Interim Report Q3/2014

SNP | The Transformation Company

SNP

Selected key figures as of 30 September 2014 (IFRS)

€ million	Jan. - Sept. 2014	Jan. - Sept. 2013	3rd quarter 2014	3rd quarter 2013
Backlog (as of 30 September)	**10,4**	**9.4**		
Revenue	**22.5**	**15.9**	**7.0**	**5.6**
- Software	5.5	3.2	1.6	1.2
- Professional Services	17.0	12.7	5.4	4.4
EBIT	**0.6**	**-3.0**	**0.1**	**-0.7**
- Margin (%)	2.7	-18.8	1.0	-11.6
Consolidated net income	**0.4**	**-2.2**	**0.2**	**-0.5**
Earnings per share (€)				
- Undiluted	0.09	-0.59	0.06	-0.15
- Diluted	0.09	-0.59	0.06	-0.15
Number of shares (million)	**3.738**	**3.738**	**3.738**	**3.738**
Equity (as of 30 September)	**13.3**	**13.9**		
- Ratio (%)	58.6	61,1		
Number of employees (as of 30 September)	**261**	**250**		
Personnel costs	**15.1**	**12.5**	**5.1**	**4.1**

Interim Group management report
for the period from 1 January to 30 September 2014

The SNP Group

Business activities

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

More than 250 employees in Europe, South Africa and the United States generated sales of € 23.5 million in 2013. SNP AG, which is headquartered in Heidelberg, went public in Hamburg in 2000 and has been listed in the Prime Standard of the Frankfurt Stock Exchange since August 2014.

Group structure

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

- 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

Effective 1 September 2013, the operations of GL Consulting, Inc., New Jersey, USA and its wholly owned subsidiary Cetova Corp., New Jersey, USA (collectively GLA) were acquired by SNP America, Inc. in an asset deal. GLA is a consultancy service provider for the optimisation and transformation of ERP landscapes from the Oracle Group, and uses a tool-based approach.

Significant events in the third quarter

Admission to the Prime Standard

Effective 29 August 2014, SNP Schneider-Neureither & Partner 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 future 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. Not least, it means that SNP AG also meets one of the conditions for the possible inclusion of the company's shares in a selective index of Deutsche Börse AG. SNP AG went public in 2000 and its shares had been listed in the General Standard of the Frankfurt Stock Exchange since 2003.

New training centre opens

Effective 1 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. As recently as 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 Maximilian University of Munich and the Süddeutsche Zeitung newspaper.

Expansion of the Executive Board

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 Jörg Vierfuß was appointed as CFO effective 1 April 2014, Henry Göttler joined the Executive Board as COO effective 1 July 2014. Göttler studied sinology, mathematics and business administration and is working primarily to implement strategy in day-to-day business. He is focusing on applying the management and development experience that he obtained in Asia.

Successful quality and process certifications

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.

The significant events in the first six months of the year are described in the half-yearly report for the period ended 30 June 2014.

Economic report

Overall economic development

Following a strong start to the year, the German economy cooled significantly, with macroeconomic production stagnating in the third quarter and leading indicators offering little hope of an improvement by the end of the year. Accordingly, in their joint autumn report, the leading German economic research institutes are forecasting growth of just 1.2% for 2014 as a whole. The economic downturn – and in particular the extent of the downturn – have very much come as a surprise in light of the favourable financing conditions, rising capacity utilisation, and corporate confidence that has been high for some time. However, neither the domestic nor the foreign markets are providing any impetus at present. Development is being impaired in particular by the sustained low level of economic momentum in the euro zone and the sluggish pace of expansion in the global economy.

In October, the International Monetary Fund (IMF) responded by lowering its growth forecast for the world economy as published in the World Economic Outlook (WEO) in April by 0.4 percentage points to 3.3%. Development in some of the emerging economies of Latin America and the Middle East in particular was negative, while the IMF also expects China to see a slight downturn in growth. Quite the opposite is true for the USA, where an accommodating fiscal policy, the positive financial market environment and the recovery of the housing market are making for advantageous conditions that are expected to continue to spur the current upturn.

Irrespective of the economic slowdown, 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. This is due to both the excellent situation – around three-quarters (74%) of industry participants increased their revenue in the first half of the year – and the positive outlook: 81% of companies are forecasting rising revenue in the coming six months. However, a split can also be seen within the industry: While business for software and services is growing at an above-average rate, for example, other areas are stagnating, such as IT hardware, or even recording declining revenues, like data and voice service business. All in all, the BITKOM industry association is assuming growth of 1.7% to € 153.4 billion for the German ITC market in 2014.

Globally, the high-tech association is even forecasting growth of 4.5% for the ITC industry in 2014. The strongest growth is forecast in mobile data service business (up 12.8%), followed by TC infrastructure revenue (up 7.9%) and software business (up 6.2%). The USA is again expected to be responsible for the largest share of the global ITC market at 27%. The EU will account for around 21%, just ahead of the BRIC nations at around 20%, although their development is still the most dynamic: BITKOM is forecasting growth of 12% for India, 11.3% for China, 9.2% for Brazil and 3.8% for Russia in 2014. By comparison, revenue growth is forecast at 4.0% in the USA and 1.3% in the EU.

Net assets, financial position and results of operations

The first nine months of the 2014 financial year were extremely successful for SNP Schneider-Neureither & Partner AG. Building on a significant improvement in its order situation, the company recorded substantial revenue growth and positive earnings development on the back of a stable financial position. Meanwhile, the integration of the US-based company GLA that was acquired last year is progressing according to plan, and SNP AG pressed further ahead with investments in the areas of marketing, sales and the development of the process and strategy consultancy segment.

In figures, the company developed as follows: Revenue increased by 41.1% year-on-year to € 22.5 million in the period under review, with both segments contributing to the positive business development. While revenue in the Software segment (licences and maintenance) rose to an above-average extent by 73.0% to € 5.5 million, revenue in the Professional Services segment (consultancy and training) increased by 33.2% to € 17.0 million. On the earnings side, EBIT amounted to € 0.6 million in the period under review (previous year: € -3.0 million), while consolidated net income amounted to € 0.4 million (previous year: consolidated net loss of € -2.2 million). This resulted in an EBIT margin of 2.7% and a net margin of 1.7%.

The slightly weaker third quarter is primarily attributable to non-recurring effects. Although the positive underlying trend remained in place over the past three months, with revenue growth of 23% to € 7.0 million, the pace of growth failed to meet expectations due to negotiations on the sale of software licences extending into the fourth quarter. Earnings were also impacted by non-recurring effects, with the additional expenses for a major project concluded at the end of the third quarter reducing income by € 0.3 million. All in all, however, the operating result was moderately positive at € 0.1 million (previous year: € -0.7 million), corresponding to an EBIT margin of 1.0%; this was due in part to the fact that the variable purchase price components for the acquisition of GLA are expected to be lower than originally anticipated, resulting in a positive effect on other operating income. The slightly negative financial result and tax income of € 159 thousand meant that consolidated net income for the third quarter amounted to € 0.2 million, corresponding to a net margin of 3.0%.

The company's financial position remains positive: the operating cash flow of € 1.8 million (previous year: € -3.1 million) offset the cash used in investing and financing activities; this meant that, at € 6.4 million, cash and cash equivalents as at 30 September 2014 were at the same level as 31 December 2013 (€ 6.4 million). The equity ratio even improved slightly from 57.6% to 58.6% in the same period.

All in all, the figures for the first nine months demonstrate that SNP Schneider-Neureither & Partner AG is well on its way to achieving its targets for 2014 as a whole.

Revenue performance

In the period under review, SNP AG's consolidated revenue increased to € 22.5 million on the back of continued excellent capacity utilisation in the DACH region in particular. This represents an increase of 41.1% compared with the first nine months of 2013 (previous year: € 15.9 million). Revenue in the third quarter of 2014 amounted to € 7.0 million (previous year: € 5.6 million), down slightly on the level recorded in the previous quarters. In terms of segment performance, the Professional Services segment, which includes consultancy services in particular, generated revenue of € 17.0 million in the first nine months of the current financial year (previous year: € 12.7 million). This represents a year-on-year increase of 33.2% and corresponds to a share of approximately 75.5% of total revenue (previous year: 80.0%). The remaining revenue of € 5.5 million (previous year: € 3.2 million) was generated in the Software segment (including maintenance), which therefore recorded above-average revenue growth of 73.0%. The largest source of revenue in the Software segment in the first nine months was still SNP Transformation Backbone, which contributed around € 3.4 million (previous year: € 2.4 million) to segment revenue. It thus accounted for around 62% (previous year: 75%) of total software revenue. This lower revenue share is primarily attributable 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 € 0.8 million in the period under review (previous year: € 0.1 million).

Result of operations

Development in the results of operations in the period under review was decidedly positive. EBITDA amounted to € 1.2 million as against € -2.5 million in the same period of the previous year, while EBIT improved from € -3.0 million in the first nine months of 2013 to € 0.6 million. This corresponds to profit margins of 5.4% (EBITDA) and 2.7% (EBIT) respectively. The turnaround was achieved in spite of continuing investments in sales and marketing and increased staff costs, particularly following the acquisition of GLA. Staff costs rose by € 2.6 million in the period under review to € 15.1 million. Other operating expenses increased from € 5.3 million to € 5.8 million. At the same time, other income rose from € 0.1 million to € 0.8 million, largely as a result of the partial reversal of the contingent purchase price liability in connection with the acquisition of GLA

As other financial expenses amounted to € 65 thousand in the period under review while other financial income was only immaterial, the financial result was negative at € -53 thousand (previous year: € 7 thousand), resulting in earnings before taxes of € 0.6 million previous year: € -3.0 million). After taxes on income of € 0.2 million (previous year: tax income of € 0.8 million), net income for the first nine months of the 2014 financial year amounted to € 0.4 million compared with a net loss of € -2.2 million in the same period of the previous year. This corresponds to a net margin of 1.7%. Diluted and basic earnings per share therefore amounted to € 0.09 (previous year: € -0.59).

Net assets

Current assets declined from € 16.1 million as at 31 December 2013 to € 14.4 million. Among other things, this was due to improved receivables management, which led to a reduction in trade receivables from € 8.7 million to € 6.8 million.

In the period under review, non-current assets increased slightly from € 7.8 million as at 31 December 2013 to € 8.3 million as at 30 September 2014. This development was due to several factors: The increase in property, plant and equipment from € 1.1 million to € 1.2 million, the rise in deferred taxes from € 1.4 million to € 1.8 million, and the increase in reported goodwill due to exchange rate effects from € 4.1 million to € 4.3 million. By contrast, intangible assets and other non-current assets declined only slightly in the period under review.

Financial position

Compared with 31 December 2013, current liabilities remained nearly unchanged at € 5.8 million. While the trade payables decreased from € 1.1 million to € 1.0 million and the tax liabilities from € 0.4 million to € 0.1 million, the other liabilities increased from € 3.7 million to € 4.0 million.

Non-current liabilities decreased in the first nine months of 2014, amounting to € 3.6 million as at 30 September 2014 (31 December 2013: € 4.3 million). This was primarily attributable to two factors: the reduction in liabilities to banks from € 2.3 million to € 1.8 million as a result of scheduled repayments and the reduction in other non-current liabilities from € 1.5 million to € 1.1 million, which was due to the partial reversal of earn-out liabilities in connection with the acquisition of GLA.

In the first nine months of 2014, the company's equity declined slightly from € 13.5 million to € 13.3 million. Issued capital, capital reserves, other components of equity and treasury shares remained unchanged. The acquisition of non-controlling interests and the dividend distribution for 2013, which was higher than the net income generated, meant that retained earnings fell from € 3.0 million to € 2.8 million in the period under review. All in all, total assets declined to € 22.7 million as at 30 September 2014 (31 December 2013: € 23.9 million), leading to an improvement in the equity ratio from 57.6% to 58.6%.

SNP generated an operating cash flow of € 1.8 million in the first nine months of 2014 (previous year: € -3.1 million) thanks to the consolidated net income generated in the period and the successful reduction in trade receivables. This was offset by net cash used in investing activities of € 0.5 million (previous year: € -2.4 million), which is primarily attributable to payments for investments in property, plant and equipment. Net cash used in financing activities amounted to € 1.3 million in the first nine months (previous year: net cash from financing activities of € 2.0 million). This figure consisted of the dividend payment (including payments to non-controlling interests) of € 0.3 million (previous year: € 0.9 million), payments for the acquisition of minority interests in SNP Austria GmbH of € 0.5 million (previous year: € 0.0 million) and loan repayments in the amount of € 0.5 million (previous year: € 0.0 million).

As a result, the total cash flow for the period under review was largely balanced, amounting to € -2 thousand (previous year: € -3.5 million). Accordingly, cash and cash equivalents as at 30 September 2014 remained unchanged compared with 31 December 2013 at € 6.4 million, meaning that SNP AG's overall financial position remains extremely solid.

Non-financial performance indicators

Employees

In the period under review, the number of employees rose slightly from 248 as at 31 December 2013 to 261 as at 30 September 2014. This includes seven members of the Executive Board and management (31 December 2013: five) and 15 trainees, students, pupils and interns (31 December 2013: 16). There were no employees in partial early retirement in the first nine months of 2014 (31 December 2013: one). The average number of employees in the period under review was 257.

Report on risks and opportunities, forecast

Risks and opportunities

The operating and financial risks are explained in detail in the 2013 Annual Report within the Group management report. Business potential is also discussed under "Opportunities and forecast". There were no material changes in the risk and opportunities profile of SNP in the period under review.

Forecast

The Executive Board is forecasting a strong fourth quarter on the back of the high order backlog and the advanced negotiations on the sale of software licences. With regard to the conclusion of large-volume licence agreements for the use of SNP Transformation Backbone in particular, there is still considerable earnings potential that will be leveraged even more effectively in future through continuing investments in marketing, sales, development and consultancy. All in all, the Executive Board therefore expects the company's positive fundamental development to continue throughout the rest of the financial year and is confirming its forecast for 2014 as a whole, with consolidated revenue of around € 30 million and a mid-single-digit EBIT margin.

Supplementary report

There were no significant events after 30 September 2014.

Heidelberg, 30 October 2014
SNP Schneider-Neureither & Partner AG

The Executive Board

Dr. Andreas Schneider-Neureither

Jörg Vierfuß

Henry Göttler

Consolidated Balance Sheet
as at 30 September 2014

€ k	30.09.2014	31.12.2013	30.09.2013
ASSETS			
Current assets			
Cash and cash equivalents	6,353	6,355	6,638
Trade receivables	6,805	8,688	6,818
Current tax assets	757	685	986
Other current assets	508	417	365
	14,423	**16,145**	**14,807**
Non-current assets			
Goodwill	4,294	4,099	4,142
Intangible assets	946	1,094	1,126
Property, plant and equipment	1,212	1,070	1,148
Participations accounted for in accordance with the equity method	0	0	0
Other non-current assets	76	85	62
Non-current tax assets	9	10	12
Deferred taxes	1,756	1,401	1,401
	8,293	**7,759**	**7,891**
	22,716	**23,904**	**22,698**
EQUITY AND LIABILITIES			
Current liabilities			
Liabilities due to banks	600	600	600
Trade payables	950	1,076	484
Provisions	61	62	96
Tax liabilities	118	405	45
Other current liabilities	4,040	3,661	2,967
	5,769	**5,804**	**4,192**
Non-current liabilities			
Liabilities due to banks	1,800	2,250	2,400
Provisions for pensions	620	555	581
Deferred taxes	150	83	174
Other non-current liabilities	1,060	1,450	1,481
	3,630	**4,338**	**4,636**
Equity			
Subscribed capital	3,738	3,738	3,738
Capital reserves	7,189	7,189	7,189
Retained earnings	2,791	3,011	3,204
Other reserves	14	17	-27
Treasury shares	-415	-415	-415
Equity attributable to shareholders	**13,317**	**13,540**	**13,689**
Non-controlling interests	0	222	181
	13,317	**13,762**	**13,870**
	22,716	**23,904**	**22,698**

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

Consolidated Income Statement
for the period from 1 January to 30 September 2014

€ k	Jan. - Sept. 2014	Jan. - Sept. 2013	3rd quarter 2014	3rd quarter 2013
Revenue	**22,469**	**15,918**	**6,954**	**5,641**
Professional Services	16,970	12,738	5,393	4,400
Licenses	4,493	2,626	1,263	1,060
Maintenance	1,006	554	298	181
Other operating income	820	65	747	-5
Cost of material	-1,097	-641	-377	-184
Personnel costs	-15,123	-12,496	-5,057	-4,104
Other operating expenses	-5,822	-5,288	-1,989	-1,818
Other taxes	-24	-20	-11	-9
EBITDA	**1,223**	**-2,462**	**267**	**-479**
Depreciation and impairments on intangible assets and property, plant and equipment	-616	-528	-200	-177
EBIT	**607**	**-2,990**	**67**	**-656**
Income from participations accounted for in accordance with the equity method	0	0	0	0
Other financial income	12	24	5	11
Other financial expenses	-65	-18	-22	-6
Net financial income	**-53**	**6**	**-17**	**5**
EBT	**554**	**-2,984**	**50**	**-651**
Income taxes	-162	812	159	115
Consolidated net income/loss (-)	**392**	**-2,172**	**209**	**-536**
Of which:				
Profit attributable to non-controlling shareholders	40	38	0	7
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG	352	-2,210	209	-543
Earnings per share	**€**	**€**	**€**	**€**
- Undiluted	0.09	-0.59	0.06	-0.15
- Diluted	0.09	-0.59	0.06	-0.15
Weighted average number of shares	**in thousands**	**in thousands**	**in thousands**	**in thousands**
- Undiluted	3,716	3,715	3,716	3,715
- Diluted	3,716	3,715	3,716	3,715

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

Consolidated Statement of Comprehensive Income
for the period from 1 January to 30 September 2014

€ k	Jan. - Sept. 2014	Jan. - Sept. 2013	3rd quarter 2014	3rd quarter 2013
Net income for the period	**392**	**-2,172**	**209**	**-536**
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	-3	17	-3	3
Deffered taxes on differences from currency conversion	0	0	0	0
	-3	**17**	**-3**	**3**
Items that will not be reclassified to profit or loss				
Remeasurements of deined benefit pension plans	0	0	0	0
Deferred taxes on remeasurements of defined benefit pension plans	0	0	0	0
	0	**0**	**0**	**0**
Income and expenses directly recognised in equity	**-3**	**17**	**-3**	**3**
Total comprehensive income	**389**	**-2,155**	**206**	**-533**
Profit attributable to non-controlling interests	40	38	0	7
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG in total comprehensive income	**349**	**-2,193**	**206**	**-540**

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

Consolidated Cash Flow Statement
for the period from 1 January to 30 September 2014

€ k	Jan. - Sept. 2014	Jan. - Sept. 2013
Profit after tax	**392**	**-2,172**
Depreciation	616	528
Change in provisions for pensions	65	-12
Other non-cash income/expenses	-287	-899
Change in trade receivables, other current assets, other non-current assets	1,617	1,029
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-598	-1,622
Cash flow from operating activities (1)	**1,805**	**-3,148**
Payments for investments in property, plant and equipment	-514	-247
Payments for investments in intangible assets	-33	-56
Payments for investments in at-equity participations	0	0
Payments for the acquisition of business operations	0	-2,267
Proceeds from disposal of tangible fixed assets	24	177
Cash flow used in investing activities (2)	**-523**	**-2,393**
Dividend payments	-297	-892
Dividend payments to non-controlling shareholders	-37	-45
Payments for purchase of shares in non-controlling shareholders	-500	0
Payments for the purchase of own shares	0	-36
Proceeds from loans	0	3,000
Payments on loans received	-450	0
Cash flow used in financing activities (3)	**-1,284**	**2,027**
Cash change in cash and cash equivalents (1) + (2) + (3)	**-2**	**-3,514**
Cash and cash equivalents at the beginning of the fiscal year	6,355	10,152
Cash and cash equivalents at 30 September	**6,353**	**6,638**
Composition of cash and cash equivalents:	**2014**	**2013**
Cash and cash equivalents	6,353	6,638
Cash and cash equivalents at 30 September	**6,353**	**6,638**

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 30 September 2014

€ k	Subsribed capital	Capital reserve	Retained earnings
As of 01.01.2013	**1,246**	**7,189**	**8,800**
Capital increase from company funds	2,492		-2,492
Acquisition of treasury shares			
Dividend payment			-892
Total comprehensive income			-1,667
As of 30.06.2013	**3,738**	**7,189**	**3,749**
Total comprehensive income			-738
As of 31.12.2013	**3,738**	**7,189**	**3,011**
Acquisition of minority interests			-275
Acquisition of treasury shares			
Dividend payment			-297
Total comprehensive income			352
As of 30.09.2014	**3,738**	**7,189**	**2,791**

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

Other components of equity						
Currency conversion	Revaluation of performance-oriented obligations	Other components of quity Total	**Treasury shares**	**Shareholders of SNP AG attributable capital**	**Non-controlling shares**	**Total equity**
41	**-80**	**-39**	**-379**	**16,817**	**181**	**16,998**
				0		0
			-36	-36		-36
				-892	-45	-937
14		14		-1,653	31	-1,622
55	**-80**	**-25**	**-415**	**14,236**	**167**	**14,403**
37	5	42		-696	55	-641
92	**-75**	**17**	**-415**	**13,540**	**222**	**13,762**
				-275	-225	-500
				0		0
				-297	-37	-334
-3	0	-3		349	40	389
89	**-75**	**14**	**-415**	**13,317**	**0**	**13,317**

Notes to the interim consolidated financial statements
for the period from 1 January to 30 September 2014

Company information

SNP Schneider-Neureither & Partner AG (SNP AG or the "company") is a listed corporation domiciled in Heidelberg, Germany. These unabridged and unaudited interim consolidated financial statements for the period from 1 January to 30 September 2014 were approved for publication by resolution of the Executive Board on 30 October 2014.

Basis of reporting

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". Accordingly, this interim report does not contain all the information and disclosures required in accordance with IFRS for consolidated financial statements at the end of a financial year. The accounting policies applied in these interim financial statements are essentially the same as those applied in the consolidated financial statements at the end of the 2013 financial year. A detailed description of the accounting principles is published in the notes to the consolidated financial statements in the 2013 Annual Report, which can be viewed at www.snp-ag.com under Investor Relations/Financial Statements.

The application of the standards that were required to be applied for the first time from 1 January 2014 did not have a material effect on the interim consolidated financial statements.

There were no seasonal influences.

Consolidated group

The consolidated group has not changed as against 31 December 2013.

Segment Reporting
for the period from 1 January to 30 September 2014

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

€ k	Professional Services	Software	Total
Segment result			
Jan. - Sept. 2014	497	1,212	**1,710**
Margin	2.9%	22.0%	**7.6%**
Jan. - Sept. 2013	-1,722	196	-1,526
Margin	-13.5%	6.2%	-9.6%
External revenue			
Jan. - Sept. 2014	16,970	5,499	**22,469**
Jan. - Sept. 2013	12,737	3,180	15,917
Depreciation included in the segment result			
Jan. - Sept. 2014	477	139	**616**
Jan. - Sept. 2013	431	97	528
Segment assets			
30 September 2014	17,423	2,780	**20,203**
30 September 2013	19,086	1,212	20,298
Segment investments			
30 September 2014	508	38	**546**
30 September 2013	86	27	113

Reconciliation

€ k	Jan. - Sept. 2014	Jan. - Sept. 2013
Net earnings		
Total reportable segments	1,710	-1,526
Non-segment-related expenses	-1,417	-1,509
Non-segment-related amounts:		
- Other operating income	339	65
- Other taxes	-24	-20
EBIT	**607**	**-2,990**
Assets		
Total reportable segments	20,203	20,298
Assets not allocated to the segments	2,513	2,400
Group assets	**22,716**	**22,698**
Assets not allocated to the segments		
- Deferred tax assets	1,756	1,401
- Income tax claims	757	999
Total	**2,513**	**2,400**

Additional information on segment reporting

The increases in segment revenue and depreciation and amortisation compared with the first three quarters of 2013 and the increase in segment assets as at 30 September 2014 compared with 30 September 2013 are due to the significant improvement in the order situation as well as the acquisition of the operations of GL Consulting, Inc., Jersey City/USA, and its wholly owned subsidiary Cetova Corp., Jersey City/USA (collectively GLA) in the third quarter of 2013.

The figures for the Professional Services segment include income from the partial reversal of earn-out liabilities in connection with the acquisition of GLA in the amount of € 0.5 million, as the obligation at the end of the year is expected to be lower than originally calculated.

Additional information on the consolidated statement of cash flows and the consolidated statement of changes in equity

SNP AG resolved and distributed a dividend of € 297 thousand for the 2013 financial year during the period under review. A profit distribution by SNP Austria GmbH for the 2013 financial year was also resolved during the period under review, of which € 37 thousand related to non-controlling interests.

SNP AG acquired non-controlling interests in SNP Austria GmbH in the amount of € 0.5 million in the period under review (previous year: € 0.0 million). The transaction was recognised in equity. Following this acquisition, there are no longer any non-controlling interests in the Group.

Additions to property, plant and equipment and intangible assets primarily relate to investments in vehicles, hardware and software and operating and office equipment.

Significant actuarial gains/losses from the actuarial measurement of pensions and other post-employment benefits are not expected either at the end of the third quarter of 2014 or at the end of 2014. Currency transaction effects taken directly to equity amounted to € 3 thousand in the first three quarters of 2014.

SNP AG did not acquire any additional treasury shares in the period under review.

Dividend and profit distribution

The Annual General Meeting of SNP AG on 6 June 2014 resolved, among other things, to distribute a dividend from retained earnings for the 2013 financial year of € 0.08 per dividend-bearing share. The total distribution amounted to € -297 thousand. The Shareholders' Meeting of SNP Austria GmbH on 15 April 2014 resolved to distribute profits from its retained earnings, of which € 37 thousand related to non-controlling interests.

Related party disclosures

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. The services had a volume of € 154 thousand; there were no outstanding liabilities as at 30 September 2014 regarding this lease agreements. Since 1 September 2014, four 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. The services had a volume of € 10 thousand for the month of September; there were outstanding liabilities in the amount of € 12 million (including VAT) as at 30 September 2014.

Furthermore, a member of the Executive Board was granted an advance on travel expenses of € 15 thousand in the period under review. No other loans, credits or advances were granted to members of the Executive Board.

Treasury shares

SNP AG did not acquire any additional treasury shares in the period under review.

Other disclosures

The Executive Board and the Supervisory Board do not have any pre-emptive rights to shares in accordance with section 160 (1) nos. 2 and 5 of the German Stock Corporation Act (AktG). In the period under review, there were only insignificant changes in the contingent liabilities and other financial obligations presented as at 31 December 2013.

Pending legal disputes and claims for compensation

The companies included in the consolidated financial statements are not involved in court proceedings, legal disputes or claims for compensation that could have a material influence on the economic situation of the Group.

Heidelberg, 30 October 2014

The Executive Board

Financial calendar

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

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

Contact

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

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

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