

**Interim Financial Report for the 2<sup>nd</sup> Quarter and 1<sup>st</sup> half of 2012**  
For the period from January 1, 2012 to June 30, 2012

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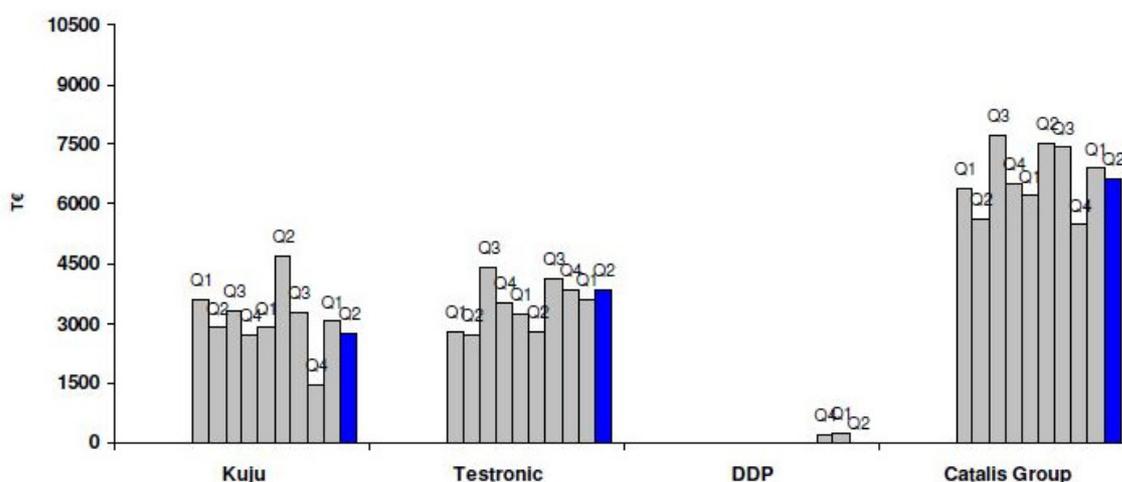
## 1. Key Figures (unaudited)

€k	€ Tsd.	Q2/2012	Q2/2011	HY 2012	HY 2011
Revenues (A)	Umsatz (A)	6.627	7,470	13,529	13,535
Subcontracting and cost of materials (B)	Fremdkosten und Materialkosten (B)	769	1,245	1,570	1,904
Gross Profit (A – B)	Rohhertrag (A – B)	5,858	6,225	11,959	11,631
Gross Margin	Rohhertragsmarge	84.4%	83.3%	84.4%	85.9%
Operating Income (EBIT)	Operatives Ergebnis (EBIT)	109	309	207	467
Non-recurring Costs	Einmalkosten	0	0	0	0
EBIT after Non-recurring Costs	EBIT nach Einmalkosten	109	309	207	467
Operating Margin	Operative Marge	1.6%	4.1%	1.5%	3.5%
Income Before Tax (EBT)	Ergebnis vor Steuern	327	209	235	289
Pre-tax Margin	Vorsteueremarge	4.9%	2.8%	1.7%	2.1%
Net Income	Periodenergebnis	253	209	165	289
Net Income Margin	Marge	1.9%	2.8%	1.2%	2.1%
Operating Cash Flow	Operativer Cashflow	291	(493)	(64)	(1,069)
Number of shares outstanding	Aktienanzahl	58,871,720	42,686,691	58,871,720	42,686,691
Earnings per Share € (basic)	Ergebnis je Aktie (unverwässert)	0.00	0.01	0.00	0.01
Earnings per Share € (diluted)	Ergebnis je Aktie (verwässert)	0.00	0.01	0.00	0.01
Solvability (Equity / Total Assets)	Solvabilität (Eigenkapital / Bilanzsumme)	30.7%	49.7%	30.7%	49.7%

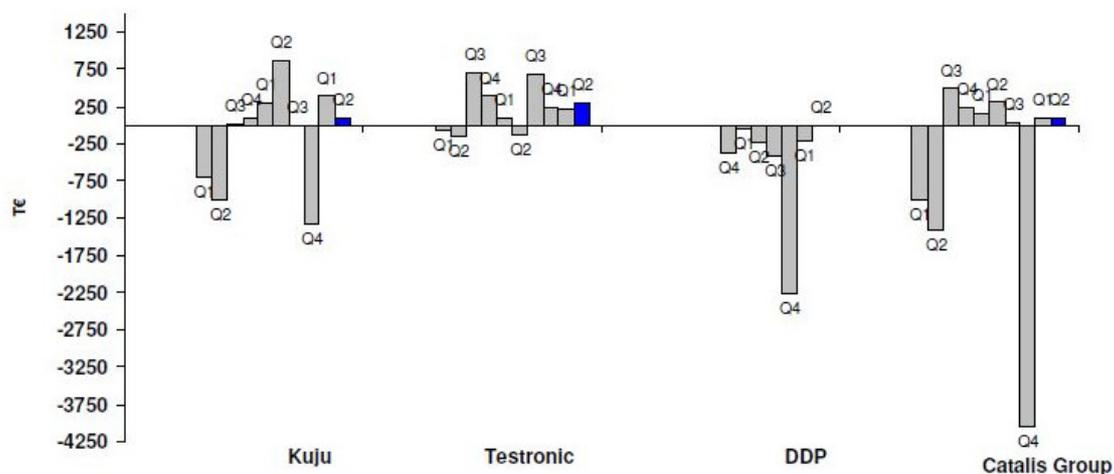
## To Our Shareholders

We are pleased to deliver a strong trading performance with the results for the first six months of 2012, which represents a good performance for the group. It is very pleasing to announce another successful result against the background of the difficult trading conditions in the video game industry and general uncertainty in the world economy. This gives us confidence that we can continue to grow the business and deliver satisfactory results for the full year. The optimised cost structures combined with the improved cash-flow situation, are giving us scope to exploit further growth opportunities.

Revenue Development per Quarter since 2010



EBIT Development per Quarter since 2010



In the first six months of the fiscal year 2012, revenues of Catalis Group were nearly unchanged at € 13.5m (2011: € 13.5m). The EBIT decreased from € 0.5m to € 0.2m. The year-on-year decrease in operating profit (EBIT) is due to an unusually good second quarter in 2011. In the second quarter of the fiscal year 2012, revenues of Catalis Group were down from € 7.5m in 2011 to € 6.6m representing a decrease of 12.0% and its EBIT decreased from € 0.3m to € 0.1m. There were no non-recurring costs. Earnings per share for the first six months period amounted to € 0.00 compared to € 0.01 last year.

Testronic has seen revenues for the second quarter of 2012 increase from € 2.8m in 2011 to € 3.8m, representing an increase of 37.2%. Testronic generated an EBIT in the period of € 0.3m (2011: € -0.1m). For the first six months of 2012, revenues amounted to € 7.5m (2011: € 6.0m), representing an increase of 24.3%. Testronic's EBIT for the first-half year of 2012 amounted to € 0.5m (2011: € 0.0m).

### **Recent highlights for Testronic in the first half of 2012 include:**

- Testronic Labs has been selected by the Wireless Power Consortium (WPC) as the Qi interoperability testing center. The interoperability testing center keeps a library of all Qi-certified products and performs functional interoperability tests with these products on behalf of the WPC. Qi, the global standard for wireless charging, allows devices to be charged just by placing them on any Qi charging surface without connecting cords or wires.
- It has been selected by De Lijn to support a major digital upgrade to the official Flemish public transport system. De Lijn is the commercial name of the Vlaamse Vervoermaatschappij, an autonomous state enterprise responsible for urban and regional transport by bus and tram in Flanders. The upgrade, known as ReTiBo (Registration, Ticketing, and On Board Computers), will revolutionize the system by providing important planning information, from ticketing to financial reporting and analysis.
- In March, Testronic has announced the completion of an expansion of their central London facility. The bigger footprint at the Testronic Borough High Street location includes new testing environments and offices.
- Also in March, Testronic published its membership of the Digital Entertainment Content Ecosystem (DECE) LLC. DECE is the cross-industry consortium responsible for developing UltraViolet an ecosystem delivering a new and compelling way to collect and enjoy home video entertainment. UltraViolet represents the next step for the home entertainment market. UltraViolet is based on open, licensable specifications and is designed by the DECE to create a viable, global digital marketplace.
- Testronic Labs has implemented a Veristream testing tool into its File-Based QC Lab that is designed by Deluxe Digital Studios. Deluxe Digital Studios is the world's largest provider of Blu-ray authoring services along with creative, subtitling, compression, and authoring for the home entertainment industry.
- In June, Testronic Labs received its fifth nomination for the Develop Industry Excellence Awards. For the fifth consecutive year, the division has earned a spot in the Services category.
- And quite recently, Testronic was approved for USB SuperSpeed Certification. Now it is an official certification test lab for SuperSpeed USB testing. USB 3.0 is gaining worldwide acceptance, and is a crucial technology that enables transfer rates of up to 5Gbits per second.

- At the beginning of July, Testronic has signed a contract with a major social games publisher which is projected to increase staff levels by over 100 people by the second quarter next year.

In the second quarter Kuju generated revenues of € 2.7m (2011: € 4.7m), representing a decrease of 42.1%. EBIT for the period Q2 showed a profit and amounted to € 0.1m (2011: € 0.9m) and is the result of careful cost control. For the first six months of 2012 revenues at Kuju amounted to € 5.8m (2011: € 7.5m), representing a decrease of 23.5%. Kuju's EBIT amounted to € 0.5m (2011: € 1.2m).

**Recent highlights for Kuju in the first half of 2012 include:**

- In March, Kuju, Testronic Labs and Doublesix Digital Publishing unveiled FullCycle, an integrated, quality-focused services package for the development, digital publishing, and testing of video games. The combination of services creates an end-to-end development cycle for the games industry, which can streamline the entire process and increase savings for customers. FullCycle is a one-stop-shop that allows all the services necessary to make a game to be provided as a single product – including design, development, production, localisation, testing, publishing and marketing. It can handle all the relationships with digital distribution channels, hardware manufacturers, and suppliers, and provides efficiency, faster turnarounds, creative continuity, and improved workflow.
- Zoë Mode, a studio of Kuju, reported the release of a new title. Zoë Mode Entertainment in partnership with NanaOn-Sha and Microsoft announced the release of "Haunt" on Xbox Live Arcade. Developed in conjunction with NanaOn-Sha and Microsoft, Haunt is a first-person adventure designed exclusively for Kinect. The game has already been a hit with the critics, who have praised the story, controls and humour.
- In April, Kuju announced the release of a new, original title from its Headstrong Games studio. Headstrong Games, in partnership with 505 Games, reported the release of 'Top Gun: Hard Lock' on Playstation® 3, Xbox 360 and PC. The game has received lavish praise in the gaming press, appreciated for its bold take on a license and as a great addition to the arcade flight combat genre.
- In the middle of fiscal year 2012, Kuju has created a new division Kuju Partners, to help independent games studios bring their titles to the market. Headed by Adrian Hawkins and supported by our new business development team, Kuju Partners has now signed an agreement with b.AND.x Studios run by Christian Bittler. b.AND.x is working on a major new game with a planned several million dollar budget. Kuju Partners leverages Kuju's experience to help games studios to monitor production, give technical advice, purchase game technologies at preferred rates and negotiate with publishers. For this Kuju Partners charges a fee based on the production budget and shares in the commercial success.

Doublesix Digital Publishing (DDP), the division of Catalis SE that addresses the Group's activities in the development and distribution of self-published, digitally distributed games has not met our expectations. The division is currently undergoing a restructuring process and for the moment we have decided to stop major business operations. Doublesix's publishing business, Doublesix Digital Publishing, will remain, but the studio side of the business has been closed.

DDP had an EBIT loss in the second quarter of € -0.0m (2011: € -0.2m) and € -0.2m (2011: € -0.3m) in the first six months.

**Recent highlights for DDP in the first half of 2012 include:**

- In January, DDP announced the launch of "All Zombies Must Die!" the spiritual successor to "Burn Zombie Burn!". "All Zombies Must Die!" fuses many gameplay elements to create a frenetic RPG shooter with hilarious characters and a playful, self-referential narrative. With four player local co-op, the game offers a frantic multiplayer experience. The game is full of small details that should set it apart from similar zombie games and twin stick shooters. On March 12, the title was also released on PC.
- DDP and 2WayTraffic –owner of the rights to Who Wants To Be A Millionaire? reported that they have launched the South Park – Who Wants To Be A Millionaire? Special Edition for Apple iOS devices. Based on the world's most successful TV game show, Who Wants To Be A Millionaire?, Special Editions retains all the excitement and atmosphere of the original programme. Several similar versions were published in Q1 2012: "Star Trek: The Original Series – Who Wants To Be A Millionaire? Special Edition", "Who Wants To Be A Football Millionaire" and "Who Wants To Be A Sport Millionaire".

Very good news for the British games industry: The Long-awaited tax breaks for the games industry have been announced by the government. Chancellor George Osborne said he planned to introduce corporation tax relief from April 2013 for the video games, animation and high-end television industries. The chancellor said he wanted to make the UK the technology centre of Europe. It is predicted that tax relief for the video games sector should generate and safeguard 4,661 direct and indirect jobs, offer £188m in investment expenditure by studios, increase the games development sector's contribution to UK GDP by £283m. The subsidiaries of Catalis operate significant game production capacity in the UK and are well positioned to benefit from such investment.

#### **Recent developments at Catalis in the second / third quarter:**

In order to strengthen the company's capital base, Catalis SE announced on July 10, 2012 to increase its existing share capital of EUR 5,887,172.00 consisting of 58,871,720 shares with a nominal value of EUR 0.10 each by up to EUR 1,261,536.60 representing up to 12,615,366 new shares to up to EUR 7,148,708.60 representing up to 71,487,086 shares. The issue price per share was set at EUR 0.10 reflecting gross funds raised of up to approximately EUR 1.26 million. Any shares which were not subscribed for by existing shareholders were offered to institutional investors as part of a private placement. The subscription period ended on Thursday, July 26, 2012.

On August 09, 2012 Catalis SE announced the completion of its capital increase. A total number of 1,551,608 new shares were placed with private and institutional investors. Through this capital increase, the company's share capital rose from EUR 5,887,172.00 to EUR 6,042,332.80 divided into 60,423,328 shares at a nominal value of EUR 0.10 per share. The proceeds from this transaction amounted to approx. EUR 0.16 million. The expectations were not met, as a result of difficult conditions in the capital markets, especially the unsatisfactory development of the share price.

On August 15, we announced a private placement to raise up to €0.2 million. On August 20, the capital increase has been successfully completed. The new 2.000.000 shares from a capital increase against cash from authorized capital were offered to institutional investors. The shares were allocated at a price of € 0.10 per share. Through this capital increase, the company's share capital rose from € 6,042,332.80 to € 6,242,332.80 divided into 62,423,328 shares at a nominal value of € 0.10 per share. The proceeds from this transaction amounted to approx. € 0.2 million. The shares were issued via private placement to particular investors without pre-emptive rights. No pre-emptive rights trading took place.

At the end of June, the Extraordinary General Meeting of Catalis SE took place in Eindhoven. In total, 16.99% of the company's share capital was represented at the meeting. All items of the agenda were approved unanimously.

There were the following personnel changes in the Management Board in the period under review:

As of June 21, 2012, Mr. Jeremy Lewis resigned his office as Executive Director and CEO at his own request.

Mr. Seth Hallen, the CEO of Testronic Labs, joined the board of Catalis as a non executive director.

In August, Mr. Otto Dauer has announced his resignation from the Board of Directors at his own request for personal reasons. It is not intended to appoint a new member to the management board to take Mr. Dauer's position.

### **Outlook for Second Half 2012**

Q3 is traditionally the peak period for the Games and Film / TV sectors - we expect a continuously growing demand for our services at Testronic. The division 'Hardware Testing' is still growing strongly and the second half of 2012 should also show good growth against 2011. Testronic expects, both for the third and fourth quarter 2012, to end the year significantly ahead of 2011 in both revenue and profit terms. We are very pleased with the positive development of the first six months.

The international video game market environment is difficult at the moment, as the financial crisis also affects our industry. Kuju is holding its ground in the market, against strong domestic and international competitors. In the key business areas we expect growth to come from our diversification strategy which we introduced this year.

The Board is resolved to navigate the current difficult economic environment safely, ensuring that Catalis is positioned to continue to be profitable and successful in the future. We have made a lot of progress on the journey towards achieving our targets. Through operating as a more integrated business we have been able to begin to drive the cost efficiency that will be necessary to deliver that goal. Given the difficult economic environment, we're pleased that we were able to grow income, underlying profit, and market share in many of our businesses. We enter the second half of 2012 in a stronger competitive position.

Yours sincerely

Dominic Wheatley (Executive Director)

Eindhoven, August 30, 2012

## **Introduction**

Catalis SE yearly financial reporting is based on the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated condensed interim reporting for the half-year ending June 30, 2012 is in accordance with IAS 34. Generally, the quarterly report is prepared as an update of the business report focusing on the current reporting period and does not include all the information and disclosures required in the annual report. It should be read in conjunction with the consolidated annual report 2011.

## **Management Report**

### **Market & Industry Environment**

#### *Video Games Industry*

In the first half year of 2012, the market environment in the video games industry was still challenging - analysts expect console and handheld software revenues to hit a six-year low this year. The outlook for the game industry is negative.

Video game sales at U.S. retail suffered a significant drop in April 2012, adding to the industry's continuing declines at retail over the last several months. According to the NPD Group's retail sales estimates, the actual decline was a shocking 42%. Console and handheld software sales in the US fell from \$503 million last April (2011) to a mere \$292 million for the same period this year. The only segment that did not suffer was the accessories segment, where the NPD Group records sales of controllers, cases, and points cards. Accessories inched up from \$147.8 million last year to \$148.6 million this year, a mere 0.5% increase. In May, the retail game industry experienced a 28 percent decline in retail sales to \$516.5 million, down from \$718.9 million in May 2011. Hardware proved to be the biggest negative contributor, as that category saw sales decline 39 percent to \$138.9 million. In June, the U.S. sales of video-game hardware, software and accessories tumbled 29 percent in June to \$699.8 million from a year earlier. This trend is expected to continue in the second half of 2012.

The best-selling games in the US at retail for the first half of 2012 were as follows:  
Call of Duty: Modern Warfare 3, Mass Effect 3 and Diablo III.

How have the other major markets developed? U.K. video game sales are down approximately 40 percent year-on-year for the month of June, with only 2.1 million games being sold. Revenue from sales fell 38 percent from the £78.4 million raised last June, to £48.4 million this year. Germany's IT umbrella organization, Bitkom, expects revenues in the German video games market to drop by 4.0 percent year-on-year.

But there have been positive developments.

Digital game sales are growing in the U.S., but those small gains weren't nearly enough to make up for plummeting software sales at retail during the first six months of the year. The NPD Group's new Online Gaming 2012 report has found that 75 percent of U.S. consumers who play games online acquired at least one title during the first three months of 2012. It also says the percentage of gamers who prefer to download or buy titles online has increased considerably compared to last year (35 percent, compared to 25 percent in 2011). The market research group reports that consumers who only acquire games online have downloaded an average of six titles, while those who buy them only at retail

purchased an average of three. Consumers open to both physical and digital formats acquired an average of 15 games.

In June, Nintendo officially unveiled the Nintendo 3DS XL, a larger version of the company's 3D stereoscopic handheld console. The new hardware features a different shell and larger screens for the top and bottom. The Nintendo 3DS XL sold nearly 200,000 units in its opening two days when it went on sale in Japan at the end of July.

A new kind of video game console will come. The name: OUYA. The open-source videogame console is Android-based hardware intended to be played on televisions with game controllers.

### *DVD & Blu-ray*

The prospects are bright: Driven by strong increases in emerging markets, global consumer spending on movies is expected to rise for six consecutive years, expanding from \$61.4 billion in 2010 to \$68.9 billion in 2015, according to the IHS Screen Digest Video Intelligence Service. As a group, consumers in the five key global economic regions are steadily increasing their movie spending, an area consisting of cinema tickets, Blu-ray and DVD rentals and purchases, TV-based or online video on demand (VoD) and pay-as-you-go streaming services. Spending on movies in 2011 hit a record of \$62.6 billion, up 2.1% from 2010. The total is expected to rise by 2.6% in 2012 to \$64.2 billion.

Another encouraging figure: GfK analysts expect 3DTVs to witness the highest growth rate - 122% - this year in Europe in the television product category. The Swiss have been the most eager 3DTV buyers, according to the survey. There, 42.3% of all TVs sold in January 2012 are 3D-capable. Then come Germany and Austria (28.5%); Sweden (23.6%); Poland (21.6%); Spain (16.2%); France (14.3%); Russia (12.4%); Italy (12.3%); UK (12.2%). Testronic is offering 3D testing services and will participate in this success.

Positive figures were reported in the US market.

Led by a surge in digital distribution and continuing double-digit increases in Blu-ray Disc sales, the home entertainment sector further stabilized in the first half of 2012, experiencing a 1.43 percent increase in consumer spending compared to the first half of 2011. Total consumer spending, which includes subscription Video-on-demand, topped \$8.4 billion compared with \$8.3 billion last year.

The Blu-ray Disc sales continued to grow steadily at double-digital rates with consumer spending for the first half up 13.3 percent compared to the same period last year. According to Home Media Research, sales of Blu-ray Disc movies topped \$892 million through the first 25 weeks of the year. The number of Blu-ray homes continued to rise, with 1.4 million Blu-ray Disc players sold in the second quarter, bringing the total household penetration of all Blu-ray compatible devices to more than 42.1 million U.S. homes.

Digital distribution provided additional growth in the first half of the year due to a greater consumer response to electronic sell-through (EST), which led to a 21.86 percent increase in EST consumer spending compared to mid-year 2011, and a 27 percent increase in the second quarter compared to Q2 2011. Additionally, Video-On-Demand (VOD) was up 11.6 percent compared to the mid-year 2011, with a 17.2 percent increase in the second quarter compared to Q2 2011, showing increasing consumer demand resulting from wider access and improved ease of use. The rental business — with the exception of kiosks — continued to decline, with total revenue, including VOD, dropping 17.6% to \$3.2 billion compared with \$3.9 billion last year.

UltraViolet recently surpassed 4 million household accounts. Testronic has joined Digital Entertainment Content Ecosystem (DECE) and UltraViolet in March. DECE is the cross-industry consortium responsible for developing UltraViolet. UltraViolet is a digital rights authentication and cloud-based licensing system that allows consumers of digital home entertainment content to stream and download purchased content on Blu-ray discs to multiple platforms and devices. The continuous growth of UltraViolet underscores that consumers are responding favorably to the increased availability of EST, as well as the growing range of UltraViolet services.

## **Business Development**

### **Segment Information**

#### **Testronic Laboratories**

The quality assurance business of Catalis SE is the historical core business of the group and is operated through the company's subsidiary Testronic, which runs the entire quality assurance operations through its internationally located sites.

Testronic specialises in quality control of any content (video film, video game, music, software) for any communication medium (DVD, Blu-ray, CD, online, wireless) for all end devices, ranging from DVD and Blu-ray players, personal computers and mobile devices to video game consoles and much more. Testronic is the leading testing service provider active in both the film and game industries.

Great first half of 2012! We are very pleased with the positive development of the first six months.

- Revenues €1.4m ahead of 2011 and profits €500k ahead of 2011;
- Margins showing good improvement on 2011 margins;
- Some significant clients brought into the business;
- Huge opportunities for the next six months.

The second quarter was an excellent quarter for Testronic and along with the good start from Q1 means that, at the end of Q2, Testronic is significantly ahead of 2011 in both revenue terms and in profit terms. The Games department had a very good first half year. Q1 revenues were up 50% on 2011 and Q2 revenues were up 62% on 2011. It is also a great first half year for the hardware testing department. Revenues: Second quarter 65% ahead of 2011, first half year now 67% ahead of 2011.

Regionally, our European market has produced exceptional results, especially our Belgium business was remarkable. We have contracted with more than twenty new big clients in the first half of the year, with deals on the table for more in the second half. The Film/TV business line continues to maintain successful relationships with a most of the major film studios. Testronic started the year with a good order book situation, and capacity utilization in all units was at a very good level in the first six months. Our services are well received by customers.

Our London facilities were extended. The bigger footprint at the Testronic Borough High Street location includes new testing environments and offices. The expanded environment was needed to meet the increased needs of Testronic's European Games operations, which has seen sizeable growth in testing offerings. Games Services will now be headquartered in central London, alongside the Testronic Software Testing team.

In July, Testronic was approved for USB SuperSpeed Certification. Now it is an official certification test lab for SuperSpeed USB testing. USB 3.0 is gaining worldwide acceptance and is a crucial technology that enables transfer rates of up to 5Gbits per second. An important technology due to its ability to rapidly transfer large data, USB 3.0 addresses a number of critical needs for users and devices. SuperSpeed USB brings significant performance enhancements to the ubiquitous USB standard, while remaining compatible with the billions of USB enabled devices currently deployed in the market.

Our outstanding performance has been acknowledged and honoured. In June, Testronic received its fifth nomination for the Develop Industry Excellence Awards. For the fifth consecutive year, the division has earned a spot in the Services category.

We observe changes, developments and trends in our target markets. Social and mobile gaming is becoming more prevalent and so presents a major opportunity for us. While the physical disc (DVD and Blu-ray) volume is slowly declining as consumer habits and the technology are changing, we are currently positioned to become the premiere QC firm for emerging digital formats such as UltraViolet. In the consulting segment, our clients are thinking more and more in a quality-oriented way. Due to this and the fact that agile development methodologies are introduced clearer and clearer at client's sites, the need for on-site test is increasing continuously.

For the business year 2012 as a whole we again expect a very good result.

## **Kuju Entertainment**

The video games development business of Catalis SE is undertaken by our subsidiary Kuju, one of Europe's leading game developers. Kuju studios develop all genres of video games for a variety of consoles, PC and handheld platforms.

Good quarter despite difficult market environment.

After all, the difficult first half of 2012 showed to us that Kuju has the right profile to hold our own in an extremely demanding market environment. Some new projects were started up while existing projects were expanded - no projects were cancelled during Q2. Overall, we are pleased with the course of 2012 so far.

Generally, the competition is starting to come from smaller, more agile independent studios. Some competitor studios are also committing to more aggressive development schedules and are winning certain projects as a result. Practically at the same time, a number of well known studios closed their doors. German online games publisher Bigpoint has closed down its mobile game development branch. Rockstar Games has announced that it has shut down Rockstar Vancouver, the lead studio behind the title Max Payne 3 - 38 Studios went bankrupt and Sony has closed Studio Liverpool.

But the future looks rosy: According to a recent report by DFC Intelligence, the global video game market is expected to reach \$81 billion by 2016 (up from \$66 billion in 2010). It appears that the retail delivery of physical software peaked in 2008 and DFC expects a slow, steady decline for physical game sales to a low of \$43 billion in 2016, with sales from online games surpassing physical retail software delivery in 2013. Total worldwide sales of online games are expected to increase from \$19.3 billion in 2010 to \$37.9 billion by 2016. This includes revenue from PC online games, console online games and mobile online games including mobile phones and tablets. In terms of the current generation of hardware, the DFC report estimates that the Nintendo Wii system has peaked in terms of usage. Both the Xbox 360 and PlayStation 3 are expected to further grow their user base over the next few years.

A new division has been created: Kuju Partners. The division will help independent games studios to bring their titles to the market. Kuju Partners leverages Kuju's experience to help games studios to monitor production, give technical advice, purchase game technologies at preferred rates and negotiate with publishers. For this Kuju Partners charges a fee based on the production budget and shares in the commercial success. In the context of the new business concept, b.AND.x Studios signed up with Kuju Partners.

In recent months, the following trends have ensued:

- Apps based gaming on smartphones continues to gain in prominence in all countries;

- This growth in smartphone and tablet gaming has impacted overall casual console gaming, although the industry hopes that new consoles and systems could entice these gamers back into more serious gaming;
- The launch of the Nintendo 3DS (Q1 2011) and Sony PS Vita (Q1 2012) will help the handheld sector return to growth in 2012 and 2013, but software retail value will be almost half of what it was in the peak year of 2008;
- Leading publishers continue to invest in digital platforms, but the "cash cow" of packaged AAA titles at price for \$60-\$70 will be difficult to replicate in the digital environment;
- The next generation consoles mentioned above are not expected to achieve the same success as their predecessors due to the increased competition in the wider gaming environment.

Our existing customer base remained evenly spread throughout the quarter between US, European and Japanese publishing groups.

We are well set up and based on this we are now preparing for the next period of growth.

### **Doublesix Digital Publishing (DDP)**

Doublesix Digital Publishing is the most recent division of Catalis SE and addresses the Group's activities in the development and distribution of self-published, digitally distributed games. DDP has been established as a separate entity.

The division is currently undergoing a restructuring process. Doublesix's publishing business, Doublesix Digital Publishing, will remain, but the studio side of the business is closed. We are in the process of developing a new strategic concept.

Doublesix Digital Publishing will continue to support all of its existing products - including All Zombies Must Die!, Who Wants To Be A Millionaire? Special Editions and Burn Zombie Burn! - with new content on the way for both Burn Zombie Burn! and Who Wants To Be A Millionaire? Special Editions.

### **Investments**

Total investments in the first half year amounted to € 0.3m and were attributable to the purchase of property, plant and equipment.

At Testronic, total investments of € 0.3m comprised the investment in a new testing kit and new equipment for the Hardware Testing team.

At Kuju and DDP there were no significant investments in the purchase of property, plant and equipment.

## Development of Earnings, Financial and Asset Situation

### Earnings Situation

#### *Catalis Group*

In the second quarter of 2012, total revenues of Catalis Group amounted to € 6.6m (2011: € 7.5m). This represents a decrease of 12.5% from the previous year. EBIT amounted to € 0.1m (2011: € 0.3m). Taking into account a financial result, € 0.2m, the company's pre-tax result amounted to € 0.3m compared to € 0.2m in the previous year. Net income for the period amounted to € 0.2m (2011: € 0.2m). This equals earnings per share of € 0.00 (2011: € 0.01).

In the first six months of the fiscal year 2012, revenues of Catalis Group were nearly unchanged at € 13.5m (2011: € 13.5m). The EBIT decreased from € 0.5m to € 0.2m. The year-on-year decrease in operating profit is due to an unusually good second quarter in 2011. There were no non-recurring costs. Pre-tax earnings amounted to € 0.2m (2011: € 0.3m). Net income for the period amounted to € 0.2m (2011: € 0.3m). Earnings per share for the first half of the fiscal year 2012 amounted to € 0.00 (2011: € 0.01).

#### *Testronic Laboratories*

Testronic has seen revenues for the second quarter of 2012 increase from € 2.8m to € 3.8m. This represents an increase of 37.2%. Testronic generated an EBIT of € 0.3m (2011: € -0.1m).

For the first six months of 2012, revenues at Testronic amounted to € 7.5m (2011: € 6.0m), an increase of 23.5% from the previous year. Testronic's EBIT for the first half-year of 2012, amounted to € 0.5m (2011: € 0.0m).

#### *Kuju Entertainment*

In the second quarter Kuju generated revenues of € 2.7m (2011: € 4.7m), representing a decrease of 42.1%. EBIT for the period Q2 showed a profit and amounted to € 0.1m (2011: € 0.9m). For the first six months of 2012 revenues at Kuju amounted to € 5.8m (2011: € 7.5m), representing a decrease of 23.5%. Kuju's EBIT amounted to € 0.5m (2011: € 1.2m).

#### *DDP*

DDP had an EBIT in the second quarter of € 0.0m (2011: € -0.2m) and € -0.2m (2011: € -0.3m) for the first six months.

### Segment reporting

The following table illustrates information about the reportable segments:

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2012, €k</b>					
Revenues from external customers	7,454	5,770	305	0	13,529
Operating profit (EBIT)	505	509	(184)	(623)	207
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	505	509	(184)	(623)	207
EBIT margin %	6.8%	8.8%	n.a.	n.a.	1.5%

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2011, €k</b>					
Revenues from external customers	5,995	7,540	0	0	13,535
Operating profit (EBIT)	(10)	1,158	(279)	(402)	467
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	(10)	1,158	(279)	(402)	467
EBIT margin %	n.a.	15.4%	n.a.	n.a.	3.5%

## Financial Situation

### Cash flow

In the first six months of the fiscal year 2012, Catalis SE generated an operating cash flow of € -0.0m (2011: € -1.1m). This is mainly composed of the period's net income of € 0.2m, depreciation of tangible fixed assets € 0.3m and movement in working capital (including repayment of the loan in January of € 0.4m).

Cash flow from investing activities amounted to € -0.4m (2011: € -1.2m) and is attributable to the purchase of property, plant & equipment as well as additions of intangible assets.

Cash flow from financing activities amounted to € 0.0m (2011: € 1.2m).

The company's total cash flow in the first six months of 2012 amounted to € -0.4m (2011: € -1.1m), resulting in a net cash position at the end of the reporting period of € -1.4m.

Due to the low cash position, all cash ratios for the Group are substantially below their target values. Nonetheless, Catalis Group has managed cash prudently.

## Asset Situation

### Balance Sheet

As of June 30, 2012, total assets of Catalis SE amounted to € 24.7m. This is a decrease from the € 25.4m at December 31, 2011.

The company's non-current assets were the same € 17.3m (2011: € 17.3m).

Current assets decreased to € 7.5m at the end of June 2012 (31.12.2011: € 8.1m).

On the equity and liabilities side, the company's total equity increased from € 7.4m to € 7.6m. This equals € 0.13 per share (2011: € 0.13), based on the number of shares outstanding of 58,871,720 (2011: 58,871,720).

Long term liabilities were stable at € 0.2m.

Current liabilities decreased from € 17.8m to € 17.0m. Here, trade and other payables were up from € 5.5m to € 6.0m and the loan decreased from € 8.6m to € 8.2 (repayment of € 0.4m in January).

## **Employees**

As of June 30, 2012, there were 295 (31.12.2011: 344) permanent employees working for Catalis Group. The total is composed of 180 (31.12.2011: 194) employees working at Testronic and 110 (31.12.2011: 120) at Kuju, 2 (31.12.2011: 27) working at DDP as well as three (31.12.2011: 3) employees at Catalis SE.

In general, the permanent work force of Testronic, Kuju and DDP has been reduced significantly over the past quarters with the intention to have a highly flexible work force with minimal fixed costs.

## **Supplementary Report**

In order to strengthen the company's capital base, Catalis SE announced on July 10, 2012 to increase its existing share capital of EUR 5,887,172.00 consisting of 58,871,720 shares with a nominal value of EUR 0.10 each by up to EUR 1,261,536.60 representing up to 12,615,366 new shares to up to EUR 7,148,708.60 representing up to 71,487,086 shares. The issue price per share was set at EUR 0.10 reflecting gross funds raised of up to approximately EUR 1.26 million. Any shares which were not subscribed for by existing shareholders were offered to institutional investors as part of a private placement. The subscription period ended on Thursday, July 26, 2012.

On August 09, 2012 Catalis SE announced the completion of its capital increase. A total number of 1,551,608 new shares were placed with private and institutional investors. Through this capital increase, the company's share capital rose from EUR 5,887,172.00 to EUR 6,042,332.80 divided into 60,423,328 shares at a nominal value of EUR 0.10 per share. The proceeds from this transaction amounted to approx. EUR 0.16 million. The expectations were not met, as a result of difficult conditions in the capital markets, especially the unsatisfactory development of the share price. On August 15, we announced a private placement to raise up to €0.2 million. On August 20, the capital increase has been successfully completed. The new 2,000,000 shares from a capital increase against cash from authorized capital were offered to institutional investors. The shares were allocated at a price of € 0.10 per share. Through this capital increase, the company's share capital rose from € 6,042,332.80 to € 6,242,332.80 divided into 62,423,328 shares at a nominal value of € 0.10 per share. The proceeds from this transaction amounted to approx. € 0.2 million. The shares were issued via private placement to particular investors without pre-emptive rights. No pre-emptive rights trading took place.

On August 08, 2012, Catalis announced a change to its Board of Management. Mr. Otto Dauer has announced his resignation from the Board of Directors at his own request for personal reasons.

## **Risk Report**

Within the scope of its operating activities in a variety of markets, Catalis SE is exposed to various risks connected with technological, entrepreneurial and investment transactions. A full risk report can be found in our Annual Report for the fiscal year 2011. The report is available for download on our corporate website at [www.catalisgroup.com](http://www.catalisgroup.com) in the investor relations / financial publications section.

## Management Statement

We declare, pursuant to section 5:25d of the Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the condensed consolidated interim financial statements as of June 30, 2012 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Catalis SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per June 30, 2012 and of the development and performance during the first six months of the fiscal year 2012 of Catalis SE and its related participations of which the data have been included in the financial statements, together with a true and fair presentation of the expected future developments.

## Directors' Holdings

As of June 30, 2012, the following number of shares and options is held by the directors of the company:

Shareholder	No. of Shares	Options	Controlled by	Function
Jens Bodenkamp	89,167	0	Jens Bodenkamp	Chairman of the Board
Dominic Wheatley	1,775,101	0	Dominic Wheatley	Executive Director / CEO
Peter Biewald	100,000	400,000	Peter Biewald	Executive Director / CFO
Robert Kaess	50,000	0	Robert Kaess	Non-Executive Director
Dr. Michael Hasenstab	50,000	0	Dr. Michael Hasenstab	Non-Executive Director
Seth Hallen	0	15,000	Seth Hallen	Non-Executive Director (since June 22, 2012)
Otto Dauer	500,000	0	Otto Dauer	Executive Director (Resigned)

## Audit Statement

The semi-annual financial report for the six months ended June 30, 2012, consists of the condensed consolidated semi-annual financial statements, the semi-annual management report and responsibility statement by the company's Board of Directors. The information in this semi-annual report is unaudited. Our group auditor has neither performed an audit nor a review of these financial statements.

## **Forecast Report**

In July 2012, the International Monetary Fund (IMF) published its current World Economic Outlook (WEO) Update. In the past three months, the global recovery, which was not strong to start with, has shown signs of further weakness. Growth in a number of major emerging market economies has been lower than forecast. Overall, global growth is projected to moderate to 3.5 percent in 2012 and 3.9 percent in 2013, some 0.1 and 0.2 percentage point, respectively, lower than forecast in the April 2012 WEO. Growth in advanced economies is projected to expand by 1.4 percent in 2012 and 1.9 percent in 2013. The downward revision mostly reflects weaker activity in the euro area, especially in the periphery economies, where the dampening effects from uncertainty and tighter financial conditions will be strongest. Growth is projected to remain relatively weaker than in 2011 in regions connected more closely with the euro area (Central and Eastern Europe in particular).

For the remainder of 2012, the development of Catalis' operating business units is expected as follows:

Testronic is significantly ahead of 2011 in both revenue and in profit terms. The division is in discussions with many potential clients looking for help in the relevant business fields.

The business unit developed very positively in the first half of 2012. This trend is expected to continue. We are market leaders in many of our business areas. Since July, Testronic Labs is an official certification test lab for SuperSpeed USB testing. This new technology is meeting with a great deal of interest and we believe this technology offers considerable opportunities for growth in the years ahead. That is just one example for our confidence.

The development of the video games market is difficult to evaluate, owing to significant changes in the marketplace. It is exceptionally ambitious to make a prognosis for the current business year under the existing market circumstances. But Kuju is well positioned to tap the considerable potential offered by new ways of gaming. Gaming is part of everyday life. The latest survey from Magid Associates looking at U.S. gaming trends and attitudes found that while console gaming is still the biggest sector, mobile and social gaming have made big strides, becoming the number 2 and number 3 platforms for gaming. The survey also found that more than half of consumers in every demographic group from 8 to 54 play games. Therefore we do not need to worry about Kuju's future.

**Condensed Consolidated Statement of Financial Position of Catalis Group**  
As of June 30, 2012 and December 31, 2011 (in thousands of euros) **unaudited**

<b>ASSETS</b>	<b>AKTIVA</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
<b>Current Assets</b>	<b>Kurzfristige Vermögensgegenstände</b>		
Cash and cash equivalents	Liquide Mittel	720	800
Trade receivables	Forderungen aus LuL	3,866	4,035
Income tax receivable	Steuerforderungen	55	87
Other current assets	Andere	2,843	3,151
<b>Total Current Assets</b>	<b>Kurzfr. Vermögensgegenstände gesamt</b>	<b>7,484</b>	<b>8,073</b>
<b>Non-Current Assets</b>	<b>Langfristige Vermögensgegenstände</b>		
Intangible assets	Immaterielle Vermögenswerte	958	997
Goodwill	Firmenwerte	14,331	14,331
Property, plant and equipment at cost - net	Sachanlagen	1,781	1,794
Deferred tax	Latente Steuern	190	190
Other non-current assets/ investments	Andere	0	0
<b>Total Non-Current Assets</b>	<b>Langfr. Vermögensgegenstände gesamt</b>	<b>17,260</b>	<b>17,312</b>
<b>TOTAL ASSETS</b>	<b>AKTIVA gesamt</b>	<b>24,744</b>	<b>25,385</b>
<b>LIABILITES &amp; EQUITY</b>	<b>PASSIVA</b>		
<b>Current Liabilities</b>	<b>Kurzfristige Verbindlichkeiten</b>		
Trade and other payables	Verbindlichkeiten aus LuL	5,954	5,465
Taxes and social securities	Steuern und Sozialversicherungen	494	1,295
Income tax payable	Verbindlichkeiten aus Ertragssteuern	42	53
Provisions	Rückstellungen	210	597
Bank overdraft	Kurzfristige Bankverbindlichkeiten	2,091	1,722
Loans	Darlehen	8,159	8,625
Finance lease	Finance lease	0	0
<b>Total Current Liabilities</b>	<b>Kurzfr. Verbindlichkeiten gesamt</b>	<b>16,950</b>	<b>17,756</b>
<b>Non-Curent Liabilities</b>	<b>Langfristige Verbindlichkeiten</b>		
Long-Term Debt	Langfristige Bankverbindlichkeiten	0	0
Finance lease obligation	Finance lease obligation	0	0
Deferred tax liability	Latente Steuern	190	190
Provisions	Rückstellungen	0	0
<b>Total Non-Current Liabilities</b>	<b>Langfr. Verbindlichkeiten gesamt</b>	<b>190</b>	<b>190</b>
<b>Total Equity</b>	<b>Eigenkapital gesamt</b>	<b>7,604</b>	<b>7,439</b>
<b>TOTAL LIABILITES &amp; EQUITY</b>	<b>PASSIVA gesamt</b>	<b>24,744</b>	<b>25,385</b>

## Condensed Consolidated Income Statement of Catalis Group (unaudited)

For the periods ended June 30, 2012 and June 30, 2011 (in thousands of euros)

€k	T€	Q2 2012	Q2 2011	HY 2012	HY 2011
Revenues	Umsatz	6,627	7,470	13,529	13,535
<b>Total revenues</b>	<b>Gesamteinnahmen</b>	6,627	7,470	13,529	13,535
Subcontracting and cost of materials	Fremd- und Materialkosten	769	1,245	1,570	1,904
Personnel costs	Personalkosten	4,054	4,240	8,260	7,936
Depreciation fixed assets	Abschreibungen auf Sachanlagen	152	218	312	428
Amortisation intangible assets	Abschreibungen immaterieller Vermögensgegenstände	(25)	14	125	28
Impairment of goodwill	Goodwill-impairment	0	0	0	0
General and administration	Allgemeine Verwaltungskosten	1,568	1,444	3,055	2,772
<b>Total expenses</b>	<b>Kosten gesamt</b>	6,518	7,161	13,322	13,068
Profit/(loss) from operations	operativer Gewinn/(Verlust)	109	309	207	467
Interest income	Zinseinnahmen	0		3	
Interest expense	Zinsaufwendungen	(118)	(60)	(193)	(138)
Currency translation differences	Wahrungsdifferenzen	336	(40)	218	(40)
Total financial income	Finanzergebnis gesamt	218	(100)	28	(178)
Income tax	Ertragsteuern	(74)	0	(70)	0
<b>PROFIT FOR THE YEAR</b>	<b>Jahresergebnis</b>	253	209	165	289
<b>Earnings per share</b>	<b>Ergebnis je Aktie</b>				
Basic	Unverwässert	0.00	0.01	0.00	0.01
Diluted	Verwässert	0.00	0.01	0.00	0.01

## Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the periods ended June 31, 2012 and June 30, 2011 (in thousands of euros)

€k		HY 2012	HY 2011
Profit (loss) for the period	Periodenergebnis	165	289
Foreign exchange translation differences	Währungsdifferenzen aus der Umrechnung ausländischer Geschäftsaktivitäten	0	0
<b>Total comprehensive income for the period</b>	<b>Gesamterfolg im Geschäftsjahr</b>	<b>165</b>	<b>289</b>
<b>Attributable to non-controlling interests</b>	<b>Davon entfallen auf nicht beherrschende Anteile</b>	<b>0</b>	<b>0</b>
<b>Attributable to shareholders of Catalis SE</b>	<b>Anteil der Aktionäre der Catalis SE</b>	<b>165</b>	<b>289</b>

## Condensed Consolidated Cash Flow Statement of Catalis Group (unaudited)

For the six-months period ended June 30, 2012 and 2011 (in thousands of euros)

€k	T€	HY 2012	HY 2011
<b>Cash Flow from operating activities</b>	<b>Kapitalfluss aus betrieblicher Tätigkeit</b>		
Net Income	Periodenergebnis	165	289
Depreciation of tangible fixed assets	Abschreibungen auf Anlagevermögen	312	428
Amortisation intangible assets	Abschreibungen von immateriellen Firmenwerten	125	28
Increase/(decrease) provisions	Zunahme/(Abnahme) von Rückstellungen	0	0
(Increase)/decrease share based payment	(Zunahme)/Abnahme von Share based payment	0	0
(Increase)/decrease current assets	(Zunahme)/Abnahme von kurzfristigen Vermögensgegenständen	509	-202
Increase/(decrease) current liabilities	Zunahme/(Abnahme) von kurzfristigen Verbindlichkeiten	-1175	-1.612
Increase/(decrease) in deferred taxes	Zunahme/(Abnahme) latenter Steuern	0	0
<b>Net cash (used in) / provided by operating activities</b>	<b>Aus betrieblicher Tätigkeit erwirtschaftete Zahlungsmittel</b>	<b>-64</b>	<b>-1.069</b>
<b>Cash Flow from investing activities</b>	<b>Kapitalfluss aus Investitionen</b>		
Purchase of property, plant & equipment	Erwerb von Sachanlagen	-299	-498
Additions of intangible assets	Additions of intangible assets	-86	-665
<b>Net Cash (used in) / provided by investing activities</b>	<b>Aus Investitionstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>-385</b>	<b>-1.163</b>
<b>Cash Flow from financing activities</b>	<b>Kapitalfluss aus Finanzierungstätigkeit</b>		
Proceeds from issuance of share capital	Zuflüsse aus der Ausgabe von Aktien	0	1.171
Increase/(decrease) of long term debt	Zunahme/(Abnahme) langfristiger Finanzverbindlichkeiten	0	0
<b>Net Cash (used in) / provided by financing activities</b>	<b>Aus Finanzierungstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>0</b>	<b>1.171</b>
Net effect of currency translation		0	0
<b>Net Increase in cash and cash equivalents</b>	<b>Veränderung der liquiden Mittel</b>	<b>-449</b>	<b>-1.061</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>Liquide Mittel zu Beginn der Periode</b>	<b>-922</b>	<b>-1.316</b>
<b>Cash and cash equivalents at end of period</b>	<b>Liquide Mittel am Ende der Periode</b>	<b>-1371</b>	<b>-2.377</b>

## **Explanatory notes and accounting principles**

### **Reporting entity**

Catalis SE is a public limited liability company incorporated and domiciled in the Netherlands and listed on the regulated market segment of the Frankfurt Stock Exchange.

The condensed consolidated interim financial statements of Catalis SE as at and for the six months period ended June 30, 2012 include the company and its subsidiaries (together called the "Group").

### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2011, which have been prepared in accordance with IFRS adopted by the EU. The condensed consolidated interim financial statements have not been reviewed nor audited by our external auditor.

These condensed consolidated interim financial statements have been prepared by the Executive Board of Directors on August 30, 2012. The Board of Directors gave permission for publication of the condensed consolidated financial statements on August 30, 2012.

### **Significant accounting policies**

Except as described below the accounting policies as applied in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as and for the year ended December 31, 2011.

### **Non-GAAP Measures**

In our financial reporting we use certain measures that are not recognised under IFRS or other generally accepted accounting principles (GAAP). We do this because we believe that these measures are useful to investors and other users of our financial statements in helping them to understand underlying business performance.

### **Estimates**

The preparation of these condensed consolidated interim financial statements requires the Group to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimated and judgements.

Management reassessed the main estimates used in these condensed interim financial statements and except as described in these notes there are no material changes in this reporting period with respect to the significant judgements made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2011 financial statements.

## Seasonality

The Group's activities are not impacted by seasonal patterns.

## Financial risk management

Due to the recent financial crisis the credit risk policies have been under scrutiny. Thus far, no significant increases in credit risk appeared.

## Segment reporting

The following table illustrates information about the reportable segments:

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2012, €k</b>					
Revenues from external customers	7,454	5,770	305	0	13,529
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Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	(10)	1,158	(279)	(402)	467
EBIT margin %	n.a.	15.4%	n.a.	n.a.	3.5%

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2011.

## Investments

Investments in the reporting period were attributable to the purchase of property, plant & equipment resulting from replacement investments and testing equipment as well as additions in intangible assets.

## Related parties

There have been no significant related party transactions in the first six months of 2012.

## Subsequent events

In order to strengthen the company's capital base, Catalis SE announced on July 10, 2012 to increase its existing share capital of EUR 5,887,172.00 consisting of 58,871,720 shares with a nominal value of EUR 0.10 each by up to EUR 1,261,536.60 representing up to 12,615,366 new shares to up to EUR 7,148,708.60 representing up to 71,487,086 shares.

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On August 08, 2012, Catalis announced a change to its Board of Management. Mr. Otto Dauer has announced his resignation from the Board of Directors at his own request for personal reasons.

Eindhoven, August 30, 2012

The Board of Directors:

Dr. Jens Bodenkamp (Chairman, Non-Executive)  
Dominic Wheatley (Executive)  
Peter Biewald (Executive)  
Dr. Michael Hasenstab (Non-Executive)  
Robert Kaess (Non-Executive)  
Seth Hallen (Non-Executive)  
Otto Dauer (Executive - Resigned)

## **Additional information**

### **Forward-looking Statements**

This report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Catalis SE management and information currently available to the company. The statements involve certain risks and uncertainties that are difficult to predict and therefore Catalis SE does not guarantee that its expectations will be realized. Furthermore, Catalis SE has no obligation to update the statements contained in this report.

## **Imprint**

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