Consolidated Financial Statements and Group Management Report of DATAGROUP AG, Pliezhausen, on September 30, 2015

This is an English translation of the German text, which is the sole authoritative version

Overview of Key Figures

in k€	2014/2015		2013/2014		2012/2013		2011/2012		2010/2011		2009/2010	
Revenues	**157.574**	**100,0%**	**152.380**	**100,0%**	**156.935**	**100,0%**	**146.183**	**100,0%**	**108.550**	**100,0%**	**79.254**	**100,0%**
thereof services	94.570	60,0%	93.237	61,2%	94.861	60,4%	97.265	66,5%	94.200	86,8%	78.877	99,5%
thereof solutions & consulting	71.919	45,6%	63.015	41,4%	64.773	41,3%	50.642	34,6%	14.673	13,5%	0	0,0%
thereof other / consolidation	-8.915	-5,7%	-3.872	-2,5%	-2.699	-1,7%	-1.724	-1,2%	-323	-0,3%	377	0,5%
thereof services and maintenance	120.773	76,6%	114.413	75,1%	116.082	74,0%	102.980	70,4%	66.391	61,2%	40.237	50,8%
thereof trade	36.592	23,2%	37.707	24,7%	40.541	25,8%	42.923	29,4%	41.838	38,5%	38.640	48,8%
thereof other / consolidation	209	0,1%	260	0,2%	312	0,2%	280	0,2%	321	0,3%	377	0,5%
Other own work capitalised	**348**		**127**		**422**		**600**		**467**		**0**	
Total revenues	**157.922**	**100,0%**	**152.507**	**100,0%**	**157.357**	**100,0%**	**146.783**	**100,0%**	**109.017**	**100,0%**	**79.254**	**100,0%**
Material expenses / Expenses for purchased services	53.176	33,7%	54.990	36,1%	56.593	36,0%	56.103	38,2%	46.280	42,5%	36.087	45,5%
Gross profit	**104.746**	**66,3%**	**97.517**	**63,9%**	**100.764**	**64,0%**	**90.680**	**61,8%**	**62.737**	**57,5%**	**43.167**	**54,5%**
Personnel expenses	77.087	48,8%	71.507	46,9%	74.401	47,3%	67.472	46,0%	47.836	43,9%	31.678	40,0%
Other income etc.	4.581	2,9%	2.999	2,0%	3.758	2,4%	3.198	2,2%	2.481	2,3%	2.033	2,6%
Other expenses etc.	16.901	10,7%	17.323	11,4%	17.568	11,2%	16.857	11,5%	11.366	10,4%	7.984	10,1%
EBITDA	**15.339**	**9,7%**	**11.686**	**7,7%**	**12.553**	**8,0%**	**9.549**	**6,5%**	**6.016**	**5,5%**	**5.538**	**7,0%**
Depreciation from PPA	2.789	1,8%	2.900	1,9%	3.297	2,1%	2.751	1,9%	1.030	0,9%	1.464	1,8%
Other depreciation	2.946	1,9%	2.573	1,7%	3.165	2,0%	3.006	2,0%	1.336	1,2%	1.033	1,3%
EBIT	**9.604**	**6,1%**	**6.213**	**4,1%**	**6.091**	**3,9%**	**3.792**	**2,6%**	**3.650**	**3,3%**	**3.041**	**3,8%**
Financial result	-1.824	-1,2%	-2.456	-1,6%	-1.853	-1,2%	-209	-0,1%	-910	-0,8%	-332	-0,4%
Restructuring expenses	0	0,0%	1.400	0,9%	1.757	1,1%	0	0,0%	0	0,0%	0	0,0%
EBT	**7.780**	**4,9%**	**2.357**	**1,5%**	**2.481**	**1,6%**	**3.583**	**2,4%**	**2.740**	**2,5%**	**2.709**	**3,4%**
Taxes on income and profit	2.857	1,8%	1.266	0,8%	582	0,4%	1.034	0,7%	-622	-0,6%	1.050	1,3%
Net income	**4.923**	**3,1%**	**1.091**	**0,7%**	**1.899**	**1,2%**	**2.549**	**1,7%**	**3.362**	**3,1%**	**1.659**	**2,1%**
Shares[1]	7.572		7.572		7.572		7.157		5.764		5.709	
EPS	**0,65**		**0,14**		**0,25**		**0,36**		**0,58**		**0,29**	
EPS before restructuring expenses	**0,65**		**0,27**		**0,41**							
1) plus treasury shares:	18		18		18		8		98		111	

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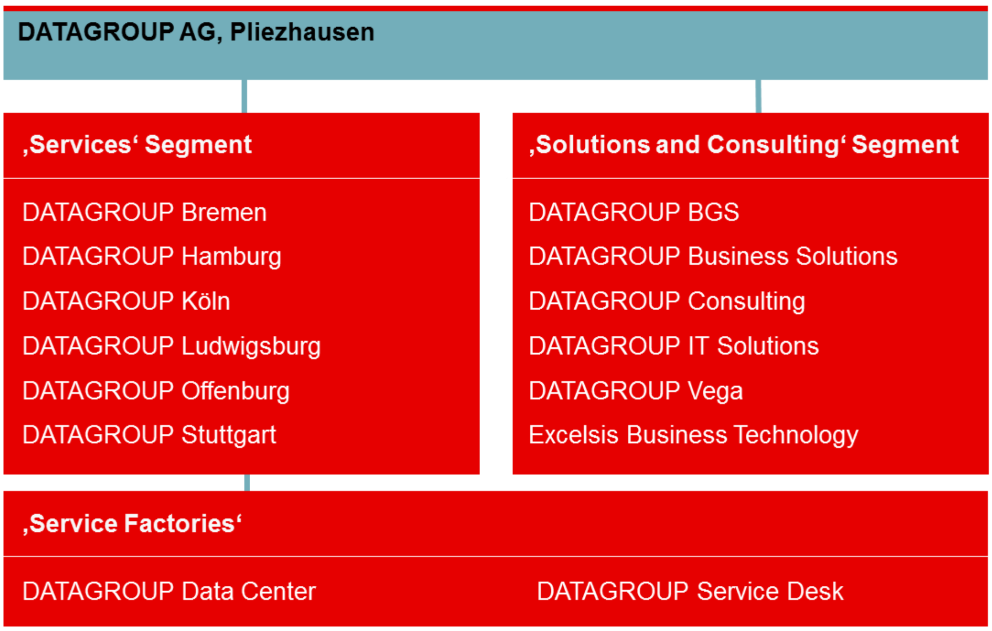
Group Management Report

1. Group overview

Organisational and legal structure of the DATAGROUP AG

DATAGROUP AG is the holding company of IT service provider DATAGROUP, which is active throughout Germany. DATAGROUP AG mainly includes the entities listed in the diagram below:



DATAGROUP AG (as at October 31, 2015)

The operating subsidiaries under the umbrella of DATAGROUP AG are divided into two segments. These segments are based on the service portfolio on which the respective companies are focused. The two subsidiaries DATAGROUP Service Desk GmbH and DATAGROUP Data Center GmbH are specialised service factories. They do not appear on the market themselves but rather provide services for the corporate customers of the other DATAGROUP subsidiaries as internal competence and performance centres.

DATAGROUP currently is represented at 16 locations in Germany:

DATAGROUP locations

Within the DATAGROUP Group, DATAGROUP AG assumes the central financing and management function for its entities. It provides central services such as accounting, human resources, and the central IT services for the group companies. Additionally, DATAGROUP AG provides accounting and human resources services for the main shareholder, HHS Beteiligungsgesellschaft mbH and its subsidiaries.

Since the IPO in 2006, DATAGROUP AG has acquired 17 companies or business units. The acquisition strategy primarily focuses on IT services companies in Germany. It is based on a buy-and-build strategy (i.e. the acquired companies complement or strengthen DATAGROUP's existing service portfolio) and a buy-and-turnaround strategy (i.e. the acquired companies are in situations of radical change).

DATAGROUP AG integrates these companies into the Group. In this process, the individual companies are preserved as much as possible so as not to jeopardise the proximity to the customer and the customer relationships that to some extent have been existing for decades.

Except for Excelsis Business Technology AG, which was acquired on October 1, 2014, all companies are managed under the nationwide uniform brand: DATAGROUP. Newly acquired companies are renamed after a transition period. This is also planned for Excelsis. An umbrella brand campaign throughout Germany actively promotes the perception of DATAGROUP and an increase in brand awareness within the relevant target group.

The DATAGROUP Group is to grow within the context of this acquisition strategy in the future as well.

Business activities, sales markets and competitive position of DATAGROUP

'We manage IT' – this claim concisely sums up DATAGROUP's core competence. The business activities of the DATAGROUP companies comprise the operation and further development of their customers' infrastructure.

DATAGROUP IT-Services focuses on the fail-proof operation of IT infrastructures. With CORBOX, a suite of IT services, DATAGROUP offers its customers a modular all-in-one-solution for carefree IT operations. CORBOX covers a company's entire IT operations: from service desk - the competent and reliable central contact for all questions and error messages of users - and management as well as on-site support of stationary and mobile IT workplaces to the entire range of data centre and Cloud services. The CORBOX services also include the management of business applications and SAP systems. With CORBOX, DATAGROUP offers companies a one-stop service for their IT operations. Customers choose exactly those services required for an optimal support of their business out of 12 combinable and perfectly compatible CORBOX service families. Defined service level agreements guarantee maximum performance and cost transparency. The security of all centralised CORBOX services is guaranteed by ISO 27001-certified DATAGROUP data centres in Germany. Continuous monitoring of performance, capacities and security status guarantees an optimal availability of services.

Since September 2012, DATAGROUP is ISO 20000-certified – this is the highest possible ISO certification for professional IT service management. DATAGROUP has undergone a testing procedure to design its IT services according to industry standards and to consistently improve them. CORBOX customers benefit from the certified quality: Their IT services always are state-of the-art – and this also includes security and compliance. All CORBOX services are based on ISO 20000-certified processes according to ITIL® and meet the quality criteria of industrial production. This guarantees a consistently high process quality, service quality and safety. DATAGROUP is one of the few providers of IT services in Germany, which has standardised its entire service processes in accordance with ISO standards. In September 2015, the ISO 20000 certification was successfully extended by three years. With the help of CORBOX, company IT becomes a reliable and efficient means of production for business success.

DATAGROUP's IT consultants and solution experts also support customers in the development of their IT. They ensure that the company IT fits perfectly into the company and grows in line with requirements. Numerous carve-out projects as part of the outsourcing of business units and other IT transformation projects made DATAGROUP an expert in IT landscape transformation. In software development DATAGROUP also has many decades of experience in the creation, enhancement and maintenance of business applications which are tailored to business processes and market requirements. The service offering covers the entire lifecycle of the applications. Additionally, DATAGROUP's subsidiary Excelsis Business Technology AG develops and operates high-end solutions for mobile applications. This includes, for instance, intuitively operated tablet and smartphone applications for inventory management and marketing, enabling customers to mobilise their business processes and significantly increase efficiency.

DATAGROUP exclusively works for corporate customers and is focused on German Mittelstand and large companies as well as public authorities. As a large Mittelstand company, DATAGROUP stands out for its personal closeness to the customers and the contact at eye level. DATAGROUP's full-outsourcing offer CORBOX addresses companies between 250 and 5,000 IT workplaces, while larger customers are provided with selective IT services from the company's full-outsourcing portfolio. Small companies are addressed with the 'IT Flatrate' product. Services for the fully equipped IT workplaces marketed under this logo at a monthly flat rate comprise the use of office applications from the DATAGROUP data centre, user support provided by the DATAGROUP service desk as well as the storage and protection of customer data in the highest quality.

DATAGROUP today is one of the leading IT service companies in Germany (source: Lünendonk).

2. Basic conditions

Overall economy

The German economy is back on a solid growth path in 2015. The Federal Government in its ‘autumn outlook 2015’ expects a 1.7% increase in the price-adjusted gross domestic product for the overall year. Accordingly, the German economy has developed more positively than projected. Back in October 2014, the Federal Government still expected economic growth of only 1.3%. The course of growth is expected to continue in 2016. ‘The German economy experiences a stable development’, is the Federal Government’s conclusion on the current trend. It expects another increase in the gross domestic product of 1.8% in 2016.

Domestic economic forces continue to be the key driver of the positive trend. The good situation on the labour market and the stable upwards trend lead to significant wage increases and an expansion of private consumer spending. For the year 2016, the Federal Government expects employment levels to increase to a record level of 43.3m people. Companies again invest more in new equipment as well.

The prospects for the export sector have brightened up over the course of the year. In particular, the low exchange rate of the euro has favoured exports, which are expected to grow by 5.4% in 2015 and 4.2% in 2016 according to the ‘autumn outlook’. As such, the export industry is on a stable course of growth. The Federal Government in accordance with other international organisations expects the global economy to grow slightly stronger in 2016. The Eurozone also appears to grow stronger, which will further favour the export economy.

Industry

The ‘Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.’ (BITKOM, German Federal Association for Information Technology, Telecommunications and New Media) expects the German ITC market to grow by 1.9% to EUR 156bn in 2015. Generating revenues of EUR 37.3bn, the IT services segment accounts for almost one fourth of the overall market volume. This includes outsourcing services, maintenance contracts and IT consulting. BITKOM expects the market for IT services to grow by 3.0% in 2015 – and thus much stronger again than in the previous years.

Cloud computing is a major growth driver in the IT Service market. According to BITKOM, this also includes the demand-oriented utilisation of IT services such as storage space, server capacity and business applications via internet or intranet. The ‘Bitkom Cloud Monitor 2015’ states that the Cloud usage of German companies has risen steadily over the past years. The rate of companies using Cloud solutions grew from 28% to 44% between 2011 and 2014. Another 24% of the companies are discussing or planning to use Cloud solutions in the future. Revenues with Cloud solutions for corporate customers are seen to grow strongly from EUR 8.8bn to EUR 19.8bn between 2015 and 2018 according to a BITKOM forecast of November 2014.

Overall assessment

With the market launch of full-service offer CORBOX and the consistent implementation of the long-term future strategy 'DATAGROUP 2020', the company has enhanced its market position in the financial year. At the same time, DATAGROUP has systematically expanded its competencies and capacities as a one-stop shop through acquisitions and thus is able to comprehensively serve its customers even better and to strengthen and relieve companies of all essential IT needs. Once again, DATAGROUP has been included in the list of the leading German IT service providers by market research institute Lünendonk.

DATAGROUP sees a long-term trend towards IT outsourcing and the intensified use of B2B Cloud solutions, particularly for medium and large companies. IT has become a central resource for companies which has to be absolutely reliably available. At the same time, requirements to the security and flexibility of corporate IT are constantly growing, making its operations increasingly elaborate and time-consuming. The digitisation presents new challenges to companies across all industries. More and more companies are outsourcing their IT operations so that internal IT specialists are given the flexibility to concentrate on these strategic tasks.

DATAGROUP is very well positioned to optimally seize the growth potential in the market for IT services. With CORBOX, the company offers its customers a modular solution for carefree and fail-proof IT operations on the basis of an ISO 20000-certified quality management system. At the same time, the proportion of centralised Cloud services provided via the internet has been expanded once again in the fiscal year. DATAGROUP provides all Cloud services exclusively from German-based data centres, which are certified according to the highest safety standards. Accordingly, DATAGROUP meets the highest safety requirements which customers among the larger Mittelstand companies – DATAGROUP's primary target group – mainly address to IT service providers. Thanks to the continued standardisation and industrialisation of the services processes DATAGROUP has laid the foundation for a further increase in efficiency and quality in production and distribution.

3. Net assets, financial position and results of operations of the DATAGROUP Group

3.1. Results of operations

Net profit, EBT, EBIT, EBITDA

The **net profit** totalled TEUR 4,923 in FY 2014/2015 after TEUR 1,091 in the previous year. EPS amounted to 65 cents per share, while it was 14 cents in the previous year. The management of DATA-GROUP AG proposes to the Annual General Meeting to distribute a dividend of EUR 0.25 per share.

EBT – earnings before taxes – have tripled year-on-year, up from TEUR 2,357 in 2013/2014 to TEUR 7,780 in the current fiscal year.

The **financial result** was TEUR -1,824 in FY 2014/2015 after TEUR -2,456 in the previous year. The significant decrease of the expense item is due to special effects from the recalculation of the earn-out obligations in the previous year. In 2013/2014, particularly the sale of the DATAGROUP Business Solutions Group resulted in financial expenses of TEUR 525. This was offset in the fiscal year by expenses from the revaluation of earn-out obligations of TEUR 175. Additionally, both interest income and interest expenses from finance leases increased due to an increase of the loan facility.

EBIT – earnings before taxes, financing and restructuring expenses – has improved by 54.6% yoy and totalled TEUR 9,604 in the period under review compared to TEUR 6,213 in the previous year.

Depreciation and amortisation were up from TEUR 5,473 in the previous year to TEUR 5,735 in FY 2014/2015. Amortisation of order backlog and customer bases and other assets capitalised as part of the purchase price allocation decreased by TEUR 111 to TEUR 2,789. Other depreciation increased by 14.5% to TEUR 2,946.

No goodwill amortisation was necessary in FY 2014/2015 or in the previous years. The impairment tests carried out did not point to any need for amortisation. This indicates that the conditions for acquisitions made in the past can be rated as favourable and that DATAGROUP AG does not report any unreasonably high goodwill.

EBITDA – earnings before interest, taxes, depreciation and amortization – amounted to TEUR 15,339 in FY 2014/2015 after TEUR 10,286 in the previous year. This is an increase of 49.1%. The EBITDA margin was up from 6.7% in the previous year to 9.7% in FY 2014/2015.

Revenues and orders

Based on the stated growth strategy, the DATAGROUP Group continuously has reported significant increases in revenues over the last years: In the fiscal years from 2005/2006 to 2014/2015, revenues rose by 21.4% p.a. on average. In FY 2014/2015 the Group recorded an increase of 3.4% after a decrease of 2.9% in FY 2013/2014; revenues amounted to TEUR 157,574 after TEUR 152,380 in the previous year. The relatively low increase is attributable to the scheduled reduction of low-margin services and trading revenues as the Group focuses on business with high-margin outsourcing and Cloud services. After TEUR 152,507 in the previous year, the total revenues amounted to TEUR 157,922 in FY 2014/2015.

In line with the Group's given targets, the proportion of services was expanded from 75.1% in the previous year to 76.6% in the current fiscal year. The share of trading revenues in the overall performance declined to 23.2% (FY 2013/2014 24.7%).

The Solutions and Consulting segment generated unconsolidated revenues of TEUR 71,919. This corresponds to 45.6% of overall revenues, while the rate was 41.1% in the previous year. The Services segment generated revenues of TEUR 92,166 (likewise unconsolidated).

DATAGROUP AG provides management and other technical and administrative services to its subsidiaries as well as to majority shareholder HHS Beteiligungsgesellschaft mbH (HHS). Services charged to HHS amounted to TEUR 175 (previous year TEUR 175) in the period under review.

The business activities of the DATAGROUP Group primarily focus on Germany. The proportion of business abroad totalled TEUR 1,561 or 1.0% in FY 2014/2015 (previous year TEUR 1.298 or 0.8%).

The trading business is mainly based on short-term contract relationships. In some cases, transactions are subject to framework agreements. The service business is generally based on medium to long-term contractual arrangements. Order intake is largely in line with revenues.

Gross profit

Gross profit was up 7.4% yoy to TEUR 104,746. The gross profit margin increased from 63.9% in FY 2013/2014 to 66.3% in the current fiscal year.

Personnel expenses

Personnel expenses amounted to TEUR 77,087 in the fiscal year after TEUR 71,507 in the previous year. Growth is exclusively related to the 'Solutions & Consulting' segment (with TEUR 6,564) and is particularly due to the acquisitions of the Excelsis Group and of Vega. The decline in personnel expenses in the 'Services' segment by TEUR 1,461 reveals that the restructuring measures implemented in the previous year led to the expected results.

3.2. Financial and asset position

Financial management targets

A well-regulated financial and asset situation of the DATAGROUP Group is the basic condition for the feasibility of the stated acquisition strategy. This is the main reason why DATAGROUP's corporate management is focused on financial management.

The financial management aims to secure the company's constant liquidity. To this end, the liquidity status of both the individual group companies and the overall Group are examined on a weekly basis and short to medium-term liquidity projections are drawn up. A medium-term planning and controlling of the results and liquidity situation of the group companies ensures that financing of the DATAGROUP Group is guaranteed in the long term as well. The financial resources used, e.g. take up and extension of bank loans, issue of promissory note loans (Schuldscheindarlehen), finance lease and factoring, are subject to constant review and, if necessary, are optimised and adjusted.

Furthermore, the DATAGROUP Group has a tight debtor management to shorten the average collection period and prevent payment defaults.

In 2013, DATAGROUP placed promissory note loans (Schuldscheindarlehen) for a total of TEUR 23,500 with terms of between three and seven years and thus significantly enhanced the financial scope and put the loans on a longer term basis.

Capital structure

	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010	30.09.2009
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Assets							
Non-current assets	68,062	60,754	66,109	69,647	36,861	25,672	20,696
Current assets	35,284	34,344	35,590	31,019	23,132	17,979	15,464
	103,346	**95,098**	**101,699**	**100,666**	**59,993**	**43,651**	**36,160**
Liabilities							
Equity	24,051	21,264	22,511	22,698	18,064	10,357	9,243
Non-current liabilities	39,013	44,056	49,420	32,416	17,075	13,390	13,700
Current liabilities	40,282	29,778	29,768	45,552	24,854	19,904	13,217
	103,346	**95,098**	**101,699**	**100,666**	**59,993**	**43,651**	**36,160**

The balance sheet total increased notably year-on-year. This is mainly attributable to the new acquisitions of Excelsis and Vega, which contributed particularly to an increase in goodwill as well as trade receivables and payables. Large-scale projects around the balance sheet date and expansions of the finance lease volume made the balance sheet total increase as well. Conversely, bank loans declined by TEUR 3,350 on the back of scheduled redemption payments, while current liabilities to financial institutions rose by TEUR 9,443 (TEUR 4,133 on September 30, 2014) on the basis of existing redemption plans and upcoming repayment obligations for promissory note loans in 2016. On the other hand, liquid funds declined by TEUR 2,265 after TEUR 9,448 on September 30, 2014. Intangible assets were down by TEUR 248, and intangible assets such as brand, order backlog and customer bases that were capitalised as part of the purchases price allocation were expanded by TEUR 1,708 (inflow) through the Excelsis acquisition, while the depreciation on these assets amounted to TEUR 2,789.

The equity ratio rose by 23.3% on September 30, 2015 after 22.4% on that date in the previous year despite the significant increase in the balance sheet total. When including the subordinate loans in the equity, the equity ratio amounts to 25.2%.

The investment intensity as proportion of assets (without goodwill) to balance sheet total increased to 21.9% on September 30, 2015, while it stood at 19.3% on September 30, 2014. In addition to order backlog and customer bases due to acquisitions, assets mainly include furniture and office equipment of the DATAGROUP companies. Most of the investments related to furniture and office equipment, which were made during the fiscal year, were replacement purchases. Furthermore, financial funds are also tied up in existing and expanding data centres.

In view of an increasing focus on the service business, inventories play a minor role in the DATAGROUP Group. Inventory turnover (inventory to sales) increased to 1.0% after 0.7% on September 30, 2014 on the back of large-scale projects processed around the balance sheet date.

Asset turnover – this is the ratio between sales and balance sheet total – declined to 1.5 at the balance sheet date after 1.6 on September 30, 2014.

Trade receivables were up from TEUR 12,801 in the previous year to TEUR 16,667 at the balance sheet date. The average collection period – this is the ratio between trade receivables and revenue multiplied by 365 (days) – rose from 31 days in the previous year to 39 days in the fiscal year. When excluding the special effect from the acquisition of Vega, the average collection period is 32 days.

Following the placement of the promissory note loan in the total amount of TEUR 23,500 in March 2013 and the resulting extension of loan maturities, the net working capital as a difference between the current assets and the current liabilities had a value of TEUR 5,822 on September 30, 2013. On September 30, 2012, the net working capital still stood at TEUR -14,533. Since TEUR 8,500 of the promissory note loan will be due for repayment in March 2016, the net working capital significantly decreased again to TEUR -4,997 on September 30, 2015.

Financial liabilities increased year-on-year – from TEUR 37,433 on September 30, 2014 to TEUR 39,218 at the balance sheet date. The share of non-current liabilities was TEUR 24,634 on September 30, 2015 after TEUR 29,949 on the same date in the previous year.

Despite cash flow from operating activities of TEUR 9,431 generated in the fiscal year the net debt – as a difference between non-current and current financial liabilities on the one hand and receivables from finance lease contracts, liquid funds and securities that can be sold at any time on the other hand – increased significantly from TEUR 20,369 in the previous year to TEUR 28,154 on September 30, 2015. This is mainly attributable to cash outflows stemming from the acquisition of Excelsis and Vega, to dividend payments, and investments in intangible assets, property, plant and equipment.

Provisions increased from TEUR 15,447 on September 30, 2014 to TEUR 16,061 at the balance sheet date. The balance sheet item includes, in particular, provisions for pension liabilities (TEUR 12,822 after TEUR 11,945 on September 30, 2014), for unfavourable contracts (TEUR 414) and for other personnel expenses (TEUR 591). The provision arising from unfavourable contracts relates to excessive lease agreements. The increase in provisions is primarily due to interest effects: The discount rate applied to pension provisions declined from 3.0% on September 30, 2014 to 2.4% on September 30, 2015.

Liquidity development

The solid financial situation of the DATAGROUP Group is primarily due to a clearly positive cash flow of TEUR 9,431 (which is 6.0% of the overall performance). In the previous year, cash flow stood at TEUR 9,286 (6.1% of the overall performance). The debt repayment period defined as the ratio between net debt and cash flow increased from 2.2 years on September 2014 to 3.0 years at the balance sheet date because of the investments made by the company.

Overall statement

The earnings position of the DATAGROUP Group is on solid footing. EBITDA amounted to TEUR 15,339 in FY 2014/2015, net profit stood at TEUR 4,923. Revenues totalled TEUR 157,574. Particularly the focus on high-margin outsourcing and Cloud services with the CORBOX product line presents significant new opportunities.

Cash flow from operating activities continues to be at high levels. Particularly as a result of the company acquisitions, net debt increased to TEUR 28,154. The equity ratio increased to 23.3%. Liquid funds are lower than in the previous year. The determined key figures from the balance sheet show a consistent good asset position.

4. Stock

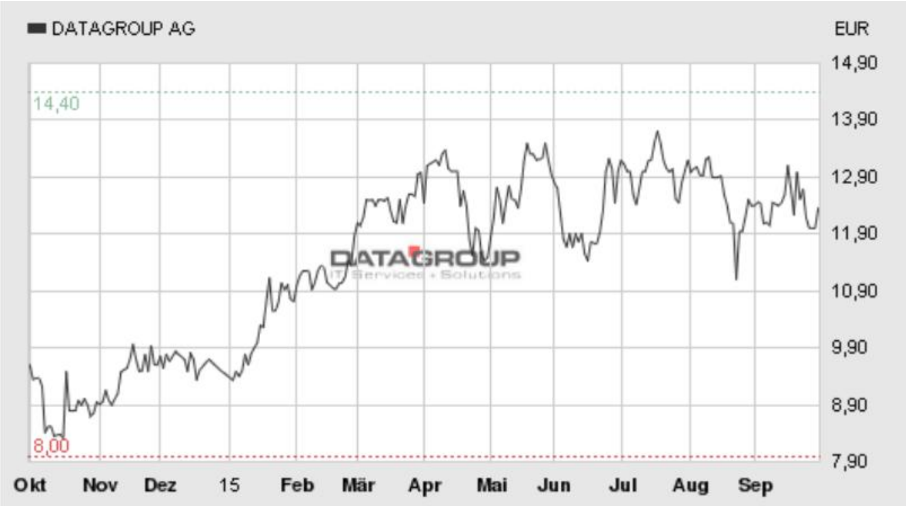
The German stock market

Developments on the German stock market were two-fold during the reporting period 2014/2015. The first months were driven by a very strong positive trend, while the capital gains were almost exclusively lost again in the second half of the fiscal year. The DAX index started with 9,454 on October 1, 2014 and reached a new all-time-high with a closing price of 12,375 on April 10, 2015. This was followed by a strong downward trend with the DAX index ending up at 9,428. On September 30, 2015 the leading German index finished at a closing price of 9,660, some 2% above the opening price at the beginning of the fiscal year.

The Entry Standard index saw a more or less parallel trend but performed slightly better towards the end of the fiscal year, resulting in a closing price on September 30, 2015 that exceeded the opening price one year earlier by some 6%. The annual performance of the SDAX and TecDAX companies was more convincing. While the SDAX declined slightly after April following strong gains in the months before, the TecDAX even increased further between mid-April and September. The SDAX rose by 21% in the course of the fiscal year, the TecDAX by 40%.

Development of the DATAGROUP shares

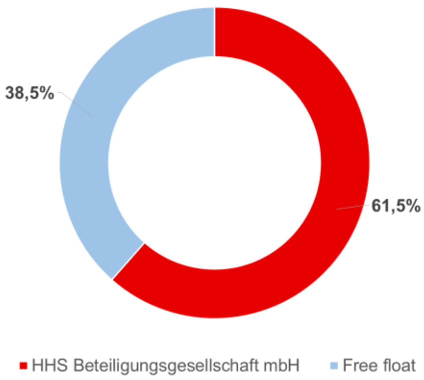
The DATAGROUP shares continued their outstanding trend of the previous year. They started at EUR 9.95 on October 1, 2014 and closed at a price of 12.35 on September 30, 2015. This is an increase of 24% when compared to the start of the fiscal year. On April 8, they reached their peak at a price of EUR 14.40, exceeding the initial value by some 45%. The months from May to September were mainly characterised by a sideways movement at slightly lower levels.



Price performance of the DATAGROUP shares from 01.10.2014 to 30.09.2015 (Xetra)

The two analyst houses covering the DATAGROUP shares on a regular basis both clearly adjusted the price target upwards in the period under review. Warburg Research increased the price target from EUR 10 to EUR 14.50, LBBW from EUR 10.50 to EUR 13.50.

The shareholder structure consists of two major investor groups: HHS Beteiligungsgesellschaft mbH, which is essentially held by company founder Max H.-H. Schaber, is the main shareholder with 61.5% of the shares. The remaining 38.5% are held by institutional investors, members of the management board and supervisory board, family offices, asset managers, DATAGROUP employees, and private shareholders.



DATAGROUP AG shareholder structure (as at September 30, 2015)

Investor relations

Contact to investors and other interested parties is very important for DATAGROUP. Investor Relations is seen as a management task and therefore is directly assigned to the CEO in organisational terms. DATAGROUP places great emphasis on availability, dialogue and openness. Over and above the legal obligations of the Entry Standard regulations such as quasi ad hoc obligation and the publication of an interim financial report DATAGROUP also publishes quarterly reports. Thanks to two reports in the course of the first quarter (01.10.-31.12.) and the third quarter (01.04.-30.06.) the business development during the period was presented in a transparent and comprehensible manner for investors.

Furthermore, DATAGROUP is committed to intensive investor relations and public relations work. One of the major tasks is to maintain contact with existing investors, potential shareholders, as well as business, financial and trade press. The participation in conferences and roadshows as well as personal one-to-ones is a priority. In FY 2014/2015, DATAGROUP presented itself at the Stuttgart-based Small Cap Forum, at ‘Deutsches Eigenkapitalforum’ (German Equity Forum) in Frankfurt and the Small Cap Conference of the DVFA Deutsche Vereinigung für Finanzanalyse und Asset Management e.V. (German Association for Financial Analysis and Asset Management). DATAGROUP also participated in investor conferences and organised several roadshows.

Since FY 2014/2015, DATAGROUP has been involved with the ‘Interessengemeinschaft Baden-Württemberg Small Caps’ (BWSC). BWSC is a consortium of German Mittelstand stock companies with the aim to convince investors of the advantages of high-yield net asset values with solid entrepreneurial experience through joint activities and active communication. On October 1, 2014, DATAGROUP presented itself for the first time along with BWSC members Dürr and ElringKlinger at a BWSC investor conference at Volksbank Reutlingen. On July 1, 2015, the series of conferences was continued at BW Bank in Stuttgart. Three other BWSC members took part alongside DATAGROUP.

The development of DATAGROUP in FY 2014/2015 was very well perceived by the media. Numerous publications in financial, economic, daily and expert media have given attention to DATAGROUP. Warburg Research published six research notes in the period under review, Landesbank Baden-Württemberg nine notes and comments. All published research notes recommended to BUY the shares, with both analyst revising the price target of the DATAGROUP shares significantly upwards in the course of the fiscal year. Numerous publications referred to it and thus served as multiples of this buy recommendation in the interested public.

5. Risks and opportunities

Risk management

DATAGROUP’s risk policy is geared to an early identification of major corporate risks or those jeopardising the continued existence. Management board and supervisory board are regularly and promptly informed about any identifiable risk. DATAGROUP responds very quickly to identifiable risks, e.g. by adjusting cost structure and sales efforts. Risks and opportunities are analysed on an ongoing basis both in the operating entities and centrally in the parent company, with all group companies operating in accordance with a uniform group-wide process.

It is the task of risk management to systematically assess risks with the help of a uniform risk catalogue, the regular risk communication through risk reports and finally, the central risk management and risk control. Risk management includes monitoring and control measures to be able to implement measures for the prevention and handling of risks in a timely manner. Based on standardised early warning systems, the operating entities compile quarterly risk reports according to uniform risk catalogues. Risks are identified with the help of the risk catalogue and assessed according to their extent and probability of occurrence. The consolidation of the risk reports, the assessment of risks and the development of measures are centrally managed by the parent company. The early warning systems include sales planning, liquidity planning, the short-term income statement and a qualitative management summary on service performance. An explicit risk management and a separate risk assessment take account of the specific risk arising from the acquisition of companies.

As for accounting risks, the risk management system builds on the internal control system. Thanks to the internal control system all accounting-related risks are taken care of within the scope of the risk management. The internal control system and clear intercompany rules ensure the conformity of the consolidated financial statements.

Alongside the risk factors mentioned in the ‘Risk’ section, risks that are not yet known or risks that are currently assessed as being less significant could have an adverse effect on business activities.

Opportunities management

The dynamic market environment of the information technology with its new trends and constant technological innovations regularly offers new opportunities. It is the task of opportunities management to seize these opportunities and eventually take advantage of them and it serves as the foundation for DATAGROUP’s sustainable success and growth. Opportunities and risks are closely interlinked and therefore are also looked at in a holistic, integrated approach as part of the opportunities and risk management. Opportunities and risks are adequately accounted for both in the evaluation of market opportunities and corporate planning. Opportunities management focuses on market and competitive analyses and the further development of the product portfolios. Opportunities management aims to analyse internal and external potential which may positively drive the business development in a sustainable manner.

Risks

Economic activity is associated with risks and opportunities. The risks described below are subject to the early risk detection system and are regularly monitored and controlled by means of analyses.

The major financial risks include liquidity, credit and interest rate risks. DATAGROUP hedges it capacity to pay and financial flexibility through liquidity reserves in the form of cash and credit lines. A regular liquidity planning ensures there are sufficient financial funds. All subsidiaries are part of a central liquidity planning securing the Group’s capacity to pay.

The Group’s default risks associated with receivables are manageable since a major part of revenues is generated with public authorities as well as solid corporations and financial institutions. Additionally, the default risk is secured by credit assessment programmes – as a result of which the bad debt losses are at low levels. Bad debt losses amounted to TEUR 50 in the fiscal year.

The development of the interest rate level can have an impact on the financing costs in the DATA-GROUP Group. To hedge the existing interest level DATAGROUP raises fixed-interest loans (operating loans) on a regular basis. The most recent and prominent occasion was in FY 2012/2013, where promissory note loans with an overall volume of TEUR 23,500 were placed. They have a term of up to seven years and generally a fixed interest rate. An increase in the interest level by 100 basis points would have deteriorated the pre-tax profit of the DATATGROUP Group by TEUR 130. There are currently no hedges, i.e. interest rate swaps, to secure the interest rate risk.

If DATAGROUP AG or its subsidiaries would enter non-euro markets or be dependent on manufacturers producing on these markets, there were exchange rate risks. However, Germany is the most important sales and procurement market of the DATAGROUP companies, so risks associated with currency fluctuations are absolutely insignificant for DATAGROUP. The DATAGROUP Group does not enter into hedging transactions because of this minor significance for net assets, financial position and results of operations.

There is a high competitive pressure on the market for information technology. Competition is likely to further intensify in the next years. These are ideal conditions for DATAGROUP’s acquisition strategy to take over further interesting IT service providers. Industry association BITKOM projects the information technology market to grow by 3.5% in 2015, with Cloud Computing being one of the most important technology and market trends which continues to grow strongly. It is precisely here that DATAGROUP is very well positioned thanks to its three data centres in Bremen, Frankfurt and Nuremberg, which are certified according to the highest safety standards. Other important factors are innovative new product solutions such as CORBOX – the modular complete solution for carefree IT operations – and IT-Flatrate, the Cloud product which DATAGROUP has strategically developed and positioned. For this reason, DATAGROUP sees opportunities for growth and a positive business development.

The business operations of the DATAGROUP companies are associated with sales and procurement risks, as well as human resources risks.

In the past, DATAGROUP successfully concluded transactions with major customers. A risk results from the dependence on major customers and their business development. This risk is controlled by a special key account management which allows early identification of negative trends in the customer relationship and taking countermeasures. Furthermore, a target-oriented marketing strategy and the launch of innovative new products and services aims to broaden the customer base. Given that no more than six percent of the gross profit of the DATAGROUP Group is generated with the largest DATAGROUP customers the key account cluster risk is considered as minimal.

As a result of the continuous competitive pressure in the IT market DATAGROUP may be squeezed out of the market by competitors, which would then lead to sales losses. If DATAGROUP would not – or not sufficiently – be able to meet its delivery and service obligations in the future, there may be the risk of having to pay for damages from liability and warranty. Qualified employees and the management of DATAGROUP as well as professional corporate processes are the basis for providing high-quality services. A regular review of the performance quality and the proper order processing is guaranteed by an internal project controlling. A strengthening of customer relationships and customer satisfaction, successful sales efforts and high quality requirements to the company's own service portfolio are to secure DATAGROUP's position in the market. Overall, the risk arising from the competitive situation on the IT market is considered as negligible.

As an IT service provider offering IT products, DATAGROUP cooperates with suppliers for technical components and other service providers. Delivery risks generally cannot be excluded. Delivery bottlenecks, price increases and changes in a supplier's product strategy may adversely affect DATAGROUP's success. Delivery risks are hedged by a professional procurement management and a contractual protection of the delivery and service chain. There may be negative impacts on the subsidiaries' profitability if the advantageous procurement conditions associated with the membership in the Computer Compass purchasing organisation cease to exist. There is currently no evidence suggesting that this is the case, so the risk – particularly in view of an increasing proportion of services in the DATAGROUP Group – can be regarded as low.

Human resources risks may result from the potential fluctuation of employees and managers in key positions. The undesired resignation of members of the management board as well as managers and employees can have an adverse effect on DATAGROUP unless measures are taken to attract qualified and suitable candidates in due course and at fair market conditions. For this reason, the employees' motivation, retention and development are important targets of employee management and personnel policy within the DATAGROUP Group. The risk of a material adverse impact on business development caused by the loss of top performers is currently regarded as low thanks to high staff retention and low personnel fluctuation in the past years.

Business activities are supported by the use of modern information technologies. Information technologies serve as an instrument for operational processes and are of particular importance for DATAGROUP as a provider of IT services and solutions. In a worst-case scenario, the vulnerability or failure of the information technologies used by DATAGROUP and its customers may bring operational procedures to a standstill. Organisation of operations and the use of suitable architectures ensure the highest possible degree of availability. DATAGROUP operates a holistic IT service management system which in its core includes a state-of-the-art information security management. All central IT systems are operated by DATAGROUP Bremen GmbH in the Frankfurt-based data centre. The data centre activities will be consolidated in an independent company, DATAGROUP Data Center GmbH, from the end of 2015 onwards; this will intensify the focus on these activities and realise further synergies. The data centres in Frankfurt, Bremen and Nuremberg, as well as all DATAGROUP locations are audited according to ISO 27001, the internationally recognised standard, on an annual basis. Additionally, selected customer installations are audited according to the national standard ISO 27001 on the basis of basic IT security. The management system for the comprehensive business process 'IT Service Management' is reviewed once a year according to the international standard ISO 20000. It was first certified in 2012, followed by a successful re-certification in 2015 after having successfully conducted surveillance audits in 2013 and 2014.

DATAGROUP AG intends to acquire further companies in the future. The purchase of a company is often a capital-intensive investment fraught with risk. Sustainable value-add is only possible when the company is successfully integrated and synergies are realised. If the expectations in the acquired company will be met only partially, integration costs were underestimated or synergy effects overpriced, this may adversely impact DATAGROUP's development. Companies qualifying for an acquisition are intensively examined regarding their orientation and structure, as well as their integration possibilities. Company transactions will only be conducted, if the company fits within the strategy and organisation of the DATAGROUP Group.

The companies of the DATAGROUP Group have to deal with judicial and extrajudicial third-party claims within the scope of business operations. At present, there are no current or foreseeable legal or arbitration proceedings that may have a material effect on the economic position of the Group.

With capital contribution agreements (Einbringungsverträgen) dated May 12, 2011, HHS Beteiligungsgesellschaft mbH (HHS) has transferred assets and liabilities as partial businesses (Teilbetriebe) to DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH. In a second step, the two companies were integrated into the DATAGROUP AG through capital increase in kind. The two companies, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH are liable for the liabilities of HHS, to the extent that they existed on May 11, 2011, for five years thereafter. Given that they were restructured within the overall HHS Group and all companies involved are led by the same management the risk described above is of minor importance.

Overall assessment of the risk situation

There were no risks to the continued existence of DATAGROUP in FY 2014/2015. From the current standpoint, there is also no indication of future risks that could jeopardise the continued existence of the company or have a sustainable negative impact on net assets, financial position and results of operations.

Accounting-related internal control system

With a view to accounting processes, the internal control and risk management system aims to minimise risks as well as to identify and assess risks that may jeopardise the compliance of the consolidated financial statements with regulations. The accounting-related internal control system (ICS) comprises principles procedures and measures to ensure correctness of the financial reporting. The ICS is under constant review and development.

The accounting-related ICS aims to ensure the proper preparation of the consolidated financial statements and individual financial statements of the group companies. The internal control system consists of guidelines and work instructions and stipulates both the separation of functions and defined system-engineering and manual reconciliation routines. The four eyes principle with its clear evaluation and approval processes penetrates the entire accounting process. Furthermore, risk management and control is facilitated by a clear assignment of the responsibilities and adequate access rules based on a uniform group-wide authorisation concept in the information and accounting systems used for financial statements.

The companies of the DATAGROUP Group prepare their local financial statements on a decentralised basis. The group companies take on responsibility for compliance with local accounting regulations but also for adherence to the accounting guidelines that are valid throughout the Group when reporting the data to Group accounting. Work instructions ensure the proper reconciliation of the local financial statements (commercial balance sheet I) to the financial statements drawn up in accordance with the uniform group-wide accounting and measurement principles (commercial balance sheet II). Clear guidelines restrict the employees' discretionary power with regard to the recognition, measurement and reporting of assets and liabilities, which reduces the risk of inconsistent accounting principles within the Group.

Group accounting is responsible for the examination of the Group reporting packages prepared on a decentralised basis for plausibility and correctness. The preparation process of the consolidated financial statement is centrally coordinated. Special accounting issues or complex matters, which either refer to particular risks or require special expertise, are centrally monitored and handled. External experts such as specialised assessors are consulted, in particular, for the purchase price allocation for company mergers or the valuation of pension provisions.

The use of a uniform group-wide accounts structure for data reporting and the central maintenance of the accounting framework ensures a uniform accounting of similar business transactions. Consolidation measures and reconciliations are carried out on a centralised basis. The controls required in the consolidation processes such as consolidation of debts, cost and income are carried out manually for the most part and guaranteed from an organisational point of view. The auditor evaluates the effectiveness of the internal control system as part of their audit activities.

Opportunities

The continued and consistent implementation of the growth strategy in the form of organic growth and acquisitions offers the opportunity to keep increasing sales and profitability.

6. Events after the reporting period

At the beginning of FY 2015/2016, DATAGROUP has taken an important step in its efforts to implement the long-term future strategy ‘DATAGROUP 2020’. The company relies on increases in efficiency through the centralisation of employees and resources in service factories. Two new subsidiaries, DATAGROUP Service Desk GmbH and DATAGROUP Data Center GmbH, started their operations on October 1, 2015. DATAGROUP has merged existing units into the two new companies.

Centralising the service production in the areas of service desk and data centre leads to economies of scale and quality advantages. It facilitates, for instance, the organisation of sickness and holiday cover, the particularly cost-intensive 24/7 operations and the cover of peak loads. As a result, the service factories generate production costs that are lower than those of the former decentral service production. Thanks to a state-of-the-art technological infrastructure, the employees are virtually centralised, i.e. they do not have to move office but can continue to work at their current locations. DATAGROUP plans to set up a third service factory in the field of SAP services by the end of FY 2015/2016.

DATAGROUP thus implements a strategic goal of ‘DATAGROUP 2020’: an optimal combination of local and central production. The local DATAGROUP companies continue to produce substantial services of the full-service portfolio CORBOX, e.g. end user services or printing services, and are the responsible contact for DATAGROUP’s customers. For any service desk and data centre services, they will be able to resort to the DATAGROUP service factories in the future. As such, DATAGROUP enhances efficiency but continues to be close to the customers.

7. Outlook

DATAGROUP’s market environment develops positively. In its autumn outlook 2015, industry association BITKOM expects the IT service market to grow by 3.0% to EUR 37.3bn. This would be a much stronger increase than in the previous years. There is also evidence of an unbroken positive trend in DATAGROUP’s core business, outsourcing of IT infrastructure. Based on a survey of market research company Lünendonk conducted among German CIO and sourcing consultants, companies intend to significantly expand their outsourced services. The interviewed CIOs stated that it is planned to raise the outsourcing share by some 20% in the next two years. Particularly the upper Mittelstand companies – DATAGROUP’s core target group – offer strong growth potential according to the survey.

A progressing digitisation, Cloud computing and the mobilisation of business processes are the major drivers of this development. DATAGROUP is very well positioned to leverage this potential. With its full-service offer CORBOX, a very high degree of standardisation and industrialisation of processes, as well as its ISO 20000 certification, DATAGROUP offers its customers an efficient, quality-assured and customisable complete solution for IT outsourcing. This is an important distinctive feature in competition. With its three data centres in Germany, DATAGROUP moreover has an efficient and highly scalable infrastructure for Cloud solutions, optimally satisfying the high security needs and growing demand of German companies for Cloud services. The management therefore expects the very positive order trend to further improve. DATAGROUP continues to accelerate the shift of business towards long-term contract-based service and maintenance revenues.

In FY 2015/2016, DATAGROUP continues to focus on further expanding organic and inorganic high-margin services in the outsourcing and Cloud computing sectors. This will enable the company to further improve revenue quality and consolidated results on a sustainable basis. This focus involves the deliberate decision to dispense with low-margin service and trading revenues. The current market environment offers sustainable good basic conditions for the acquisition strategy. The management therefore foresees further acquisitions in FY 2015/2016 and the subsequent years. For FY 2015/2016, management expects revenues to grow significantly with a corresponding increase in EBITDA.

8. Internal corporate management system

The key instrument for the entire Group's corporate management is a so-called 'rolling forecast' system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows to precisely determine current revenues at all time. Current costs and ongoing investments are adjusted on the basis of these monthly data to meet the planned corporate results. Furthermore, consolidated accounts are prepared in a simplified form every month.

Liquidity planning, which is prepared on a weekly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon until September 30 of the current fiscal year, but at least until the following month. Medium-term planning of financial resources exceeding this horizon are prepared as needs arise.

9. Other information

Employees

In FY 2014/2015, DATAGROUP employed 1,267 (previous year: 1,186) people, while the figure stood at 1,330 (previous year 1,163) on September 30, 2015. Including management and apprentices, the headcount totalled 1,409 on September 30, 2015.

DATAGROUP traditionally is very committed to recruit and support junior employees. On September 30, 2015, the company employed a total of 53 apprentices (55 on September 30, 2014), particularly in the apprenticeship occupations of qualified IT specialist for system integration and application development, as well as management assistant in IT systems.

Research and development activities

Experience and specific expertise gained in customer projects and through active observation of IT markets are used in a value-added way for the development of internal customised innovations. DATAGROUP reacts sensitively to new requirements from customers and market. This conduct results in own product solutions, particularly in the Solutions and Consulting segment, such as the DATAGROUP Bafög process (process to assist authorities in offering student loans).

Changes to the Group structure

In FY 2014/2015, the following changes were made to the scope of consolidation:

- Acquisition of the Excelsis Group (Excelsis Business Technology AG)
- Acquisition of the business operations of Vega Deutschland GmbH by way of an asset deal
- Sale of the business operations of the PC-Feuerwehr companies by way of an asset deal and subsequent restructuring
- Acquisition of a 25.2% stake in DATAGROUP Consulting Köln GmbH by DATAGROUP AG (from DATAGROUP Köln GmbH)
- Cancellation of the profit-and-loss transfer agreement (Ergebnisabführungsvertrag) between DATAGROUP AG and DATAGROUP Ludwigsburg GmbH

Acquisition of the Excelsis Group (Excelsis Business Technology AG)

With a purchase agreement dated September 30, 2014, DATAGROUP AG acquired 100% of the shares in Excelsis Business Technology AG. The acquisition became effective on October 1, 2014. As part of the transaction, DATAGROUP AG also acquired Excelsis Informationssysteme GmbH, the fully owned subsidiary of Excelsis Business Technology AG.

Excelsis operates high-end solutions for mobile applications of B2B and B2C companies. This includes, for instance, intuitively operated tablet and smartphone applications for inventory management and distribution, enabling the customers to achieve significant efficiency increases. This acquisition ideally complements DATAGROUP's service offer, since demand for mobile IT applications is strongly growing on the back of an increasing mobilisation of the working environment. Excelsis contributes a customer base which is almost completely complementary. Hence, the acquisition results in numerous cross-selling opportunities.

Acquisition of the business operations of Vega Deutschland GmbH by way of an asset deal

DATAGROUP Invest 2 GmbH, which is directly and exclusively owned by DATAGROUP AG and has since been renamed DATAGROUP Vega GmbH, acquired the business operations of Vega Deutschland GmbH by way of an asset deal with a purchase agreement dated July 31, 2015. The acquisition became effective on August 1, 2015.

Vega Deutschland is a software and consulting company based in Cologne. The IT service provider previously belonged to technology Group Finmeccanica, one of the leading European providers in aerospace, defence and security. Services range from IT consulting and the integration of complex IT platforms to individual software development.

Sale of the business operations of the PC-Feuerwehr companies by way of an asset deal and subsequent restructuring

With a purchase agreement dated December 19, 2014, the business operations of the PC-Feuerwehr companies were sold by way of an asset deal with effect from January 1, 2015. The two companies, PC-Feuerwehr Hamburg-Mitte GmbH and PC-Feuerwehr Eimsbüttel GmbH, were merged into the acquiring company, PC-Feuerwehr Franchise & Interactive Media GmbH, on the basis of merger agreements dated April 21, 2015 and with effect from January 1, 2015. Additionally, PC-Feuerwehr Franchise & Interactive Media GmbH was renamed DATAGROUP Invest 4 GmbH, the registered office was transferred from Hamburg to Pliezhausen.

A resolution was passed by the Shareholders' Meeting on September 10, 2015 to change the company's name again, namely in DATAGROUP Data Center GmbH, with the registered office being transferred to Frankfurt am Main.

Acquisition of a 25.2% stake in DATAGROUP Consulting Köln GmbH by DATAGROUP AG (from DATAGROUP Köln GmbH)

Based on the agreement dated September 10, 2015 on the sale and transfer of shares with a nominal value of EUR 6,300.00 (25.2% of total shares) in DATAGROUP Consulting Köln GmbH so far held by DATAGROUP Köln GmbH, the shares were sold to DATAGROUP AG. DATAGROUP AG now is the sole owner of the company.

A resolution was passed by the Shareholders' Meeting on September 10, 2015 to change the trade name of the company. It now operates under the name of DATAGROUP Service Desk GmbH. The registered office was transferred to Pliezhausen.

Cancellation of the profit-and-loss transfer agreement between DATAGROUP AG and DATAGROUP Ludwigsburg GmbH

With a contract dated January 8, 2009, DATAGROUP AG, as controlling entity (Organträger), signed a profit -and-loss transfer agreement with DATAGROUP Ludwigsburg GmbH, as controlled entity (Organgesellschaft), with effect from October 1, 2008.On the basis of a letter dated February 24, 2015, this profit-and-loss transfer agreement was cancelled with effect from September 30, 2015. This was entered in the Commercial Register of DATAGROUP Ludwigsburg GmbH on October 27, 2015.

Dependency Report

The management board compiled a report about relationships to affiliated companies in accordance with Section 312 of the German Companies Act (AktG) for FY 2014/2015, which contains the following conclusion:

'We declare that according to the circumstances known to us at the time the legal transaction was executed or the measure was implemented or omitted, our company received appropriate consideration for every legal transaction and has not been disadvantaged by the implementation or omission of any measure.'

Pliezhausen, January 25, 2016
DATAGROUP AG

Management Board

Hans-Hermann Schaber Dirk Peters

DATAGROUP
IT Services + Solutions

Consolidated income statement

	Notes	01.10.2014 - 30.09.2015	01.10.2013 - 30.09.2014
		EUR	EUR
Revenues	1	**157.574.027,64**	**152.379.799,20**
Other own work capitalised	-	347.574,10	127.313,37
Total revenues		**157.921.601,74**	**152.507.112,57**
Other operating income	2	4.580.813,96	2.998.995,24
Material expenses / expenses for purchased services	3	53.175.031,31	54.989.700,91
Personnel expenses	4	77.086.665,16	71.506.575,20
Goodwill amortisation	5	0,00	0,00
Depreciation of property, plant and equipment and other intangible assets	5	5.735.246,42	5.472.694,13
Other operating expenses	6	16.901.449,85	17.323.049,37
Operating income before restructuring		**9.604.022,96**	**6.214.088,20**
Restructuring expenses	-	0,00	1.400.000,00
Operating income		**9.604.022,96**	**4.814.088,20**
Financial income		553.757,74	471.267,27
Financial expenses		2.378.151,72	2.927.712,19
Financial result	7	**-1.824.393,98**	**-2.456.444,92**
Earnings before taxes		**7.779.628,98**	**2.357.643,28**
Taxes on income and profit	8	2.856.597,11	1.266.489,41
Net income		**4.923.031,88**	**1.091.153,87**
thereof minority interests	-	0,00	0,00
thereof shares of DATAGROUP AG		**4.923.031,88**	**1.091.153,87**

Consolidated statement of comprehensive income

	01.10.2014 - 30.09.2015	01.10.2013 - 30.09.2014
	EUR	EUR
Net income	**4.923.031,88**	**1.091.153,87**
Other earnings before taxes[1)]		
Actuarial gains or losses from pension provisions	-883.609,00	-1.228.466,40
Income tax effecs on other income	**-261.301,77**	**-404.892,70**
Comprehensive income	**4.300.724,65**	**267.580,17**

1) These are exclusively items which are not reclassified to the consolidated income statement

Consolidated balance sheet

	Notes	30.09.2015	30.09.2014
		EUR	EUR
Assets			
Long-term assets			
Goodwill	1	38,523,419.65	34,793,344.21
Other intangible assets	2	11,445,269.01	11,692,849.80
Property, plant and equipment	3	7,316,127.83	3,918,320.56
Long-term financial assets	4	3,822,514.90	2,714,210.29
Claims from reinsurance coverage for pension obligations		5,354,911.90	5,364,589.30
Other long-term assets	5	134,889.32	161,760.76
Deferred taxes	6	1,464,480.04	2,108,776.42
		68,061,612.65	**60,753,851.34**
Short-term assets			
Inventories	7	1,532,497.41	1,079,230.28
Trade receivables	8	16,667,072.92	12,801,207.60
Short-term financial assets	4	5,477,056.77	3,795,693.07
Construction contracts	9	2,994,874.95	901,842.80
Other short-term assets	10	6,348,504.81	6,318,856.02
Cash and cash equivalents	11	2,264,789.71	9,447,794.35
		35,284,796.57	**34,344,624.12**
		103,346,409.22	**95,098,475.46**
Liabilities			
Equity	12		
Subscribed capital		7,590,000.00	7,590,000.00
Capital reserves		11,796,385.73	11,796,385.73
Repayment of capital		-98,507.73	-98,507.73
Retained earnings		8,733,490.30	5,324,950.22
Accumulated other comprehensive income		-3,970,814.23	-3,348,507.00
		24,050,554.07	**21,264,321.22**
Long-term liabilities			
Long-term financial liabilities	13	24,633,738.97	29,949,434.43
Pension provisions	14	12,822,342.00	11,944,807.58
Other provisions	14	775,192.84	860,142.54
Other long-term liabilities	16	0.00	44,000.00
Deferred taxes	6	782,107.01	1,257,900.19
		39,013,380.81	**44,056,284.74**
Short-term liabilities			
Short-term financial liabilities	13	14,583,861.69	7,483,455.87
Provisions	14	2,463,011.85	2,641,843.14
Trade payables	15	4,748,518.08	3,328,094.62
Surplus of liabilities from construction contracts	9	50,989.47	166,658.75
Income tax liabilities	-	3,062,851.29	2,173,947.85
Other liabilities	16	15,373,241.96	13,983,869.27
		40,282,474.34	**29,777,869.50**
		103,346,409.22	**95,098,475.46**

Consolidated cash flow statement

	01.10.2014 - 30.09.2015	01.10.2013 - 30.09.2014
	EUR	EUR
Cash flows from operating activities		
Net income for the period	4.923.031,88	1.091.153,87
- thereof income tax refund EUR 238474,08000 (LFY EUR 661027,42000)		
- thereof income tax payment EUR 1760744,38000 (LFY EUR 2621989,57000)		
Interest received	-347.848,97	-265.342,76
Interest paid	1.671.058,00	1.612.073,99
Depreciation and amortisation of current assets	5.545,44	0,00
Depreciation and amortisation of non-current assets	5.735.246,42	5.472.694,13
Changes in pension provisions	-6.074,58	41.418,60
Cash flow	**11.980.958,18**	**7.951.997,83**
Gains (-) / losses (+) on disposals of non-current assets	-58.760,18	20.571,92
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	611.476,35	796.848,56
Increase (-) / decrease (+) of inventories, trade receivables and other assets	-1.640.666,04	960.801,39
Increase (+) / decrease (-) of trade payables and other liabilities	-991.142,86	-1.045.521,28
Other non-cash transactions	-470.512,48	601.731,44
Cash flow from operating activities	**9.431.352,97**	**9.286.429,86**
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	118.327,42	654.721,35
Cash outflow for investment in property, plant and equipment	-2.113.606,09	-1.685.781,10
Cash inflow from intangible assets	2.132,49	18.376,80
Cash outflow for investments in intangible assets	-1.559.507,51	-553.399,26
Cash outflow for investments in financial assets	-3.462.000,00	-2.290.000,00
Cash inflow from repayment of financial assets	1.895.653,72	1.464.232,50
Cash outflow for investments in fully consolidated companies	-4.523.497,11	-2.174.000,00
Interest received	347.848,97	265.342,76
Net cash used in investing activities	**-9.294.648,11**	**-4.300.506,95**
Cash flow from financing activities		
Cash outflow for dividend paid	-1.514.491,80	-1.514.491,80
Cash inflow (+) / outflow (-) for finance lease contracts as part of investments in own property, plant and equipment	-1.589.862,62	582.303,75
Cash inflow (+) / outflow (-) for leasing contracts with customers	895.869,36	-1.152.123,68
Cash outflow for the repayment of liabilities to banks	-4.132.600,00	-3.240.400,00
Cash inflow from receipt of liabilities to banks	500.000,00	0,00
Interest paid	-1.671.058,00	-1.612.073,99
Net cash used in financing activities	**-7.512.143,05**	**-6.936.785,71**
Changes in cash and cash equivalents	**-7.375.438,19**	**-1.950.862,80**
Cash and cash equivalents at the beginning of the period	9.447.794,35	11.398.657,15
Cash and cash equivalents at the end of the period	2.072.356,16	9.447.794,35

For further details, please refer to the notes on the consolidated financial statements, Section VI. Notes to the cash flow statement.

Consolidated statement of changes in equity

01.10.2014 to 30.09.2015	Subscribed capital	Capital reserves	Repayment of capital	Retained earnings	Accumulated other comprehensive income			Total
					Changes without effects on net income	Result from actuarial gains and losses	Sum	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at the beginning of the fiscal year	7,590,000.00	11,796,385.73	-98,507.73	5,324,950.22	-1,625,377.21	-1,723,129.79	-3,348,507.00	21,264,321.22
Dividend distribution	0.00	0.00	0.00	-1,514,491.80	0.00	0.00	0.00	-1,514,491.80
Consolidated profit for the year	0.00	0.00	0.00	4,923,031.88	0.00	0.00	0.00	4,923,031.88
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	-622,307.23	-622,307.23	-622,307.23
Balance at the end of the fiscal year	**7,590,000.00**	**11,796,385.73**	**-98,507.73**	**8,733,490.30**	**-1,625,377.21**	**-2,345,437.02**	**-3,970,814.23**	**24,050,554.07**

01.10.2013 to 30.09.2014	Subscribed capital	Capital reserves	Repayment of capital	Retained earnings	Accumulated other comprehensive income			Gesamt
					Changes without effects on net income	Result from actuarial gains and losses	Sum	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at the beginning of the fiscal year	7,590,000.00	11,796,385.73	-98,507.73	5,748,288.15	-1,625,377.21	-899,556.09	-2,524,933.30	22,511,232.85
Dividend distribution	0.00	0.00	0.00	-1,514,491.80	0.00	0.00	0.00	-1,514,491.80
Consolidated profit for the year	0.00	0.00	0.00	1,091,153.87	0.00	0.00	0.00	1,091,153.87
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	-823,573.70	-823,573.70	-823,573.70
Balance at the end of the fiscal year	**7,590,000.00**	**11,796,385.73**	**-98,507.73**	**5,324,950.22**	**-1,625,377.21**	**-1,723,129.79**	**-3,348,507.00**	**21,264,321.22**

Development of fixed assets

The table below provides an overview of the performance of the intangible assets, property, plant and equipment and financial assets:

01.10.2014 to 30.09.2015	Acquisition and production costs					Accumulated depreciation and amortisation							
	As at 01.10.2014	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2015	As at 01.10.2014	Additions	Changes in the scope of consolidation	extraordinary additions	Disposals	As at 30.09.2015	As at 30.09.2015	As at 30.09.2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Goodwill	**34.793.344,21**	**0,00**	**3.730.075,44**	**0,00**	**38.523.419,65**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**38.523.419,65**	**34.793.344,21**
Other intangible assets													
1. Brands	1.401.000,00	0,00	0,00	0,00	1.401.000,00	1.401.000,00	0,00	0,00	0,00	0,00	1.401.000,00	0,00	0,00
2. Order backlog	1.198.000,00	0,00	7.000,00	0,00	1.205.000,00	1.198.000,00	7.000,00	0,00	0,00	0,00	1.205.000,00	0,00	0,00
3. Customer bases	17.466.400,00	0,00	1.009.000,00	0,00	18.475.400,00	8.183.605,00	2.452.981,00	0,00	0,00	0,00	10.636.586,00	7.838.814,00	9.282.795,00
4. Internally developed intangible assets Software	1.441.678,33	510.549,11	0,00	0,00	1.952.227,44	515.203,33	238.010,25	0,00	0,00	0,00	753.213,58	1.199.013,86	926.475,00
5. Acquired intangible assets Software etc.	9.121.006,81	1.084.402,84	1.064.893,00	55.775,98	11.214.526,67	7.637.427,01	959.648,26	263.648,74	0,00	53.638,49	8.807.085,52	2.407.441,15	1.483.579,80
	30.628.085,14	**1.594.951,95**	**2.080.893,00**	**55.775,98**	**34.248.154,11**	**18.935.235,34**	**3.657.639,51**	**263.648,74**	**0,00**	**53.638,49**	**22.802.885,10**	**11.445.269,01**	**11.692.849,80**
Property, plant and equipment													
1. Technical equipment and machinery	60.196,27	0,00	0,00	0,00	60.196,27	31.106,27	5.362,00	0,00	0,00	0,00	36.468,27	23.728,00	29.090,00
2. Other equipment, furniture and office equipment	16.897.449,66	5.311.484,67	727.067,67	390.830,57	22.545.171,43	13.008.219,10	2.072.244,91	503.575,92	0,00	331.268,33	15.252.771,60	7.292.399,83	3.889.230,56
	16.957.645,93	**5.311.484,67**	**727.067,67**	**390.830,57**	**22.605.367,70**	**13.039.325,37**	**2.077.606,91**	**503.575,92**	**0,00**	**331.268,33**	**15.289.239,87**	**7.316.127,83**	**3.918.320,56**
Long-term financial assets													
1. Investments	146.546,88	192.000,00	0,00	0,00	338.546,88	0,00	0,00	0,00	0,00	0,00	0,00	338.546,88	146.546,88
2. Receivables from lessees	2.565.163,41	5.125.825,09	0,00	4.216.370,49	3.474.618,01	0,00	0,00	0,00	0,00	0,00	0,00	3.474.618,01	2.565.163,41
3. Other loans	2.533,88	0,00	6.850,00	0,00	9.383,88	33,88	0,00	0,00	0,00	0,00	33,88	9.350,00	2.500,00
	2.714.244,17	**5.317.825,09**	**6.850,00**	**4.216.370,49**	**3.822.548,77**	**33,88**	**0,00**	**0,00**	**0,00**	**0,00**	**33,88**	**3.822.514,89**	**2.714.210,29**
	85.093.319,45	**12.224.261,71**	**6.544.886,11**	**4.662.977,04**	**99.199.490,23**	**31.974.594,59**	**5.735.246,42**	**767.224,66**	**0,00**	**384.906,82**	**38.092.158,85**	**61.107.331,38**	**53.118.724,86**

01.10.2013 to 30.09.2014	Anschaffungs- bzw. Herstellungskosten					Kumulierte Abschreibungen							
	As at 01.10.2013	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2014	As at 01.10.2013	Additions	Changes in the scope of consolidation	extraordinary additions	Disposals	As at 30.09.2014	As at 30.09.2014	As at 30.09.2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Goodwill	**34.793.344,21**	**0,00**	**0,00**	**0,00**	**34.793.344,21**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**34.793.344,21**	**34.793.344,21**
Other intangible assets													
1. Brands	1.401.000,00	0,00	0,00	0,00	1.401.000,00	1.384.083,66	16.916,34	0,00	0,00	0,00	1.401.000,00	0,00	16.916,34
2. Order backlog	1.198.000,00	0,00	0,00	0,00	1.198.000,00	815.305,24	382.694,76	0,00	0,00	0,00	1.198.000,00	0,00	382.694,76
3. Customer bases	17.466.400,00	0,00	0,00	0,00	17.466.400,00	5.890.188,31	2.293.416,69	0,00	0,00	0,00	8.183.605,00	9.282.795,00	11.576.211,69
4. Internally developed intangible assets Software	1.314.364,96	127.313,37	0,00	0,00	1.441.678,33	285.205,96	229.997,37	0,00	0,00	0,00	515.203,33	926.475,00	1.029.159,00
5. Acquired intangible assets Software etc.	9.031.334,01	426.085,89	0,00	336.413,09	9.121.006,81	7.275.223,44	680.230,86	0,00	0,00	318.027,29	7.637.427,01	1.483.579,80	1.756.110,57
	30.411.098,97	**553.399,26**	**0,00**	**336.413,09**	**30.628.085,14**	**15.650.006,61**	**3.603.256,02**	**0,00**	**0,00**	**318.027,29**	**18.935.235,34**	**11.692.849,80**	**14.761.092,36**
Property, plant and equipment													
1. Technical equipment and machinery	60.196,27	0,00	0,00	0,00	60.196,27	25.743,27	5.363,00	0,00	0,00	0,00	31.106,27	29.090,00	34.453,00
2. Other equipment, furniture and office equipment	17.724.973,75	1.811.151,10	0,00	2.638.675,19	16.897.449,66	13.107.534,91	1.854.505,94	0,00	9.569,17	1.963.390,92	13.008.219,10	3.889.230,56	4.617.438,84
	17.785.170,02	**1.811.151,10**	**0,00**	**2.638.675,19**	**16.957.645,93**	**13.133.278,18**	**1.859.868,94**	**0,00**	**9.569,17**	**1.963.390,92**	**13.039.325,37**	**3.918.320,56**	**4.651.891,84**
Long-term financial assets													
1. Investments	66.546,88	80.000,00	0,00	0,00	146.546,88	0,00	0,00	0,00	0,00	0,00	0,00	146.546,88	66.546,88
2. Receivables from lessees	4.095.060,08	1.687.539,22	0,00	3.217.435,89	2.565.163,41	0,00	0,00	0,00	0,00	0,00	0,00	2.565.163,41	4.095.060,08
3. Other loans	2.533,88	0,00	0,00	0,00	2.533,88	33,88	0,00	0,00	0,00	0,00	33,88	2.500,00	2.500,00
	4.164.140,84	**1.767.539,22**	**0,00**	**3.217.435,89**	**2.714.244,17**	**33,88**	**0,00**	**0,00**	**0,00**	**0,00**	**33,88**	**2.714.210,29**	**4.164.106,96**
	87.153.754,04	**4.132.089,58**	**0,00**	**6.192.524,17**	**85.093.319,45**	**28.783.318,67**	**5.463.124,96**	**0,00**	**9.569,17**	**2.281.418,21**	**31.974.594,59**	**53.118.724,86**	**58.370.435,37**

Notes to the Consolidated Financial Statement

I. Basic principles of the consolidated financial statement

1. General information

DATAGROUP AG is the holding company of the DATAGROUP Group. The company is located in Wilhelm-Schickard-Straße 7, 72124 Pliezhausen, Germany and entered in the Commercial Register of Stuttgart under HRB 354615.

DATAGROUP Group's business activities include the operation of IT infrastructure, distribution and provision of IT services, technology consulting and the development of IT solutions. The group companies are subdivided into two segments:

- The 'Services' segment comprises all subsidiaries primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), services of our certified DATAGROUP data centres as well as service desk services – the helping hand for all IT-related problems and questions of the users.
- The 'Solutions and Consulting' segment comprises the group companies, where the range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

2. International Financial Reporting Standards (IFRS)

The consolidated financial statement of DATAGROUP AG for the fiscal year ending September 30, 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU). The IFRS are applied voluntarily. The management board will present the prepared consolidated financial statement to the supervisory board for approval.

Additionally, the accounting principles set out in § 315a para. 1 HGB ('Handelsgesetzbuch', German Commercial Code) have been considered when preparing the consolidated financial statement. All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations of the International Financial Interpretations Committee (IFRIC) whose application was obligatory on the reporting date, were taken into account.

The consolidated financial statement of DATAGROUP AG was prepared in euro (EUR) using uniform recognition and measurement policies. Amounts were rounded up to thousand euros (TEUR) or million euros (EUR m) to make it easier to read. The presentation of the consolidated income statement is based on the total cost accounting. The information required for explanation of the balance sheet and the income statement in essence have been stated in the note.

New accounting standards

All valid International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee, who whose application was obligatory on the reporting date, were taken into account provided they were of relevance to the DATAGROUP Group.

The following standards, amendments of standards and interpretations, provided they may fundamentally be of relevance to the DATAGROUP Group, were applied for the first time in FY 2014/2015:

- In May 2011, the International Accounting Standards Board (IASB) issued three new standards, namely IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. In this connection, the standards IAS 27 'Separate Financial Statements (as amended in 2011)' and IAS 28 'Investments in Associates and Joint Ventures (as amended in 2011)' were amended. The new standards and the amendments of the existing standards were adopted into EU law on December 11, 2012 and are applicable to those fiscal years beginning on or after January 1, 2014.

  - IFRS 10 'Consolidated Financial Statements' outlines the principles for the preparation and presentation of consolidated financial statements. The standard defines the principle of control, and establishes control as the basis for the definition of a parent company/subsidiary relationship. Furthermore, the standard sets out accounting requirements for the preparation of consolidated financial statements.

  - IFRS 11 'Joint Arrangements' outlines the determination and accounting by entities that jointly control an arrangement. It classifies the nature of the joint agreement by assessing its rights and obligations and stipulates regulations on accounting.

  - IFRS 12 'Disclosure of Interests in Other Entities' comprises the disclosure requirements for all forms of interests in other entities, as well as the impact of these interests on net assets, financial position and results of operations.

  The introduction of IFRS 10 to 12 and the amendment of IAS 27 and IAS 28 had no impact on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

- Additionally, the IASB issued amendments to IAS 36 'Impairment of Assets'. The amendments relate to disclosure requirements in connection with the fair value measurement. The amendments were adopted into EU law on December 19, 2013 and were effective for reporting periods beginning on or after January 1, 2014. The amendments have no material impact on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

- On November 21, 2013, the IASB issued amendments to IAS 19 ‘Defined Benefit Plans’. The amendments relate to the accounting requirement for employee contributions, if the amount of the contributions is independent of the number of years of service. The amendments were adopted into EU law on December 17, 2014 and were effective for reporting periods beginning on or after July 1, 2014. The amendments had no impact on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

Standards, interpretations and amendments issued but not yet adopted

The IASB has issued the following new standards, interpretations and amendments to existing standards, whose adoption is not yet mandatory:

- On September 25, 2014, the IASB has issued the annual improvements cycle 2012-2014. The amendments refer to IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’, IFRS 7 ‘Financial Instruments: Disclosures’, IAS 19 ‘Employee Benefits’ and IAS 34 ‘Interim Financial Reporting’. The amendments have not yet been adopted into EU law. The amendments are effective for reporting periods beginning on or after January 1, 2016. The amendments are not expected to have any material impact on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

- The IASB has presented three versions of IFRS 9 ‘Financial Instruments’ in 2009, 2010 and 2013. The final version was issued on July 24, 2014. IFRS 9 was developed in three phases and replaces the standard IAS 39 ‘Financial Instruments: Recognition and Measurement’. The new standard regulates the classification and measurement of financial assets. The amendments have not yet been adopted into EU law. IFRS 9 has to be applied to fiscal years beginning on or after January 1, 2018. An early application is possible. The new standard is expected to have no material impact on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

- On January 30, 2014, the IASB has issued the interim standard IFRS 14 ‘Regulatory Deferral Accounts’. The amendments have not yet been adopted into EU law. The standard relates solely to an entity which is a first-time adopter of International Financial Reporting Standards and where the first financial statement for a period begins on or after January 1, 2016. The standard is not applicable to the DATAGROUP Group.

- On May 28, 2014, the IASB issued the standard IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 replaces the standards IAS 11 'Construction Contract' and IAS 18 'Revenue'. The new standard requires a five-step model for the recognition of revenue: 1. 'Identify the contract', 2. 'Identify the independent performance obligations', 3. 'Determine the transaction price', 4. 'Allocate the transaction price to the performance obligations' and 5. 'Recognise revenue when (or as) the entity satisfies a performance obligation', which has to be applied to all contracts with customers. The changes have not yet been adopted into EU law. IFRS 15 has to be applied to all reporting periods beginning on or after January 1, 2018. An early application is recommended. The amendment is expected to have an impact on the presentation of net asset, financial position and results of operations of the DATAGROUP Group. However, it should not be material.

- On May 12, 2014 the IASB issued the amendments of the standards IAS 16 'Property, Plant and Equipment' und IAS 38 'Intangible Assets'. The amendments refer to the applicability of revenue-based depreciation methods and restrict them significantly. The amendments have not yet been adopted into EU law and is effective for reporting periods beginning on or after January 1, 2016. The amendment has no impact on the presentation of net assets, financial positions and results of operations of the DATAGROUP Group.

- On December 18, 2014, the IASB issued amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures', and amendments to IFRS 11 'Joint Arrangements' on May 6, 2014. The amendments refer to the balance-sheet treatment of acquisitions of company shares between fully consolidated and associated entities. The adjustments have not yet been adopted into EU law and are effective for reporting periods beginning on or after January 1, 2016. The amendments have no impact on the presentation of net assets, financial positions and results of operations of the DATAGROUP Group.

- On December 18, 2014, the IASB also issued amendments to IAS 1 'Presentation of Financial Statements' which aim at clarifying existing IAS 1 requirements. Particularly, they address the principle of materiality and adaptability in the composition of balance sheet and income statement. The adjustments have not yet been adopted into EU law and are effective for reporting periods beginning on or after January 1, 2016. The amendment is expected to have minor impacts on the presentation of net assets, financial position and results of operations of the DATAGROUP Group.

3. Scope of consolidation

Definition of the scope of consolidation

All subsidiaries on which the Group is able to exercise dominant control according to IFRS 10 have been included in the consolidated financial statement. In addition to the holding company, DATAGROUP AG, 21 other domestic subsidiaries have been included in the consolidated financial statement by full consolidation:

Nr.	Name and registered office of the company	Interest in %
1	DATAGROUP AG, Pliezhausen	
2	DATAGROUP Stuttgart GmbH, Stuttgart	100.0
3	DATAGROUP Bremen GmbH, Bremen	100.0
4	DATAGROUP Offenburg GmbH, Offenburg	100.0
5	DATAGROUP Ludwigsburg GmbH, Ludwigsburg	100.0
6	DATAGROUP Hamburg GmbH, Hamburg	100.0
7	DATAGROUP Invest GmbH, Pliezhausen	100.0
8	DATAGROUP Invest 3 GmbH, Pliezhausen	100.0
9	DATAGROUP Köln GmbH, Cologne	100.0
10	DATAGROUP Business Services GmbH, Cologne	100.0
11	DATAGROUP BGS GmbH, Mainz	100.0
12	DATAGROUP IT Solutions GmbH, Pliezhausen	100.0
13	DATAGROUP Consulting GmbH, Pliezhausen	100.0
14	PC-Feuerwehr Hamburg-Mitte GmbH, Hamburg (until 31.12.2014)	100.0
15	PC-Feuerwehr Eimsbüttel GmbH, Hamburg (until 31.12.2014)	100.0
16	DATAGROUP Business Solutions GmbH, Siegburg	100.0
17	DATAGROUP Inshore Services GmbH, Rostock	100.0
18	DATAGROUP Vega GmbH, Cologne	
	(previously DATAGROUP Invest 2 GmbH, Pliezhausen)	100.0
19	DATAGROUP Consulting Köln GmbH, Cologne	
	(now DATAGROUP Service Desk GmbH, Pliezhausen)	100.0
20	DATAGROUP Invest 4 GmbH, Pliezhausen	
	(now DATAGROUP Data Center GmbH, Frankfurt)	
	(previously PC-Feuerwehr Franchise & Interactive Media GmbH, Hamburg)	100.0
21	Excelsis Business Technology AG (from 01.10.2014)	100.0
22	Excelsis Informationssysteme GmbH (from 01.10.2014)	100.0

The companies arxes Consulting GmbH i.I., Cologne, and InDemand Printing Solutions GmbH i.I., Cologne have not been included in the consolidated financial statement because of ongoing insolvency proceedings. The two companies were acquired as part of the arxes acquisition (today DATAGROUP Köln GmbH), which resulted from the insolvency of TDMi AG.

Changes in the scope of consolidation

In FY 2014/2015, the following changes were made to the scope of consolidation:

- Acquisition of the entire shares of Excelsis Business Technology AG
- Acquisition of the business operations of Vega Deutschland GmbH by way of an asset deal
- Sale of the business operations of the PC-Feuerwehr companies by way of an asset deal and restructuring of the PC-Feuerwehr companies
- Sale of the 25.2% stake in DATAGROUP Consulting Köln GmbH from DATAGROUP Köln GmbH to DATAGROUP AG

Acquisition of the entire shares of Excelsis Business Technology AG

With a purchase agreement dated September 30, 2014, DATAGROUP AG acquired 100% of the shares in Excelsis Business Technology AG. The acquisition became effective on October 1, 2014. As part of the transaction, DATAGROUP AG also acquired Excelsis Informationssysteme GmbH, the fully owned subsidiary of Excelsis Business Technology AG.

Excelsis operates high-end solutions for mobile applications of B2B and B2C companies. This includes, for instance, intuitively operated tablet and smartphone applications for inventory management and distribution, enabling the customers to achieve significant efficiency increases. This acquisition ideally complements DATAGROUP's service offer, since demand for mobile IT applications is strongly growing on the back of an increasing mobilisation of the working environment. Excelsis contributes a customer base, which is almost completely complementary. Hence, the acquisition results in numerous cross-selling opportunities.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the Excelsis Group at the time of acquisition were as follows:

	01.10.2014	01.10.2014
	Book values	Fair values at time of acquisition
	EUR	EUR
Assets		
Non-current assets		
Other intangible assets	109,244.26	1,817,244.26
Property, plant and equipment	223,491.75	223,491.75
Non-current financial assets	6,850.00	6,850.00
Other assets	35,739.08	35,739.08
	375,325.09	**2,083,325.09**
Current assets		
Trade receivables	947,413.35	947,413.35
Construction contracts	311,133.25	311,133.25
Other assets	64,848.11	64,848.11
Cash and cash equivalents	1,743,671.31	1,743,671.31
	3,067,066.02	**3,067,066.02**
Total assets	**3,442,391.11**	**5,150,391.11**
Liabilities		
Non-current liabilities		
Deferred taxes	**91,365.15**	**627,875.39**
Current liabilities		
Provisions	287,128.26	287,128.26
Trade payables	111,674.60	111,674.60
Tax liabilities	2,864.84	2,864.84
Other liabilities	348,824.02	348,824.02
	750,491.72	**750,491.72**
Total liabilities	**841,856.87**	**1,378,367.11**
Total identifiable net assets	**2,600,534.24**	**3,772,024.00**

The fair value of trade receivables amounts to EUR 947,413.35. The nominal value of the receivables is EUR 956,913.35. Valuation allowances of EUR 9,500.00 were made on the gross approach.

Consideration

	EUR
Purchase price cash component	5,000,000.00
Share in profit 2014	672,671.92
Value of earn-out obligations	
for calendar 2015	928,350.52
for calendar 2016	901,077.00
Total	**7,502,099.44**

Based on the signed purchase agreement, a cash component of EUR 5,000,000.00 was paid to the former owner of the Excelsis Group. Additionally, the two parties agreed on a contingent consideration depending on the earnings development between 2014 and 2016 (earn out); the fair value of this contingent consideration – based on the current planning of the acquired entity – totalled EUR 2,502,099.44 at the date of acquisition. In 2014, a share in profits of EUR 672,671.92 was paid to the group of sellers, a further amount of EUR 54,560.00 still has to be paid. Based on the improved actual and plan data, the provisions set aside for earn out obligations but not yet delivered as at September 30, 2015 were increased by a total of EUR 115,737.00 with a reduction in profits. If the results fall 5% below the updated planning for 2015 and 2016, the purchase price obligation would decrease by c. TEUR 65, if it exceeds the updated planning by 5%, the purchase price obligation would increase by the same amount.

Goodwill

Goodwill of EUR 3,730,075.44 comprises the value of expected synergies arising from company acquisitions. It is fully allocated to the ‘Solutions and Consulting’ segment.

In the period under review from October 1, 2014 to September 30, 2015, the Excelsis-Gruppe contributed revenue of EUR 7,021,765.78 and EUR 1,326,840.92 to the Group’s net result for the period (before taxes).

Analysis of the cash outflow due to the acquisition

	EUR
Purchase price cash component	-5,000,000.00
Share in profit 2014	-672,671.92
Transaction costs of the	
company acquisition	-75,996.50
Cash and cash equivalents acquired along	
with the subsidiary	1,743,671.31
Total	**-4,004,997.11**

Acquisition of the business operations of Vega Deutschland GmbH by way of an asset deal

DATAGROUP Invest 2 GmbH, which is indirectly and exclusively owned by DATAGROUP AG and has since been renamed DATAGROUP Vega GmbH, acquired the assets and liabilities given below of Vega Deutschland GmbH by way of an asset purchase agreement dated July 31, 2015. The book values and fair values of the acquired assets and the acquired liabilities at the time of acquisition were as follows:

	01.08.2015	01.08.2015
	Book values	Fair values at time of acquisition
	EUR	EUR
Assets		
Non-current assets		
Other intangible assets	35,444.44	35,444.44
Property, plant and equipment	410,677.78	410,677.78
	446,122.22	**446,122.22**
Current assets		
Trade receivables	2,235,337.70	2,235,337.70
Other assets	108,416.32	108,416.32
Cash and cash equivalents	0.00	0.00
	2,343,754.02	**2,343,754.02**
Total assets	**2,789,876.24**	**2,789,876.24**
Liabilities		
Current liabilities		
Provisions	109,000.00	109,000.00
Trade payables	1,365,558.91	1,365,558.91
Other liabilities	528,538.64	528,538.64
Total liabilities	**2,003,097.55**	**2,003,097.55**
Total identifiable net assets (= negative difference)	**786,778.69**	**786,778.69**

The acquisition took effect on August 1, 2015.

Vega Deutschland is a software and consulting company based in Cologne. The IT service provider previously belonged to technology group Finmeccanica, one of the leading European providers in aerospace, defence and security. Services rage from IT consulting and the integration of complex IT platforms to individual software development.

The fair value of trade receivables amounts to EUR 2,235,337.70. No valuation allowances were made; receivables were recognised at their nominal value.

Consideration

	EUR
Purchase price cash component	364,000.00
Purchase price reduction	-364,000.00
Value of earn-out obligations	0.00
Total	**0.00**

The initial purchase price is EUR 364,000.00 on the basis of the signed contract. In dependence of the exact magnitude of the net working capital as at August 1, 2015, which was determined after the date of acquisition, there was a reduction in the purchase which was valued at EUR 364,000.00. Earn-out obligations were not agreed.

Negative difference

The sum of the identifiable net assets of EUR 786,778.69 and the consideration made of EUR 0.00 resulted in a negative difference of EUR 786,778.69. Following a renewed revision of the fair values of assets, liabilities and contingencies, the negative difference was fully recognised in the other operating income. The recognition in income was allocated to the 'Solutions and Consulting' segment. The negative difference is offset by restructuring expenses which incurred after the date of acquisition.

In the period under review, DATAGROUP Vega GmbH contributed revenues of EUR 2,023,443.85 and EUR 481,532.33 to the Group's net result (before taxes) despite the burden from restructuring expenses of EUR 248,054.00. If the merger had taken place at the beginning of the fiscal year, revenues from continuing operations would have totalled c. EUR 13,000,000.

Analysis of the cash outflow due to the acquisition

	EUR
Purchase price cash component	-364,000.00
Purchase price reduction	0.00
Transaction costs of the	
company acquisition	-16,411.25
Cash and cash equivalents acquired along	
with the subsidiary	0.00
Total	**-380,411.25**

Sale and restructuring of the business operations of the PC-Feuerwehr companies by way of an asset deal

With a purchase agreement dated December 19, 2014, the business operations of the PC-Feuerwehr companies were sold by way of an asset deal with effect from January 1, 2015. The sale has no material impact on DATAGROUP Group's revenues and net result for the period. The two companies, PC-Feuerwehr Hamburg-Mitte GmbH and PC-Feuerwehr Eimsbüttel GmbH, were merged into the acquiring company, PC-Feuerwehr Franchise & Interactive Media GmbH, on the basis of merger agreements dated April 21, 2015 and with effect from January 1, 2015. Additionally, PC-Feuerwehr Franchise & Interactive Media GmbH was renamed DATAGROUP Invest 4 GmbH, the registered office was transferred from Hamburg to Pliezhausen.

The Shareholders' Meeting on September 10, 2015 changed the company's name again, namely in DATAGROUP Data Center GmbH with the registered office being transferred to Frankfurt am Main.

Sale of the 25.2% stake in DATAGROUP Consulting Köln GmbH from DATAGROUP Köln GmbH to DATAGROUP AG

Based on the agreement dated September 10, 2015 on the sale and transfer of shares with a nominal value of EUR 6,300.00 (25.2% of total shares) in DATAGROUP Consulting Köln GmbH so far held by DATAGROUP Köln GmbH, the shares were sold to DATAGROUP AG. DATAGROUP AG now is the sole owner of the company.

A resolution was passed by the Shareholders' Meeting on September 10, 2015 to change the company's name. It now operates under the name of DATAGROUP Service Desk GmbH. The registered office was transferred to Pliezhausen.

4. Accounting and measurement methods

Consolidation principles

The balance sheet date of the fully consolidated subsidiaries is the balance sheet date of the consolidated financial statement. Unlike in the previous years, it was no longer necessary to prepare an interim financial statement on September 30, 2015. All group companies now have a fiscal year from October 1, to September 30.

Company mergers are recognised in accordance with the acquisition method. The purchase price of the acquired subsidiary is allocated on the acquired assets, liabilities and contingent liabilities. In this respect, the value ratios at the time on which control of the subsidiary was achieved are decisive. The recognisable assets and the acquired liabilities and contingent liabilities initially are fully measured at their fair value. Any remaining difference on the assets side is then recognised as goodwill. Goodwill is subject to an impairment test at least once a year, which may lead to depreciation requirements. Any remaining difference on the liabilities side is then recognised in the income statement following another review. A subsidiary's income and expenses are included in the consolidated financial statement from the date of acquisition. A subsidiary's income and expenses continue to be consolidated until the date on which the parent company's control ends.

As part of the debt consolidation, receivables are offset against the respective liabilities between the fully consolidated companies. The elimination of intercompany profits is applied to intercompany resales of property, plant and equipment and customer orders. The consolidation of income and expenses sets off revenue, other operating income, interest and similar income against the expenses related to them.

Accounting and measurement principles

Several standards and amendments of standards had to be applied for the first time in this fiscal year (cf. Section I.2.). However, it was not necessary to adjust the accounting and measurement methods.

Estimates and assumptions

Preparing the annual financial statements necessitates discretionary decisions and to a certain extent estimates have to be made as well. These estimates and assumptions had an impact on the amount and disclosure of the recognised assets, liabilities and contingent liabilities. The management assumes that existing risks are sufficiently covered by the assumptions and judgements made. These estimates and assumptions are based on historical experience and other sources of information that are considered reasonable under current conditions. The estimates and assumptions are subject to permanent review. Actual results and developments may differ from these estimates and assumptions. Changes are recognised in income when better information is available.

The discretionary decisions, estimates and assumptions taken are of particular significance for the following assets and liabilities:

- Intangible assets
- Construction contracts
- Receivables
- Earn-out obligations
- Provisions

The purchase method applicable to the accounting for business combinations uses estimated values for the determination of the fair values, particularly of intangible assets such as brands, order backlog and customer bases and of earn-out obligations at the date of acquisition. In some cases, the purchase contracts contain earn-out clauses according to which the purchase price increases in dependence of the achievement of fixed targets. Both the expected useful life of the assets determined as part of the purchase price allocation and the fair values are based on management estimates. When assessing the fair values of intangible assets and earn-out obligations, estimates of future cash flow play a major role. The identified intangible assets were recorded in the balance sheet at a book value of EUR 8,636,566.00 (previous year EUR 9,717,807.00), goodwill stood at EUR 38,523,419.65 (previous year EUR 34,793,344.21) on September 30, 2015. Earn-out obligations were measured at EUR 1,945,164.52 (previous year EUR 94,500.00).

Construction contracts and service business were recognised – provided conditions are met – according to the percentage of completion method. To determine the degree of completion according to the cost-to-cost method, management determined the entire order costs with a certain level of discretion. At the balance sheet date, DATAGROUP reported construction contracts with a credit balance towards the customers of EUR 2,994,874.95 (previous year EUR 901,842.80), with a debit balance of EUR 50,989.47 (previous year EUR 166,658.75).

The risk of potential losses arising from the insolvency of customers was hedged by setting up provisions for doubtful accounts. In the process of setting up provisions, receivables were considered on an individual basis and tested for impairments. Impairments on trade receivables amounted to EUR 241,463.75 (previous year EUR 207,967.50) at the balance sheet date.

A provision is a present obligation resulting from an obligating event in the past, which is uncertain as to the date and/or amount of the outflow of resources. To recognise provisions of EUR 16,060,546.69 (previous year EUR 15,446,793.26) assumptions and estimates had to be made by the management on the magnitude and likelihood of occurrence of an outflow of resources.

Basis of currency translation

The reporting currency is euro, which is also the functional currency of the holding company. Foreign currency transactions are translated with their current prices at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency using the exchange rate of the reporting date. The translation differences determined on the reporting date are reported in the income statement.

Recognition of income/revenue

Revenues are recognised as soon as the inflow of economic benefits is estimated as being probable and the level of income can be reliably measured. The level of income is determined by the fair value of the consideration. The reported revenues include revenues for sale of goods and for rendering services. Service revenues are based on orders in the form of work or service contracts. These operations are recognised according to the percentage-of-completion method subject to the degree of completion, provided the outcome can be reliably estimated. The degree of completion is determined according to the cost-to-cost method. Revenues for sale of goods are recorded at the time of the transfer, while taking account of expected returns.

The delivery and performance of an entire service portfolio can be agreed in a multi-component contract. In this respect, the fair value of the individual components determines the level of revenues that can be considered as realised.

Interest income is recognised over time while taking account of the effective interest rate.

Earnings per share

Earnings per share are a key figure showing the Group's profit divided by the average number of shares outstanding. Undiluted earnings per share show the net income for the period attributable to the shareholders of DATAGROUP AG divided by the weighted average number of common shares outstanding.

Mergers and goodwill

Mergers are recognised in accordance with the acquisition method. The costs for a company acquisition are measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the value of non-controlling interest in the acquired company over the purchased identifiable assets on the one hand, and the assumed liabilities of the acquired company on the other hand.

On initial recognition, goodwill is valued at acquisition cost. If the total consideration (initial purchase price, value of earn-out and other obligations) is below the fair value of the acquired subsidiary's net assets, the difference is recognised in the income statement after a renewed review.

After initial recognition, goodwill is valued at acquisition cost minus accumulated impairment losses. There is no write-up on goodwill once impairments are made. For the purposes of impairment tests, goodwill acquired through a merger is allocated to the cash generating units of the Group which are expected to benefit from it, as of the date of acquisition. This is irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

Recoverability of goodwill and intangible assets with indefinite useful life is tested once a year (on September 30 of any given year). Additionally, a test has to be conducted, if circumstances indicate that the value may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating units to which goodwill has been allocated. If the recoverable amount of the cash-generating unit is less than the book value of this unit, an impairment loss is recognised. A recorded impairment loss on goodwill may not be reversed in the subsequent reporting periods.

Impairment tests for goodwill and intangible assets with indefinite useful life

Goodwill acquired through a merger and intangible assets with indefinite useful life were allocated to the following cash-generating units to test the recoverability:

- The cash-generating unit 'Services' comprises all subsidiaries primarily providing IT services.
- The cash-generating unit 'Solutions und Consulting' comprises the group companies, whose range of services offered consists of highly qualitied and specialised technology and solutions consultants as well as software developers.

Goodwill of the cash-generating units:

	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010	30.09.2009
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Services segment	16,325,268.29	16,325,268.29	16,325,268.29	16,325,268.29	16,204,992.38	16,204,992.38	13,737,414.73
Solutions and Consulting segment	22,192,268.03	18,459,247.17	18,459,247.17	18,459,247.17	5,871,475.75	0.00	0.00
Others (Holding)	5,883.33	8,828.75	8,828.75	8,828.75	8,828.75	8,828.75	8,828.75
Goodwill	**38,523,419.65**	**34,793,344.21**	**34,793,344.21**	**34,793,344.21**	**22,085,296.88**	**16,213,821.13**	**13,746,243.48**

The recoverable amount of all cash-generating units is determined by calculating the fair value less cost to sell with the help of a discounted cash flow model. The underlying cash flows are based on a budget planning which was adopted by management. A growth rate of 1% was taken as a basis to extrapolate the cash flow projections for future years. This growth rate is in line with the long-term growth rate for the IT services sector as expected by the management. This analysis did not provide any indications for an impairment loss.

The basic assumptions for the calculation of the fair value less cost to sell include the discount rate and the growth rate which were taken as a basis for the extrapolation of the cash flow projections for multi-annual planning.

Discount rates

The discount rates reflect the current market estimates with regard to the risks allocated to the cash-generating units, taking into account the interest effect and the specific risks of the assets. The discount rate considers the Group's and its segments' and affiliated companies' risk which would arise from a comparable investment on the capital market, and is based on the weighted average cost of capital (WACC). A uniform discount rate of 6.54% (2014: 7.70%) was chosen for the calculation of the fair value.

Sensitivity of the underlying assumptions

DATAGROUP prepared scenario analyses with deviating assumptions for the impairment tests. For instance, comparative calculations were made with the discount rate fluctuating by 100 basis points and the growth rate by 0.5%. The book value did not exceed the fair value in any of the scenarios considered possible.

Other intangible assets

The other intangible assets mainly include brands, order backlog, customer bases, internally developed and acquired software, licences as well as non-competition obligations.

Acquired intangible assets with definite useful life are recognised at the cost of acquisition or production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The expected economic useful life within the DATAGROUP Group is between three and fifteen years. Depreciation is determined using the linear method.

Brands acquired as part of company acquisitions are recognised to the extent of the benefit resulting from their brand rights. In connection with the DATAGROUP umbrella brand strategy, it is generally assumed that acquired companies are given the company name ‘DATAGROUP’ in the medium term. For this reason, the acquired brand’s useful life is expected to be limited. The acquisition costs for the capitalised brands are depreciated on a straight-line basis in accordance with their useful life – currently three years.

Order backlog and customer bases as well as non-competition obligations are measured at fair value. Order backlogs and customer bases as well as non-competition obligations acquired in connection with company acquisitions are valued on the basis of their benefit for the acquiring company. The useful life is assumed to be between three to eight years.

Internally developed intangible assets are capitalised provided the conditions under IAS 38.57 are met. Internally developed intangible assets with a definite useful life are recognised at the cost of production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The cost of production include all directly attributable costs required to bring the asset in the condition required for its intended operational use. Research expenses are recorded as expense in the period in which they occur. The expected economic useful life within the DATAGROUP Group is between three to ten years. Depreciation is determined using the linear method.

Given that intangible assets with indefinite useful life are not subject to scheduled depreciation, recoverability is proven by an impairment test at least once a year. If it is not possible to attribute separate cash flows to the individual assets, recoverability is tested on the basis of the superior cash-generating unit of assets.

If the reasons for the previously recorded impairment loss cease to apply in whole or in part, a reversal of impairment is recognised in the income statement up to the amortised acquisition or production costs.

Property, plant and equipment

Property, plant and equipment are recognised at amortised acquisition or production costs. They are depreciated according to their probable useful economic live using the straight-line method. The expected economic useful life within the DATAGROUP Group is between one and 33 years. Depreciation is determined using the linear method.

If there are indications of impairment, an impairment test is carried out. If the recoverable amount is less than the amortised acquisition or production costs, property, plant and equipment are depreciated on a non-scheduled basis. As soon as the reasons for an unscheduled depreciation no longer apply, a write-up is recognised up to the amortised acquisition costs.

Inventories

Inventories are measured at the lower of acquisition or production costs and the net realisable value. The acquisition or production costs are determined on the basis of the weighted average cost of capital. The net realisable value is defined as the expected selling price less the costs incurred until the sale.

Construction contracts

If the outcome of a construction contract can be reliably estimated, overall revenues expected for the individual contract are capitalised in accordance with the percentage of completion, i.e. the relation between total costs already paid and the expected overall costs of the individual project. Change requests are included in the assessment of the capitalised construction contracts. Identifiable losses are immediately and fully recognised as an expense. Advance payments received are deducted from the construction contracts. If the result cannot be reliably assessed, the incurred acquisition and production costs are capitalised. An expected loss is recognised as an expense. When determining the overall revenues, payments for change requests are also considered in addition to the initial amount of revenue agreed in the contract.

Financial instruments

Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another. On the one hand, financial instruments comprise primary financing instruments such as receivables and trade payables or also financial receivables and financial liabilities. On the other hand, they also include derivative financial instruments such as options, forwards as well as interest rate swaps and currency swaps. Financial assets and liabilities are categorised as follows:

1. Assets and liabilities that are recognised at their fair value through profit or loss
2. Assets that are available for sale
3. Assets that are to be held until final maturity
4. Loans and receivables
5. Other financial liabilities

Financial assets and liabilities of the first category are measured at fair value at the balance sheet date. Market fluctuations must be recognised in the income statement.

Assets that are available for sale are also measured at fair value. In general, changes in the market value are directly offset against equity without impacting income and are shown in the statement of comprehensive income. Only permanent impairment and currency effects are recognised in profit or loss. On disposal of the asset, accumulated valuation differences previously recognised in equity are recognised in the income statement.

Assets that are held until final maturity as well as loans and receivables, which are accounted for at amortised cost (nominal value) or using the effective interest method, are recognised at the lower fair value. Risk are covered by impairment losses, which are recognised and reversed affecting net income. The latter applies in particular to trade receivables, where impairment losses are recognised both for identifiable individual risks and for general credit risks. As soon as the reasons for impairment losses made in previous years cease to apply, a reversal of impairment is recognised up to the amortised acquisition costs.

Pursuant to IFRS 7.25 the fair value for each class of financial instrument has to be disclosed.

The fair values which have to be disclosed for each class of financial instrument correspond with the book values. This applies directly to assets and liabilities in categories 1 and 2 (assets and liabilities that are recognised at their fair value as well as assets available for sale). The book value can be considered a sufficient approximate value to the fair value for assets and liabilities of categories 3 to 5 (assets held until final maturity, loans and receivables as well as other financial liabilities).

To determine the effectiveness of the fair value of the financial instruments there are three different levels:

Level 1:	Valuation is based on quoted unchanged prices on active markets for identical assets and liabilities
Level 2:	Valuation is made on the basis of input factors that can be observed for the asset or the liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3:	Valuation of assets and liabilities is not based on observable market data.

Derivative financial instruments

Both initial recognition and subsequent measurement are made at fair value. Changes in fair value either can be included in the income statement or directly in equity – shown in the statement of comprehensive income. The decisive factor in this respect is whether the derivative financial instrument is included in an effective hedging relationship. If there is no effective hedging relationship between the hedge and the hedged item, changes in fair value are recognised in the income statement. The DATAGROUP Group has not concluded any hedging transactions or acquired any derivative financial instruments.

Other assets

Other receivables and other assets are recognised at the lower of amortised cost or market value. Account is taken of all identifiable individual risks and general default risks by means of appropriate value reductions. Specific cases of default lead to the receivable in question being written off.

Pension provisions

The provisions for defined benefit plans are determined using the projected unit credit method according to IAS 19 'Employee Benefits'. The pension commitment is calculated in accordance with actuarial principles and also accounts for an increase in salaries and pensions to be expected in future. Plan assets are offset with the pension obligations at market value. Actuarial gains or losses are recorded in equity with no effect on net income and are shown in the statement of comprehensive income.

Other provisions

Provisions are recognised for current uncertain obligations arising from past events, if these obligations give rise to a future outflow of resources. The amount of the obligation has to be reliably estimated and takes account of all recognisable risks. The valuation is made with the best possible estimate of the amount to be paid; possible rights of recourse are not offset against provisions. Long-term provisions, if the effect is material, are recorded at their discounted net present value with matching maturity. If a reliable estimate is not possible, no provision is recognised, but a contingent liability is disclosed in the notes to the consolidated financial statement.

Other liabilities

Other liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Taxes

The actual income tax expense is calculated on the basis of the taxable income using the tax rates applicable to the individual company. Actual tax assets and actual tax liabilities are recognised at the amount expected.

Pursuant to IAS 12 'Income Taxes', deferred taxes are calculated using the balance sheet liability method for all temporary and quasi-permanent differences between the tax balance sheet and the consolidated balance sheet. Additionally, deferred tax liabilities are recognised on tax losses carried forward that have not yet been used, provided it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred taxes are determined using the company-specific tax rate. This tax rate corresponds to the expected tax rate for the period in which an asset is realised or a liability settled. Deferred tax assets and tax liabilities are only offset against each other if there is an identity of the tax creditor.

Leases

Pursuant to IAS 17 'Leases', economic ownership of leased assets is allocated to the contract partner which bears the major risks and rewards associated with ownership. Leases are categorised into operating lease and finance lease.

If the lessor bears all major rewards and risks (operating lease), the asset is capitalised in the lessor's balance sheet. Payments for leasing contracts which are classified as operating lease are recognised as expenses of the lessee over the term of the leasing contract. The lessor recognises the incoming leasing rates in the same way, i.e. distributed over their term.

If the lessee bears all major rewards and risks arising from the contract, the lessee recognises the asset (finance lease). At the beginning of the finance lease contract, assets and liabilities are recognised in the same amount, i.e. at fair value of the leased item or at the lower present value of the minimum lease payments. In the subsequent periods, leasing payments are divided into an interest portion and a portion to be deducted from receivables to determine the loans carried in the balance sheet. Financing cost shall be distributed over the term of the contract such that there is a constant interest rate on the respective remaining debt. The asset's value which was capitalised at the beginning is amortised on a straight-line basis over the term of the contract under consideration of a remaining value that may have been agreed. The lessor capitalises a receivable in the amount of the present value of the minimum lease payment at the beginning of the lease contract. Incoming leasing rates are divided into an interest portion to be deducted from receivables, similar to the lessee.

Government grants

Government grants are recognised in the income statement as other operating income in the period in which the expenses to be compensated through the respective grants are incurred. They are not recognised as income if there are no sufficient guarantees that the conditions for the subsidies to be granted are met.

II. Notes to the consolidated income statement

1. Revenues

Revenues are divided as follows:

	2014/2015	2013/2014
	EUR	EUR
Service and maintenance	120,773,260.24	114,413,308.82
Trade	36,592,050.14	37,707,087.77
Others	208,717.26	259,402.61
Revenue	**157,574,027.64**	**152,379,799.20**

Business abroad only plays a minor role for the DATAGROUP Group; 99.0% (previous year 99.2%) of revenues were generated in Germany.

The share of services in revenues continued to grow to 76.6% in the fiscal year after 75.1% a year earlier. The ‘Solutions and Consulting’ segment generated 45.6% of revenues (after 41.4% in the previous year). More detailed information on the revenue development can be found in the Management Report under section 3. Net assets, financial position and results of operations of the DATAGROUP Group.

2. Other operating income

Other operating income is composed as follows:

	2014/2015	2013/2014
	EUR	EUR
Income from offsetting remuneration in kind	1,442,219.68	1,328,411.50
Income from reversal of provisions and liabilities	803,014.80	613,060.20
Income from revaluation of assets and liabilities	66,130.88	47,860.98
Rental income	184,821.64	201,510.60
Income from insurance compensation	89,381.59	155,904.24
Income from acquisition of business operations of Vega Deutschland GmbH	786,778.69	0.00
Others	1,208,466.68	652,247.72
Other operating income	**4,580,813.96**	**2,998,995.24**

3. Material expenses / expenses for purchased services

Material expenses are composed as follows:

	2014/2015	2013/2014
	EUR	EUR
Material expenses	31,321,209.91	32,343,384.85
Expenses for purchased services	21,853,821.40	22,646,316.06
Material expenses / expenses for purchased services	**53,175,031.31**	**54,989,700.91**

4. Personnel expenses

Personnel expenses are composed as follows:

	2014/2015	2013/2014
	EUR	EUR
Wages and salaries	66,044,443.04	61,001,824.50
Social contributions	10,779,200.03	10,313,116.96
Expenses for pensions and		
other other benefits	263,022.09	191,633.74
Personnel expenses	**77,086,665.16**	**71,506,575.20**

5. Depreciation and amortisation

Depreciation and amortisation refer to the following assets:

	2014/2015	2013/2014
	EUR	EUR
On intangible		
assets		
internally developed	238,010.25	229,997.37
purchased	3,419,629.26	3,373,258.65
On property, plant and equipment	2,077,606.91	1,869,438.11
Depreciation and amortisation	**5,735,246.42**	**5,472,694.13**

Amortisation of intangible assets is strongly influenced by company acquisitions: The recognition of assets such as brand, order backlog and customer base that were purchased as part of company acquisitions burden the result in the subsequent years. Amortisation from company acquisitions amounts to EUR 2,789,241.00 in the fiscal year after EUR 2,899,678.29 in the previous year.

6. Other operating expenses

Other operating expenses are as follows:

	2014/2015	2013/2014
	EUR	EUR
Travel and vehicle expenses	4,803,520.53	4,883,950.38
Occupancy costs	3,977,846.98	3,890,362.90
Ancillary personnel expenses	2,142,373.06	2,447,240.29
Administration expenses	2,662,857.86	2,534,641.64
Advertising expenses	1,235,057.21	1,312,354.85
Legal and advisory costs	831,651.52	1,022,806.23
Insurance and other contributions, fees and bank charges	687,174.11	860,732.26
Others	560,968.58	370,960.82
Other operating expenses	**16,901,449.85**	**17,323,049.37**

Research and development costs had a manageable volume in the DATAGROUP Group in the fiscal year. Regarding development activities of the DATAGROUP Group reference is made to the explanations in the consolidated management report under section 9. Other information – Research and development activities. No directly attributable expenses recognised as expense were incurred in the fiscal year.

7. Financial result

The financial result is as follows:

	2014/2015	2013/2014
	EUR	EUR
Financial income		
Investment income	100,743.33	74,737.44
Interest income from		
finance lease	240,819.82	245,143.77
Others	212,102.09	150,446.62
Other financial income	92.50	939.44
	553,757.74	**471,267.27**
Financial expenses		
Bank loans	1,049,090.86	1,187,405.08
Finance lease	322,400.94	329,768.78
Effective interest method	416,325.53	497,713.19
Factoring	363,431.55	300,150.53
Revaluation earn-out		
obligations	175,737.00	524,700.00
Others	51,165.84	87,974.61
	2,378,151.72	**2,927,712.19**
Financial result	**-1,824,393.98**	**-2,456,444.92**

The reduction of financing expenses is due to a particularly high ‘expense’ from the revaluation of earn-out obligations in the previous year. Financing expenses for bank loans were lower because of a declining loan portfolio; factoring costs increased on the back of a higher factoring volume.

8. Income taxes

In addition to actual taxes on income and profit, deferred taxes are reported as well:

	2014/2015	2013/2014
	EUR	EUR
Actual taxes	**3,054,667.53**	**1,849,881.21**
Deferred taxes		
from different times of		
valuation	-640,313.73	-1,012,348.80
from losses carried forward	442,243.31	428,957.00
	-198,070.42	**-583,391.80**
Income taxes	**2,856,597.11**	**1,266,489.41**

Deferred taxes from different times of valuation include taxes from the amortisation of assets capitalised as part of company acquisitions in the amount of EUR 929,936.96 (previous year EUR 827,752.89). They result in a decrease of the tax burden.

The DATAGROUP companies pay taxes on income and profit exclusively in Germany. The individual tax rates – depending on the municipal rate fixed by the different municipalities – are between 28.075% and 32.450% (between 27.725% and 32.450% a year earlier). The Group-wide tax rate was derived from the average and stands at 32.3% (previous year 32.5%). Given slightly rising tax rates of individual group companies, the reduction in the Group’s tax rate is due to the fact that affiliated companies with comparatively low tax rates contributed to a larger extent to earnings (EBT = earnings before taxes) than in 2013/2014. When taking this group-wide tax rate as a basis the expected calculated tax rate expenses can be reconciled to the actual tax result as follows:

	2014/2015	2013/2014
	EUR	
Earning before taxes	7,779,628.98	2,357,643.28
Group tax rate: 32.30% (LFY 32.50%)		
Expected tax expenses	2,512,820.16	766,234.07
Tax expenses and income of earlier years	105,923.48	-130,329.34
Non-deductible operating expenses as well as		
trade tax additions and reductions	68,318.00	199,023.47
Non-recognised deferred taxes on permanent differences	217,087.52	154,449.95
Tax rate change for deferred taxes	-43,974.93	82,707.07
Differences to local tax rates	-10,710.40	8,157.38
Impact from the revaluation of tax losses carried forward	7,133.27	186,246.80
Actual tax expense	**2,856,597.11**	**1,266,489.41**

Actual tax rate: 36.72% (LFY 53.72%)

(corresponds to the relations between actual tax expenses and earnings before taxes)

In FY 2014/2015, the actual tax rate is 36.72%. This mainly results from the adjustment of permanent valuation differences that are not subject to taxation such as the revaluation of earn-out obligations or investment book values, from the revaluation of tax losses carried forward, and from non-deductible business expenses and trade tax additions. Excluding special effects caused be the revaluation of earn-out obligations, investment book values, intercompany receivables and losses carried forward and excluding taxes not related to FY 2014/2015, the tax rate would amount to 32.5%.

III. Notes to the consolidated financial statement

1. Goodwill

Compared to the previous year, goodwill has changed as follows:

	2014/2015	2013/2014
	EUR	EUR
Services	**16,325,268.29**	**16,325,268.29**
Solutions and Consulting		
Opening balance	18,459,247.17	18,459,247.17
Addition	3,730,075.44	0.00
Reclassification	2,945.42	0.00
	22,192,268.03	**18,459,247.17**
Others (Holding)		
Opening balance	8,828.75	8,828.75
Reclassification	-2,945.42	0.00
	5,883.33	**8,828.75**
Goodwill	**38,523,419.65**	**34,793,344.21**

The reclassification of EUR 2,945.42 relates to DATAGROUP Vega GmbH (previously DATAGROUP Invest 2 GmbH). Goodwill for DATAGROUP Invest 2 GmbH was previously assigned to the 'Others' segment. Following the company's reorientation due to the acquisition of business operations from Vega Deutschland GmbH, the entity was reclassified to the 'Solutions and Consulting' segment.

The addition of EUR 3,730,075.44 in the 'Solutions and Consulting' segment results from the acquisition of the Excelsis Group. Further details can be found in sections I. Basic principles of the consolidated financial statement, 3. Scope of consolidation – Changes in the scope of consolidation – as well as 4. Accounting and valuation methods – Mergers and goodwill.

2. Other intangible assets

In a comparison with last year's reporting date, other intangible assets are composed as follows:

	30.09.2015	30.09.2014
	EUR	EUR
Brands	0,00	0,00
Order backlog /		
customer bases	7.838.814,00	9.282.795,00
Internally developed intangible		
assets		
Software	1.199.013,86	926.475,00
Purchased intangible		
assets	2.407.441,15	1.483.579,80
Other intangible		
assets	**11.445.269,01**	**11.692.849,80**

The brands identified in the context of company acquisitions are either initially consolidated at acquisition costs of EUR 0.00 or have been fully depreciated by now. This is mainly attributable to the umbrella brand strategy according to which companies acquired from the DATAGROUP Group are generally renamed.

An economic useful life of three years was determined for the capitalised order backlog; customer bases have useful lives of between three and eight years. The acquired intangible assets generally are amortised over a period of three years; in exceptional cases also within up to fifteen years. Internally developed intangible assets have useful lives of between three and ten years.

Expenses for research and development of the DATAGROUP Group had a manageable extent in the fiscal year. Regarding development activities of the DATAGROUP Group, reference is made to the explanations in the consolidated management report under section 9. Other information – Research and development activities. No directly attributable expenses recognised as expense were incurred in the fiscal year.

3. Property, plant and equipment

	30.09.2015	30.09.2014
	EUR	EUR
Technical equipment	23.728,00	29.090,00
Furniture and office equipment	7.292.399,83	3.889.230,56
PPE	**7.316.127,83**	**3.918.320,56**

Property, plant and equipment include assets of EUR 3,016,265.95 (previous year EUR 917,477.45) acquired within the context of finance lease contracts.

The useful lives of property, plant and equipment span from one year to thirty-three years.

4. Non-current and current financial assets

Financial assets are structured as follows:

	30.09.2015 Remaining term up to 1 year	30.09.2015 Remaining term 1 to 5 years	30.09.2015 Remaining term over 5 years	30.09.2015 Total
	EUR	EUR	EUR	EUR
Investments	0.00	0.00	338,546.88	338,546.88
Securities	215,262.50	0.00	0.00	215,262.50
Receivables from finance lease	3,109,087.33	3,474,618.02	0.00	6,583,705.35
Other loans	2,152,706.94	0.00	9,350.00	2,162,056.94
Financial assets	**5,477,056.77**	**3,474,618.02**	**347,896.88**	**9,299,571.67**

	30.09.2014 Remaining term up to 1 year	30.09.2014 Remaining term 1 to 5 years	30.09.2014 Remaining term over 5 years	30.09.2014 Total
	EUR	EUR	EUR	EUR
Investments	0.00	0.00	146,546.88	146,546.88
Securities	222,110.00	0.00	0.00	222,110.00
Receivables from finance lease	2,827,815.57	2,565,163.42	0.00	5,392,978.99
Other loans	745,767.50	0.00	2,500.00	748,267.50
Financial assets	**3,795,693.07**	**2,565,163.42**	**149,046.88**	**6,509,903.37**

5. Other non-current assets

	30.09.2015	30.09.2014
	EUR	EUR
Receivables from tax authorities	58,476.94	68,201.41
Deposits	32,035.23	34,268.73
Others	44,377.15	59,290.62
Other non-current assets	**134,889.32**	**161,760.76**

6. Deferred taxes

Deferred taxes were set up for the following asset and liability items:

	30.09.2015	30.09.2014
	EUR	EUR
Deferred tax assets on		
Losses carried forward	1.560.172,00	1.995.810,00
Financial assets	163.270,25	298.836,58
Trade receivables	0,00	12.910,00
Other assets	214.364,15	77.202,34
Provisions	2.179.616,13	1.958.723,35
Financial liabilities	2.237.097,67	1.902.281,58
Other liabilities	114.262,96	113.263,87
	6.468.783,16	**6.359.027,72**
Balancing	-4.865.729,27	-4.250.251,30
Deferred tax assets	**1.603.053,89**	**2.108.776,42**

	30.09.2015	30.09.2014
	EUR	EUR
Deferred tax liabilities on		
Other intangible assets	3,066,378.94	3,381,994.13
Property, plant and equipment	138,584.98	165,245.70
Financial assets	2,062,806.04	1,722,145.17
Construction contracts	402,001.67	135,889.33
Other liabilities	116,638.50	102,877.16
	5,786,410.13	**5,508,151.49**
Balancing	-5,004,303.12	-4,250,251.30
Deferred tax liabilities	**782,107.01**	**1,257,900.19**

Deferred taxes on losses carried forward are subject to a regular, at least quarterly, impairment test. It is examined whether and to which extent existing losses carried forward are expected to be offset against positive results of the individual group company within the next five years. In the current fiscal year and the previous year, deferred taxes capitalised on losses carried forward were largely recognised without a need for valuation allowance.

Of the deferred taxes reported in the balance sheet, a total of EUR 261,301.77 (previous year EUR 404,892.70) was recorded with a resulting increase in equity, without influencing the income statement. They relate to the actuarial result from pension provisions.

7. Inventories

The following assets are recorded under inventories:

	30.09.2015	30.09.2014
	EUR	EUR
Work in progress	8,917.11	0.00
Finished goods and merchandise, gross	1,526,194.30	1,083,230.28
Impairments	-4,000.00	-4,000.00
Prepayments	1,386.00	0.00
Inventories	**1,532,497.41**	**1,079,230.28**

These mainly comprise hardware and software. Of the inventories, a total of EUR 164,408.07 (previous year EUR 247,265.48) was pledged as collateral for loan liabilities to banks.

8. Trade receivables

At the balance sheet date, trade receivables were as follows:

	30.09.2015	30.09.2014
	EUR	EUR
Trade receivables gross	16,908,536.67	13,009,175.10
Valuation allowance	-241,463.75	-207,967.50
Trade receivables	**16,667,072.92**	**12,801,207.60**

Over the course of the fiscal year, valuation allowances developed as follows:

	2014/2015	2014/2015	2014/2015
	Specific valuation allowance	General valuation allowance	Total
	EUR	EUR	EUR
Opening balance	**91,467.50**	**116,500.00**	**207,967.50**
Additions through changes in			
the scope of consolidation	0.00	9,500.00	9,500.00
Consumption	6,600.00	9,200.00	15,800.00
Additions	15,096.25	24,700.00	39,796.25
Closing balance	**99,963.75**	**141,500.00**	**241,463.75**

With the exception retention of title, which is customary in the industry and agreed in commercial transactions to some extent, trade receivables are not collateralised. Hence, the DATAGROUP Group is exposed to the risk that bad debts may arise to the amount of the book values. This has been taken into account by recognising reasonable – also flat rates – specific valuation allowances. On September 30, 2015, the DATAGROUP Group held receivables in the amount of EUR 317,623.19, which are overdue but not impaired. Of these receivables, EUR 120,609.92 were more than 30 days overdue, EUR 75,496.19 more than 60 days and EUR 51,696.19 more than 90 days.

9. Construction contracts

Under consideration of prepayments received on the assets and liabilities side of the balance sheet, construction contracts look as follows:

	30.09.2015	30.09.2014
	EUR	EUR
Construction contracts, gross	4,184,819.85	2,479,057.69
Prepayments received	1,240,934.37	1,743,873.64
Construction contracts, net	**2,943,885.48**	**735,184.05**
Excess of assets	**2,994,874.95**	901,842.80
Excess of liabilities	**50,989.47**	166,658.75
Construction contracts, net	**2,943,885.48**	**735,184.05**

The construction contracts include order costs of EUR 2,854,384.80 (previous year EUR 2,099,252.54). Recognised gains amount to EUR 1,330,435.05 (previous year EUR 379,805.15).

Order revenues totalled EUR 11,009,680.41 (previous year EUR 7,447,872.87) in the fiscal year.

10. Other current assets

Other assets shown under current assets are composed as follows:

	30.09.2015	30.09.2014
	EUR	EUR
Receivables from		
affiliated companies	10,826.29	24,123.53
Receivables from companies		
in which participating		
interests are held	352,398.35	287,200.00
Receivables from tax		
authorities	123,174.16	1,454,745.43
Receivables from factoring	2,658,105.07	2,202,182.76
Others	3,204,000.94	2,350,604.30
Other current		
assets	**6,348,504.81**	**6,318,856.02**

11. Cash and cash equivalents

Cash and cash equivalents only include bank deposits and cash:

	30.09.2015	30.09.2014
	EUR	EUR
Bank deposits	2,250,442.61	9,434,862.11
Cash on hand	14,347.10	12,932.24
Cash and cash equivalents	**2,264,789.71**	**9,447,794.35**

12. Equity

The equity development is shown in the overviews of the consolidated statement of changes in equity.

Subscribed capital

The company’s share capital amounts to EUR 7,590,000.00 and is distributed in 7,590,000 no-par value bearer shares. The pro rata amount of the share capital is EUR 1.00 per no-par share.

<u>Authorised capital</u>

The management board is authorised by a resolution of the Annual General Meeting of March 20, 2013, with the consent of the supervisory board, to increase the company’s share capital once or several times up to a nominal amount of EUR 3,036,000.00 until March 19, 2018 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and/or in kind (authorised capital I 2013).

The management board is authorised by a resolution of the Annual General Meeting of March 20, 2013, with the consent of the supervisory board, to increase the company's share capital once or several times up to a nominal amount of EUR 759,000.00 until March 19, 2018 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and/or in kind (authorised capital II 2013).

Contingent capital

The management board is authorised by a resolution of the Annual General Meeting of March 12, 2015, with the consent of the supervisory board, to issue, once or several times, options or convertible bonds in the name of the bearer, profit participation rights or profit participating bonds, or a combination of these instruments (collectively 'bonds') up to a total nominal value of EUR 30,000,000.00 until March 11, 2020 with or without maturity date and to grant or impose on holders or creditors of the equally privileged bonds option rights or obligations or conversion rights or obligations relating to new no-par value bearer shares of DATAGROUP AG with a pro rata amount of the share capital up to a total of EUR 3,795,000.00, according to the conditions attached to these bonds. The bonds may feature a fixed or variable interest rate. Furthermore, the interest rate may be fully or partially subject to the dividend amount of DATAGROUP AG, as is also the case for a participating bond. The management board has made no use of this authorisation to date.

Retained earnings

At the Annual General Meeting on March 12, 2015, it was resolved to distribute a dividend of EUR 0.20 per no-par share entitled to dividend for FY 2013/2014. The amount paid for 7,572,459 no-par shares totalled EUR 1,514,491.80.

For FY 2014/2015, the management board proposes to distribute a dividend of EUR 0.25 per no-par share entitled to dividend.

Accumulated other comprehensive income

Beyond the consolidated net income of EUR 4,923,031.88 (previous year EUR 1,091,153.87) generated in the fiscal year, other comprehensive income of EUR -622,307.23 (previous year EUR -823,573.70) was achieved. Other comprehensive income relates to actuarial gains from the valuation of pension provision of EUR -883,609.00, which are reduced by deferred taxes on this item in the amount of EUR -261,301.77.

There were no other effects related to the accumulated other comprehensive income in FY 2014/2015.

In summary, the development of the accumulated other comprehensive income in FY 2014/2015 compared to FY 2013/2014 is as follows:

	2014/2015	2013/2014
	EUR	EUR
As at 01.10.	**-3,348,507.00**	**-2,524,933.30**
Other result	-622,307.23	-823,573.70
As at 30.09.	**-3,970,814.23**	**-3,348,507.00**

Repayment of capital / Treasury shares

The company was authorised by the Annual General Meeting on May 9, 2012 to acquire treasury shares which in aggregate account for the lower of 10% of the share capital existing at the time of the adoption of the resolution, or up to 10% of the share capital registered at the time the shares are acquired. In so doing, the shares acquired as a result of this authorisation together with other shares in the company that it has already acquired and still holds, or which are to be assigned to the company pursuant to §§ 71d and 71e of the German Stock Corporation Act may not at any time total more than 10% of the existing share capital.

Treasury shares are mainly acquired to grant them by way of consideration within the context of the acquisition of companies, parts of companies, share or other interests in companies.

In the fiscal year, the company's shares held in treasury remained unchanged at 17,541 share or nominally EUR 17,541.00. This corresponds to 0.23% of the share capital.

13. Non-current and current financial liabilities

The tables below show the composition and maturity of the financial liabilities on September 30, 2015 and on September 30, 2014:

	30.09.2015 Remaining term up to 1 year EUR	30.09.2015 Remaining term 1 to 5 years EUR	30.09.2015 Remaining term over 5 years EUR	30.09.2015 Total EUR
Liabilities to financial institutions	9,442,724.85	18,015,367.83	229,163.00	27,687,255.68
Liabilities from finance lease	4,020,197.32	5,564,983.14	0.00	9,585,180.46
Liabilities for the earn-out from the acquisition of subsidiaries	1,120,939.52	824,225.00	0.00	1,945,164.52
Financial liabilities	**14,583,861.69**	**24,404,575.97**	**229,163.00**	**39,217,600.66**

	30.09.2014 Remaining term up to 1 year EUR	30.09.2014 Remaining term 1 to 5 years EUR	30.09.2014 Remaining term over 5 years EUR	30.09.2014 Total EUR
Liabilities to financial institutions	4,132,600.00	17,212,251.02	9,692,292.73	31,037,143.75
Liabilities from finance lease	3,256,355.87	3,044,890.68	0.00	6,301,246.55
Liabilities for the earn-out from the acquisition of subsidiaries	94,500.00	0.00	0.00	94,500.00
Financial liabilities	**7,483,455.87**	**20,257,141.70**	**9,692,292.73**	**37,432,890.30**

The earn-out obligations incurred with the acquisition of the Excelsis Group had a value of EUR 1,945,164.52 on September 30, 2015. Based on the actual and plan data for 2015 and 2016, which fortunately have improved and now are available at the balance sheet date, the provisions set aside for earn-out obligations not yet made as at September 30, 2015 were increased by a total of EUR 115,737.00 with a reduction in profits. They are shown in the financial result.

As the earn-out obligations recognised as liabilities have a short-term nature, they were valued at nominal amount.

FY 2014/2015 financing expenses were also burdened by EUR 60,000.00 due to the revaluation of earn-out obligations resulting from the acquisition of the PC-Feuerwehr Group. As at September 30, 2015 the earn-out obligations were fully settled.

14. Non-current and current provisions

Provisions are composed as follows:

	30.09.2015	30.09.2015	30.09.2015	30.09.2014
	Short-term	Long-term	Total	Total
	EUR	EUR	EUR	EUR
Provisions for				
pensions	0.00	12,822,342.00	12,822,342.00	11,944,807.58
Other provisions				
from unfavourable contractual				
relationships	85,940.00	328,500.00	414,440.00	490,740.00
for restructuring	434,985.39	0.00	434,985.39	137,264.85
for other personnel costs	296,442.33	294,936.72	591,379.05	693,181.16
for warranties	94,371.05	0.00	94,371.05	103,668.64
for other obligations	1,551,273.08	151,756.12	1,703,029.20	2,077,131.03
Provisions	**2,463,011.85**	**13,597,534.84**	**16,060,546.69**	**15,446,793.26**

Provisions for unfavourable contracts relate to an excessive lease agreement.

Provisions for other personnel expenses include a provision of EUR 405,200.00 related to government grants for setting up a location in Mecklenburg-Vorpommern. Grants received in this fiscal year and a year earlier were fully recognised on the liabilities side, as the conditions under which the allowance is granted were not fully met.

Provisions developed as follows in the fiscal year:

	01.10.2014 As at	2014/2015 Changes in the scope of consolidation	2014/2015 Consumption	2014/2015 Reversal	2014/2015 Allocation of interest	2014/2015 Allocation	30.09.2015 As at
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Provisions for							
pensions	11,944,807.58	0.00	387,342.98	0.00	352,364.00	912,513.40	12,822,342.00
Other provisions							
from unfavourable contractual							
relationships	490,740.00	0.00	84,260.00	0.00	7,960.00	0.00	414,440.00
for restructuring	137,264.85	0.00	68,324.92	0.00	0.00	366,045.46	434,985.39
for other personnel costs	693,181.16	0.00	232,061.60	150,198.11	0.00	280,457.60	591,379.05
for warranties	103,668.64	0.00	47,868.64	3,000.00	0.00	41,571.05	94,371.05
for other obligations	2,077,131.03	287,128.26	1,177,443.92	346,370.46	0.00	862,584.29	1,703,029.20
Provisions	**15,446,793.26**	**287,128.26**	**1,997,302.06**	**499,568.57**	**360,324.00**	**2,463,171.80**	**16,060,546.69**

Pension provisions

Provisions for pensions are set up to cover defined benefit commitments made to individual – partially former – employees of DATAGROUP Business Solutions GmbH and DATAGROUP Stuttgart GmbH. The pension obligations of DATAGROUP Business Solutions GmbH are covered by reinsurance policies.

The DATAGROUP companies have both defined contribution and defined benefit pension obligations.

Defined contribution obligations only exist in connection with the statutory pension obligation. In FY 2014/2015, employer contributions to statutory pension insurance amounted to some EUR 5,100,000.00 (previous year c. EUR 4,900,000.00) in the DATAGROUP Group.

Defined benefit obligations are based on individual pension commitments, which to some extent were acquired following the transfer of business pursuant to § 613a German Civil Code (Bürgerliches Gesetzbuch, BGB). These are all closed pension schemes; there are no plans for other active employees to acquire entitlements. There are obligations for employees, pensioners and also for individual former employees with vested pension entitlement.

Based on the existing pension scheme, old-age pensions, invalidity pensions as well as widow's and orphan's pensions are granted. The amount of the pension obligation generally depends on the years of service and the salary of the eligible person. A one-off payment in the event of death is granted for part of the pension commitments provided that death occurs before the person reaches retirement age. In the event of survival, i.e. retirement age is reached, the pensioner can choose between a regular monthly payment or a one-off disbursement.

To cover the pension commitments, the company has taken out reinsurance policies to some extent. The entitlements arising from the reinsurance policies are offset against the pension provisions if they are pledged to the pension beneficiaries.

The provision is calculated with the projected unit credit method on the basis of the Heubeck actuarial charts 2005 G using the following parameters:

	2014/2015	2014/2015	2013/2014	2013/2014
	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH
	%	%	%	%
Acutarial interest	2.40	2.40	3.00	3.00
Pension trend	1.75	1.75	1.75	1.75
Remuneration trend	2.00	0.00	2.00	0.00

The pension obligations of DATAGROUP Stuttgart GmbH do not depend on salary.

The projected benefit obligation of the defined benefit obligation and the fair value of the plan assets arising from the reinsurance policies can be extrapolated as follows:

	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010
	EUR	EUR	EUR	EUR	EUR	EUR
Projected benefit obligation of the defined benefit obligation	14,573,986.00	13,702,557.00	12,439,902.00	12,422,098.00	260,700.00	291,300.00
Fair value of the plan assets	1,751,644.00	1,757,749.42	1,764,979.42	1,773,157.42	0.00	0.00
Provisions for pensions	**12,822,342.00**	**11,944,807.58**	**10,674,922.58**	**10,648,940.58**	**260,700.00**	**291,300.00**

Over the course of the fiscal year, the projected benefit obligation for the pension obligations has developed as follows:

	2014/2015	2014/2015	2014/2015	2013/2014	2013/2014	2013/2014
	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Projected benefit obligation on 01.10.	**13,369,780.00**	**332,777.00**	**13,702,557.00**	**12,119,402.00**	**320,500.00**	**12,439,902.00**
Current service cost	40,723.00	2,147.40	42,870.40	35,808.00	1,966.00	37,774.00
Pension payments	466,855.00	12,827.40	479,682.40	459,834.00	12,827.40	472,661.40
Interest expenses	394,091.00	9,791.00	403,882.00	451,800.00	10,993.00	462,793.00
Expected projected benefit obligation on 30.09.	**13,337,739.00**	**331,888.00**	**13,669,627.00**	**12,147,176.00**	**320,631.60**	**12,467,807.60**
Actuarial						
gains and losses						
from changes inf financial						
mathematical assumptions	1,048,350.00	31,551.00	1,079,901.00	1,285,749.00	14,925.40	1,300,674.40
from changes based on						
experience	-174,398.00	-1,144.00	-175,542.00	-63,145.00	-2,780.00	-65,925.00
Total	**873,952.00**	**30,407.00**	**904,359.00**	**1,222,604.00**	**12,145.40**	**1,234,749.40**
Projected benefit obligation on 30.09.	**14,211,691.00**	**362,295.00**	**14,573,986.00**	**13,369,780.00**	**332,777.00**	**13,702,557.00**

The projected benefit obligations are distributed among the pension beneficiaries as follows:

	2014/2015	2014/2015	2014/2015	2013/2014	2013/2014	2013/2014
	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Active employees	791,239.00	71,132.00	862,371.00	1,193,689.00	57,866.00	1,251,555.00
Former employees						
with vested pension entitlement	2,785,063.00	74,507.00	2,859,570.00	4,496,049.00	64,030.00	4,560,079.00
Pensioners	10,635,389.00	171,541.00	10,806,930.00	7,680,042.00	168,296.00	7,848,338.00
Widows and orphans	0.00	45,115.00	45,115.00	0.00	42,585.00	42,585.00
Projected benefit obligations on 30.09.	**14,211,691.00**	**362,295.00**	**14,573,986.00**	**13,369,780.00**	**332,777.00**	**13,702,557.00**

Over the course of the fiscal year, the fair value of the plan assets has developed as follows:

	2014/2015	2014/2015	2014/2015	2013/2014
	DATAGROUP Business Solutions GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Business Solutions GmbH = Total
	EUR	EUR	EUR	EUR
Fair value of plan assets on 01.10.	**1.757.749,42**	**0,00**	**1.757.749,42**	**1.764.979,42**
Additions to plan assets	13.966,00	0,00	13.966,00	13.301,00
Payments from plan assets	92.339,42	0,00	92.339,42	92.339,00
Expected income or expenses from plan assets	51.518,00	0,00	51.518,00	65.525,00
Expected fair value of plan assets on 30.09.	**1.730.894,00**	**0,00**	**1.730.894,00**	**1.751.466,42**
Actuarial gains and losses	20.750,00	0,00	20.750,00	6.283,00
Fair value of plan assets on 30.09.	**1.751.644,00**	**0,00**	**1.751.644,00**	**1.757.749,42**

The plan assets only refer to claims resulting from insurance policies.

Pension expenses are reflected as follows in the income statement:

	2014/2015	2013/2014
	EUR	EUR
Current service = Personnel expenses	42,870.40	37,774.00
Interest income	51,518.00	65,525.00
Interest expenses	403,882.00	462,793.00

To illustrate the range of possible fluctuations in the provision resulting from a change in the calculation of the underlying parameters a sensitivity analysis was conducted with different scenarios. To this end, the most important parameters for the calculation of the provision have change in two directions each. Only one parameter was adjusted in every single scenario, the other remained unchanged. The adjust-ment of the most important parameters led to the following results:

	2014/2015	2013/2014
	Increase or decrease of projected benefit obligation	Increase or decrease of projected benefit obligation
	%	%
Interest -0.5%	6.92	6.88
Interest +0.5%	-6.24	-6.21
Pension trend -0.5%	-5.69	-5.53
Pension trend +0.5%	6.21	6.03
Life expectancy -1 year	-3.09	-2.86
Life expectancy +1 year	3.06	2.82

The following cash inflows and outflows for pension obligations can be expected in the next fiscal year (- = inflows):

	2015/2016
	EUR
Pension payments	508,870.40
Annuity payments	
from plan assets	-92,339.00
Employer's contribution	
for plan assets	14,365.00
Total	**430,896.40**

The average remaining time to maturity of the obligations is c. 14 years.

15. Trade payables

The full amount of trade payables is classified as current. If the liabilities relate to deliveries, they are subject to the customary retention of title to some extent.

16. Other liabilities

Other liabilities are composed as follows:

	30.09.2015	30.09.2015	30.09.2015	30.09.2014
	Short-term	Long-term	Total	Total
	EUR	EUR	EUR	EUR
Liabilities to				
affiliated companies	331,789.48	0.00	331,789.48	69,457.53
Liabilities to companies				
in which participating				
interests are held	2,125,197.78	0.00	2,125,197.78	1,724,152.27
Repayments received	255,399.79	0.00	255,399.79	289,446.48
Liabilities to				
tax authorities	1,994,638.53	0.00	1,994,638.53	2,026,765.20
Liabilities to				
personnel	6,931,589.54	0.00	6,931,589.54	6,527,811.54
Liabilities related to				
outstanding invoices	2,038,905.26	0.00	2,038,905.26	1,695,979.95
Loans	0.00	0.00	0.00	195,000.00
Other liabilities	1,695,721.58	0.00	1,695,721.58	1,499,256.30
Other				
liabilities	**15,373,241.96**	**0.00**	**15,373,241.96**	**14,027,869.27**

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IV. Supplementary disclosures on financial instruments

Classification of financial instruments

The financial instruments of the DATAGROUP Group can be classified as follows:

Category	30.09.2015 I Assets at fair value through profit or loss EUR	30.09.2015 II Loans and receivables EUR	30.09.2015 III Liabilities EUR	30.09.2015 Total EUR
ASSETS				
Receivables from				
finance lease contracts	0,00	6.583.705,34		6.583.705,34
Trade receivables	0,00	16.667.072,92		16.667.072,92
Cash and cash equivalents	0,00	2.264.789,71		2.264.789,71
Other assets	215.262,50	7.170.659,33		7.385.921,83
Financial receivables	**215.262,50**	**32.686.227,30**		**32.901.489,80**
LIABILITIES				
Liabilities from				
finance lease contracts	0,00		9.585.180,46	9.585.180,46
Trade payables	0,00		4.748.518,08	4.748.518,08
Liabilities to				
financial institutions	0,00		27.687.255,68	27.687.255,68
Other liabilities	0,00		4.824.192,65	4.824.192,65
Financial liabilities	**0,00**		**46.845.146,87**	**46.845.146,87**

Category	30.09.2014 I Assets at fair value through profit or loss EUR	30.09.2014 II Loans and receivables EUR	30.09.2014 III Liabilities EUR	30.09.2014 Total EUR
ASSETS				
Receivables from				
finance lease contracts	0,00	5.392.978,98		5.392.978,98
Trade receivables	0,00	12.801.207,60		12.801.207,60
Cash and cash equivalents	0,00	9.447.794,35		9.447.794,35
Other assets	222.110,00	3.855.174,05		4.077.284,05
Financial receivables	**222.110,00**	**31.497.154,98**		**31.719.264,98**
LIABILITIES				
Liabilities from				
finance lease contracts	0,00		6.301.246,55	6.301.246,55
Trade payables	0,00		3.328.094,62	3.328.094,62
Liabilities to				
financial institutions	0,00		31.037.143,75	31.037.143,75
Other liabilities	0,00		2.336.158,66	2.336.158,66
Financial liabilities	**0,00**		**43.002.643,58**	**43.002.643,58**

Catagory I ‘Assets at fair value through profit or loss’ only includes no-par value bearer securities measured at fair value. As the securities are all stock-listed, the fair value corresponds to the share price at the respective balance sheet date (Level 1). The DATAGROUP Group does not make use of derivative financial instruments.

Financial instruments allocated to the two other categories are valued at amortised acquisition costs. This value approach is considered a sufficient approximate value to the fair value (Level 3); so there is no need for a fair value disclosure.

The price fluctuations observed in the period under review (category I) and the write-ups and write-downs as well as the establishment and reversal of valuation allowances (categories II and III) are fully recognised in the income statement. The net result from financial instruments is composed as follows:

	2014/2015 Assets at fair value through profit or loss	2014/2015 Loans and receivables	2014/2015 Liabilities	2014/2015 Total
	EUR	EUR	EUR	EUR
Net result				
Interest result	9,812.50	292,556.50	-1,748,483.48	-1,446,114.48
Currency translation	0.00	2,178.18	0.00	2,178.18
Result from valuation				
through profit or loss				
at fair value	-6,847.50	0.00	0.00	-6,847.50
Value adjustment and				
Gain /loss on disposal	0.00	-30,110.87	-153,650.72	-183,761.59
Financial liabilities	**2,965.00**	**264,623.81**	**-1,902,134.20**	**-1,634,545.39**

	2013/2014 Assets at fair value through profit or loss	2013/2014 Loans and receivables	2013/2014 Liabilities	2013/2014 Total
	EUR	EUR	EUR	EUR
Net result				
Interest result	9,455.00	322,527.74	-1,899,298.85	-1,567,316.11
Currency translation	0.00	-823.62	0.00	-823.62
Result from valuation				
through profit or loss				
at fair value	939.44	0.00	0.00	939.44
Value adjustment and				
Gain /loss on disposal	0.00	-19,926.50	-519,809.81	-539,736.31
Financial liabilities	**10,394.44**	**301,777.62**	**-2,419,108.66**	**-2,106,936.60**

The decline in interest expenses is attributable to the reduction of financial liabilities. The valuation allowances on financial liabilities include ‘expenses’ for the revaluation of earn-out liabilities in the amount of EUR 175,737.00 (previous year EUR 524,700.00).

Risk management

The DATAGROUP Group mainly has to face – related to the financial instruments – default, liquidity and interest rate risks. The currency risk is virtually insignificant, as all the companies of the Group are located in Germany and purchase and/or deliver goods and services from or to non-euro countries only to a negligible extent.

The central tool of the DATAGROUP Group to control financial opportunities and risks is a so-called rolling forecast system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows a very precise statement on revenues, which is always up to date. Current costs and investments are adjusted on the basis of these monthly data to be able to meet the planned corporate results. Furthermore, monthly consolidated accounts are prepared in a simplified form.

Liquidity planning, which is prepared on a monthly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon until September 30 of the current fiscal year, but at least on the following five weeks. Medium-term planning of financial resources exceeding this horizon are prepared as needs arise.

Regarding a more detailed description of the financial risks of the DATAGROUP Group we refer to the Group management report, section 5. Risks and opportunities.

Liquidity risks

A liquidity risk is the risk of not being able to fulfil payment obligations or raise the required funds. The key determinant to minimise the liquidity risks is the earnings power of the DATAGROUP Group, i.e. the ability to always generate sufficient operating cash flows. In this respect, we refer to the consolidated cash flow statement. The excess cash flows from the operations of the DATAGROUP companies is the basis to fulfil any future repayment and interest payment obligations, particularly those arising from existing loan and finance lease agreements. Interest payment and repayment obligations as at September 30, 2015 – also in a yoy comparison with September 30, 2014 – can be summarised as follows:

	Book value 30.09.2015 EUR	Cash flow 2015/2016 EUR	Cash flow 2016/2017 EUR	Cash flow 2017/2018 EUR	Cash flow 2018/2019 EUR	Cash flow 2019/2020et sqq. EUR
Total (interest and redemption payments)						
Liabilities from finance lease contracts	9,585,180.46	4,231,436.74	2,757,160.33	2,043,364.62	632,172.75	326,152.53
Trade payables	4,748,518.08	4,748,518.08	0.00	0.00	0.00	0.00
Liabilities to financial institutions	27,687,255.68	10,237,812.37	886,853.13	8,873,604.11	1,269,596.05	8,960,816.64
Other liabilities	4,824,192.65	3,999,967.65	824,225.00	0.00	0.00	0.00
	46,845,146.87	**23,217,734.84**	**4,468,238.46**	**10,916,968.73**	**1,901,768.80**	**9,286,969.17**
thereof interest payments						
Liabilities from finance lease contracts		211,239.42	115,250.53	55,163.40	19,355.84	4,097.32
Liabilities to financial institutions		795,378.82	636,853.13	623,603.11	352,928.05	314,985.64
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,006,618.24	**752,103.66**	**678,766.52**	**372,283.90**	**319,082.96**

	Book value 30/09/2014 EUR	Cash flow 2014/2015 EUR	Cash flow 2015/2016 EUR	Cash flow 2016/2017 EUR	Cash flow 2017/2018 EUR	Cash flow 2018/2019et seqq. EUR
Total (interest and redemption payments)						
Liabilities from finance lease contracts	6,301,246.55	3,445,844.43	2,252,301.41	766,284.25	97,328.89	6,493.65
Trade payables	3,328,094.62	3,328,094.62	0.00	0.00	0.00	0.00
Liabilities to financial institutions	31,037,143.75	5,033,438.48	9,594,813.13	886,853.13	8,873,603.11	10,230,413.69
Other liabilities	2,336,158.66	2,297,896.16	45,073.37	0.00	0.00	0.00
	43,002,643.58	**14,105,273.69**	**11,892,187.91**	**1,653,137.38**	**8,970,932.00**	**10,236,907.34**
thereof interest payments						
Liabilities from finance lease contracts		189,488.56	62,559.06	13,512.75	1,391.41	54.31
Liabilities to financial institutions		808,794.73	844,813.13	636,853.13	623,603.11	667,913.69
Other liabilities		5,737.50	1,073.37	0.00	0.00	0.00
		1,004,020.79	**908,445.56**	**650,365.87**	**624,994.52**	**667,968.00**

That the Group's liquidity risk is manageable is reflected in a current-account credit facility that has only been used to a small extent at the balance sheet date.

Interest rate risks

The DATAGROUP Group has to face the risk that higher cost of capital has to be raised for the required loans when the interest rate level increases. The Group's financing requirements result from both current business and acquisition activities.

To minimise the risk, liquidity requirements expected in the medium-term – not only related to the expansion of the Group – are financed by placing promissory note bonds and concluding medium-term loan agreements, generally at fixed interest rates. The current promissory note bonds with a total volume of EUR 23,500,000.00 have terms of between three and seven years and generally have fixed rates. Given manageable costs for interest hedge, the interest rate risk is sufficiently limited. An increase in the interest level by 100 basis points would have improved or deteriorated the pre-tax profit of the DATAGROUP Group by EUR 130,000.00 (previous year EUR 80,000.00). There is no impact on equity.

Default risks

DATAGROUP faces the risk of not being able to satisfy justified claims, particularly in the operating business. There is a risk that individual customers may become insolvent. This risk is minimised by a broad spectrum of customers and regular credit checks, particularly when business is taken up.

Impairments on trade receivables developed as follows in the fiscal year:

	2014/2015	2014/2015	2014/2015	2014/2015
	Specific valuation allowance	General valuation allowance	Total	Trade receivables gross
	EUR	EUR	EUR	EUR
Opening balance	**91,467.50**	**116,500.00**	**207,967.50**	**13,009,175.10**
Additions through changes in the scope of consolidation	0.00	9,500.00	9,500.00	
Consumption	6,600.00	9,200.00	15,800.00	
Additions	15,096.25	24,700.00	39,796.25	
Closing balance	**99,963.75**	**141,500.00**	**241,463.75**	**16,908,536.67**

Under consideration of impairment changes, the net loss of trade receivables in the DATAGROUP Group amounted to EUR 30,110.87 in the fiscal year (previous year EUR 19,279.30). This corresponds to 0.02% of revenues after 0.01% a year earlier.

On September 30, 2015, the DATAGROUP Group held receivables in the amount of EUR 317,623.19, which are overdue but not impaired. Of these receivables, EUR 120,609.92 were more than 30 days overdue, EUR 75,496.19 more than 60 days and EUR 51,696.19 more than 90 days.

V. Capital management

As part of the capital management process, the DATAGROUP Group primarily aims at optimising the existing capital structure and having sufficient liquidity to ensure the necessary scope for organic growth and for further company acquisitions. In connection with taking up promissory loan bonds, the DATA-GROUP Group must also ensure a contractually fixed minimum ratio for the following balance sheet figures (so-called covenants):

- Economic equity ratio: economic equity (= sum of equity and subordinated loans) to balance sheet total in percent
- Total net debt to EBITDA

On September 30, 2015 the DATAGROUP Group had an economic equity ratio of 25.2% after 24.5% on September 30, 2014. For FY 2014/2015, the company reached a net debt / EBITDA ratio of 1.84 after 1.98 in the previous year. As such, covenants have improved over the previous year and are well below the required specifications.

The management board is regularly informed about the development of these ratios in particular. The DATAGROUP Group is not subject to any other external minimum capital requirements.

VI. Notes to the cash flow statement

The cash flow statement shows the change of cash and cash equivalents (financial resource fund) during the period under review. The financial resource fund comprises cash, sight deposits and short-term, highly liquid financial investments that can be converted to cash immediately and have to face only minor price fluctuation risks. A financial investment is only allocated to the financial resource fund, when the residual term is no longer than three months. Bank overdrafts which are repayable on demand and form an integral part of the company's cash management are also allocated to the financial resource fund. Cash flows are determined in accordance with the indirect method.

Cash flow from operating activities

In FY 2014/2015, cash flow increased by EUR 4,028,960.35 over the previous year to EUR 11,980,958.18. This is mainly attributable to improved earnings – to some extent also due to the restructuring measures in the previous year.

Cash flow from operating activities increased by EUR 144,923.11 yoy to EUR 9,431,352.97 (previous year EUR 9,286,429.86).
Tax payments in the period under review of EUR 1,760,744.38 (previous year EUR 2,621,989.57) are offset by cash inflow from tax refund claims of EUR 238,474.08 (previous year EUR 661,027.42). The reduced tax payments result from the previous year's tax on capital gains from intercompany dividend payments.

Cash flow from investing activities

Cash outflows from investing activities totalled EUR 9,294,648.11 (previous year EUR 4,300,506.95) in the period under review. Acquisitions made in the context of the expansion strategy resulted in payments for investments in fully consolidated companies in the amount of EUR 4,523,497.11 (previous year EUR 2,174,000.00). Investments in property, plant and equipment and intangible assets in the amount of EUR 3,673,113.60 (previous year EUR 2,239,180.36) were caused, amongst others, by the expansion of the CORBOX infrastructure and were also related to replacement investments, which are within a range that is normal for DATAGROUP.

Cash flow from financing activities

Net cash outflows from financing activities stood at EUR 7,512,143.05 (previous year EUR 6,936,785.71) in the period under review. Existing bank loans of EUR 4,132,600.00 (previous year EUR 3,240,400.00) were repaid according to schedule in the fiscal year. As in the previous year, the dividend payment amounted to EUR 1,514,491.80 in the period under review. Finance lease agreements led to net cash outflows of EUR 693,993.26 in FY 2014/2015 (previous year EUR 569,819.92).

VII. Segment information

The operating subsidiaries in the DATAGROUP Group are divided into two segments “Services” and “Solutions and Consulting”. These segments are based on the service portfolio on which the respective companies are focused:

The ‘**Services**’ segment comprises all subsidiaries primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), services of our certified DATAGROUP data centres as well as service desk services.

The ‘**Solutions und Consulting**’ segment comprises the group companies, where the range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

The registered offices and branches of the DATAGROUP companies are exclusively based in Germany. For this reason, a regional reporting is only helpful to a limited extent.

Segment reporting was prepared in accordance with IFRS 8 ‘Operating Segments’ and is based on the so-called ‘management approach’, i.e. it is oriented toward the internal reporting in the DATAGROUP Group. Internal reporting, which is updated on a monthly basis, is subject to the same accounting and measurement principles as external reporting in the consolidated financial statements. Financial result, taxes and depreciation resulting from purchase price allocation are only shown at Group level and not allocated to individual segments. Transactions undertaken between the segments are calculated at market prices.

DATAGROUP
IT Services + Solutions

Segment reporting

	Services 2014/2015	Solutions & Consulting 2014/2015	Others & Consolidation 2014/2015	Summe 2014/2015	Services 2013/2014	Solutions & Consulting 2013/2014	Others & Consolidation 2013/2014	Total 2013/2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Revenues with external customers	89,732,902.06	68,484,300.87	-643,175.29	157,574,027.64	91,277,742.21	60,915,433.77	186,623.22	152,379,799.20
Revenues with other segment	2,433,340.36	3,434,491.32	-5,867,831.68	0.00	1,959,696.27	2,099,415.51	-4,059,111.78	0.00
Revenue of the segment	**92,166,242.42**	**71,918,792.19**	**-6,511,006.97**	**157,574,027.64**	**93,237,438.48**	**63,014,849.28**	**-3,872,488.56**	**152,379,799.20**
Material expenses / expenses for purchased services	39,901,231.70	18,071,297.47	-4,797,497.86	53,175,031.31	40,058,607.83	18,170,315.43	-3,239,222.35	54,989,700.91
Personnel expenses	35,574,489.28	37,943,540.35	3,568,635.53	77,086,665.16	37,035,764.74	31,379,621.80	3,091,188.66	71,506,575.20
Regular depreciation and amortisation	627,033.76	2,111,659.15	2,996,553.51	5,735,246.42	652,185.05	1,538,687.58	3,281,821.50	5,472,694.13
Operating income	**9,720,095.05**	**6,577,231.86**	**-6,693,303.95**	**9,604,022.96**	**6,927,492.17**	**3,980,678.62**	**-6,094,082.59**	**4,814,088.20**
Interest income				452,921.91				395,590.39
Interest expenses				2,371,211.72				2,402,364.99
Earnings before taxes				**7,779,628.98**				**2,357,643.28**
Taxes on income and profit				2,856,597.11				1,266,489.41
Net income for the period				**4,923,031.88**				**1,091,153.87**
Headcount on reporting date	**707**	**600**	**23**	**1,330**	**701**	**444**	**18**	**1,163**
Investments	**5,575,035.15**	**5,077,776.06**	**1,571,450.50**	**12,224,261.71**	**2,264,846.30**	**1,442,363.06**	**424,880.22**	**4,132,089.58**
Investments from changes in the scope of consolidation	**0.00**	**7,502,099.44**	**0.00**	**7,502,099.44**	**0.00**	**0.00**	**0.00**	**0.00**
Assets total segment	**38,294,489.89**	**37,942,704.55**	**91,093,507.32**	**167,330,701.75**	**31,917,997.82**	**28,535,331.04**	**84,417,838.41**	**144,871,167.27**
intersegment consolidation	-8,219,103.53	-9,555,170.82	-46,210,018.19	-63,984,292.54	-4,471,454.11	-5,864,364.75	-39,436,872.95	-49,772,691.81
Assets	**30,075,386.36**	**28,387,533.73**	**44,883,489.13**	**103,346,409.22**	**27,446,543.71**	**22,670,966.29**	**44,980,965.46**	**95,098,475.46**
Liabilities total segment	**14,713,492.33**	**29,802,487.88**	**59,733,559.21**	**104,249,539.42**	**13,153,590.21**	**25,586,746.66**	**50,320,385.40**	**89,060,722.27**
intersegment consolidation	5,207,700.32	7,822,320.03	-37,983,704.62	-24,953,684.27	-738,843.48	4,139,738.12	-18,627,462.67	-15,226,568.03
Liabilities	**19,921,192.65**	**37,624,807.91**	**21,749,854.59**	**79,295,855.15**	**12,414,746.73**	**29,726,484.78**	**31,692,922.73**	**73,834,154.24**

Segment reporting by geographies

	Germany 2014/2015	EU countries 2014/2015	Third country 2014/2015	Total 2014/2015	Germany 2013/2014	EU country 2013/2014	Third country 2013/2014	Total 2013/2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Revenues with external customers	**156,013,341.39**	**280,005.71**	**1,280,680.54**	**157,574,027.64**	**151,082,059.31**	**631,174.65**	**666,565.24**	**152,379,799.20**

The services segment generated revenues of EUR 92,166,242.42 in the fiscal year. These are EUR 1,071,196.06 or 1.1% less than in FY 2013/2014. EBITDA was EUR 10,347,128.81 (previous year EUR 7,579,677.22, before restructuring expenses EUR 8,979,677.22). The EBITDA margin stood at 11.2% after 8.1% or – before restructuring expenses – 9.6% in the previous year.

Revenues in the Solutions and Consulting segment rose by 14.1% to EUR 71,918,792.19. The EBITDA margin of this segment was 12.1% after 8.8% in the previous year.

Revenues in the Others & Consolidation segment are related to services provided to other group companies, particularly by DATAGROUP AG, as well as countervailing consolidation entries.

VIII. Other information

1. Employees

In FY 2014/2015 the company employed, on average, 1,267 (previous year 2013/2014 1,186) people. On September 30, 2015 the number of employees totalled 1,330 (on September 30, 2014 1,163). When also accounting for management and apprentices, the headcount was 1,409 on September 30, 2015. DATAGROUP employed 53 apprentices on September 30, 2015.

2. Management board

The members of the company's management board are:

MR. Hans-Hermann Schaber
- Chief Executive Officer (CEO
- Chief Financial Officer (CFO) / Human Resources / Organization

MR. Dirk Peters
- Chief Operating Officer (COO)
- Service Management

3. Supervisory board

The members of the company's supervisory board are:

MR. Heinz Hilgert
- Managing Director TransVise GmbH, Frankfurt a.M.
- Chairman

MR. Karlheinz Eisemann
- Management Consultant, Stuttgart
- Deputy Chairman

Dr. Volkmar Weckesser
- Chairman of the management board of Gothaer Systems GmbH, Molfsee

4. Total remuneration of the members of the management board

The total remuneration of the members of the management board added up to EUR 1,855,165.25. This amount includes variable remuneration of EUR 1,241,021.00.

The total remuneration includes remuneration for the operational management of subsidiaries in the amount of EUR 386,091.80 (thereof EUR 250,021.00 variable).

5. Total remuneration of the members of the supervisory board

The total remuneration of the members of the supervisory board amounted to EUR 53,500.00 in the fiscal year.

6. Transactions with affiliated and associated companies and/or persons

The management board members and managing directors of the individual DATAGROUP companies, their close family members, HHS Beteiligungsgesellschaft mbH (HHS) and its subsidiaries were identified as affiliated and associated companies and/or persons.

Transactions with affiliated and associated companies and persons mainly relate to clearing transactions, current account and loan relationships as well as service contracts.

DATAGROUP AG charges HHS a group contribution of EUR 175,200.00 (previous year EUR 175,200.00) for services provided by DATAGROUP AG to HHS and its subsidiaries. Furthermore, DATAGROUP AG provided other services to HHS in the amount of EUR 262.58. In the fiscal year, DATAGROUP AG additionally received goods and services from HHS in the amount of EUR 255,296.16 (previous year EUR 191,710.71).

As in the previous year, DATAGROUP AG did not receive any goods or services from subsidiaries of HHS in this fiscal year. In the year under review, DATAGROUP AG provided services to several subsidiaries of HHS totalling EUR 656.44 (previous year EUR 5,562.95).

In the fiscal year, DATAGROUP AG granted HHS a loan in the total amount of EUR 3,000,000.00, which was valued at EUR 2,152,706.94 at the time of reporting. The loan has a maturity until December 31, 2015. In the fiscal year, interest income amounted to EUR 32,593.16.

All transactions above were settled at fair market conditions.

7. Contingent liabilities

Contingent liabilities pursuant to § 133 para. 1 UmwG (German Transformation Act) are as follows:

With the capital contribution agreement dated May 12, 2011, DATAGROUP GmbH, which now trades under the name HHS Beteiligungsgesellschaft mbH (HHS), has transferred assets and liabilities as partial businesses to DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH. In a second step, the two companies were integrated into the DATAGROUP AG on 14.09.2014 through a capital increase in kind. The two companies, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH are liable for the liabilities of HHS, to the extent that they existed on May 12, 2011, for five years thereafter.

8. Leasing relationships

Economic ownership of leased assets is allocated to the contract partner which bears the major risks and benefits associated with ownership. Leases are categorised into operating lease and finance lease. The DATAGROUP Group has signed both operating lease and finance lease contracts and acts as lessor and lessee.

In particular, the DATAGROUP companies signed rent and lease contracts for using or financing data centres, for hardware and software, as well as for buildings and cars. Various companies of the DATAGROUP Group offer their major customers also financing solutions for the procurement of their IT infrastructure as a total package along with services and maintenance services. Refinancing is undertaken by professional leasing providers, to some extent by the suppliers' leasing companies. Finance leases are leasing transactions with IT solutions, no matter whether DATAGROP acts as lessor or lessee. The other rent and lease contracts are recognised as operating leases in the annual accounts in accordance with IAS 17.

Book values = present values as well as minimum leasing payments can be depicted as shown below:

	30.09.2015 up to 1 year EUR	30.09.2015 1 to 5 years EUR	30.09.2015 over 5 years EUR	30.09.2015 Total EUR
Leasing obligations				
Finance lease				
Minimum leasing payments	4,231,436.74	5,758,850.23	0.00	9,990,286.97
Present value	4,020,197.32	5,564,983.14	0.00	9,585,180.46
Operating lease				
Minimum leasing payments	4,401,842.30	7,635,435.90	849,740.07	12,887,018.27
Leasing claims				
Finance lease				
Minimum leasing payments	3,236,522.30	3,563,204.85	0.00	6,799,727.15
Present value	3,109,087.33	3,474,618.02	0.00	6,583,705.35

	30.09.2014 up to 1 year EUR	30.09.2014 1 to 5 years EUR	30.09.2014 over 5 years EUR	30.09.2014 Total EUR
Leasing obligations				
Finance lease				
Minimum leasing payments	3,445,844.43	3,122,408.20	0.00	6,568,252.63
Present value	3,256,355.87	3,044,890.68	0.00	6,301,246.55
Operating lease				
Minimum leasing payments	4,378,734.92	7,553,807.02	1,147,759.32	13,080,301.26
Leasing claims				
Finance lease				
Minimum leasing payments	2,975,260.65	2,624,204.28	0.00	5,599,464.93
Present value	2,827,815.57	2,565,163.42	0.00	5,392,978.99

The contracts with customers (with DATAGROUP companies as lessor) do not have any non-guaranteed residual values.

The terms of the finance lease contracts – with DATAGROUP companies both as lessee and as lessor – are between 36 and 60 months. The calculated internal interest rates on which the leasing relationships are based are mainly between 2% and 4.5%.

Leasing agreements from operating leasing – due to the different underlying circumstances – are very diverse. Vehicle leasing contracts usually have a term of three years.

9. Transaction not included in the balance sheet

There are not transactions that are not included in the balance sheet.

10. Events after the balance sheet date

For details on events after the balance sheet date we refer to the information provided in the Group management report under section 6. Events after the reporting period.

11. Auditors' fees

BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (BANSBACH) was commissioned to perform the audit of the accounts. The annual financial statements include the following expenses for the services of BANSBACH:

	2014/2015	2013/2014
	EUR	EUR
Fees for audit services	171.911,18	177.419,31
Tax advisory services	71.148,32	40.203,41
Other services	64.110,01	100.573,48
Auditor's fees	**307.169,51**	**318.196,20**

Of these expenses, EUR 246,000 (previous year EUR 247,503.00) were deferred at the balance sheet date. Among others, the increase in tax advisory services is attributable to an audit by the German financial authorities in the fiscal year. The result from the settlement of the provision created in the previous year was EUR -1,180.85 (previous year EUR +19,707.05).

12. Inclusion in the consolidated financial statement of HHS Beteiligungsgesellschaft mbH

The company will be included in the consolidated financial statement of HHS Beteiligungsgesellschaft mbH, Pliezhausen, on September 30, 2015 (largest scope of consolidation). HHS Beteiligungsgesellschaft mbH is entered in the commercial register of Stuttgart under HRB 353224. The consolidated financial statement ending September 30, 2015 is to be published in the German Electronic Federal Gazette.

13. Notification from shareholders (pursuant to § 20 para. 4 AktG)

In a letter dated January 22, 2006, HHS Beteiligungsgesellschaft mbH (previously DATAGROUP GmbH), Pliezhausen, notified DATAGROUP AG (previously DATAGROUP IT Services Holding AG), Pliezhausen, as follows: 'DATAGROUP GmbH, Pliezhausen, informs you in accordance with § 20 para. 1, clause 3 in connection with § 16 para. 1 AktG (German Stock Corporation Act) that the company directly holds a majority share in DATAGROUP IT Services Holding AG.'

14. Exemption pursuant to § 264 para. 3 HGB (German Commercial Code)

The shareholder meetings of DATAGROUP Stuttgart GmbH, DATAGROUP Bremen GmbH, DATAGROUP Ludwigsburg GmbH, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH decided to make use of the exemption under § 264 para. 3 HGB and suspend the preparation and publication of the notes and the management report on September 30, 2015. The resolutions were disclosed in the German Electronic Federal Gazette in accordance with § 325 HGB.

15. Proposal for the appropriation of net income

The management board proposes to the Annual General Meeting to distribute a dividend of EUR 0.25 per no-par share entitled to dividend from the retained earnings of EUR 6,739,919.52. The remaining amount is to be carried forward.

16. Authorisation to disclose the consolidated financial statement of the previous year

The authorisation to disclose the consolidated financial statements of the previous year ending September 30, 2014 was granted by the management board on January 21, 2015. Disclosure was made in a timely manner on our website at the end of January 2015, in the electronic commercial register on August 5, 2015.

Pliezhausen, January 25, 2016
DATAGROUP AG

Management board

Hans-Hermann Schaber Dirk Peters

Authorisation to disclose the consolidated financial statement

On January 28, 2016, the management board decided to release the consolidated financial statement of DATAGROUP AG ending September 30, 2015 for publication.

DATAGROUP
IT Services + Solutions

Auditor’s Report

We have audited the consolidated financial statements prepared by DATAGROUP AG, Pliezhausen, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes including the segment report, as well as the group management report for the business year October 1, 2014 to September 30, 2015. Preparing of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a para 1 in conjunction with para 3 of the German Commercial Code (HGB) and supplementary provisions of the shareholder agreement / articles of incorporation is the responsibility of the parent company's management. 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 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)).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 applicable financial reporting framework 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 audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, 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 of DATAGROUP AG, Pliezhausen, for the business year from October 1, 2014 to September 30, 2015 comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a para 1 in conjunction with para 3 of the German Commercial Code (HGB) and supplementary provisions of the shareholder agreement / articles of incorporation 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 an suitably presents the opportunities and risks of future development.

Stuttgart, January 26, 2016

Original, sole authoritative German Version signed by

BANSBACH GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Tiemann
Wirtschaftsprüfer
(German Public Auditor)

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