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## OpenLimit Holding AG: Interim announcement within the 1<sup>st</sup> half-year 2011 according to article 37x WpHG

- Sales revenue in the first three months 2011 increased by 4% to EUR 0.76 million in comparison to the same period in the previous year, total income decreased slightly by 2% to EUR 1.29 million
- OpenLimit and KDRS / RZRS Baden-Württemberg combine their expertise and provide unique technology solutions
- RA-MICRO fully integrates long-term storage solution "SecDocs" provided by Fujitsu and OpenLimit
- msg systems and OpenLimit cooperate on solutions for long-term storage
- At CeBIT 2011, OpenLimit together with partners in the project "SkIDentity" received an award in the technology competition "Secure Cloud Computing for the "Mittelstand" and the public sector - Trusted Cloud" sponsored by the German Federal Ministry of Economic Affairs & Technology (BMWi)
- Since January 1<sup>st</sup>, 2011, OpenLimit reports its financials in Euro
- René C. Jäggi assumes new role as delegate of the Board of Directors of the Swiss-based OpenLimit companies to support the management team and assumes operational responsibilities

## General development

Baar, Switzerland, May 19<sup>th</sup>, 2011 - After a strong finish to the year 2010, OpenLimit reports a positive start into the first quarter of 2011. Despite some initial turbulences caused by a hacking attack on the new personal identification card project in Germany right after the launch date, the so-called "AusweisApp", the application software for the new ID card, has been available for download uninterrupted since 03.01.2011. Furthermore, it has since been upgraded with some additional features and now supports other Internet browsers / operating systems. Furthermore, OpenLimit was able to successfully acquire new customers in the first quarter of the fiscal year 2011. In particular, the city of Munster, Baumarktforschung GmbH, KDvZ, Bundesverwaltungsgericht, Gesellschaft für Gebäude-automation and Computacenter should be mentioned. To enhance its positioning in the IT security market OpenLimit has set up further promising partnerships so far this year. OpenLimit's partner network has been enlarged with companies including CORDYS, KDRS / RZRS and VPS ID systems and existing partnerships with RA-MICRO and msg-systems have been strengthened.

Based on the cooperation agreement with KDRS / RZRS OpenLimit's signature products, eID service and solutions for reliable long-term storage of documents will be available as a unified solution directly from KDRS and the data center. The group of companies Kommunale Datenverarbeitung (KDRS) and Rechenzentrum Region Stuttgart GmbH (RZRS) is a modern IT service provider focused on the public sector with a market share of nearly 100% in Stuttgart. The data center serves municipalities in Baden-Württemberg with a complete product portfolio of IT solutions for local government.

The cooperation agreement between RA-MICRO, Fujitsu and OpenLimit covers the integration of Fujitsu SecDocs into the leading software application for law firms and notaries in Germany similarly called "RA-MICRO". In the very near future, this software integration will enable more than 16,000 law firms / notaries and 60,000 work stations to subscribe to a tamper-proof long-term storage solution with secure backup for electronic documents which thus maintain their evidentiary value.

The msg systems AG is well known for projects in the SAP environment as well as in particular for electronic registries and mobile applications. The goal of this cooperation agreement is the development and commercialisation of sustainable registry systems for governments, authorities or other public bodies.

VPS ID systems develops and markets electronic access systems which will be enhanced with new the functionalities using OpenLimit components. Both companies have agreed to share technical synergies and provide further added value to their customers.

Like in previous years, OpenLimit will continue to be present at many industry events and trade fairs this year. In the first quarter the CeBIT 2011 in Hannover with all its buzz was clearly at the forefront of the exhibition and communications activities. The OpenLimit team was represented at both the booth of our partner Siemens IT Solutions themd on the topic

of the "new identity card" and the "eID server" as well as the booth of our partner Fujitsu where experts from both companies promoted our jointly-developed solution for long-term storage. At the largest booth in the hall "Public" sector, which was the one hosted by the Federal Commissioner for Information Technology, Secretary of State at BMI Ms. Rogan-Grothe, a variety of applications in connection with the new eID card across the fields of science, government and industry were shown, all working with the AusweisApp provided by OpenLimit. Furthermore, OpenLimit was invited to several speeches and podium discussions on this subject and once more was able to position itself well in the Public Sector Parc.

Also on the occasion of Cebit 2011, OpenLimit as technological leader in the eID area received an award from the Federal Ministry of Economics and Technology (BMWi) for its entry in the technology competition "Secure Cloud Computing for the "Mittelstand" and the public sector - Trusted Cloud". ([link](#)). The BMWi promotes the program "trusted cloud" to develop and test innovative, secure and legally compliant cloud solutions and sponsors the program with about 50 million Euro over the next three years. A total of 116 project proposals were submitted as a result of the competition announced in September 2010. With the help of an expert jury twelve projects were selected for sponsoring by the BMWi. The project "SkIDentity" (Coordinator: ecsec GmbH) which is supported by OpenLimit will create an "identity broker" with the ability to connect cloud computing infrastructures with the authentication function of the new ID card.

OpenLimit continued to present the topics of the new identity card and long-term storage at numerous national conferences and congresses. e.g. events focused on the safety of electronic communication in Potsdam with the Federal Ministry of Economics, the event "MEDIA meets IT, where new approaches including the new ID card were developed as well as in the media sector, but also events focused on IT security in Switzerland.

Finally, work in the context of the EU project STORK ([link](#)) was continued. Goal of the STORK project is to build an Europe-wide, interoperable eID platform that integrates all national eID projects. Already last year, OpenLimit specified the platform and successfully developed the first prototype for the eID programs in Germany, Austria and Estonia.

### **Changes in the organizational structure**

On May 13<sup>th</sup>, 2011, the Board of Directors of OpenLimit Holding AG and its wholly owned subsidiary OpenLimit SignCubes AG appointed Mr. René C. Jäggi delegate ("Deligierter des Verwaltungsrats") of both companies. The appointments become effective upon entry in the commercial register. Mr. René C. Jäggi (for the Curriculum Vitae of Mr. Jäggi, we refer to the Annual Report 2010) became Member of the Board of OpenLimit Holding AG on July 18<sup>th</sup>, 2008 and Vice President of the Board on February 19<sup>th</sup>, 2009. By appointing Mr. Jäggi, OpenLimit shows clear commitment to enhance the national and international marketing efforts of the company's products. The company founder, chairman and former delegate Heinrich Dattler remains chairman of both companies. The company was able to negotiate a cost-neutral solution, so that personnel expense will remain largely unaffected.

In the 1st Quarter the area of business development was restructured and combined with sales and marketing. Mr. Dirk Arendt, member of the Executive Board, continues to serve as Head of Corporate Communications.

There were no other changes in the corporate structure.

### **Financial development of the OpenLimit Group**

Since 01.01.2011 the functional currency of the OpenLimit group has been changed from Swiss francs (CHF) to Euro (EUR), which will make OpenLimit less affected by currency translations and will enable the company to present a clearer picture of its financial performance. Underlying reasons for this switch are as follows: Both sales and costs are mainly denominated in Euro, the internal planning and controlling of the OpenLimit group takes place in Euro and the share of OpenLimit Holding AG is quoted in Euro. In accordance with IAS 21 the closing EUR / CHF exchange rate of EUR 1.2505 as of 31.12.2010 was used for conversion of the opening balance sheet. For year-on-year comparisons the exchange rate of EUR 1.4267 as of 31.03.2010 was used in this interim report of the 1st half of 2011.

In the first three months of 2011, OpenLimit achieved revenues from sales activities of EUR 0.76 million, up 4% on the same period last year (Q1 2011: 0.73 million). Company produced additions to software development increased by the same level from EUR 0.58 million to EUR 0.60, thus after consideration of provisions for possible write-downs total income amounted to EUR 1.29 million results, 2% below last year's figure (Q1 2010: EUR 1.31 million). At the end of the quarter OpenLimit Group had 63 employees, an addition of 9 employees or 17% (Q1 2010: 54). In comparison, personnel expenses increased by 15% to EUR 1.20 million year-on-year, while operational expenses rose by 5% only to EUR 0.42 million (Q1 2010: EUR 0.40 million). After deducting depreciation and amortization of plant & equipment and in particular of intangible assets of EUR 0.55 million (Q1 2010: EUR 0.44 million), OpenLimit recorded an operating loss of EUR -0.89 million compared to EUR -0.57 million over the same period of last year. For the first time in more than a year, the financial result made a positive contribution to net income at EUR 0.09 million (Q1 2010: EUR -0.1 million) and thanks to the switch to financial reporting in Euro gives a clearer picture of the impact of currency fluctuations on the company. At the bottom line, the quarterly net loss was extended by 16% from EUR 0.69 million to EUR 0.81 million year-on-year. After an almost traditionally strong fourth quarter in 2010, the first quarter in 2011 in terms of revenues was below expectations due to delays in major projects such as the AusweisApp and the largest digitization project in Europe. However, this was partly mitigated by a strong management focus on personnel and operating expenses, which will also have a positive effect on coming quarters as well as margins for the full year.

As of 31.03.2011, the value of non-current assets amounted to EUR 4.81 million, an increase of 34% (Q1 2010: EUR 3.59 million) primarily due to additions to capitalized software development. Current assets decreased by 10% to EUR 5.07 million. Because of accounts receivables remaining high additional provisions for bad debts of EUR 0.085 were built as precautionary measure. Compared to March 31<sup>st</sup>,2010, current liabilities of EUR 0.28 million

increased to EUR 1.34 million and long-term liabilities rose from EUR 0.18 million to 0.24 million. Equity was reduced by 5% to EUR 8.31 million (Q1 2010: 8.78 million).

### **Technical Development**

Throughout the first quarter of 2011, the company made progress in various technological focus areas.

As mentioned above, new versions of the AusweisApp were delivered to Siemens on behalf of the end customer BMI. For example, the current version of the AusweisApp for Windows has become "barrier-free". This means that the software can be used in conjunction with a screen reader and also allows the use of the so-called contrast mode, which enables visually impaired people to use the software. The same barrier-free version for Linux will be handed over to Siemens in the month of May. In addition to these activities, the current version of the AusweisApp now also supports the latest web browser versions Firefox 4 and Internet Explorer 9.

The OpenLimit Version 3 was further developed as client software and delivered to customers. The main focus is on the electronic signature functionality, which now supports all card readers and cards that are compliant with the electronic signature Act (SigG) in Germany. The certification process for this software version has already started and is expected to be completed in the second half of the year.

In addition to the development and deployment of the client application of OpenLimit software version 3 a server component for high-performance signature solutions has been rolled out to partners. As a result of optimizing the software, the required time for signature verification was reduced dramatically. Furthermore, the component V3 is now available for massive parallel exposure in server processes.

In addition to these products, the Linux-enabled version of the eID server has been completed and handed over to the first customers. With this product version, OpenLimit clients can now operate the eID server with Suse Linux Enterprise and RedHat.

OpenLimit has conducted a re-confirmation of the certified 2.5 technology family by an accredited agency in connection with the healthcare terminals of HyperCom. Thus, a software version which makes the creation of qualified signatures in conjunction with the new healthcare terminals possible is now available to customers in the medical field. As part of this implementation other manufacturers of healthcare terminals now want to achieve a re-confirmation of OpenLimit components in connection with their eHealth readers.

Equally, the software S-TRUST Sign-it has undergone a re-confirmation process, so that a current version of the OpenLimit technology in conjunction with recently confirmed SECCOS chip cards is available to the Deutscher Sparkassen Verlag (DSV).

In addition to activities in software development and maintenance, OpenLimit has started to increase its efforts to design and implement new products and solutions.

## **Outlook**

Although we are not satisfied with the results of the first quarter the outlook for the entire year still remains very positive. Similar to past financial periods we again expect revenues to gain strong momentum in the remaining 9 months of the year. Important milestones are the completion of certification / re-confirmation processes for OpenLimit base components V3 as well as the product Fujitsu SecDocs which will open up new markets and distribution channels for the company. Furthermore, we expect additional revenues from eID projects and from new technologies in the pipeline to be significant.

A considerable increase in 2011 revenues should be achievable; however, since the beginning of the year several implementation processes both at projects already signed as well as some that were expected to be acquired have suffered delays. This shows once again that the projects in which we already participate or that we feel well positioned to acquire are dependent on several factors. These factors include e.g. timely decision-making by the client, delays in the delivery of third-party components as part of an overall system, passing of legal framework, speedy provision of advisory services of consulting firms, the interaction / agreement between various interest groups, etc. As a small company, OpenLimit has no or only limited influence on these factors. Since the beginning of the year some of these very factors have also created challenges in our cash management. Because certain payments are dependent on the client's acceptance of delivery which is only given once a project milestone or system has been completed as a whole - even if OpenLimit's contribution had been delivered months earlier - Openlimit will only get paid once the overall system is working and has been paid. This situation may change quickly; nevertheless, we are currently evaluating various options to ensure that cash reserves remain in accordance with a conservative cash management approach.

Based on a steadily growing sales pipeline, increasing average project volumes and newly established pricing models, we are optimistic about achieving our goals. Once some of the developments we expect have come through, a more precise guidance for the growth percentage target should be possible later in the year. The current challenges are primarily in the estimation of the shape of the growth curve and the exact timing of when certain network effects will occur.

## **About OpenLimit**

OpenLimit Holding AG is an internationally leading provider of certified software for electronic signatures and identities. Our software components can easily be integrated into existing applications, enable the efficient management of electronic documents, media-consistent workflows and process optimization in all business areas. Maximum security and legal validity are the outstanding features of the software solutions on offer. OpenLimit holds the very first certification recognizing compliance with the most stringent international security standard for software products, Common Criteria EAL4+.

For further information, please visit: <http://www.openlimit.com>

### **Legal Disclaimer**

This press release contains forward-looking statements. Forward-looking statements are statements which do not describe actual facts from the past; they also comprise statements about our assumptions and expectations. Every statement in this press release which reflects our intentions, assumptions, expectations or forecasts (together with the assumptions that give rise to our views) constitutes a forward-looking statement. These statements refer to plans, estimates and forecasts which are currently available to the management of OpenLimit Holding AG. Thus forward-looking statements only refer to the day on which they were made. We shall accept no obligation to adjust and / or publicize such adjusted statements in the light of new information or future results.

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