded on the Prime Standard (previous year: General Standard) of the Frankfurt Stock Exchange.

SNP AG assists companies in responding to changes in their business environment more quickly. The SNP Transformation Backbone® solution allows them to adapt their IT landscape quickly and economically to new general conditions. SNP Transformation Backbone is the world's first standard software for the automated analysis and standardised implementation of changes in IT systems. It is based on the experience that SNP AG has gathered from more than 4,000 projects worldwide with its software-based services for Business Landscape Transformation®.

The consolidated financial statements of SNP Schneider-Neureither & Partner AG, Heidelberg, for the financial year ended 31 December 2014 were approved for publication by way of resolution of the Executive Board on 5 March 2015 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) in line with section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code).

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 satisfy commercial law requirements in accordance with section 315a(1) 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 nature of expense 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 cost, with the exception of financial assets available for sale, which were measured at fair value.

The key standards, interpretations and amendments published and effective from 2014 are listed below:

Provision	Description
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27	Separate Financial Statements (2011)
IAS 28	Investments in Associates and Joint Ventures (2011)
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets

IFRS 10 governs which companies are to be included in consolidated financial statements using a comprehensive control concept. IFRS 11 governs the recognition of joint arrangements and is based on the type of rights and obligations arising from the arrangement.

IFRS 12 governs disclosure requirements for all types of interests in other entities. Only the subsidiaries in which SNP Schneider-Neureither & Partner AG holds the majority of voting rights are included in the consolidated financial statements of SNP Schneider-Neureither & Partner AG. There were no longer any non-controlling interests as at the end of 2014. A list of the subsidiaries, their domicile and the amount of the parent company's investment can be found below under 3. Consolidated group.

The amendments to the other standards had no effect on the Group's financial position, net assets, or results of operations.

The key standards, amendments and interpretations not yet effective are listed below:

Description	Endorsed by the EU	Effective from financial year
New standards		
IFRS 9 Financial Instruments (2014)	No	2018
IFRS 14 Regulatory Deferral Accounts	No	2016
IFRS 15 Revenue from Contracts with Customers	No	2017
Amendments to existing standards		
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	No	2014
Annual improvements to IFRS 2010–2012	No	2013
Annual improvements to IFRS 2011–2013	Yes	2014
Amendments to IFRS 11 Accounting for acquisitions of interests in joint operations	No	2016
Amendments to IAS 16 and IAS 38 Clarification of acceptable depreciation and amortisation methods	No	2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	No	2016
Amendments to IAS 27 Equity method in separate financial statements	No	2016
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	No	2016
Annual improvements to IFRS 2012-2014	No	2013
New interpretations		
IFRIC 21 Levies	Yes	2014

SNP Schneider-Neureither & Partner AG is examining the impact the other listed standards, amendments and interpretations 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, or results of operations.

3. Consolidated group

In addition to the parent company SNP Schneider-Neureither & Partner AG, Dossenheimer Landstrasse 100, 69121 Heidelberg, Germany, 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	100,00
SNP Consulting GmbH, Thale, Germany	100,00
SNP America, Inc., Jersey City, NJ, USA	100,00
SNP Schneider-Neureither & Partner ZA (Pty) Limited, Johannesburg, South Africa	100,00
Schneider Neureither & Partner Iberica, S.L. Leon, Spain	100,00
SNP Applications GmbH, Heidelberg, Germany (since December 2014)	100,00

The non-controlling interests in SNP Austria GmbH were acquired in 2014. SNP Applications GmbH was created as a new company and included in consolidation for the first time in the 2014 financial year.

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 included in consolidation from the acquisition date, i.e. from when the Group achieves control. Their inclusion in the consolidated financial statements ends when the parent company no longer controls them.

Capital is consolidated in accordance with the purchase method. As at the acquisition date, the consideration transferred, including the non-controlling interests in the acquired company, is offset against the net identifiable assets acquired and liabilities assumed. Any remaining positive difference is recognised as goodwill. Any negative remaining difference is reassessed and recognised in profit or loss.

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

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

Non-controlling interests are the parts of profit or loss for the period and the net assets attributable to interests neither directly nor indirectly assigned to SNP AG. Non-controlling interests are reported separately from the equity of the owners of SNP AG within equity in the consolidated statement of financial position. 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. In the 2014 financial year the Group a further 15% of shares in SNP Austria GmbH for € 500 thousand and therefore increased its interest from 85% to 100%. Specifically, the Group recognised the following components:

- Reduction of non-controlling interest of € 225 thousand
- Reduction of retained earnings of € 275 thousand

The changes can be seen in the statement of changes in equity (Annex 5).

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 statement of financial position at cost plus the changes in the Group's share of the net assets of the associate that have occurred since the acquisition. The goodwill relating to the associate is included in the carrying amount of the interest and is neither amortised nor subject to a separate impairment test.

The Group's share of the associate's profit or loss for the period is included in the income statement. Changes reported directly in the equity of the associate are recognised by the Group in the amount of its interest and, where necessary, shown 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 shown in the income statement. This is the profit attributable to the shareholders of the associate and therefore the profit after taxes and non-controlling interests in the subsidiaries of the associate.

The associate's financial statements are prepared as at the same date as the consolidated financial statements. If necessary, adjustments in line with the Group's uniform accounting methods are made.

Under the equity method, the Group determines whether an additional impairment loss must be recognised for its shares in an associate. At the end of each reporting period the Group determines whether there are objective indications that the interest in an associate could have become 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" is recognised as an impairment loss in profit or loss.

5. Currency translation

The consolidated financial statements have been prepared in euro, the parent company's functional and reporting currency. Each company within the Group determines its own functional currency. The items included in the financial statements of the respective companies are measured 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. All exchange differences are recognised in profit or loss 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 reporting currency of SNP Schneider-Neureither & Partner AG at the closing rate as at the end of the reporting period. Income and expenses are converted at the weighted average exchange rate for the financial year. Exchange rate differences are recognised as a separate component of equity under "Other equity effects not recognised in profit and loss". Exchange rates developed as follows as against the previous year:

Country		Currency	Closing rates		Average rates	
			2014	2013	2014	2013
Switzerland	CHF	€ 1	1.2024	1.2276	1.2146	1.2311
USA	USD	€ 1	1.2141	1.3791	1.3285	1.3281
South Africa	ZAR	€ 1	14.0353	14.5660	14.4037	12.8330

6. Use of estimates

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

The most important assumptions about the future and other key sources of uncertainty in the estimates at the end of the reporting period, on account of which there is a significant risk that a material adjustment to the carrying amounts of assets and liabilities could be necessary, are discussed below.

Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is evidence of the impairment of non-financial assets, particularly goodwill. Goodwill is reviewed at least once a year and at any time when there is sufficient evidence of 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 based, among other things, on 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.

Project measurement

Individual customer projects are measured based on the percentage of completion method. Under this method the total anticipated cost of a project, its percentage of completion and the revenue it is expected to generate must be estimated. The underlying assumptions and estimates inherent in determining the percentage of completion affect the timing and amounts of the revenue recognised and are therefore uncertain. If there is insufficient information revenue is only recognised in the amount of the costs that have been incurred.

7. Key accounting policies

In order to improve the clarity and information value of the financial statements, individual items of the statement of financial position and income statement have been aggregated and reported 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 measured at amortised cost, taking into account appropriate deductions for all discernible risks.

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

Goodwill

Goodwill resulting from mergers is initially measured at cost, i.e. the excess of the cost of the business combination over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition goodwill is measured at cost less cumulative impairment. 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 impairment testing, the goodwill acquired in a business combination must be assigned, from the acquisition date, to the cash-generating units in the Group expected to benefit from the synergies of the combination. This applies regardless of whether other Group assets or liabilities are already assigned to these units. Each unit to which goodwill is assigned represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than its carrying amount then an impairment loss is recognised.

Goodwill of € 3,980 thousand (previous year: € 4,099 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 the 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% (previous year 0.50%): These cash flow forecasts are discounted at rate of 8.5% (previous year: 9.7%) before taxes on the value in use. Both current information and past developments are taken into account in business planning. No impairment losses were required in either the reporting year or the previous year.

There is estimate uncertainty for the following assumptions used to calculate the value in use of the Professional Services unit:

- 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 financial years. Working capital effects are also taken into account in the calculation.

The discount rates represent the current market assessments of the specific risks relevant to the cash-generating, including the time value of money and the risks specific to assets. The calculation of the discount rate takes into account the specific circumstances of the Group and the business segment being tested for impairment and is based on its weighted average cost of capital (WACC). The weighted average cost of capital (WAAC) was derived on the basis of the capital asset pricing model (CAPM). Data from a financial service provider are used to derive the beta factor in a peer group analysis (peer companies in the same industry) to determine the risk specific to the segment.

Other parameters are the market risk premium and the basic rate of interest. The weighted average cost of capital includes both borrowing and equity.

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

Intangible assets

Individually acquired intangible assets are measured at cost on first-time recognition. Borrowing costs are recognised as expenses unless they are capitalised as part of the cost of a qualifying asset.

After first-time recognition, intangible assets are carried at cost less cumulative amortisation and impairment losses.

It must be determined whether intangible assets have a finite or indefinite useful life. Intangible assets with finite useful lives are amortised over their economic life using the straight-line method and tested for impairment whenever there are indications that the intangible asset may have become impaired. The amortisation period and method for intangible assets with finite useful lives are examined at least once a year as at the end of each financial year. If the expected useful life of an asset or its expected amortisation pattern change, a different amortisation period or method is chosen. Such changes are treated as changes in estimates.

Amortisation is based on useful lives of three to ten years.

There are currently no intangible assets with indefinite useful lives.

Research and development costs

In accordance with IAS 38, research costs are recognised as expenses while development costs are capitalised if other criteria are met. If it is clearly not possible to distinguish between the research and development phases of an internal project, all expenses associated with this project are to be treated as research costs. In the 2014 financial year research and development costs totalled € 5,950 thousand (previous year: € 4,260 thousand) and were recognised as an expense as a clear distinction between the research and development phases was not possible. This corresponds to 20% of revenue (previous year: 18%).

Property, plant and equipment

Property, plant and equipment are measured at cost less scheduled depreciation and impairment. Borrowing costs are recognised as expenses unless they are capitalised as part of the cost of a qualifying asset. Property, plant and equipment essentially comprise office equipment, vehicles and PCs, and are depreciated on a straight-line basis over a useful life of between three and 13 years.

At the end of each reporting period the Group determine whether there are indications that an asset could have become impaired. If this is the case the Group estimates its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and written down to its recoverable amount.

The company did not recognise any impairment in the reporting year.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified as financial assets measured at fair value through profit and loss, loans and receivables, investments held to maturity or financial assets available for sale. Financial assets are measured at fair value on first-time recognition. In the case of financial investments 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 on initial recognition and reviews this classification at the end of each financial year, to the extent permitted and appropriate.

Regular way purchases and sales of financial assets are accounted for as at the trade 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 on an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the net income for the period when the loans and receivables are written off or impaired.

Financial assets at fair value through profit and loss include financial assets held for trading and financial assets classified as fair value option financial assets on first-time recognition. Financial assets are classified as held for trading if they are acquired with a view to subsequent disposal 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 profit or loss. The Group has not designated any financial instruments to this category under the fair value option.

Changes in the fair value of derivative financial instruments are recognised in profit or loss. Other regulations can apply in the context of cash flow hedges. The Group did not perform any derivatives transactions in either the reporting year or the previous year.

Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets that either do not qualify for allocation to one of the three above categories or that are designated as available for sale. After first-time measurement financial assets held for sale are measured at fair value. Unrealised gains or losses are recognised directly in equity. If such a financial asset is derecognised or impaired, the cumulative gain or loss previously recognised in equity is reclassified to profit or loss.

Assets recognised at amortised cost

At the end of each reporting period the carrying amounts of financial assets not measured at fair value through profit or loss are checked for substantial objective evidence of impairment. If there is objective evidence that loans and receivables recognised at amortised cost have become impaired, the amount of the loss is the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognised in profit or loss.

The Group then determines whether there is objective evidence of impairment on financial assets. If it determines that there is no objective evidence of impairment on an individually tested financial asset, then it assigns the asset to a group of financial assets with similar credit risks and tests them collectively for impairment. Assets that are individually tested for impairment and on which impairment is recognised are not included in the general portfolio-based impairment test.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively attributed to an event occurring after the impairment was recognised, this previously recognised impairment loss is reversed. The amount of the reversal is limited to the amortised cost as at the date of reversal. The reversal is recognised in profit or loss.

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

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

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities that are classified as fair value option financial liabilities on first-time recognition. Financial liabilities are classified as held for trading if they are acquired with a view to subsequent disposal 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 profit or loss. The Group has not designated any financial instruments to this category under the fair value option.

Changes in the fair value of derivative financial instruments are recognised in profit or loss. Other regulations can apply in the context of cash flow hedges. The Group did not perform any derivatives transactions in either the reporting year or the previous year.

Other liabilities are carried at fair value on first-time recognition, 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 on active markets is determined by the market price quoted as at the end of the reporting period.

A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value is defined in terms of a price agreed by a willing buyer and a willing seller in an arm's length transaction. The fair value of these financial instruments has the highest degree of reliability (level 1).

The fair value of financial instruments that are not traded on an active market (such as over-the-counter derivatives) is determined using measurement methods. The application of these measurement methods maximises the use of observable market inputs and largely dispenses with company-specific estimates. If all material inputs for determining the fair value of a financial instrument are observable on the market, its measurement satisfies the reliability criteria of level 2.

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

The measurement methods applied in determining the fair value of financial instruments include:

- quoted market prices or dealer prices for similar financial instruments.
- the discounted cash flow method.

Owing to their short-term maturity, the carrying amount of cash and cash equivalents, receivables, current liabilities and provisions is approximately their fair value.

The carrying amount of non-current liabilities is approximately their fair value assuming the market price for similar financing.

Share-based payment

There are currently no stock option plans.

Provisions for pensions

Provisions for pensions are recognised using the projected unit credit method in accordance with IAS 19 Employee Benefits. This process not only considers the pensions and vested benefits known as at the end of the reporting period, but also the expected future increases in pensions and salaries when estimating relevant influencing factors. The calculation is based on actuarial assessments that take into account biometric data. The amounts recognised in the statement of financial position include the actuarial gains and losses arising from changes in inventories and differences between the assumptions made and actual developments. Actuarial gains and losses are offset outside profit or loss. IAS 19 (2011) was applied for the first time in 2013. The expense incurred from the allocation of pension provisions in the amount of current service cost is reported under staff costs, while the interest component contained therein is recognised in net finance costs.

Under defined contribution plans, contributions are immediately offset as an expense. As there are no other obligations aside from these contributions, no provisions are required.

Treasury shares

When the Group acquires treasury shares these are deducted from equity. The purchase, sale, issue or cancellation of treasury shares is not recognised in profit or loss. In a sale of treasury shares in the amount of the proceeds from resale, the previous cost is first posted against the deduction entry in equity. Any proceeds in excess of these acquisition costs are transferred to capital reserves.

SNP Schneider-Neureither & Partner AG bought back a total of 7,294 treasury shares by 21 February 2013. Following the allocation of bonus shares (capital increase resolved by the Annual General Meeting on 16 May 2013), the number of treasury shares currently held is 21,882. The cost of € 414,650.19 has been reported in equity as a negative item in accordance with IAS 32.33. There were no changes in the 2014 financial year.

Other provisions

A provision is recognised when the Group has a present legal or constructive obligation arising from past events for which an 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 recognising the provision is reported in the income statement after deducting any highly probable reimbursement. Where the effect of the time value of money is material, provisions are discounted. In the event of a discount, the increase in provisions over time is recognised as interest expense.

Liabilities

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

Taxes

Current tax assets and tax liabilities

Current tax assets and tax liabilities for both the current period and prior periods are measured 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 effect or that have been announced at the end of the reporting period.

Deferred taxes

In accordance with IAS 12, Income Taxes, deferred taxes are recognised on all temporary differences between the carrying amounts in the consolidated statement of financial position and the tax carry amounts of assets and liabilities (liability method) and for tax loss carryforwards. Deferred tax assets for accounting and measurement differences and for tax loss carryforwards have only been recognised to the extent that it is probable that these differences will lead to the recognition of the corresponding benefit in future. Deferred tax assets and liabilities are not discounted.

Write-downs on the carrying amount of deferred tax assets are only recognised when it is unlikely that the expected benefits from deferred taxes will be recognised. The estimate made here can be subject to change over time, resulting in an adjustment of write-downs 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. The tax rates (and tax laws) which are in effect or that have been announced as at the end of the reporting period apply.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

Leases

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 leases in which essentially all risks and opportunities associated with ownership of the transferred asset are transferred to the Group are capitalised at the fair value of the leased asset or, if lower, the present value of the minimum lease payments at the inception 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 broken down into the components finance costs and repayment of the balance of the lease liability, so that the remaining carrying amount of the lease liability bears interest at a constant rate. Finance costs are expensed immediately.

Expenses from operating leases are recognised directly in the income statement. The corresponding future obligation in respect of leasing is reported under other financial obligations.

At the end of December 2014 SNP Schneider-Neureither & Partner AG acquired software licence rights that were resold at the same time as a sale-and-lease-back transaction. They were resold at the same amount, with the result that the transaction gave rise to neither a profit or a loss. The lease is classified as an operating lease. Details of the future payments obligations arising from this can be found under note 37, Contingent liabilities and other financial obligations. The lessor granted the company the right to conclude subleases. As at the end of the 2014 financial year no payments had been made and no subleases had been granted. The receivables and liabilities resulting from the transaction of around € 2.5 million each led to increases in trade receivables and trade payables.

Revenue recognition

Revenue is recognised when it is probable that the Group will receive the economic benefit and the amount of revenue can be reliably determined.

In accordance with IAS 18, revenue is recognised when service has been rendered.

Revenue from fixed price contracts is recognised in line with the percentage of completion. The percentage of completion is determined in accordance with the number of hours worked as at the end of the reporting period as a percentage of the total estimated working hours for the respective project. If the result of a service transaction cannot be reliably estimated, revenue is only recognised to the extent that the expenses incurred are recoverable.

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

Interest is recognised using the effective interest rate method and dividends/profit entitlements are recognised at the time when the right to receive payment is established.

A regional breakdown of revenues can be found in the segment report.

8. Mergers and acquisitions

In the **2013 financial year** the entire business operations of GL Consulting, Inc., Jersey City, USA, and its wholly owned subsidiary Cetova Corp., Jersey City, USA, (together GLA) were acquired as part of an asset deal. GLA is a consulting service provider for the optimisation and transformation of Oracle Group ERP landscapes and uses a tool-based approach. The acquisition allows SNP to further expand its own portfolio of consulting services and, in particular, its SNP Transformation Backbone 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 SE using SNP Transformation Backbone in the medium term. At the same time, the takeover of GLA allows SNP to further penetrate the transformation market in the United States by broadening its customer base and software portfolio. In addition, the takeover opens up new sales channels for its standard software (SNP Transformation Backbone).

The acquisition was closed effective 1 September 2013; business operations were included in the 2013 consolidated financial statements at this time. 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) comprises the value of the anticipated synergies. The goodwill resulting from the acquisition is assigned to the Professional Services segment. Changes in goodwill can be found in the consolidated statement of changes in assets. The difference of € 85 thousand between the goodwill of € 2,117 thousand as at the acquisition date and of € 2,032 thousand as at 31 December 2013 resulted from exchange differences in accordance with IAS 21.

Consideration transferred

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

	€k
Cash and cash equivalents	2,267
Contingent consideration	1,511
Total consideration transferred	**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 as at the acquisition date break down as follows:

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

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

Goodwill

The goodwill was recognised as follows as a result of the acquisition:

	Note	€k
Consideration transferred		3,778
Fair value of the identifiable net assets		-1,661
Goodwill as at acquisition date		**2,117**

The purchase price for the acquisition of GLA is divided into a fixed component payable as 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. As at the acquisition date, the Group allowed for a variable component of € 1,511 thousand, equal to the fair value as at the acquisition date. The maximum payment risk is € 1,900 thousand. As at 31 December 2013 the fair value of the contingent consideration had fallen to € 1,450 thousand. The contingent obligation is reported under non-current liabilities. The consideration of € 2,267 thousand represents the fixed portion of the purchase price that was paid in full as at the end of the 2013 financial year. It therefore represented the cash outflow. No equity instruments were issued to acquire the shares. The company, which was acquired in the 2013 financial year, made a negative earnings contribution of approximately € 132 thousand to the consolidated net loss in 2013. If the merger had taken place at the beginning of 2013, the consolidated net loss for 2013 would have decreased to approximately € 2,129 thousand and income from continuing operations (revenue and other operating income) would have amounted to around € 26,159 thousand.

Provisional fair value

The receivables, prepaid expenses and deferred income 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.

Adjustments in the 2014 financial year

The measurement of the assets acquired and liabilities assumed was concluded in August 2014. The conclusion was reached that the non-compete clause agreed with executives must be classified as substantial; the non-compete clause is assigned a value of $ 480 thousand. The non-compete clause is written down over a useful life of five years.

This led to a rise in intangible assets and a corresponding reduction in goodwill. After adjustment, the identifiable assets and liabilities as at the acquisition date were as follows:

	Note	€ k
Intangible assets	14.	1,330
Receivables		963
Property, plant and equipment	15.	30
Other assets		70
Trade payables		-148
Other liabilities		-221
Total identifiable net assets acquired		**2,024**

The goodwill is therefore as follows:

	Note	€ k
Consideration transferred		3,778
Fair value of the identifiable net assets		-2,024
Goodwill as at acquisition date		**1,754**

The adjustments affect the presentation in 2013 and 2014; as the operations were acquired in 2013, there is no effect on the opening statement of financial position as at 1 January 2013 for the comparative prior-year period.

Changes in contingent consideration in the 2014 financial year

As at 31 December 2013 the company reported a liability from anticipated contingent consideration (variable purchase price obligation) of € 1,450 thousand under non-current liabilities. The variable purchase price obligation is dependent on the certain contractually agreed performance indicators within a period of 16 months. The anticipated targets were not achieved. The liability from contingent consideration was derecognised in profit or loss in the 2014 financial year; this was reported under other operating income in the amount of € 1,505 thousand.

No companies were acquired in the **2014 financial year.**

The difference of € -158 thousand between the goodwill of € 1,754 thousand as at the acquisition date and of € 1,913 thousand as at 31 December 2014 results from exchange differences in accordance with IAS 21.

9. Earnings per share

		2014	2013
Earnings attributable to SNP AG shareholders	**€**	**988,326.43**	**-2,405,465.06**
Weighted average number of shares (basic)*	No.	3,716,178	3,716,317
Weighted average number of shares (diluted)*	No.	3,716,178	3,716,317
Basic earnings per share	€ per share	0.27	-0.65
Diluted earnings per share	€ per share	0.27	-0.65

* The weighted average number of shares for the 2013 financial includes the weighted average effect from the acquisition of treasury shares and the issue of new shares during 2013. The company held 21,882 treasury shares as at 31 December 2014.

2,492,040 new shares were issued by way of a capital increase on 19 June 2013. The prior-year information was adjusted in accordance with 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	Professional Services	Software	Total
Segment result			
2014	1,162	1,787	2,949
Margin	5.1%	23.1%	9.7%
2013	-1.160	580	-580
Margin	-6.2%	12.0%	-2.5%
Including external revenue			
2014	22,743	7,737	30,480
2013	18,696	4,840	23,536
Depreciation and amortisation included in segment result			
2014	711	217	928
2013	602	141	743
Segment assets			
31 Dec. 2014	19,890	3,575	23,465
31 Dec. 2013	18,208	3,610	21,818
Segment investments			
31 Dec. 2014	697	47	744
31 Dec. 2013	291	1.728	2.019

Reconciliation

€k	2014	2013
Earnings		
Total reportable segments	2,949	-580
Non-segment-related expenses	-2,080	-2,339
Non-segment-related amounts		
- Other operating income	607	240
- Other taxes	-37	-35
EBIT	**1,439**	**-2,714**
Assets		
Total reportable segments	23,465	21,818
Assets not allocated to segments	2,708	2,086
Group assets	**26,173**	**23,904**
Assets not allocated to segments		
- Deferred tax assets	1,793	1,401
- Income tax assets	915	685
Total	**2,708**	**2,086**

Reporting by region

Regions	Revenue (external)		Non-current assets		Investments	
€k	2014	2013	2014	2013	2014	2013
Germany	17,929	15,102	3,083	3,195	462	430
Austria	3,566	3,177	170	85	139	64
Switzerland	1,584	2,051	31	0	38	0
US	2,910	1,594	3,129	2,981	99	3,061
Russia	1,064	123	0	0	0	0
South Africa	182	409	1	0	1	0
Spain	0	0	6	1	5	1
Others	3,245	1,080	0	0	0	0
Total	**30,480**	**23,536**	**6,420**	**6,262**	**744**	**3,556**

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 Business Landscape Transformation consulting and consulting for the implementation of customised solutions. This segment also includes training revenue.

The segment data are determined using financial controlling data 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 income, segment expenses and segment earnings include transfers between business segments. These transfers are eliminated in consolidation.

No customers generated revenue in excess of 10% of total revenue in the 2014 financial year (previous year: zero). In 2014 the largest customer generated total revenues of € 2,961 thousand (previous year: € 1,252 thousand), the second largest € 1,409 thousand (previous year: € 450 thousand) and the third € 1,082 thousand (previous year: € 1,619 thousand). These revenues relate to the Professional Services and Software segments.

Notes to the consolidated statement of financial position

11. Cash and cash equivalents

Cash and cash equivalents relate to bank balances and cash in hand.

12. Trade receivables/trade payables

Trade receivables break down as follows:

€k	31 Dec. 2014	31 Dec. 2013
Trade receivables	9,304	6,924
Receivables from fixed price projects (POC method)	1,401	1,811
	10,705	**8,735**
Write-downs	-97	-47
	10,608	**8,688**

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

Fixed price projects measured in line with the percentage-of-completion method but not yet conclusively invoiced as at the end of the reporting period are reported as follows:

€k	31 Dec. 2014	31 Dec. 2013
Costs incurred plus results from uninvoiced projects	3,759	3,539
Less partial invoices	2,563	1,883
	1,196	**1,656**
of which receivables from fixed price projects	1,401	1,811
of which liabilities for fixed price projects	205	155

Changes in write-downs on receivables:

€k	2014	2013
As at 1 January	47	40
Addition	51	7
Utilisation	0	0
Reversal	-1	0
As at 31 December	**97**	**47**

Trade payables break down as follows:

€k	31 Dec. 2014	31 Dec. 2013
Trade payables	3,694	921
Liabilities for fixed price projects (POC method)	205	155
	3,899	**1,076**

The rise in trade payables relates to the conclusion of a sale-and-lease-back transaction; please see the comments under note 7. Key accounting policies, Leases.

13. Other assets

Other current assets essentially include prepaid expenses of € 615 thousand (previous year: € 344 thousand), creditors with debit balances of € 1 thousand (previous year: € 16 thousand), VAT receivables of € 40 thousand (previous year: € 40 thousand) and other receivables of € 21 thousand (previous year: € 17 thousand). Non-current assets essentially include rent deposits of € 71 thousand (previous year: € 83 thousand).

14. Intangible assets

The changes in the individual items of intangible assets are shown in the statement of changes in assets for the 2014 financial year and the previous year. There are no restrictions on title or disposal.

15. Property, plant and equipment

The changes in individual items of plant, property and equipment for the 2014 financial year and the previous year are shown in the statement of changes in assets.

There are no restrictions on title or disposal.

16. Equity investments accounted for using the equity method

An equity investment of 24% of the share capital of Composite Design Transformation GmbH, Mannheim, was acquired in the 2012 financial year. The original intention was to cooperate on software development activities. The cost was € 107 thousand in total.

In the 2012 financial year there were indications that the continued existence of this company was at risk. It was therefore written down to € 1.00 in the 2012 financial year. It was reported under "Equity investments accounted for using the equity method" in the income statement. There has been no change in the assessment of the recoverability of the investment based on the latest information.

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

No further risks are associated with the equity investment. The equity investment is classified as immaterial overall from the Group's perspective.

17. Provisions

€k	As at 1 Jan. 2014	Utilisation	Reversal	Addition	As at 31 Dec. 2014
Warranty risks	30	0	0	0	30
Archiving costs	26	0	0	0	26
Legal costs	6	1	0	99	104
Total	**62**	**1**	**0**	**99**	**160**

18. Tax assets and tax liabilities

The tax assets and tax liabilities relate to receivables and liabilities for current income taxes.

19. Other current liabilities

Other current liabilities break down as follows:

€k	2014	2013
Staff obligations (holiday, bonus, others)	2,903	2,119
Payroll and other taxes	1,171	832
Deferred maintenance	238	210
Commission	185	0
Social security costs	61	50
Annual financial statement costs	56	73
Employer's liability insurance contributions	55	65
Miscellaneous	306	311
Total	**4,975**	**3,660**

20. Provisions for pensions

The pension provisions relate to the severance payment provisions of SNP Austria GmbH, which by law must be recognised for employees in Austria, and commitments made to one member of the Executive Board and to the CFO of the parent company who left in 2011. These are benefit obligations only. Current pension payments are not expected for the coming years.

In the 2006 financial year an insurance policy was taken out 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 defined benefit plans for post-employment benefits were included in the consolidated financial statements:

€ k	2014	2013
Defined benefit obligation (DBO)	797	618
Fair value of plan assets	71	63
Net carrying amount of defined benefit plans	**726**	**555**

The costs for defined benefits plans break down as follows:

€ k	2014	2013
Current service cost	33	33
Net interest cost*	20	21
Expenses for defined benefit plans recognised in the consolidated income statement	**53**	**54**
Actuarial gains (-)/losses	124	-10
Loss on plan assets (not including interest income)	5	1
Remeasurement of defined benefit plans recognised in the consolidated statement of comprehensive income	**129**	**-9**
Costs for defined benefit plans	**182**	**45**

* Reported in the income statement under "Interest expenses".

The following table shows the development of the defined benefit obligation (DBO) in detail:

€ k	2014	2013
DBO at the beginning of the financial year	**618**	**643**
Current service cost	33	33
Interest cost	22	23
Remeasurement		
• Actuarial gains (-)/losses due to changes in demographic assumptions	0	0
• Actuarial gains (-)/losses due to changes in financial assumptions	124	-10
Payments for settlements	0	-71
DBO at end of financial year	**797**	**618**

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

€ k	2014	2013
Fair value of plan assets at beginning of financial year	**63**	**51**
Interest income	2	2
Remeasurement		
• Gains (+)/losses (-) on plan assets not including amounts included in net interest expense and income	-5	-1
Employer contributions	11	11
Fair value of plan assets at end of financial year	**71**	**63**

	2014	2013
Discount rate	1.8% to 2.7%	3.5% to 3.6%
Salary trends	0% to 3.0%	0% to 3.0%
Pension trends	0% to 3.0%	0% to 3.0%
Average employee turnover *	0% to 0.5%	0% to 0.5%

* 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 annual actuarial assessments that take into account biometric data.

Sensitivity analysis:

A change in the above basic assumptions, with other assumptions remaining constant, would have increased or reduced the DBO as at 31 December 2014 as follows:

Basic assumption	Defined-benefit obligations	
€k	Increase	Decrease
Discount rate (1% change)	-137	147
Future pension trend (1% change)	30	-30
Future income trend (1% change)	66	-58
Future mortality (-10%)	50	-

On 31 December 2014 the weighted average term of the defined benefit obligations was approximately 18 years.

The employee contributions to plan assets expected for 2015 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 € 100 thousand is expected for the next nine years.

21. Issued capital

As at 31 December 2014 the share capital of the company amounted to € 3,738,060 (previous year: € 3,738,060) and was made up of 3,738,060 (previous year: 3,738,060) ordinary no-par-value bearer shares of SNP Schneider-Neureither & Partner AG, each with a nominal value of € 1.00.

On 16 May 2013 the Annual General Meeting of SNP AG resolved, among other things, to increase the share capital of the company € 2,492,040 from € 1,246,020.00 to € 3,738,060.00 by way of a capital increase 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 at a ratio of 1:2, which meant every shareholder received two new bonus shares for every one old share they held. The new shares bear dividend rights from 1 January 2013.

22. Authorised capital

The Annual General Meeting on 12 May 2009 authorised the Executive Board, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 562,500 against cash or non-cash contributions by issuing new voting bearer ordinary shares with a pro rata amount of the share capital of € 1.00 per share by 30 April 2014 (Authorised Capital 2009). In December 2012 the company partially utilised the authorised capital, with the approval of the Supervisory Board, and increased its share capital by € 113,270 from previously € 1,132,750 to € 1,246,020 against cash contributions by issuing 113,270 no-par-value bearer shares. As a result of its partial utilisation following the capital increase in 2012 (issue of 113,270 new shares), the authorised capital amounted to € 449,230 as at the end of the 2013 financial year.

There were no further changes in 2014. The authorisation expired as at 30 April 2014.

Own shares

The Annual General Meeting on 20 May 2010 authorised the company to acquire treasury shares of up to a total of 10% of the share capital as at the time of the resolution. In August 2011 the Executive Board had resolved to initiate a share buyback programme for initially up to 4,000 shares, representing 0.35% of the share capital of the company at the time. As part of this buyback programme, a total of 3,472 shares were acquired at a price of € 210,398 in the 2011 financial year plus a total of 528 shares at a price of € 35,894 in January 2012.

In February 2012 the Executive Board resolved to continue the share buyback programme and acquire up to 4,000 more of the company's no-par value shares on the stock exchange, corresponding to a further approximately 0.35% of the share capital of the company at the time. In the 2012 financial year a further 2,551 of these shares were acquired at a price of € 133,133.22. In the 2013 financial year 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 costs for the 7,294 shares in total of € 414,650.19 are reported in equity as a negative item in accordance with IAS 32.22. Following the allocation of bonus shares (capital increase resolved by the Annual General Meeting on 16 May 2013), the number of treasury shares currently held is 21,882.

The nominal amount of treasury shares was deducted from issued capital on the face of the balance sheet in accordance with section 272(1a) HGB.

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

23. Retained earnings and capital reserves

Please see the consolidated statement of changes in equity for details of changes in retained earnings. The capital reserves were unchanged year-on-year (previous year: € 7,189,482.76).

24. Financial instruments

Objectives and methods of financial risk management

The Group is essentially financed from 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. These are offset by various financial assets, such as trade receivables and cash and cash equivalents that result directly from operating activities.

The management monitors and manages the Group's financing and capital structure on an ongoing basis. It does this using performance indicators such as the gearing ratio and the equity ratio. The Group can make adjustments to dividend payments to shareholders to maintain or adjust its capital structure. As at 31 December 2013 and 31 December 2014, no changes were made to the objectives, policies or procedures for monitoring financing and the management of the capital structure.

There was no trading in derivatives in the 2014 and 2013 financial years.

The possible risks arising from financial instruments include interest rate cash flow risks and liquidity, currency, and credit risks. The Group monitors these risks on an ongoing basis and compares individual risks to the total risk exposure in order to determine risk concentrations. Where necessary, the management resolves strategies and methods for controlling the individual types of risk 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 monitored on an ongoing basis, hence 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 credit risk clusters.

For receivables and other financial assets of the Group, in the event of 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 Dec. 2014
Non-current financial and other assets	71	0	0	71
Trade receivables	9,314	1,294	0	10,608
Other assets	16	0	0	16
Total	**9,401**	**1,294**	**0**	**10,695**

€k	Neither past due nor impaired	Past due and not impaired	Impaired	31 Dec. 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**

The extent to which financial assets that are not impaired are past due is shown in the table below:

€k	Up to 30 days	31 to 60 days	More than 60 days	31 Dec. 2014
Trade receivables not impaired	657	554	83	1,294

€k	Up to 30 days	31 to 60 days	More than 60 days	31 Dec. 2013
Trade receivables not impaired	1,009	184	1.116	2,309

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 bottleneck with ongoing cash flow planning and monitoring procedures.

As at 31 December 2014 the cash flows from the Group's financial liabilities were due to mature as follows:

2014 €k	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
Financial liabilities	600	600	1.050	0	2,250
Trade payables	3,898	0	0	0	3,898
Other liabilities (contractual obligations)	3,449	0	0	0	3,449
Total	**7,947**	**600**	**1,050**	**0**	**9,597**

2013 €k	Up to 1 year	1 to 2 years	3 to 5 years	More than 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**

Financial liabilities that can be repaid at any time are 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 liable to have a sustained impact on the 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 disclosures on how hypothetical changes in risk variables affect the prices of financial instruments. Stock exchange prices are a particular concern as risk variables. As at 31 December 2014 and 31 December 2013 the Group held no financial instruments with associated share price risks.

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 Dec. 2014**	**31 Dec. 2013**	**31 Dec. 2014**	**31 Dec. 2013**
Loans and receivables				
Trade receivables	10,608	8,688	10,608	8,688
Cash and cash equivalents	5,681	6,355	5,681	6,355
Miscellaneous financial assets	16	31	16	31
Total	**16,305**	**15,074**	**16,305**	**15,074**
Financial liabilities measured at amortised cost				
Financial liabilities	2,250	2,850	2,250	2,850
Trade payables	3,898	1,076	3,898	1,076
Miscellaneous financial liabilities	3,449	2,502	3,449	2,502
Total	**9,597**	**6,428**	**9,597**	**6,428**

The financial liabilities relate to floating-rate bank loans.

Financial liabilities measured at fair value		
€k	**31 Dec. 2014**	**31 Dec. 2013**
Miscellaneous financial liabilities	**0**	**1,450**

31 Dec. 2014		
Level 1	**Level 2**	**Level 3**
0	**0**	**0**

This relates to the earn-out obligation from the acquisition of a business measured at fair value in the 2013 financial year, and was reversed to profit or loss in the financial year.

The classification of financial instruments in accordance with IFRS 7 is shown in the table above.

Net results by measurement category

	Loans and receivables	
€k	2014	2013
From interest	20	38
Outside profit or loss	0	0
In profit or loss	0	0

Interest incurred on current accounts amounted to € 60 thousand (previous year: € 17 thousand).

25. Capital management

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

The capital structure is managed based on changes in the general economic 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 Group's capital is equal to its recognised equity. The equity ratio was 53.1% on 31 December 2014 (previous year: 57.6%).

Notes to the income statement

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

Revenues relating to fixed price projects that were not yet completed as at 31 December 2014 amounted to € 2,128 thousand (previous year: € 3,735 thousand) and equal the costs incurred plus the pro rata realisable profit.

Revenues from construction contracts for the 2014 financial year amount to € 22.5 million in total.

27. Other operating income

Other operating income breaks down as follows:

€ thou.	2014	2013
Earn-out reversal	1,505	0
Exchange rate differences	438	11
Insurance compensation	35	44
Proceeds from the disposal of assets	17	30
Reversal of provisions and derecognition of liabilities	14	36
Commission income	8	11
Insurance refunds	6	18
Discount income	3	4
Reversal of write-downs	1	7
Miscellaneous	85	80
Total	**2,112**	**241**

28. Costs of materials

These relate almost exclusively to costs of third-party consultants for the implementation of projects (costs of purchased services).

29. Staff costs

Staff costs contain expenses for defined contribution pension schemes of € 244 thousand (previous year: € 240 thousand) (not including insurance contributions to statutory pension schemes). Contributions to statutory pension schemes amounted to € 1,281 thousand (previous year: € 1,185 thousand).

Staff costs include severance payments of € 20 thousand (previous year: € 20 thousand).

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

	2014	2013
Full-time	244	211

30. Other operating expenses

Other operating expenses break down as follows:

€k	2014	2013
Vehicles	1,455	1,396
Legal and consulting costs	1,218	951
Advertising, representation	1,121	916
Travel costs	1,054	889
Rent, leases	1,011	812
Occupancy costs, energy	479	408
Other staff costs	454	521
Communications	368	355
Insurance policies, contributions	167	155
Losses on receivables, specific write-downs	50	156
Foreign exchange losses	25	168
Miscellaneous	914	681
Total	**8,316**	**7,408**

31. Net financial income

Net financial income mainly includes interest expenses and income and expenses from write-downs of loans not qualifying as "net investments".

32. Income tax expense

Current and deferred income taxes break down as follows:

€k	2014	2013
Current taxes		
Domestic	389	401
Foreign	248	256
	637	**657**
Deferred taxes		
Domestic	-287	-1,172
Ausland	-6	38
	-293	**-1,134**
Total	**344**	**-477**

In the financial year income taxes in Germany amounted to 30.0% (previous year: 30.0%).

The deferred taxes recognised directly in equity under other components of equity can be seen in the statement of comprehensive income and break down as follows:

	2014		
€k	Before taxes	Taxes	After taxes
Remeasurement of defined benefit obligations	-129	35	-94
	2013		
	10	-3	7

Tax reconciliation

Income taxes are derived from earnings before taxes as follows:

€k	2014	2013
Earnings before taxes, after other taxes	1,373	-2,799
Theoretical tax rate *	30.0%	30.0%
Notional tax expense	412	-840
Changes in notional tax expense owing to		
- differences between domestic and foreign tax rates	-47	-91
- prior-period taxes	-2	-4
- non-deductible operating expenses	41	29
- ineligible deferred tax assets on loss carryforwards	508	387
- tax-exempt income	-572	0
- other effects	4	42
Current income taxes	**344**	**-477**

* Calculated on the basis of domestic income tax rates.

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

€k	31 Dec. 2014	31 Dec. 2013
Deferred tax liabilities		
Intangible assets	-16	-9
Receivables (POC)	-230	-174
Total deferred tax liabilities	**-246**	**-183**
Deferred tax assets		
Intangible assets	715	0
Loss carryforward	1.020	1.356
Pension obligations	180	145
Total deferred tax assets	**1,915**	**1,501**
Carrying amount after offsetting		
Deferred tax liabilities	-124	-83
Deferred tax assets	1,793	1,401

The deferred taxes recognised on tax loss carryforwards in the 2014 financial year still related to the parent company. These loss carryforwards were partially utilised in the 2014 financial year. Planning assumes positive taxable income in subsequent years; the conclusion of profit transfer agreements with two subsidiaries is expected to contribute to this. The tax loss carryforwards are therefore expected to be reduced further in the next few years.

As at 31 December 2014 there were tax loss carryforwards abroad of around € 3.6 thousand (previous year: € 2.0 thousand) for which no deferred tax assets were recognised as the requirements of IAS 12 were not met as at the end of the reporting period. There are the following time limits for the use of tax loss carryforwards abroad:

- around € 1.8 million by 2033 and
- around € 1.5 million by 2034.

Notes to the statement of cash flows

33. Interest and income tax payments

The cash flow from operating activities includes the following items: interest paid of € 86 thousand (previous year: € 34 thousand), interest received of € 20 thousand (previous year: € 38 thousand), income taxes paid of € 1,102 thousand (previous year: € 1,062 thousand) and income taxes received of € 279 thousand (previous year: € 506 thousand).

Other disclosures

34. Members of the Executive Board

The members of the Executive Board of the company 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 31.03.2014: - Sole Executive Board member of the company From 01.04.2014 responsible for: - Corporate Strategy - Portfolio- & Product Strategy - Sales & Partnermanagement - Marketing - Investor Relations & Corporate Governance - Operational areas From 01.07.2014 responsible for: - Corporate Strategy - Portfolio & Product Strategy - Sales & Partnermanagement - Marketing - Investor Relations & Corporate Governance - Strategic and process consulting	Supervisory Board Casadomus AG, Stuttgart Supervisory Board VHV insurance services GmbH, Hannover Member of the Board of Directors VHV-Gruppe, Hannover
Jörg Vierfuß Master of Business Administration d.o.b. 05.07.1968	01.04.2014 to 31.12.2016	**CFO** From 01.04.2014 responsible for: - Finance, Controlling & Accountancy - Puchasing department & Taxes - Human Resources - Legal & Compliance - Administration - IT	No further appointments
Henry Göttler MA d.o.b. 03.12.1965	01.07.2014 to 31.12.2016	**COO** From 01.07.2014 responsible for: - Product Management - Product Marketing - Pre-Sales - Development - Support - Quality Assurance - Professional Services	Supervisory Board Smart Commerce SE

35. Members of the SNP AG Supervisory Board

Members of the SNP AG Supervisory Board 2014	Appointed/elected from/to	Memberships on other Supervisory Boards and other similar bodies*
Dr. Michael Drill Chairman of the Executive Board Lincoln International AG	Chairman since: 06.06.2014 Deputy Chairman from: 24.05.2012 until 06.06.2014 First appointed: 04.04.2011 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 201	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	Deputy Chairman from: 06.06.2014 First appointed: 01.05.2013 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	Casadomus AG Chairman, Germany Haufe-Lexware Real Estate AG Germany GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Germany GWE Gesellschaft für Wohnen im Eigentum AG Germany
Rainer Zinow Senior Vice President SAP SE	Member of the Supervisory Board First elected: 06.06.2014 Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015	No further appointments
Roland Weise Management Consultant	Chairman from: 12.11.2013 until 06.06.2014 First appointed: 04.11.2013 Resigned on: 06.06.2014	No further appointments

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

36. Related party transactions and disclosures

In accordance with IAS 24, Related Party Disclosures, transactions with persons or companies that can 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.

Executive Board

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

The total remuneration granted to members of the Executive Board in the 2014 financial year amounted to a total of € 725,121.15. Details of the remuneration of the Executive Board in the 2014 financial year are itemised in the table below:

Fiscal year 2014

€	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr. Andreas Schneider-Neureither	220,008.00	154,622.68	21,390.48	9,774.81	10,323.62	416,119.59
Jörg Vierfuß	90,000.00	51,540.89	13,823.28	0.00	2,884.89	158,249.06
Henry Göttler	90,000.00	51,540.89	8,801.36	0.00	410.25	150,752.50
Total	**400,008.00**	**257,704.46**	**44,015.12**	**9,774.81**	**13,618.76**	**725,121.15**

Fiscal year 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
Summe	**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 (€ 5,900 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 CEO of SNP AG, who is also the Chairman of the Board of SNP America, Inc., and the CFO of SNP AG, who is also the Vice President for Finance of SNP America, Inc. In total, this D&O insurance amounts to an annual insurance premium of € 2,321.23. The pro rata insurance premium paid per person and per period can be seen in the insurance benefits table.

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

No loans, credits or advances had been extended to any of the Executive Board members as at 31 December 2014 (previous year: € 0 thousand).

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

Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has recognised provisions for pension commitments to Dr Andreas Schneider- Neureither and Ms Petra Neureither (CFO until 19 May 2011) of € 176 thousand (previous year: € 125 thousand in accordance with IAS 19R). An insurance policy has been agreed to cover pension obligations.

Other transactions

Since 1 December 2010 there has been a lease agreement between a member of the Executive Board and SNP AG for office premises and parking spaces. Effective 1 September 2014, two separate agreements (office premises and parking spaces) were concluded for these with unchanged terms. These services are invoiced at arm's-length conditions. Expenses of € 229 thousand (previous year: € 230 thousand) were incurred for this in the 2014 financial year. There were no outstanding liabilities as at 31 December 2014. Since 1 September 2014 and 1 November 2014 there have also been five new rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. Expenses of € 46 thousand (previous year: € 0 thousand) were incurred for this in the 2014 financial year. There were no outstanding liabilities as at 31 December 2014.

Supervisory Board

The total remuneration granted to members of the Supervisory Board in the 2014 financial year amounted to a total of € 60 thousand (previous year: € 67 thousand). There were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

2014 financial year

€	Fixed amount	Attendance fee	Other expenses	D&O insurance	Total
Dr. Michael Drill Chairman of the Supervisory Board from 6 June 2014	17,847.22	4,000.00	327.47	668.67	22,843.36
Gerhard A. Burkhardt Deputy Chairman from 6 June 2014	12,847.23	4,000.00	0.00	668.67	17,515.90
Rainer Zinow Member of the Supervisory Board from 6 June 2014	5,694.44	3,000.00	0.00	334.33	9,028.77
Roland Weise Chairman of the Supervisory Board until 6 June 2014	8,611.83	1,000.00	869.42	334.33	10,815.58
Total	**45,000.72**	**12,000.00**	**1,196.89**	**2,006.00**	**60,203.61**

2013 financial year

€	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	11,112.44
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**

The company has arranged directors' and officers' liability insurance (D&O) on behalf of the Supervisory Board members. The annual insurance premium of € 7,021 (€ 5,900 plus 19% insurance tax) also includes the D&O insurance for members of the Executive Board and senior executives. The pro rata insurance premium paid per person and per period can be seen in the table.

On the basis of a consulting agreement dated 22 November 2013, which the Supervisory Board approved on the same day, Mr Weise provided consulting services for SNP AG. Total remuneration of € 31,396.43 plus VAT was paid for these services in the reporting period (previous year: € 3,048).

In the 2013 financial year, as at 31 December 2013, the members of the Supervisory Board Mr Roland Weise and Dr Michael Drill held 1,780 and 4,000 voting rights respectively in SNP AG. In the 2014 financial year, as at 31 December 2014, the member of the Supervisory Board Dr Michael Drill held 5,500 voting rights in SNP AG.

37. Contingent liabilities and other financial obligations

The obligations arising from rental and lease agreements essentially consist of rental agreements for office space and lease agreements for cars. The following payments for non-cancellable rental and lease agreements are due in the coming financial years:

€k	2014	2013
Within one year	1,881	1,345
Between one and five years	3,894	1,565
After five years	1,591	0
	7,366	**2,910**

38. Dividends paid and proposed

A dividend for 2013 of € 297,294.24 (previous year: € 897,134.40) was resolved and distributed in the financial year. The dividend amounted to € 0.08 per share (previous year: € 0.72 per share or € 0.24 per share after bonus shares).

A dividend of € 483,103.14 (€ 0.13 per share) for the 2014 financial year will be proposed for approval at the Annual General Meeting on 21 May 2015. The dividend was not recognised in the consolidated financial statements as liability as at 31 December 2014.

Disclosures in accordance with section 315(4) HGB

As at 31 December 2014 the share capital of SNP Schneider-Neureither & Partner AG amounted to € 3,738,060 and was divided into 3,738,060 no-par-value bearer shares, each with a notional share of the capital of € 1.00. Each share grants one vote. Accordingly, the disclosures made in the WpHG notifications below regarding the number of voting rights relate to the share capital as at the respective date.

Disclosures in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) regarding investments in capital exceeding 3%, 5%, 10%, 15% and 20% of voting rights:

- Inflection Point Investments LLP, London, UK, notified us on 29 January 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 5% of voting rights on 28 January 2014 and amounted to 6.58% (245,949 voting rights) on this date. 6.58% of the voting rights (245,949 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG. 3% or more of these voting rights are held directly by Inflection Point Investments Company Ltd.

- HANSAINVEST Hanseatische Investment- GmbH, Hamburg, Germany, notified us on 5 February 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 4 February 2014 and amounted to 3.54% (132,198 voting rights) on this date.

- Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany, notified us on 27 February 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had fallen below the threshold of 5% of voting rights on 24 February 2014 and amounted to 4.99% (186,643 voting rights) on this date. 2.95% of the voting rights (110,300 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

- Kabouter Management, LLC, Chicago, Illinois, USA, notified us on 17 June 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 21 March 2014 and amounted to 3.17% (118,617 voting rights) on this date. 3.17% of the voting rights (118,617 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

- Mr Peter Zaldivar, USA, notified us on 17 June 2014 in accordance with section 21(1) WpHG that his share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 21 March 2014 and amounted to 3.17% (118,617 voting rights) on this date. 3.17% of the voting rights (118,617 voting rights) are attributable to Mr Zaldivar in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG.

- Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany, notified us on 3 July 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the thresholds of 3% and 5% of voting rights on 1 July 2014 and amounted to 5.46% (204,013 voting rights) on this date. 5.46% of the voting rights (204,013 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG. The voting rights attributed are held by the following shareholders whose share in the voting rights of SNP Schneider-Neureither & Partner AG amounts to 3% or more: Allianz Institutional Investors Series SICAV.

- Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany, notified us on 6 November 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had fallen below the threshold of 3% of voting rights on 3 November 2014 and amounted to 2.47% (92,421 voting rights) on this date. 2.47% of the voting rights (92,421 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

Other disclosures in accordance with section 315a HGB

39. Auditing and consulting fees

In the financial year the fees for the Group's auditor amounted to € 57 thousand for audits of financial statements (previous year: € 48 thousand), € 12 thousand for tax advisory services (previous year: € 9 thousand) and € 16 thousand for other consulting services (previous year: € 27 thousand).

40. Corporate governance

The Executive Board and the Supervisory Boards have issued the declaration on the German Corporate Governance Code. This has been published on the company's website www.snp-ag.de.

Heidelberg, 5 March 2015

The Executive Board

Dr. Andreas Schneider-Neureither

Henry Göttler

Jörg Vierfuß

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 5 March 2015

The Executive Board

Dr. Andreas Schneider-Neureither

Henry Göttler

Jörg Vierfuß

Independent Auditors´ Report

We have audited the consolidated financial statements of SNP Schneider-Neureither & Partner AG, Heidelberg – comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to consolidated financial statements – and the Group management report for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law in accordance with section 315(1) HGB are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law in accordance with section 315(1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Mannheim, 5 March 2015

MOORE STEPHENS TREUHAND KURPFALZ GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Matthias Ritzi	Stefan Hambsch
German public auditor	German public auditor

Annual Financial Statements

SNP Schneider-Neureither & Partner AG, Heidelberg

Balance Sheet (HGB) as at 31 December 2014

ASSETS	€	2014 €	2013 €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		133,540.00	186,.2
II. Fixed assets			
1. Land, rights equivalent to property and buildings including buildings on third-party land	47,806.00		52.0
2. Other equipment, office and factory equipment	541,185.00	588,991.00	609.1
III. Financial assets			
1. Shares in affiliated companies	5,456,091.14		4,856.1
2. Loans in affiliated companies	4,166,959.16		1,561.5
3. Participations	1.00	9,623,051.30	0.0
B. Current assets			
I. Inventories			
1. Work in progress	742,022.41		1,916.0
2. Goods	671,250.00	1,413,272.41	300.0
II. Receivables and other assets			
1. Trade receivables	6.650,172.93		2,910.4
2. Receivables from affiliated companies	2.662,588.05		2,643.0
3. Other assets	570,194.52	9,882,955.50	722.7
III. Cash reserves and bank balances		1,830,973.45	3,960.2
C. Deferred items		482,432.32	189.5
		23,955,215.98	**19,906.9**

Equity	€	2014 €	2013 €k
A. Own capital			
I. Subscribed capital	3,738,060.00		3,738.1
1. Own shares	-21,882.00	3,716,178.00	-21.9
			3,716.2
II. Capital reserves		7,451,959.30	7,451.9
III. Revenue reserves			
1. Statutory reserves	19,100.00		19.1
2. Other reserves	52,888.55	71,988.55	52.9
VI. Retained earnings		2,037,907.00	327.6
B. Provisions			
1. Provisions for pensions and similar obligations	78,156.12		70.1
2. Tax provisions	27,272.00		0.0
3. Other provisions	2,010,157.44	2,115,585.56	2,453.8
C. Liabilities			
1. Liabilities to credit institutions	2,250,000.00		2,850.0
2. Payments received on orders	1,124,692.61		1,777.3
3. Liabilities for goods and services	3,440,047.03		608.4
4. Liabilities to affiliated companies	796,342.35		32.5
5. Other liabilities	947,654.58	8,558,736.57	547.1
D. Deferred items		2,861.00	0.0
		23,955,215.98	**19,906.9**

SNP Schneider-Neureither & Partner AG, Heidelberg

Profit and Loss Account (HGB) from 1 January to 31 December 2014

		2014	2013
	€	€	€k
1. Sales revenues		**18,489,257.35**	**12,669.5**
2. Increase in inventories of finished and unfinished goods		-1,174,020.60	1,028.2
3. Other operating income - Including income from foreign currency conerversation of € 71,060.40 (€k 1.4)		3,720,613.85	951.8
4. Material costs			
a) Cost of raw materials. auxiliaries and supplies and for purchased goods	0.00		
b) Cost of purchased services	2,949,701.82	2,949,701.82	46,435.0
5. Personnel costs			
a) Wages and salaries	9,388,678.77		7,877.8
b) Social security and expenses for pensions and related employee benefits	1,393,691.21	10,782,369.98	1,263.3
6. Depreciation			
a) Of intangible assets and fixed assets		400,558.84	479.5
7. Other operating expenses -Including expenses from foreign currency conversion € 5,802.13 (€k21.8)		5,663,715.92	5,029.3
8. Income from participations - Of which from affiliated companies € 712,500.00 (€k 955.0)		712,500.00	955.0
9. Income from other securities and financial assets		65.00	0.1
10. Other interest and similar income Of which from affiliated companies € 222,749.87 (€k 124.4) Of which income from discounting € 0.00 (€k 0.0)		239,480.54	160.5
11. Depreciation on financial assets Of which from affiliated companies € 0.00 (€k 89.6)		0.00	89.6
12. Interest and similar expenses Of which from affiliated companies € 14,029.67 (€k 0.0) Of which discounted expenses € 0.00 (€k 1.4)		82,461.39	20.6
13. Loss/profit from ordinary activities		**2,109,088.19**	**-3,638.6**
14. Taxes on income - of which from deferred taxes € 0.00 (€k -2.1)	81,796,69		-132.8
15. Other taxes	19,648,00	101,444.69	21.8
16. Net loss/income		**2,007,643.50**	**-3,527.7**
17. Profit carried forward from previous year		30,263.50	5.3
18. Withdrawals from revenue reserves a) From other revenue reserves		0.00	3,850.0
19. Allocations to revenue reserves a) In other revenue reserves		0.00	0.0
20. Retained earnings		**2,037,907.00**	**327.6**

Financial Calendar

31 March 2015	Publication of Annual Report 2014
30 April 2015	Publication of the Interim Statement for Quarter I
21 May 2015	Annual General Meeting 2015
31 July 2015	Publication of Half Year Figures
30 October 2014	Publication of the Interim Statement for Quarter III
November 2015	German Equity Forum 2014

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

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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

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