



Interim Financial  
Report for the 1st  
Quarter of 2013

For the period January 1,  
2013 to March 31, 2013



# Catalis delivers quality to the global entertainment and media marketplace.

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# Key Figures (unaudited)

## Results

in thousands of EUR

			Q1.2013	Q1.2012	
Revenues	(A)	<i>Umsatz</i>	(A)	7,022	6,902
Subcontracting & cost of materials	(B)	<i>Fremdkosten und Materialkosten</i>	(B)	664	801
Gross Profit	(A – B)	<i>Rohhertrag</i>	(A – B)	6,358	6,101
Gross Margin		<i>Rohhertragsmarge</i>		90.5%	88.4%
Operating Income (EBIT)		<i>Operatives Ergebnis (EBIT)</i>		550	98
Non-recurring Costs		<i>Einmalkosten</i>		0	0
EBIT after Non-recurring Costs		<i>EBIT nach Einmalkosten</i>		550	98
Operating Margin		<i>Operative Marge</i>		7.8%	1.4%
Income Before Tax (EBT)		<i>Ergebnis vor Steuern</i>		309	(92)
Pre-tax Margin		<i>Vorsteueremarge</i>		4.4%	n.a.
Net Income		<i>Periodenergebnis</i>		309	(88)
Net Income Margin		<i>Marge</i>		4.4%	n.a.
Operating Cash Flow		<i>Operativer Cashflow</i>		609	(355)

## Share information

Number of shares outstanding		<i>Aktienanzahl</i>		62,423,328	58,871,720
Earnings per share € cent (basic)		<i>Ergebnis je Aktie (unverwässert)</i>		0.5	(0.2)
Earnings per share € cent (diluted)		<i>Ergebnis je Aktie (verwässert)</i>		0.5	(0.2)

## Balance Sheet

in thousands of EUR

Equity	(C)	<i>Eigen Vermögen</i>	(C)	7,913	7,816
Total Assets	(D)	<i>Bilanztotal</i>	(D)	25,062	24,853
Solvability	(C ÷ D)	<i>Solvabilität</i>	(C ÷ D)	31.6%	30.0%

# To our shareholders

## Reaping rewards from the actions of 2012 – strong performance in Q1

During 2012 we took decisive actions in restructuring the Catalis Group. We appointed new management, we reduced our overheads, we closed loss-making operations and we focussed our attention on Catalis' most successful and profitable operating divisions. These measures were intended to provide a solid foundation for growth.

I have no doubt that these decisions spurred our strong performance in Q1 2013. At a group-level we recorded a Q1 EBIT of € 550k. This represents a significant increase in profitability when compared with the EBIT of € 98k recorded for the same period in 2012, and serves to reinforce my confidence in our strategic direction.

## Strong and sustainable performance in Testronic Labs and Kuju Entertainment

The two operating divisions of Catalis, Testronic Labs and Kuju Entertainment, delivered a strong and sustainable performance during Q1 2013.

Through organic growth, Testronic Labs achieved record Q1 revenues of € 4.7m – a significant 29.8% increase when compared with Q1 revenues of the previous year (Q1 2012: € 3.6m). Correspondingly, Testronic generated a superior EBIT of € 0.5m (Q1 2012: € 0.2m).

Kuju generated steady revenues of € 2.2m (Q1 2012: € 3.1m), and an EBIT of € 0.3m (Q1 2012: € 0.4m). The recent restructuring has improved efficiency, boosting the EBIT margin to 14.9% (Q1 2012: 12.7%).

## Continued efforts to improve efficiency and cash flow

I remain committed to improving the group's efficiency and cash flow position, and during Q1, we have made good progress on both fronts:

- We successfully renegotiated the terms of our KBC bank loan, converting the short-term credit facility into a € 8.6m term loan maturing on 31st December 2015. Effective from the 18th March 2013, this was a huge success for us, and the new structure provides us longer-term financial security.
- On 6th March 2013, Nick Winks' nomination as Chief Restructuring Officer and Executive Director was approved at the Extraordinary General Meeting of Shareholders. Nick brings with him a wealth of experience from a variety of senior management roles with private and publically listed companies, as well as particular expertise for improving operational performance, through cash generation and debt structures. With Nick, we are happy to have gained an experienced international manager, who will provide additional impetus to our efficiency measures.

## Strong sales pipeline, and businesses well-positioned for the future

In addition to our positive financial performance, and operational improvements, I draw confidence from our sales pipeline and our market position. Our incoming orders, and booked business is encouraging; and the imminent launch of new gaming consoles, like Microsoft's Xbox One and Sony's Playstation 4, are expected to have a positive impact on the industry. Both Kuju as a developer, and Testronic as a QA service provider, are ideally placed to benefit from this uplift.

## Onwards and upwards

In the longer term, we remain very positive about the opportunities to grow the business. From our restructuring of 2012, we stand on solid foundations. We've had a successful quarter, demonstrating strong organic growth. We hold an encouraging order book, and we expect to capitalise on the market growth in games development and testing. Combining these factors, it is our strong belief that we can deliver sustained revenue growth, and excellent earning performance.

Yours sincerely



Dominic Wheatley  
Chief Executive Officer  
Eindhoven, 31st May 2013

# 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 three months ending March 31, 2013 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 2012.

# Management Report

## Market & Industry Environment

### Video Games Industry:

#### **The market messages about the trends are contradictory.**

U.S. retail sales of video-game hardware, software and accessories fell 10 per cent to \$992.5 million in March 2013, according to researcher NPD Group Inc. Hardware sales fell the most, declining 32 per cent to \$221.6 million, compared with a year ago; Software sales for the current generation consoles, which have been on the market for seven years, slipped 1 per cent to \$554.8 million. Sales of packaged-game products are declining as more consumers download digital games on smartphones and tablets. Physical sales accounted for about 50 per cent of total U.S. consumer spending on games, NPD said. Total software sales, including titles for personal computers, gained 2 per cent to \$602.4 million, the first increase since November 2011. Total spending on U.S. video-game hardware and software, including used-games, rentals and digitally delivered content, was almost \$1.9 billion, an analyst at NPD, estimated.

In contrast, January 2013 was a good month for the video games market. After an abysmal 2012 for video games retail, US game sales in January were perhaps slightly more encouraging, as total industry sales climbed nine per cent to \$834.7 million. Hardware sales increased four per cent to \$205.0 million while software (including PC games) was flat at almost \$393.0 million.

#### **We are all awaiting the launch of the next-generation consoles.**

Sony has revealed in February the new Playstation 4. At its press conference, Sony finally announced its next-generation console offering, the PlayStation 4, for release in "holiday 2013." The system will come with Sony's new DualShock 4 and a stereo camera peripheral to track position of controller. The new DualShock will feature enhanced rumble, reduced controller latency, a touchpad, share button, headphone jack, and lightbar to identify players. Sony will also be releasing a PlayStation App for iOS and Android, allowing players to use their tablets and smartphones as second screen for their systems.

Microsoft's Xbox 720 event took place on 21st May. The next-generation system is expected to launch in the North American region before the end of this year.

#### **New markets are emerging.**

TIGA, the trade association representing the UK games industry, said in February that game developers were increasingly focusing on creating games for tablet devices, a process driven by the increasing prevalence of such devices. TIGA made the comments following the publication of new research showing that global shipments of tablet devices rose 142 per cent year-on-year. Although PC gaming remains popular, TIGA says the continued rise of tablets is making for a large, mass-market audience for apps. It also notes that games dominate App Store and Play Store charts. UK developers are taking tablet gaming seriously with 37 per cent of all UK studios now primarily focused on mobile – up from 19 per cent in 2010.

## DVD & Blu-ray:

U.S. Consumer spending on home entertainment rose more than 5% in the first quarter of this year, driven by a strong slate of theatrical titles becoming available on disc and through digital distribution.

The Digital Entertainment Group (DEG) has issued its first U.S. report for 2013 on home entertainment spending, covering the months of January through March, and it looks like Blu-ray is in the spotlight. For studios, the big news was a rebirth in disc sales, which have been trending downward for more than five years.

Sales of Blu-ray Discs, despite the continued growth of internet streaming is definitely doing very well, with a 28.5% growth over the same period in 2012. Within the Blu-ray Disc category, the sales of new films on Blu-ray increased by 37%, catalog title Blu-ray disc sales increased by a healthy 16%, reflecting a solid interest by consumers to see older films on the high-def format.

The number of homes with at least one Blu-ray playback capable device now number about 60 million - with 3.2 million units sold during the quarter. Video-on-Demand (cable, satellite) spending increased 15.73% over the same period in 2012. Sales of HDTVs (Plasma, LCD) in the first quarter totaled 9.4 million. This means that there are now over 112.6 million U.S. households with at least one HDTV. Taking all media delivery category size and percentages into consideration, total spending in home entertainment rose by 5.08% in the first quarter of 2013, when compared to the same period in 2012.

The surprisingly strong growth of electronic sellthrough (EST) can be attributed largely to increased access to digital content. Credit for this, observers say, goes to UltraViolet, which ties in physical disc sales with digital sales and has been embraced by leading retailers. Consumers buy a disc and can then access that content anywhere, at anytime, on a wide array of devices, including smartphones and tablets.

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. UltraViolet is set to launch functionality in Germany and France beginning 30th September. There are about 12 million registered accounts in North America and the U.K. Since March 2012, Testronic Labs is a member of the Digital Entertainment Content Ecosystem (DECE). DECE is the cross-industry consortium responsible for developing UltraViolet. Testronic Labs contributes to the specification and the definition of the testing and certification for UltraViolet.

Ultra HD TVs are in the wings. With new Ultra HD TVs arriving this year, it could soon become a format for both broadcast TV and Blu-ray. 4K resolution, which delivers about four times the high-definition resolution of 1080p, requires compatible TV monitors to view content. Sony has been the most aggressive pushing 4K to retail, saying it will launch two new Ultra HDTV sets as well as a 4K movie download service this summer.

# Business Development Segment Information

## Testronic

Leaders in Quality Assurance, Localization Services, Compliance, and Certification, Testronic offers end-to-end Testing and QA solutions for a notable array of industries; including entertainment, media, games, publishing, e-commerce and consumer electronics. Testronic works with the major studios, games publishers, broadcasters, and digital agencies and help companies from all sectors develop and maintain world class websites and e-commerce solutions. Operating from facilities in the US, the UK, Belgium, and Poland, and with commercial representation in Japan, Testronic is able to leverage the cross-media experience and the scale of our global operation to offer quality, efficiency, value, and security to our customers.

All our capacities are being used to the full and we are getting only positive signals from customers in our most important market segments. The general conditions for the Testronic's business activities are excellent.

Our target markets are attractive - we expect the following developments and opportunities for Testronic on the major markets.

### Film / TV

As consumers increasingly use the internet and OTT (over-the-top) technology to access their movie and TV content, Testronic continues to evolve its service offerings and directs its business development focus to the new and emerging stakeholders in these areas.

### Certification

With the increased offering of standards and solutions, certification programs are needed to guarantee interoperability between the multiple technologies.

### Hardware Testing

Digital TV providers are moving away from the classic distribution model and are aiming to deliver any content on any device, anywhere. With increased bandwidth of IP, the use of the internet and OTT technology is getting more and relevant in the market.

### Games

Mobile Games and Social Gaming are now more prevalent. Testronic is well set up and now experienced and ready for this trend.

**Other recent highlights for Testronic in the first quarter include:**

- Testronic announced that it has completed a significant expansion to its award-winning File-Based QA/QC Lab (the File-Based Lab), located in the company's First Street facility in Burbank, California. The File-Based Lab has been upgraded to provide UltraViolet™ Interoperability Testing capabilities and related test automation services, including extended services and environments to support the evolving digital ecosystem from mastering to consumer distribution.
- The division reported an exclusive collaboration agreement with Player Research, a User Experience (UX) company led by Graham McAllister. Player Research is at the very forefront of helping games companies and other entertainment entities analytically and scientifically understand the elements and motivation of player behaviour. The collaboration will put state-of-the-art UX testing in the hands of Testronic's global roster of clients.
- Testronic has been named an Authorized Test Centre for the HTC Connect™ testing and compliance program. HTC created the HTC Connect program to offer consumer electronics manufacturers the opportunity to create an improved sound and visual standard when connecting HTC® devices with their consumer electronics.

The first quarter of the current financial year has started extremely well - with the results of the first quarter Testronic managed a good start in the current business year. Due to know how, many years of experience and proven solution skills especially in the testing and compliance business, the Board of Testronic is confident that it will be able to further expand its market share.

## Kuju

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

Our market is in flux. The challenges now posed to us, at the same time offer the opportunity for our future development. The face of the videogames industry has undergone a number of significant shifts over the past two years; the introduction and mass-adoption of smartphones and tablets have introduced a 'second screen' into everyone's life, to the extent where it is now ubiquitous and accepted by all. The touchscreen dynamic of these devices has also changed the way games play and feel, forcing a more direct and tactile interaction that previously was the sole jurisdiction of keyboard, mouse or joystick. Kuju has recognized this trend and offers the right games to serve the wide range of customer wishes.

### **Projects under development – a strong order book and encouraging development progress**

At the start of the year, Kuju had a strong order book, with € 10 m of high-profile development contracts in the pipeline for 2013. Development of these projects – with one exception – has largely proceeded without concern, and project delivery is on-target with operational objectives.

### **Business development – a number of opportunities**

From a business development perspective, there has been a marked shift in strategy since the appointment of Gary Bracey (Commercial Director) in 2012. In addition to pursuing work-for-hire opportunities, Kuju is giving equal attention to developing its own, original game concepts. This coincides with a growing appetite from publishers for new product (for reasons explained below); and presents the opportunity for Kuju to negotiate more lucrative royalty deals, and significantly improve revenue prospects. For this purpose, Kuju has established a dedicated "pitch team," which has already proven successful in attracting a number of positive leads. A number of games are currently out for tender with major international publishers, and further concepts and opportunities are being actively pursued.

### **Market trends – Kuju in a strong position**

Regarding the wider market, a number of market trends became apparent during the first quarter, of which four are relevant for independent developers of video games:

1. Release of new generation consoles:  
Adding to the continuing console rumours, new reports have suggested that both the PS4 and Xbox 720 release date will both be held this autumn with each Nintendo Wii U rival to cost around \$400.
2. Increased emphasis on digital delivery of product:  
Developers are increasingly developing a blend of retail and follow-on digital product. Consequently, it is expected that project scopes will increase, development cycles will extend, contract values will rise, and there will be a longer period of sales and royalty upside.
3. Recent market uncertainty has seen the closure of publisher-owned studios:  
Notable closures include studios owned by THQ and LucasArts, which reduces direct competition. The number of studios focussed on the console games market has declined over the past year as publishers reduced their investment in new game titles in anticipation of the release of the new generation consoles.
4. Kuju continues to focus on its core product (console based games) and its new product focus is on utilising the technological advancements that the new generation consoles offer to games developers.

### **New generation consoles**

According to Microsoft senior vice president of Interactive Entertainment Yusuf Mehdi, the company is looking to sell 25 million more Xbox 360's over the next five years. Microsoft also believes that the next-generation of consoles, including the Xbox One, could reach 1 billion in combined sales. Most industry experts think the next generation will get upwards of about 400 million units. The current generation of Xbox 360, PlayStation 3 and Wii have sold over 253 million units combined, with the Wii leading the pack at close to 100 million and the Xbox 360 and PlayStation 3 almost neck and neck.

Both studios of Kuju are actively developing games on one or more of the next gen consoles (PS4, Xbox one, Wii U) in addition to currently working up pitches for new concepts, specifically targeted to the latest consoles.

### **In closing**

Kuju holds a strong order book of development projects, and a number of prospects for new business. In conjunction with the recent market changes listed above, Kuju stands in a strong position to benefit from these trends over the coming months and years.

## Investments

Total investments in the first three months of the fiscal year amounted to € 0.2m and were mainly attributable to the purchase of property, plant and equipment and additions of intangible assets.

At Testronic, investments in the first quarter comprised certification testing equipment and hardware. At Kuju and DDP there were no significant investments.

## Development of Earnings, Financial and Asset Situation

### Catalis Group

In the first quarter of 2013, total revenues of Catalis Group amounted to € 7.0m (2012: € 6.9m). This represents a slight increase of 1.7% from the previous year. Non-recurring costs amounted to € 0.0m, resulting in an EBIT (operating result) after these costs of € 0.6m (2012: € 0.1m). Taking into account a financial result of € -0.2m, the company's pre-tax result amounted to € 0.3m. Net income for the period amounted to € 0.3m (2012: € -0.1m). This equals earnings per share of € 0.00 (2012: € 0.00).

### Testronic

Testronic has seen revenues for the first quarter of 2013 move up from € 3.6m to € 4.7m. This represents an increase of 28.9% compared to previous years' period. Testronic generated an EBIT after non-recurring costs of € 0.5m (2012: € 0.2m).

### Kuju

In the first quarter of 2013, Kuju generated revenues of € 2.2m (2012: € 3.1m), representing a decrease of 26.7%. EBIT for the period showed a profit and amounted to € 0.3m (2011: € 0.4m).

### Proforma Segment Overview

Three months to March 2013

in thousands of EUR	Testing	WFH Games	DDP	Corporate	Total
Revenues from external customers	4,663	2,246	113	0	7,022
Operating profit (EBIT)	541	335	42	(368)	550
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	541	335	42	(368)	550
EBIT margin %	11.6	14.9	37.2	n.a.	7.8

Three months to March 2012

in thousands of EUR	Testing	WFH Games	DDP	Corporate	Total
Revenues from external customers	3,618	3,064	220	0	6,902
Operating profit (EBIT)	216	389	(195)	(312)	98
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	216	389	(195)	(312)	98
EBIT margin %	6.0	12.7	n.a.	n.a.	1.4

## Financial Situation

### Cash flow

In the three months of the fiscal year 2013, Catalis Group generated an operating cash flow of € 0.6m (2012: € -0.4m) that is mainly composed of the positive net income and the increase of current assets.

Cash flow from investing activities amounted to € -0.2m (2012: € -0.1m) and is attributable to the additions of intangible assets (2012: € -0.0m, 2013: € -0.1m).

Cash flow from financing activities amounted to € -0.2m (2012: € -0.0m) resulting from the repayment of long term debt.

The company's total cash flow in the first three months of 2013 was slightly positive (€ 0.04m, 2012: € -0.5m), resulting in a net cash position at the end of the reporting period of € 1.2m (2012: € -1.4m).

## Asset Situation

### Balance Sheet

As of 31st March 2013, total assets of Catalis Group amounted to € 25.1m. This is an increase from the € 24.9m at 31st December 2012.

The company's fixed assets increased slightly to € 17.2m (2012: € 17.0m). The main change in non-current assets is shown in the item intangible assets of the reporting quarter.

Current assets stayed nearly unchanged at the level of € 7.8m at the end of March 2013. Here, trade receivables were down from € 4.4m to € 4.0m and cash and cash equivalents were up from € 1.4m to € 1.5m. Tax and social securities decreased to € 0.0m (2012: € 0.2m) and other current assets were up to € 2.3m (2012: € 1.8m).

On the equity and liabilities side, the company's total equity increased to € 7.9m (2012: € 7.8m). This equals € 0.13 per share, based on the number of shares outstanding of 62,423,328.

Long term liabilities were up to € 8.4m (2012: € 0.2m). This is mainly attributable to the increase of long-term debt. The reason for this is that, KBC Bank converted the short term credit facility with Catalis SE into a term loan. Current liabilities decreased from € 16.8m to € 8.8m. Here, trade and other payables were down from € 5.6m to € 1.7m, the bank overdraft was reduced from € 0.7m to € 0.4m and loans were reduced from € 8.7m to € 1.7m.

Under the new credit facility agreement Catalis Group will repay the loan in monthly instalments, which means that long term liabilities get reduced accordingly.

## Employees

The Group depends on the skills and commitment of its employees in order to achieve its objectives and we strive to ensure that our company values are reflected in our policies.

As of 31st March 2013, there were 321 (31st March 2012: 324) permanent employees working for Catalis Group. The total is composed of 222 (31st March 2012: 181) employees working at Testronic, 97 (31st March 2012: 115) at Kuju, 1 (31st March 2012: 25) at DDP, as well as one employee (31st March 2012: 3) at Catalis SE.

The permanent work force of Testronic, Kuju and DDP has been reduced over the past quarters with the intention of having a highly flexible work force with minimal fixed costs. Therefore, on a Group level, the management expects permanent employee numbers to be slightly down in 2013.

It is important to thank all our employees whose tremendous hard work has been the driving force behind our performance.

## Supplementary Report

There have been no material events subsequent to the end of the period under review that need to be disclosed at this point.

## 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 2012. 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 31st March 2013 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 31st March 2013 and of the development and performance during the first three months of the fiscal year 2013 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.

Eindhoven, 31st May 2013

The Board of Directors:

**Dr. Jens Bodenkamp** (Chairman, Non-Executive)

**Dominic Wheatley** (CEO, Executive)

**Peter Biewald** (CFO, Executive)

**Nick Winks** (CRO, Executive)

**Dr. Michael Hasenstab** (Non-Executive)

**Robert Kaess** (Non-Executive)

## Directors' Holdings

As of 31st March 31 2013, 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	2,275,101	500,000	Dominic Wheatley	Executive Director
Dr. Michael Hasenstab	50,000	0	Dr. Michael Hasenstab	Non-Executive Director
Robert Kaess	50,000	0	Robert Kaess	Non-Executive Director
Peter Biewald	100,000	400,000	Peter Biewald	Executive Director
Nick Winks	100,000	0	Nick Winks	Executive Director

## Audit Statement

The interim financial report for the three months ended 31st March 2013, consists of the condensed consolidated interim financial statements, the interim management report and responsibility statement by the company's Board of Directors. The information in this interim report is unaudited. Our group auditor has neither performed an audit nor a review of these financial statements.

## Forecast Report

The main theme of the World Economic Outlook is that global economic prospects have improved but unevenly. The overall world economic output (gross domestic product) is expected to grow at 3.3 per cent in 2013 and 4.0 per cent in 2014. According to the International Monetary Fund (IMF), the economic recovery has moved from a two-speed to a three-speed recovery. Emerging market and developing economies continue to be the main driver for the world economic recovery, expecting to grow at a healthy 5.3 per cent and 5.7 per cent in 2013 and 2014 respectively. For major advanced economies, there is a bifurcation with the United States in the lead, forecast to grow at 1.9 per cent in 2013 and 3.0 per cent in 2014, while the core Euro area, except Germany, is expected to show a contraction of 0.3 per cent in 2013 and 1.1 per cent in 2014. Germany is forecast to expand at 0.6 per cent in 2013 and 1.5 per cent in 2014.

We had a successful start in the current year and the results are fully in line with our expectations and our outlook for the full year. At the beginning of this year the share price continued its upward course, and we are confident that this trend will continue because we have set ourselves for the current year the target of a further profit improvement. We expect revenues to come in ahead of 2013, with revenues up from € 27.7m to between € 29m and € 32m and an EBIT from € 0.8m to between € 1.8m and € 2.2m.

# Condensed Consolidated Interim Financial Statements (unaudited)

**Condensed Consolidated Statement of Financial Position of Catalis Group (unaudited)**

As of 31st March 2013 and 31st December 2012, in thousands of EUR

<b>Assets</b>		<b>Q1.2013</b>	<b>Q4.2012</b>
<b>Current Assets</b>	<i>Kurzfristige Vermögensgegenstände</i>		
Cash and cash equivalents	<i>Liquide Mittel</i>	1,515	1,376
Trade receivables	<i>Forderungen aus LuL</i>	3,987	4,401
Tax and social securities	<i>Forderungen aus Steuern und Sozialversicherungen</i>	-	186
Income tax receivable	<i>Ertragssteuerforderungen</i>	54	90
Other current assets	<i>Andere</i>	2,291	1,787
<b>Total Current Assets</b>	<b><i>Kurzfr. Vermögensgegenstände gesamt</i></b>	<b>7,847</b>	<b>7,840</b>
<b>Non-Current Assets</b>	<i>Langfristige Vermögensgegenstände</i>		
Intangible assets	<i>Immaterielle Vermögensgegenstände</i>	975	586
Goodwill	<i>Firmenwerte</i>	14,328	14,455
Property, plant and equipment	<i>Sachanlagen</i>	1,722	1,776
Deferred tax	<i>latente Steuern</i>	189	196
Other non-current assets/ investments	<i>Andere</i>	-	-
<b>Total Non-Current Assets</b>	<b><i>Langfr. Vermögensgegenstände gesamt</i></b>	<b>17,215</b>	<b>17,013</b>
<b>TOTAL ASSETS</b>	<b><i>AKTIVA gesamt</i></b>	<b>25,062</b>	<b>24,853</b>
<b>Liabilities &amp; Equity</b>			
<b>Current Liabilities</b>	<i>Kurzfristige Verbindlichkeiten</i>		
Trade and other payables	<i>Verbindlichkeiten aus LuL</i>	1,723	5,627
Taxes and social securities	<i>Steuern und Sozialversicherungen</i>	856	1,353
Income tax payable	<i>Verbindlichkeiten aus Ertragssteuern</i>	43	52
Provisions	<i>Rückstellungen</i>	-	390
Bank overdraft	<i>kurzfristige Bankverbindlichkeiten</i>	424	688
Loans	<i>Darlehen</i>	1,701	8,731
Finance lease	<i>Finance lease</i>	69	0
Other liabilities	<i>Sonstige Verbindlichkeiten</i>	3,946	0
<b>Total Current Liabilities</b>	<b><i>Kurzfr. Verbindlichkeiten gesamt</i></b>	<b>8,762</b>	<b>16,841</b>
<b>Non-Curent Liabilities</b>	<i>Langfristige Bankverbindlichkeiten</i>		
Long-Term Debt	<i>Langfristige Bankverbindlichkeiten</i>	7,100	-
Deferred tax liability	<i>latente Steuern</i>	217	196
Provisions	<i>Rückstellungen</i>	1,070	-
<b>Total Non-Current Liabilities</b>	<b><i>Langfr. Verbindlichkeiten gesamt</i></b>	<b>8,387</b>	<b>196</b>
<b>Equity</b>	<i>Eigenkapital</i>		
<b>Total Equity</b>	<b><i>Eigenkapital gesamt</i></b>	<b>7,913</b>	<b>7,816</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><i>PASSIVA gesamt</i></b>	<b>25,062</b>	<b>24,853</b>

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

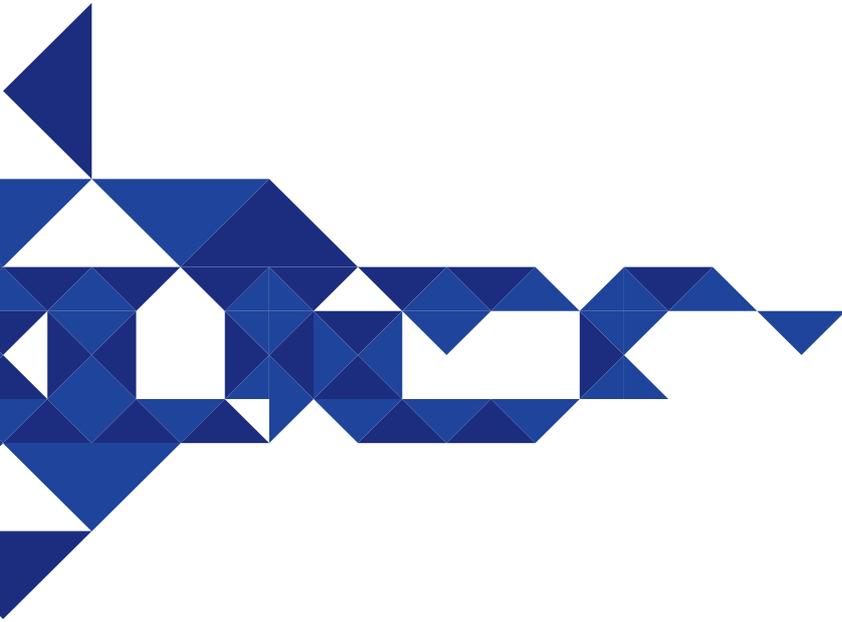
For the period ended 31st March 2013 and 31st March 2012 (in thousands of euros)

	Q1.2013	Q1.2012
<b>Revenues</b>		
<b>Total Revenues</b>	<b>7,022</b>	<b>6,902</b>
<b>Expenses</b>		
Subcontracting and cost of materials	664	801
Personnel costs	4,337	5,131
Depreciation fixed assets	169	160
Amortisation intangible assets	21	150
Impairment of goodwill	-	-
General and administration	1,633	935
<b>Total expenses</b>	<b>6,472</b>	<b>6,804</b>
<b>PROFIT / (LOSS) FROM OPERATIONS</b>	<b>550</b>	<b>98</b>
<b>Financial Income</b>		
Interest income	(44)	3
Interest expense	(105)	(75)
Currency translation difference	(92)	(118)
<b>Total financial income</b>	<b>(241)</b>	<b>(190)</b>
<b>Income Tax</b>	<b>0</b>	<b>4</b>
<b>PROFIT FOR THE PERIOD</b>	<b>309</b>	<b>(88)</b>

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

For the period ended 31st March 2013 and 31st March 2012 (in thousands of euros)

		Q1.2013	Q4.2012
<b>Cash Flow from operating Activities</b>	<b>Kapitalfluss aus betrieblicher Tätigkeit</b>		
Net Income	<i>Periodenergebnis</i>	309	(88)
Depreciation of tangible fixed assets and Amortisation intangible assets	<i>Abschreibungen auf Anlagevermögen und Abschreibungen von immateriellen Firmenwerte</i>	190	310
Increase / (decrease) Interest P&L	<i>Zunahme / (Abnahme) Zinsen P&amp;L</i>	149	0
Increase / (decrease) provisions	<i>Zunahme / (Abnahme) von Rückstellungen</i>	(581)	0
(Increase) / decrease current assets	<i>(Zunahme) / Abnahme von kurzfristigen Vermögensgegenständen</i>	743	591
(Increase) / decrease share based payment	<i>(Zunahme) / Abnahme von Share based payment</i>	12	0
Increase / (decrease) current liabilities	<i>Zunahme / (Abnahme) von kurzfristigen Verbindlichkeiten</i>	(102)	(1,168)
Increase / (decrease) Interest	<i>Zunahme / (Abnahme) aus Zinsen</i>	(150)	0
Increase / (decrease) in deferred taxes	<i>Zunahme / (Abnahme) latenter Steuern</i>	39	0
<b>Net cash (used in) / provided by operating activities</b>	<b>Aus betrieblicher Tätigkeit erwirtschaftete Zahlungsmittel</b>	<b>609</b>	<b>(355)</b>
<b>Cash Flow from investing activities</b>	<b>Kapitalfluss aus Investitionen</b>		
Purchase of property, plant & equipment	<i>Erwerb von Sachanlagen</i>	(73)	(69)
Additions of intangible assets	<i>Zugänge immaterieller Vermögensgegenstände</i>	(143)	(38)
<b>Net Cash (used in) / provided by investing activities</b>	<b>Aus Investitionstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>(216)</b>	<b>(108)</b>
<b>Cash Flow from financing activities</b>	<b>Kapitalfluss aus Finanzierungstätigkeit</b>		
Proceeds from issuance of share capital	<i>Zuflüsse aus der Ausgabe von Aktien</i>	0	0
Increase / (decrease) of long term debt	<i>Zunahme / (Abnahme) langfristiger Finanzverbindlichkeiten</i>	(229)	0
Increase / (decrease) finance leases	<i>Zunahme / (Abnahme) Finanzierungsleasing</i>	(7)	0
<b>Net Cash (used in) / provided by financing activities</b>	<b>Aus Finanzierungstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>(236)</b>	<b>0</b>
<b>NET EFFECT OF CURRENCY TRANSLATION IN CASH AND CASH EQUIVALENTS</b>	<b>Wechselkursbedingte Änderungen der Zahlungsmittel und Zahlungsmitteläquivalente</b>	<b>(114)</b>	<b>0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>Veränderung der liquiden Mittel</b>	<b>43</b>	<b>(463)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>Liquide Mittel zu Beginn der Periode</b>	<b>1,183</b>	<b>(922)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>Liquide Mittel am Ende der Periode</b>	<b>1,226</b>	<b>(1,385)</b>



# 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.

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