

Interim Financial Report for the 3rd Quarter and First Nine Months of 2011
For the period from January 1, 2011 to September 30, 2011

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Key Figures (unaudited)

€k	€ Tsd.	Q3/2011	Q3/2010	9M/2011	9M/2010
Revenues (A)	Umsatz (A)	7,402	7,691	20,937	19,678
Subcontracting and cost of materials (B)	Fremdkosten und Materialkosten (B)	1,060	679	2,964	1,811
Gross Profit (A – B)	Rohhertrag (A – B)	6,342	7,012	17,973	17,867
Gross Margin	Rohhertragsmarge	85.7%	91.2%	85.8%	90.8%
Operating Income (EBIT)	Operatives Ergebnis (EBIT)	30	664	497	-1,232
Non-recurring Costs	Einmalkosten	0	158	0	702
EBIT after Non-recurring Costs	EBIT nach Einmalkosten	30	506	497	-1,934
Operating Margin	Operative Marge	0.4%	6.6%	2.4%	-9.8%
Income Before Tax (EBT)	Ergebnis vor Steuern	-81	406	208	-2,234
Pre-tax Margin	Vorsteueremarge	-1.1%	5.3%	1.0%	-11.4%
Net Income	Periodenergebnis	-81	406	208	-2,234
Net Income Margin	Marge	-1.1%	5.3%	1.0%	-11.4%
Operating Cash Flow	Operativer Cashflow	2,211	119	1,142	-1,433
Number of shares outstanding	Aktienanzahl	42,686,691	37,878,999	42,686,691	37,878,999
Earnings per Share (basic)	Ergebnis je Aktie (unverwässert)	0.00	0.01	0.01	-0.06
Earnings per Share (diluted)	Ergebnis je Aktie (verwässert)	0.00	0.01	0.01	-0.06
Solvability (Equity / Total Assets)	Solvabilität (Eigenkapital / Bilanzsumme)	46.6%	48.2%	46.6%	48.2%

To Our Shareholders

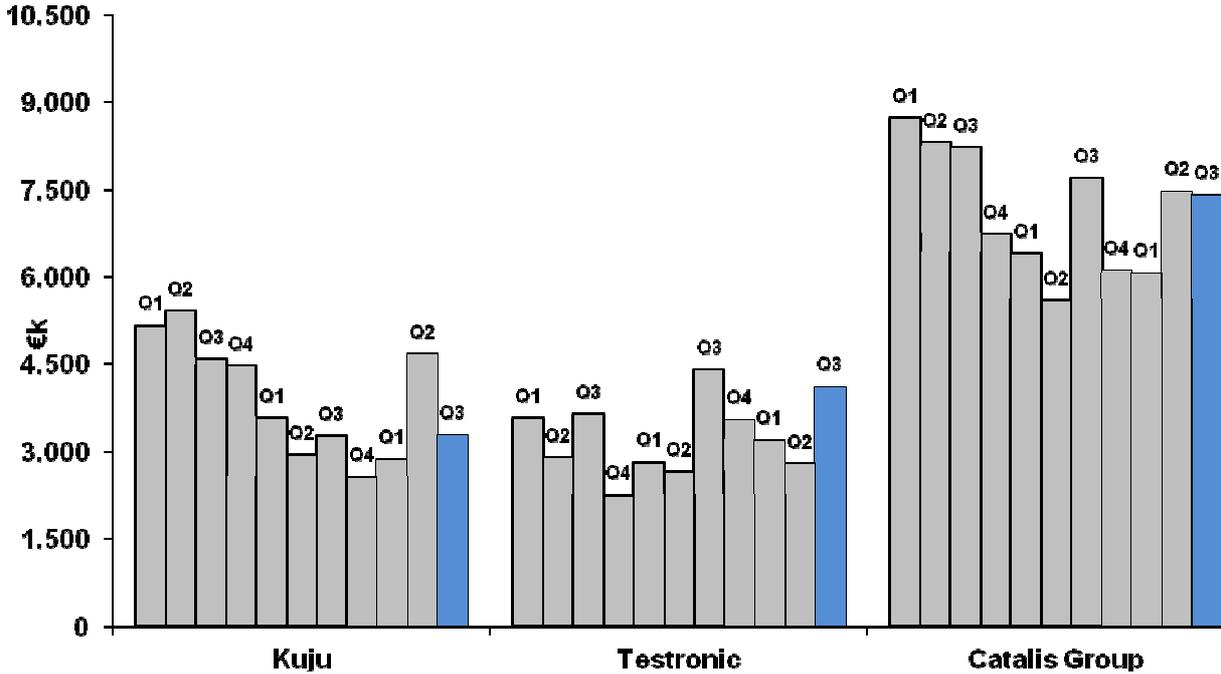
Third Quarter and Nine Month Results – Steady Growth Continues

I am pleased to report that in the third quarter 2011, Kuju and Testronic as well as Catalis Group as a whole, continued its growth trend. Our results for the first nine months of 2011 show that our strategy is working. As can be seen in the below diagrams, Catalis Group has seen a small reduction in profitability in the third quarter 2011, but all in all has successfully stabilized the profitability for the first nine months of 2011 accompanied by steady revenue growth.

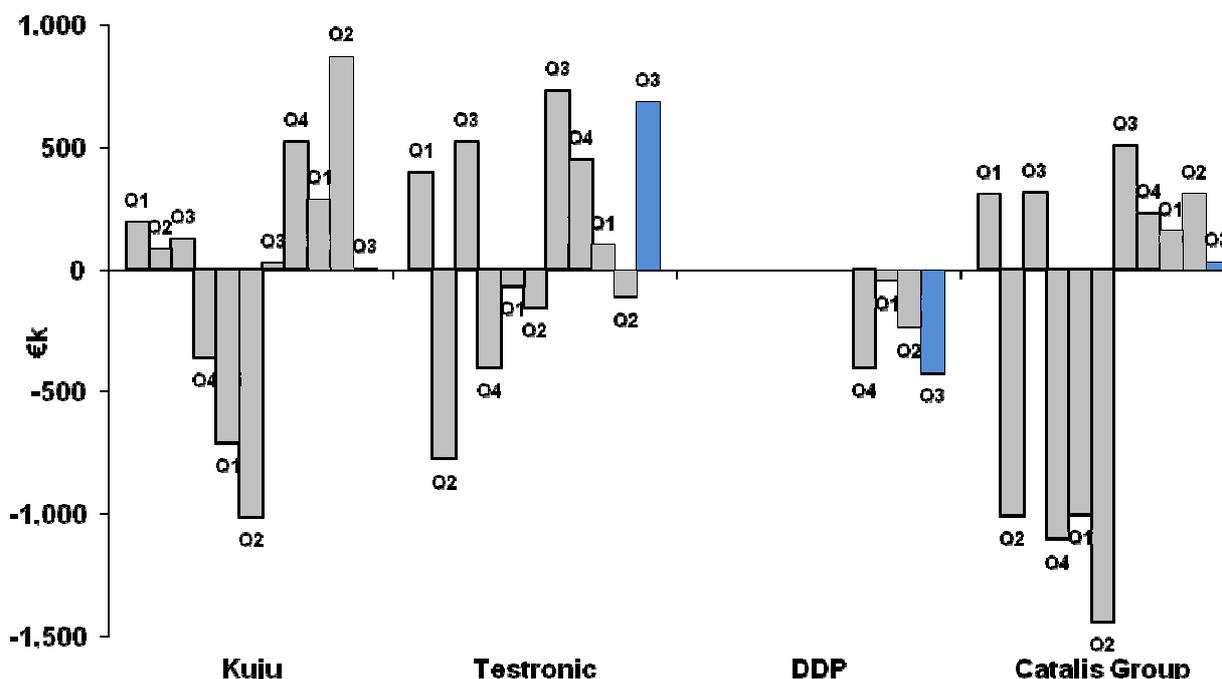
In response to the tightening market conditions, we have continued to strengthen our market position through a number of strategic measures. Although in general the market environment remains weak, Catalis Group benefitted from the previous rigorous structural and organisational adjustments it made to its business in the past four quarters. Customer demand for our services has also been stronger in the third quarter partly driven by the upcoming holiday season when a large number of home entertainment products are traditionally brought to the market and new testing projects at Testronic.

In total, we are still well aware of the current uncertainties in the group’s markets and continue to take measures protecting the company’s market position and performance. However, we believe that Catalis Group is well positioned to take on the future challenges.

Revenue Development per Quarter since 2009



EBIT Development per Quarter since 2009



In the third quarter of the fiscal year 2011, revenues of Catalis Group were down 3.8% from € 7.69m in 2010 to € 7.40m. The EBIT (operating income) before non-recurring costs, decreased from € 0.66m to € 0.03m. The non-recurring costs amounted to € 0.0m. Earnings per share for the third quarter amounted to € 0.00 compared to € 0.01 for the third quarter of 2010.

For the first nine months of 2011, revenues of Catalis Group amounted to € 20.93m (2010: € 19.67m). This is an increase of 6.1%. EBIT before non-recurring costs was up to € 0.49m (2010: € -1.23m). Non-recurring costs amounted to € 0.0m (2010: € 0.70m). Including these costs, EBIT was € 0.49m (2010: € -1.93m). Including the financial result of € -0.29m (2010: € -0.3m), pre-tax earnings amounted to € 0.20m (2010: € -2.23m). Net income for the period amounted to € 0.20m (2010: € -2.23m). Earnings per share for the first nine months of the fiscal year 2011 amounted to € 0.01 (2010: € -0.06).

Testronic has seen revenues for the third quarter of 2011 move down from € 4.41m in 2010 to € 4.12m. This represents a decrease of 6.5%. Testronic generated an EBIT before non-recurring costs of € 0.69m (2010: €0.83m). Non-recurring costs amounted to € 0.0m (2010: € 0.10m). EBIT after such costs was € 0.69m (2010: € 0.73m). For the first nine months of 2011, revenues at Testronic amounted to € 10.11m (2010: € 9.89m), an increase of 2.2% from the previous year. Testronic's EBIT before non-recurring costs for the first nine months of 2011, amounted to € 0.67m (2010: € 0.61m). Non-recurring costs amounted to € 0.0m (2010: € 0.10m). EBIT after such costs was € 0.67m (2010: € 0.50m).

In the third quarter of 2011, Kuju generated revenues of € 3.28m (2010: € 3.09m), representing an increase of 6.1%. EBIT before non-recurring costs for the period amounted to € 0.0m (2010: € -0.04m). Non-recurring costs amounted to € 0.0m (2010: € 0.05m). EBIT after such costs for the period Q3 showed a minimum profit and amounted to € 0.0m (2010: € 0.02m). In the first nine months of 2011, Kuju generated revenues of € 10.82m (2010: € 9.80m), representing an increase of 12.7%. Kuju's EBIT before non-recurring costs for the first nine months of the fiscal year 2011 amounted to € 1.16m (2010: € -1.13m). Including non-recurring costs of € 0.0m (2010: € 0.59m), EBIT was € 1.16m (2010: € -1.73m).

Testronic

In total, the third quarter of 2011 has been successful for Testronic driven by the planned releases of blockbuster discs for the upcoming holiday season. The film studios were increasingly bullish for Blu-ray discs reflected by the latest sales figures. The same is also true for 3D discs. September 2011 turned out to be a big month for U.S. Blu-ray sales, with the release of high-profile titles getting Hollywood excited for a strong holiday for the format. Blu-ray sales surged 156% over last year in the U.S. during the week of Sept. 18. The Blu-ray sales propped up the declining DVD business during the month, which continues to drag down overall results. Accordingly, Testronic is expecting a significant increase of Blu-ray and 3D testing services in 2012.

Two major projects have started in the 3rd quarter 2011 in the field of software testing. 3rd quarter saw our first engagement in Testronic's new File-based QC Lab. We tested 140 ProRes (large sub-master) files in approximately 3 weeks. It was a successful project, that proved the engineering design of the new lab and we successfully tested our procedures and new hires. Since then, we have been integrated into file delivery systems of major film studios in order to enable us to perform master file QC for them on demand. A second significant project has been providing OnSite testers to a major studio for their online streaming portal project. We have had testers on site for several months testing 13 transcoded files for each title.

Testronic won a public tender, project ReTiBo an innovation project of the Flemish public transport organization, over some high regarded national/international competitors. The success is based on internal core strength of testing expertise, extended with some very specialized technical expertise through subcontractors.

Home entertainment consultancy has seen strong growth in the third quarter and Testronic expects this trend to continue.

Recent highlights for Testronic include:

- the passing of key milestones in quality assurance by the testing of its 5,500th Blu-ray disc SKU (Stock-keeping Units) and the testing of its 75th 3D SKU. Both accomplishments represented an industry record, and confirmed Testronic's place at the forefront of quality assurance testing for the home entertainment community;
- development of a new Nintendo 3DS testing service at Testronic's fully-equipped, state of the art games testing laboratory at Pinewood Studios in the UK, for the newly released portable game console which produces 3D effects without the need for special glasses;
- increased activity and growth in testing movies in digital formats. During the first quarter of 2011, Testronic began working with one of the world's largest online suppliers of digital movie content on high-profile titles;
- opening of a new File-Based Lab, located in Testronic's 1st Street Facility in Burbank, California. The first of its kind lab consists of an isolated, temperature controlled computer/machine room, three state-of-the-art QC suites, and a ten seater client viewing mini-theatre. It offers playback of multiple formats; including DPX, Clipster, JPEG 2000, ProRes, GXF, QuickTime, Windows Media, MPEG, and AVC, and is also capable of high speed file transfers through a 10 Gbps line that can accept large files (e.g., a 2TB DPX package) via any of the standard Internet (e.g., FTP) or popular file acceleration (e.g., Signiant, Aspera, WAM!NET) protocols.
- launching Testronic On-Site, a unique and forward-looking offering conceived to increase efficiencies for clients. Testronic On-Site delivers quality on demand by providing A/V, disc, metadata, DRM, tape and file master, localization, website, software, and cloud quality assurance services at a client's location. On-Site offers clients the efficiencies and convenience of having QA/QC in-house, while providing the flexibility to quickly and easily scale to day-to-day workload fluctuations.

- Testronic received the HPA Judges Award for Creativity and Innovation in Post Production. The Award recognizes companies and individuals who have demonstrated excellence in post production, whether in creative storytelling and/or technical innovation. Testronic Labs' groundbreaking File-Based QC Lab, which recently opened its doors in Burbank, California, was chosen for the Creativity & Innovation honor.

The video game industry remains relatively stable, buoyed by success of a number of key core franchises. This in turn is reflected in the confidence of publishers to reinvest in sequels and established Intellectual property (IP). Several research reports say, the prospects for the video game industry are still good. It's still an exciting time for the gamer and game developers themselves with current hardware and the refinements that have been added.

Growth in the video game industry is generally driven by the introduction of new technology. The Nintendo DSi XL was introduced in early 2010 and the Nintendo 3DS was introduced in March 2011. Typically, following the introduction of new video game platforms, sales of new video game software increase in the first full year following introduction. Although the Nintendo 3DS launched to the market, hardware sales figures were disappointing for the last months. Because of that, publishers were hesitant about commissioning new content. Hardware sales for the Nintendo 3DS handheld console hit 6.68 million units worldwide, company results revealed at the end of October. DS software sales projections for the year were lowered to 62 million from 65 million. In contrast, launch of the new hardware devices Playstation Move (shipment numbers are at 8.3 million) and XBOX Kinect were successful and met market expectations.

Another new hardware console is waiting in the wings: Sony has recently announced the release date for its new PlayStation Vita handheld gaming device. It will be launched throughout Europe and in the US on 22 February 2012. PlayStation Vita is the follow-up to Sony's PSP console which has sold almost 70m units worldwide since its launch in 2004. All games will be available for download from the internet, although some titles will also be released on a proprietary card format and sold through retail. A large range of titles has already been revealed for the games machine. We are expecting new title signings for Kuju relating to the new handheld gaming device.

The software segment in the last months has been dominated by a few big budget titles like Call of Duty: Black Ops or Just Dance 2 as well as downloadable games for consoles in addition to handheld devices. Analysts expected sales to be down for the remainder of the summer, with the industry recovering when big budget titles are released later this year and hardware vendors like Microsoft and Sony possibly entice consumers with console price cuts.

Despite all this a new analyst report suggests that the worldwide market for video games will exceed \$60 billion this year, over both hardware and software sales. The report expects the video games industry to generate more than \$80 billion in 2014.

Kuju

The first nine months of 2011 was a time of strategic growth for Kuju as the company restored profitability in Kuju's operations, expanded the capabilities to serve the target markets and continued the realignment of operations. All of these accomplishments will have lasting benefits. Kuju is now in a position to reap the full rewards of the timely actions it has taken over the past years to build a stronger and more profitable business over the long term.

Recent highlights for Kuju include:

- critical and commercial success of Art Academy for the Nintendo DS/DSi that received a coveted "best video game" award and has also comfortably surpassed

the 2.0 million unit sales mark in retail and continues to post pleasing sales numbers in Europe;

- the release of the Playstation3 3D title "House of the Dead: Overkill Extended Cut", at the end of October, a game developed by Kuju's studio Headstrong for publisher SEGA. The title received consistently positive reviews from video game publications.
- the signing of two significant deals with existing customers to produce highly branded games for the Nintendo 3DS, Wii and other platforms;
- Zoe Mode, the development studio in the Kuju division, was interviewed by the BBC about its 3D games and related technology. Blue Peter, the long-running BBC children's television show, visited Zoe Mode and saw their game CRUSH(tm)3D, a new Nintendo 3DS title published by SEGA. Zoë Mode was chosen by the BBC as the best development studio to show off the latest hardware and demonstrate the power of 3D games;
- signing of four major multi-year agreements, which have a total contract value of over € 15m, that involve all three of Kuju's work-for-hire studios. The games are for several different platforms including the Nintendo Wii, PS3, XBOX 360 and Nintendo 3DS and cover multiple genres including action, adventure, music and dance;
- finishing of CRUSH3D, the Nintendo 3DS remake of their award winning PSP title CRUSH™ by Zoë Mode. Release date has not yet been determined;
- showing of games in development at Kuju to the public by four of its major publishing partners at the prestigious Electronic Entertainment Expo (E3) held in Los Angeles, California;
- finishing of the new Top Gun game by Headstrong Games. The title, Top Gun: Hard Lock, for the Playstation 3, Xbox 360 and PC follows the successful release of the downloadable Top Gun game in 2010. 505 Games are the publisher and Headstrong Games has handled the development under a licensing deal with Paramount Pictures. Release date has not yet been determined;
- Adrian Hawkins was promoted to Kuju COO replacing Nigel Robbins who has left to pursue other interests.

Double Six Publishing (DDP)

DDP had an EBIT loss in the third quarter of € -0.42m and € -0.70m in the first nine months. DDP is a start-up business in its first full year of operations. The first DDP games releases are scheduled for Q4.

Recent highlights for DDP include:

- signing of two major internationally recognised licensed for the Who Wants To Be A Millionaire Special Editions game coming out on XBLA, PSN, Steam and iPhone;
- presence at two of the world's most important consumer shows for digital publishers;
- Chris Mehers, formerly a games publisher with Black Bean Games and Eidos, joined as DDP divisional CEO

Catalis Group Right Issue

In order to strengthen the company's capital base in order to foster future growth especially in the area of online gaming, Catalis SE announced on May 31, 2011 to increase its existing share capital of EUR 3,787,899.90 consisting of 37,878,999 shares with a nominal value of EUR 0.10 each by up to EUR 541,100.10 representing up to 5,411,001 new shares to up to EUR 4,329,000.00 representing up to 43,290,000.00 shares. The issue price per share was set at EUR 0.26 reflecting gross funds raised of up to approximately EUR 1.4 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 Monday, June 20, 2011.

On June 27, 2011 Catalis SE announced the completion of its capital increase. A total number of 4,807,692 new shares were placed with private and institutional investors. Through this capital increase, the company's share capital rose from EUR 3,787,899.90 to EUR 4,268,669.10 divided into 42,686,691 shares at a nominal value of EUR 0.10 per share. The proceeds from this transaction amounted to approx. EUR 1.25 million.

Outlook

Against the backdrop of a still challenging economic environment, Catalis has delivered a robust net profit in the first nine months of 2011. The Group expects Kuju and Testronic Labs to show good annual profitability in 2011. However, DDP is expected to make a loss of approximately € 0.8m. This reflects the fact that the anticipated launch of DDP games will be in this Q4 and therefore the majority of the revenues those games generate will only be seen in Q1 2012.

In the fourth quarter of 2011, we expect the business of Testronic to continue to deliver strong cash generation. Testronic is well positioned to benefit from the future developments in the digital media and entertainment market and the further evolving new distribution channels.

At Kuju, we also expect to retain profitability and to end the full year with good profitability.

DDP can look back on a successful nine months period in 2011. With 3 major digital console and PC releases planned for the end of 2011 and the beginning of 2012, signed two major licenses for "Who Wants To Be A Millionaire" Special Editions, the business development was considered to be satisfactory. We expect that this trend will continue in 2012.

Although Catalis expects an improving economic environment in Europe and the USA in 2012, the impact of austerity measures and high unemployment is expected to result in continued cautious customer behaviour in our markets. Through the outstanding efforts of our associates and continued pursuit of our strategies, we are well on our way to achieving our overall objective for the Company.

Markets remain uncertain at this time, based on the results of the first nine months of 2011 and our expectations for the fourth quarter we expect full fiscal year 2011 revenues of approximately € 28.0m (2010: € 25.8m) and an EBIT at € 0.2m (2010: loss of € 1.7m), a strong improvement over 2010 and 2009 despite the start-up losses of DDP.

Catalis is looking forward to reporting on our progress in the months ahead and thank you for your continued support.

Yours sincerely

Jeremy Lewis (Executive Director)

Eindhoven, November 22, 2011

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 nine months ending September 30, 2011 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 2010.

Management Report

Market & Industry Environment

Video Games Industry

The video game industry remains relatively stable, buoyed by success of a number of key core franchises. This in turn is reflected in the confidence of publishers to reinvest in sequels and established Intellectual property (IP). Several research reports say, the prospects for the video game industry are good.

A new analyst report suggests that the worldwide market for video games will exceed \$60 billion this year, over both hardware and software sales. Colin Sebastian, analyst for Robert W. Baird & Co. noted that the company expects the video games industry to generate more than \$80 billion in 2014. For the next 3-5 years, he suggested that online game revenues will increase by around 15-20 percent each year. Concerning the next few months, Sebastian believes that the industry will see positive growth following a slow summer, thanks to a barrage of drive titles.

The software segment in the last months has been dominated by a few big budget titles like "Call of Duty: Black Ops" or "Just Dance 2" as well as downloadable games for consoles in addition to handheld devices. Analysts expected sales to be down for the remainder of the summer, with the industry recovering when big budget titles are released later this year and hardware vendors like Microsoft and Sony possibly entice consumers with console price cuts. The next months are characterized by recently released big titles. Sales of highly anticipated shooters "Battlefield 3" and "Call of Duty: Modern Warfare 3" will make up around 15 percent of total packaged video game software sales for the Q4, according to analysts. Analysts predicted that together the two games will sell over \$1.4 billion in revenue during the fourth fiscal quarter of 2011.

During the second quarter 2011, Sony's Playstation Network was out of action for a number of weeks due to hacking. Now, Sony has stated that the PlayStation Network hack, served as a wake-up call to some of its dormant consumers. The hacking thrust the service into the limelight, which worked wonders for the service when it came back online. In fact, Sony has stated that it's now performing much better than before as it woke up a lot of consumers. "Our outage has woken up our dormant customers, we have improved the platform and the content," said a Sony manager at IFA 2011. "We have increased the revenue of games by 14 per cent."

In terms of hardware, Nintendo announced its new platform, Wii U, at the beginning of Q3, together with a price drop at the end of July on its 3DS platform, following sluggish initial sales on the hardware. A concerted marketing push by Nintendo should drive sales through the critical Q4 period. Another new hardware console is waiting in the wings: Sony has recently announced the release date for its new PlayStation Vita handheld gaming device. It will be launched throughout Europe and in the US on 22 February 2012. PlayStation Vita is the follow-up to Sony's PSP console which has sold almost 70m units worldwide since its launch in 2004. All games will be available for download from the internet, although some titles will also be released on a proprietary card format and sold through retail. A large range of titles has already been revealed for the games machine.

U.S.

In a recent study, the video game retail-tracking NPD Group released its latest estimates of the hardware and packaged software market in the United States.

August 2011 was turned completely on its head. Hardware revenue was up \$26 million from July, due in part to stronger PlayStation 3 sales and much improved Nintendo 3DS sales. However, console software went the other direction, dropping nearly \$68 million from July's figures. The drop in software revenue came from a combination of lower unit sales (here from about 10 million units in July to just 8.4 million in August) and a decline in software prices (from an average of \$34 to under \$32). The United States retail video game industry suffered a steep 23 percent decline in August 2011 compared to August 2010 thanks to a later-than-usual video game launch of this year's entry into the Madden NFL franchise.

For the first eight months of 2011 total software, hardware and accessory sales within the video game industry fell by 6.6%. The NPD Group still projects that the overall U.S. retail games industry may end the year flat. "More than half of industry sales in this channel are still to be realized in the back four months of the year," said NPD analyst Anita Frazier. "Given the strong release schedule in the coming months, new physical retail sales could still be flat to slightly up once full year sales are tallied." Hardware revenue from new console sales dropped 12 percent from August of 2010 to \$249.4M, according to figures provided by the group.

In September the US market for physical video game product was down 6 per cent to \$1.16 billion from August, despite a number of high-profile game releases ahead of the Christmas sales period. Sales of new software, including console and PC, were down 1 per cent to \$653.2 million. But hardware sales were down 9 per cent to \$349 million and accessories dropped 14 per cent on last year to \$154.8 million in a tough comparison to 2010's release of PlayStation Move.

Two major hardware price cuts haven't taken place in summer. While the Nintendo 3DS dropped from \$250 to \$170 and Sony's PlayStation 3 shed another \$50 to \$250, consumers largely kept their wallets closed. The price cuts had their immediate intended effect – the 3DS sold 235,000 systems and the PlayStation 3 moved over 215,000 – but software and accessory sales did not immediately follow. In this context, Nintendo has announced new milestones for sales of the DS range in the US, reaching 50 million units for the range as a whole and nearly half a million 3DS sales since the price cut in August. Citing the latest figures from NPD, Nintendo revealed a ten per cent spike in sales of the 3DS in September compared to August, shifting 260,000 units of the 3D stereoscopic handheld.

The NPD says it is looking forward to a healthier end of year, which will see a fair amount of gamer-focused titles hitting store shelves.

UK

The UK software market saw a year-to-year decline of 1.5% with revenues driven by a handful of core titles. GfK Chart Track, a company monitoring sales of software through retail in the UK, published the latest market report at the end of September. The data show the value of the UK games software market is down 12.2 per cent year-to-date over the same period in 2010. In total, UK games retailers have sold £568.9m worth of software. These figures are only for sales of the physical product. £195.4m of that has been generated by Microsoft Xbox 360 games (down 3.2 per cent over last year), £147.6m was made up of PlayStation 3 software (down 10.7 per cent), while Nintendo Wii software has generated £94.4m (down 29.5 per cent). Nintendo DS game sales, which includes Nintendo 3DS software sales, has dropped four per cent over last year to £86.1m. PC software retail sales has hit £37.4m year-to-date (a 9.8 per cent drop), while PSP game sales have slipped 44.9 per cent to £7.4m. The consumer games market in the United Kingdom estimates total sales across all formats will total £3.6 billion in 2011. The number is down slightly from £3.7 billion industry size estimate for 2010, with a 10 per cent decrease in boxed console, PC and Mac game sales dragging down growth in multiplayer online games (up 40+ per cent), downloadable games (up 11 per cent), mobile games (up 6 per cent) and casual

gaming sites (up 4 percent). Revenue from mobile, online and downloadable games will represent nearly 44 percent of all money spent on UK gaming in 2011.

The market has been hit by not only the lack of exciting new hardware (the launch of the 3D Nintendo DS was considered by most to be disappointing) it has also been hit by the march towards a digital future. Ian Shephard, chief executive of UK's leading games retailer GAME commented: "2011 has been a very tough year for the video games industry. A combination of a cyclical low point in the industry itself and unprecedented macro-economic conditions have led to significant market revenue declines". In an attempt to reverse its fortunes, GAME will focus on "investing for a different video games market, as people explore new ways of using games including digital, online and cloud-based gaming."

Nevertheless, prospects look encouraging. According to a recent report, video games are an integral part of home entertainment in the United Kingdom. The report states that half of UK population play video games. The UK's resident population is estimated at around 62m, and 32.9m of those say they play iPad, Android, PlayStation and Xbox games online. 49 per cent of gamers prefer to play puzzle and quiz games, as opposed to 23 per cent who favour first-person shooters.

Thus, the market environment provided a difficult framework for Kuju's work and the competitive landscape has continued to evolve at a fast pace. Kuju's goal is to move quickly to solidify and extend the current position while it pursues the 3D video games and social games opportunities.

Other Countries

A fresh report by Newzoo, a video game market research specialist, estimates that consumer spending on games in Germany for 2011 will total €4.6 billion, 6% higher than 2010. Online and mobile games take more than half of the daily game hours in Germany and continue to grow in terms of revenues. The figures of the European neighbours are as follows:

Newzoo has found that gamers in Spain will spend a total of €1.6 billion on video games during 2011. Other interesting statistics from the study include the fact that 22 percent of the €540 million spent on console games in Spain during 2011 went towards second-hand games.

French total consumer spending is expected to reach €3.2bn in 2011, 10% down from 2010. Spending on new boxed games has dropped to 41% of all money spent, totalling to €1.3bn. Spending on download games is expected to grow 22% compared to last year. Online and mobile gaming takes 51% of all time spent and 26% of money with spending on social network games (+11%) and mobile devices including iPad and iPod Touch (+9%) showing the highest growth.

A collection of new reports from Newzoo also shows significant spending on games in the developing markets of Russia, Brazil and Mexico, which combine to represent a \$4.7 billion gaming market. Brazil leads the trio of emerging countries, generating an estimated \$2 billion of gaming revenue from 35 million individual players in 2011. Russia's estimated \$1.5 billion game market in 2011. Online and social games only comprise 10 percent of all game spending in the country. Newzoo's analysis of Mexico's game market finds the estimated 16 million gamers there have tastes and spending patterns very similar to those of their U.S. neighbours, with 69 percent of \$1.2 billion in spending going to pay-to-play console, PC and Mac titles.

DVD & Blu-ray

The strongest trend in Home Entertainment is the movement from physical rental to streaming. While this has not had a huge impact on the physical sales market, it is clear that consumers who rent content (DVD and Blu-ray) are gaining more appetite to rent from the Internet in the form of streaming video from such providers as Netflix. In an attempt to capitalize on this trend and protect their revenues, all of the major Hollywood Studios are developing their own branded streaming online portals. Dynamic streaming technology works by using multiple files encoded at several different bitrates to switch seamlessly depending on changes in the consumers

bandwidth. This means that for a single title, many different files are created all of which need quality control (QC) to one degree or another. Testronic's investment in its file-based QC architecture and expertise has ideally positioned us to capitalize on this trend.

U.S.

The third quarter 2011 results mark the continued stabilization of the industry, underscored by significant gains in Blu-ray Disc and solid increases in electronic sell-through spending. Overall consumer spending jumped nearly five percent compared to the third quarter a year earlier, marking a major milestone, as this is the first time spending has increased since the first quarter of 2008 when the economic downturn began.

According to a report released by the Digital Entertainment Group, Blu-ray-enabled households now total 33.5 million, with consumer spending on the high-definition packaged-media format up 58% in the quarter, compared with the same period last year. For major box-office hits, sales of packaged goods often surpass 50 percent on Blu-ray in their first week of release. The surge is due in part to a 60% jump in sales of catalog Blu-ray releases, led by popular classics such as Star Wars. Electronic sell-through of new-release movies increased 13% in the quarter. Overall, sell-through for DVD and Blu-ray movies declined 4% to more than \$1.7 billion, compared with \$1.8 billion last year. When combined with electronic sell-through, sales of movies dropped less than 3% from the same period last year. In addition to electronic sell-through, transactional video-on-demand increased nearly 5% to \$419 million, compared with \$400 million last year. Subscription streaming revenue topped \$255 million.

Through three quarters, packaged media sell-through is down more than 14% to \$5.6 billion compared to \$6.5 billion last year. That percentage declines slightly to 13% when including electronic sell-through. Transactional VOD revenue is up more than 4% to \$1.3 billion from \$1.2 billion last year; while Electronic sell-through is up nearly 7% to \$406 million.

IHS, a research group, recently issued announcements about 3D. A July release said U.S. consumers purchased an estimated 1.75 million Blu-ray Disc 3-D (BD3D) discs at retail during the format's first 12 months on the market, and they brought home another 1.7 million units as part of hardware/software bundling deals, bringing the total to 3.5 million discs.

UK

In a very challenging retail environment in the first half of 2011 consumer demand for video entertainment is steady, the British Video Association (BVA) commented on figures on August 1st. Total video entertainment sales across all platforms amounted to £1.0 billion in the first half, down 5.7% year to date. According to the latest market report from research company GfK Chart Track (published end of September), UK sales of DVD and Blu-ray has reached £791.5m. This was a 12 per cent drop over 2010.

However, an 18% increase in spend on digital video transactions is an indication of how the video entertainment business is evolving in the UK. Consumers now have more choice than ever in the way they access video entertainment. Physical discs remain the most popular way to watch video, accounting for 96.5% of all sales by value in 2010. IHS Screen Digest, research firm of industry analysts covering global media markets, predicts that discs will still account for 88% of all video purchases by 2015. Consumers will undoubtedly mix their video viewing habits more in the future, buying different formats for different uses, allowing each to thrive alongside each other.

Since Christmas gifting is such an important feature of Q4, representing 35% of total annual sales in 2010, the BVA is anticipating better retail sales performance in the second half of 2011. The 3% rise in the year-to-date UK box-office performance will feed into the video entertainment market in the second half. "We've had notable successes in the first half and some fantastic releases in all genres coming up that will be hugely popular in the second half of the year,

particularly in the run up to Christmas – always the most important sales period because almost 60% of consumers say that Blu-ray Discs and DVDs make great gifts,” says BVA director general, Lavinia Carey.

Despite of a difficult market environment in video entertainment industry with declining sales figures in DVD discs, there are also bright spots: growing number of Blu-ray homes and Blu-ray Disc players now affordably priced, increasing interest in 3D technology and more digital film watching via streaming or digital downloads. Accordingly, we believe that these factors support a positive outlook for Testronic´s business and future business development.

Business Development

Segment Information

Testronic

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.

In total, the third quarter of 2011 has been busy for Testronic as many film studios were and still are preparing discs for the upcoming holiday season. They were especially bullish for Blu-ray discs and the 3D segment. Blu-ray growth is expected to be in the 25-30% range for the next four years. Blu-ray hardware sales and saturation into the households is expected to be strong in the same time period. Online portals and mobile apps as content delivery systems have seen explosive growth recently and we expect that trend to continue as well.

As a new product, apps offer studios another delivery channel for content which will generate new revenue streams. With the dramatic growth in smartphone sales, especially the Android OS, which is competing well against Apple's iOS, there are many more platforms for mobile apps than there were just one year ago.

In the Digital TV and hardware testing, Testronic has seen a growing importance of the Common Interface Plus (CI+) in the 3rd quarter. Testronic Labs has started with the execution of the first TV software conformance projects for a second major Digital TV Operator. This CI+ Program will form the second program for Testronic Labs, testing TV software for European Digital TV Operators. Many operators have involved Testronic Labs in strategic meetings about the adoption of the technology.

Two major projects have started in the 3rd quarter 2011 in the field of software testing. 3rd quarter saw our first engagement in Testronic's new File-based QC Lab. We tested 140 ProRes (large sub-master) files in approximately 3 weeks. It was a highly successful project, that proved the engineering design of the new lab and we successfully tested our procedures and new hires. Since then, we have been integrated into file delivery systems of major film studios in order to enable us to perform master file QC for them on demand. A second significant project has been providing on-site testers to a major studio for their online streaming portal project. We have had testers on site for several months testing 13 transcoded files for each title.

A creeping change has been coming upon Testronic's certification business.

The USB Technology has always been the key driver for the Certification Business Line. With the delay in USB SuperSpeed we have seen a delay in the growth of the certification revenues. In order to guarantee a stronger growth and not relying on USB only, the Testronic Labs Certification Business Line is required to start being involved in new technologies such as the Connected Car Consortium, MiPi and Wireless Power Consortium (Qi). A highlight during the third quarter of 2011 was, that Testronic Labs was selected to become the exclusive worldwide Wireless Power Consortium (Qi) interoperability test center. The Qi Interoperability Test Service started getting offered at the beginning of November. Furthermore DLNA Certification is slowly ramping up and becomes more important for the Certification Business Line to follow up. All in all, Q3 2011 was a difficult period for the Certification Business Line due to the delay in USB SuperSpeed certification.

Apart from the strong Blu-ray and 3D business, Testronic has also seen a positive development in its other business fields. In the hardware testing and consultancy space, Testronic continued the strong performance. In the area of home entertainment consultancy Testronic's clients are thinking more and more in a quality-oriented way. Due to this and the fact that agile development methodologies are being introduced at client's sites, the demand for on-site test is increasing.

Testronic won a public tender, project ReTiBo an innovation project of the Flemish public transport organization, over some high regarded national/international competitors. The success is based on internal core strength of testing expertise, extended with some very specialized technical expertise through subcontractors. The purpose of the project is, to introduce a new onboard computer system for registration and ticketing handling in the city of De Lijn. This is highly regarded as it is part of the transport improvement actions of the Flemish government in line with the European goals for traffic systems. The goal is to have the whole implementation ready before the elections of 2014. Testronic Labs' contribution to this project is to provide quality control consultancy to the core team, e.g. full project support for quality control, from design phase to in-the-field tests amongst other things.

In the field of Testronic's games quality assurance, the peak for Games has moved to be slightly later compared to last year. So we now expect Q4 to be busy. There are a number of reasons for this including the problems with the Playstation network and project delays on big titles. A major Japanese client has returned with additional revenue for a DLC project – an extension of the original job. The client has also indicated that they are interested in our translation services due to many of our observations on their source text. Generally we have increased the amount of work this year with Japanese clients. Further we have won the quality assurance functionality and compliance testing of the console version title "Angry Birds" and we provided testing for the hit release of "Bejewelled" on multiple platforms.

The competitive landscape in home entertainment testing has not changed in the past quarter. Several regional boutique facilities continue to compete with us for disc and mobile app testing business, but there is no other global competitor in the Home Entertainment space. For the first time, Testronic has entered the master quality control testing space and is now competing head-to-head in a new area with several of our disc based regional competitors in the U.S..

The competitive situation in hardware testing in Q3 is substantially the same as throughout the longer history of the business line. Testronic Labs manages to provide added value because of a combination of factors, such as the long history in testing, the independent positioning and the technical depth of the services.

For certification test services the certification business line is offering, there is little real competition within the European region. For the certification services we offer, we are exclusive in Europe. We do however keep up to date with these technologies resulting in the need to invest for future growth. We expect, that Testronic will stay one of the bigger certification laboratories within the European region, being the biggest player for USB Compliance testing and strengthen this position offering official certification test services for the next generation of USB e.g. SuperSpeed USB.

In summary, the third quarter has been a good quarter for Testronic and the division is well positioned with its services to benefit from the future developments in the digital media and entertainment market and the further evolving new distribution channels.

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.

Overall, the work-for-hire market remains relatively buoyant in the third quarter of 2011. A number of publishers are reporting holes in their 2012/2013 line-up and there is a definite appetite for pitches and a number of requests for proposal emerging for both licensed product and new IP creation. We therefore anticipate going into 2012 with a significant proportion of work already signed or in active negotiation. Demand has also been positively influenced by the increasing success of new devices coming to the market such as the XBOX Kinect, Playstation Move and Nintendo 3DS.

A highlight during the third quarter of 2011, was the release of the Playstation3 3D title "House of the Dead: Overkill Extended Cut", at the end of October, a game developed by Kuju's studio Headstrong for publisher SEGA. The title received consistently positive reviews from video game publications. The release of the title „Silent Hill Downpour“ developed by Kuju's studio VATRA has changed from November to Q2 2012. The reason for the delay is the fact, that the rest of 2011 is already jam-packed with high profile games. Publisher Majesco Entertainment has announced a Kinect-based sequel to Zumba Fitness (sold over 3 million copies so far). The title is being targeted for release next February 2012. The Zoe Mode developed sequel will introduce new dance routines, dance styles, and features like a calorie tracker to the original release. Studio Zoe Mode is well positioned to build on the reputation for strong dance and singing titles, with a number of active conversations in progress for future business.

The development on the following projects / titles was completed during Q3, though release dates are subject to publisher preference and manufacture time: the titles "Haunt", "Who I Am" and "Grease PS3/XBOX360".

New titles are still in the pipeline: Headstrong Games has developed a new Top Gun game. The title, "Top Gun: Hard Lock", for the Playstation3, Xbox 360 and PC follows the successful release of the downloadable Top Gun game in 2010. The release date will be during Q1 2012. Zoë Mode has developed the game CRUSH3D, the Nintendo 3DS remake of their award winning PSP title CRUSH™. The release date has not yet been determined. CRUSH3D is an original platform game featuring a unique mechanic that gives you the ability to change perspective from 2D to 3D as you try to solve brain-teasing puzzles. It has a host of exciting new features specifically designed for the Nintendo 3DS.

All in all, during the first nine months of 2011, Kuju signed five major contracts which have a total contract value of over €15m, are spread over several years and subject to the successful completion of various phases. These multi-year agreements involve all three of Kuju's work-for-hire studios. The games are for several different platforms including the Nintendo Wii, PS3, XBOX 360 and Nintendo 3DS and cover multiple genres including action, adventure, music and dance. No projects were cancelled during Q3 2011. Contract negotiations are also underway with a major publisher, that Kuju is not currently working with, for an original title at studio Zoë Mode.

Another major success during the first nine months of 2011 was the critical and commercial success of Art Academy for the Nintendo DS/DSi that received a coveted "best video game" award and has also comfortably surpassed the 2.0 million unit sales mark in retail and continues to post pleasing sales numbers in Europe. Furthermore the publicity surrounding Silent Hill has been beneficial to Vatra in terms of potential customer acquisition.

Sony has recently announced the release date for its new PlayStation Vita handheld gaming device. It will be launched throughout Europe and in the US on 22 February 2012. PlayStation Vita is the follow-up to Sony's PSP console which has sold almost 70m units worldwide. Third-party publisher support for the platform remains cautious.

In the UK, the development capacity continues to decline, thus removing more of our competition e.g. the closure of Codemasters' Guildford studio announced during the quarter. This reduction within the UK has been faster than the rate of publisher demand and we expect that to improve Kuju's competitive situation. A US sales tour is planned for Q4 and Kuju will also take a booth at Game Connection in Paris, which is a major matchmaking event for meeting publishers.

During Q3 of 2011, Kuju's existing customer base remained evenly spread between US, European and Japanese publishing groups. The majority of signed contracts in Kuju were with existing customers indicating the strong relationship between developer and publisher that has been built up over many years.

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 digital games. As recently announced, DDP has been established as a separate entity alongside sister division, Kuju Entertainment, as the Group looks to build on its successful self-published digital games strategy.

DDP took a significant presence at three major consumer events in Q3: the Gamescom, PAX the largest indie game consumer event in the world and Gamefest, a British consumer show hosted by the major European retailer Game store group. DDP's stand promotions ensured that the key Q4 release title "All Zombies Must Die" stood out with the consumers who attended. The title received consistently positive feedback. At Gamescom, Europe's largest video games consumer show, DDP exhibited all three of its upcoming releases. Strike Suit Zero, DDP's space shooter game, was shown to the video gaming press behind closed doors and was well received.

DDP signed two major internationally recognised licenses for their Who Wants To Be A Millionaire Special Editions game coming out on XBLA, PSN, Steam and iPhone at the end of 2010. These entertainment IP's have global fan bases measured in their tens of millions. DDP are working closely with the IP owners to maximise the impact of officially announcing these deals, and then marketing directly to the more than 35 million Facebook fans and community websites.

DDP will release the downloadable title "All Zombies Must Die", for the most popular platforms in Q4. The release of "Zombie Sushi" and "Who Wants To Be A Millionaire" Special Editions, will probably take place at the end of 2011.

The customer base for DDP's key digital formats continues to grow, with Steam having broken through the 35 million users mark in July this year. Official data from Sony and Microsoft is harder to come by for the number of PSN and XBLA users, but all evidence points to an expanding market on these formats. On the other hand, the publishing environment on XBLA, PSN and Steam is becoming increasingly challenging as the quality bar and cost of customer acquisition is driven up, mainly by larger publishers who had until now ignored these platforms. But DDP still remains ahead of the curve in terms of experience and skill that are relevant to this sector. The consumer's appetite for consuming entertainment media via digital distribution is continuing to grow in all areas of the games industry. DDP is well positioned to continue to take advantage of this.

During Q3 of 2011, the US market remains the largest market, followed by Europe. At the moment no significant revenue is being forecast from Japan.

Investments

Total investments in the first nine months of the fiscal year amounted to € 0.58m. At Testronic total investments of € 0.40 comprised the investment into the File Based QC lab in the USA as well as an investment in HWT and Certification test equipment.

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

Development of Earnings, Financial and Asset Situation

Earnings Situation

Catalis Group

In the third quarter of 2011, total revenues of Catalis Group amounted to € 7.40m (2010: € 7.69m). This represents a decrease of 3.8% from the previous year which is due to reduced revenues at Kuju and also at Testronic. EBIT (operating result) for the reporting period before non-recurring costs amounted to € 0.03m (2010: € 0.66m). Non-recurring costs amounted to € 0.0m (2010: € 0.16m). EBIT after these costs was € 0.03m (2010: € 0.50m). The company's pre-tax result amounted to € -0.08m compared to € 0.40m in the previous year. Net income for the period amounted to € -0.08m (2010: € 0.40m). This equals earnings per share of € 0.00 (2010: € 0.01).

For the first nine months of 2011, revenues of Catalis Group amounted to € 20.93m (2010: € 19.67m). This is an increase of 6.1%. EBIT before non-recurring costs was up to € 0.49m (2010: € -1.23m). Non-recurring costs amounted to € 0.0m (2010: € 0.70m). Including these costs, EBIT was € 0.49m (2010: € -1.93m). Including the financial result of € -0.29m (2010: € -0.30m), pre-tax earnings amounted to € 0.20m (2010: € -2.23m). Net income for the period amounted to € 0.20m (2010: € -2.23m). Earnings per share for the first nine months of the fiscal year 2011 amounted to € 0.01 (2010: € -0.06).

Testronic

Testronic has seen revenues for the third quarter of 2011 move down from € 4.41m in 2010 to € 4.12m. This represents a decrease of 6.5%. Testronic generated an EBIT before non-recurring costs of € 0.69m (2010: € 0.83m). Non-recurring costs amounted to € 0.0m (2010: € 0.10m). EBIT after such costs was € 0.69m (2010: € 0.73m).

For the first nine months of 2011, revenues at Testronic amounted to € 10.11m (2010: € 9.89m), an increase of 2.2% from the previous year. Testronic's EBIT before non-recurring costs for the first nine months of 2011, amounted to € 0.67m (2010: € 0.61m). Non-recurring costs amounted to € 0.0m (2010: € 0.10m). EBIT after such costs was € 0.67m (2010: € 0.50m).

Kuju

In the third quarter of 2011, Kuju generated revenues of € 3.28m (2010: € 3.09m), representing an increase of 6.1%. EBIT before non-recurring costs for the period amounted to € 0.0m (2010: € -0.04m). Non-recurring costs amounted to € 0.0m (2010: € 0.05m). EBIT after such costs for the period Q3 showed a minimum profit and amounted to € 0.0m (2010: € 0.02m).

In the first nine months of 2011, Kuju generated revenues of € 10.82m (2010: € 9.60m), representing an increase of 12.7%. Kuju's EBIT before non-recurring costs for the first nine months of the fiscal year 2011 amounted to € 1.16m (2010: € -1.13m). Including non-recurring costs of € 0.0m (2010: € 0.59m), EBIT was € 1.16m (2010: € -1.73m).

DDP

The operating profit for the first nine months of the fiscal year 2011 amounted to € -0.70m. DDP had an EBIT loss in the third quarter of € -0.42. This reflects the fact that the anticipated launch of DDP games will be in this Q4 and therefore the majority of the revenues those games generate will only be seen in Q1 2012.

Pro-forma Segment Overview

€k	Testing	WFH Games	DDP	Corporate	Total
Nine Months to September 2011					
Revenues	10,115	10,822	0		20,937
Operating profit (EBIT)	675	1,161	-701	-638	497
Non-recurring costs					0
EBIT after non-recurring costs	675	1,161	-701	-638	497
EBIT Margin	6.7%	10.7%	n.a.	n.a.	2.4%

€k	Testing	WFH Games	DDP	Corporate	Total
Nine Months to September 2010					
Revenues	9,890	9,608	180		19,678
Operating profit (EBIT)	612	-1,135	41	-750	-1,232
Non-recurring costs	104	598			702
EBIT after non-recurring costs	508	-1,733	41	-750	-1,934
EBIT Margin	5.1%	n.a.	22.8%	n.a.	-9.8%

Financial Situation

Cash flow

In the first nine months of the fiscal year 2011, Catalis Group generated an operating cash flow of € 1.14m (2010: € -1.43m). This is mainly composed of the period's net income (€ 0.20m) and an increase in current liabilities (€ 1.6m).

Cash flow from investing activities amounted to € -1.76m (2010: € -0.76m) and is attributable to the additions of intangible assets.

Cash flow from financing activities amounted to € 1.16m (2010: € 0.0m), including the proceeds from capital increase.

The company's total cash flow in the first nine months of 2011 amounted to € 0.53m (2010: € -1.67m).

Due to the low cash position, all cash ratios for the Group are substantially below their target values. Nonetheless, Catalis Group has managed its cash position prudently and is still within its facilities.

Asset Situation

Balance Sheet

As of September 30, 2011, total assets of Catalis Group amounted to € 29.54m. This is an increase from the € 27.22m at December 31, 2010.

The company's non current assets increased slightly to € 21.49m (2010: € 20.35m). This is mainly due to an increase in intangible assets (€ 1.14m).

Current assets also increased from € 6.87m at the end of 2010 to € 8.05m at the end of September 2011. This is mainly due to raised other current assets (€ 3.75m vs. € 2.12m) while trade receivables were down from € 3.60m to € 3.32m. Cash and cash equivalents were also down from € 0.96m to € 0.85m.

On the equity and liabilities side, the company's total equity increased from € 12.40m to € 13.78m

Long term liabilities were stable at € 0.10m.

Current liabilities increased from € 14.71m to € 15.66m. Here, trade and other payables were down from € 5.97m to € 4.7m and the bank overdraft also decreased from € 2.28 to € 1.62, while loans were up from € 5.54m to € 8.66m.

Employees

As of September 30, 2011, there were 354 (31.12.2010: 357) permanent employees working for Catalis Group. The total is composed of 211 (31.12.2010: 207) employees working at Testronic and 114 (31.12.2010: 123) at Kuju, 27 (31.12.2010: 25) at DDP as well as two employees (31.12.2010: 2) at Catalis SE.

In general, the permanent work force of both Testronic and Kuju has been reduced significantly over the past quarters with the intention to have a highly flexible work force with minimal fixed costs. However, with respect to current projects, Kuju and DDP are now recruiting which will result in a mix of new permanent and fixed-term contracts, with a high ratio of fixed-term contracts.

Supplementary Report

Right Issue

On November 22, 2011 Catalis SE announced that its Board of Directors resolved today to increase its existing share capital of € 4,268,669.10 consisting of 42,686,691 shares with a nominal value of € 0.10 each by up to € 1,219,619.60 representing up to 12,196,196 new shares to up to € 5,488,288.70 representing up to 54,882,887.00 shares.

The shares will be issued with pre-emptive rights allowing existing shareholders to subscribe for two new shares for each seven existing shares in Catalis SE held. No pre-emptive rights trading will take place. Shareholders can make a subscription request going beyond their legal subscription rights (over-subscription).

The issue price per share is set at € 0.10 reflecting gross funds raised of up to approximately € 1.2 million. Any shares which are not subscribed for by existing shareholders will be offered to institutional investors as part of a private placement. The subscription period is expected to start on Friday, November 25, 2011 and will end on Friday, December 9, 2011.

The proceeds from the capital increase are intended to strengthen the company's capital base in order to foster future growth especially in the area of digitally distributed, self-published games.

Management Changes

On November 22, 2011 Catalis announced changes to its management board.

Catalis SE board has unanimously decided to propose to the next annual shareholders' meeting to appoint Peter Biewald as Catalis Group Chief Financial Officer. With immediate effect, Peter will take full responsibility for all financial management, reporting and control for all group entities reporting to Jeremy Lewis, the Group Chief Executive. Peter has had a long and distinguished business history having held a variety of senior financial roles at EON Group AG and Siemens AG, having started his business career at Deutsche Bank. His most recent role was as Group CFO at Advanced Inflight Alliance AG, the quoted German media group, where he helped oversee the successful growth of that business.

Furthermore, the Catalis SE board has unanimously decided to propose to the next shareholders' meeting, to appoint Otto Dauer as Director Strategic Affairs. With immediate effect, Otto will be responsible for strategic development and mergers and acquisitions. At the last shareholders' meeting Otto was elected as non-executive director of Catalis SE. Previously Otto had a long and distinguished business history having held a variety of senior executive roles following a twenty year banking career. Over the last nine years his role was as Group CEO of Advanced Inflight Alliance AG, where he over saw the turn-around of that business to a successful profitable market leader.

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 2010. The report is available for download on our corporate website at www.catalisgroup.com in the investor relations / financial publications section.

Directors' Holdings

As of September 30, 2011, 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
Jeremy Lewis	249,735	1,100,000	Jeremy Lewis	Executive Director
Dr. Michael Hasenstab	50,000	0	Dr. Michael Hasenstab	Non-Executive Director
Robert Kaess	50,000	0	Robert Kaess	Non-Executive Director
Dominic Wheatley	237,142	0	Dominic Wheatley	Non-Executive Director
Otto Dauer	250,000		Otto Dauer	Non-Executive Director

Audit Statement

The interim financial report for the nine months ended September 30, 2011, consists of the condensed consolidated interim financial statements and the interim management report. 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

In September 2011, the International Monetary Fund (IMF) published its new World Economic Outlook. Principally, the IMF points out that there is a mild slowdown of the global expansion as risks increase. "Activity is slowing down temporarily, and downside risks have increased again. The global expansion remains unbalanced," the report said. Growth in many advanced economies is still weak, considering the depth of the recession. In addition, the mild slowdown observed in the second quarter of 2011 is not reassuring. Growth in most emerging and developing economies continues to be strong. The September 2011 World Economic Outlook projects real gross domestic product growth worldwide at 4 per cent for 2011 and 2012, about half a percentage point lower than projected in the April 2011 edition. However, the report said that the greater-than-anticipated weakness in US activity and renewed financial volatility from concerns about the depth of fiscal challenges in the euro area periphery pose greater downside risks.

Testronic's consultancy services are expected to grow during the second half of 2011 as new consultants were hired in July. Testronic started a greater co-operation with sister company Kuju on a number of projects that are expected to have a positive influence on the Q3 and Q4 figures. Furthermore, Testronic has increased its involvement in other certification programs (such as Wireless Power Consortium, Connected Car Consortium, Open IPTV, HbbTV). The outcome of this increased activity will be expected at the end of the fiscal year.

The current expectation at Kuju is that the wider work-for-hire market remains stable for the remainder of 2011. In addition, Kuju expects to sign around a further 5 titles during the second half of 2011.

With 3 major digital console and PC releases planned for Q4 2011 and Q1 2012 DDP remains well positioned to take advantage of ever increasing consumer appetite for digital entertainment delivered directly to their device of choice.

Markets remain somewhat unpredictable however, based on the results of the first nine months of 2011 and our expectations for the fourth quarter we expect full fiscal year 2011 revenues of approximately € 28.0m (2010: € 25.8m) and an EBIT of € 0.2m (2010: loss of € 1.7m) a strong improvement over 2010 and 2009 despite the loss at DDP in 2011.

Condensed Consolidated Statement of Financial Position of Catalis Group (unaudited)
As of September 30, 2011 and December 31, 2010 (in thousands of euros)

		31.12.2010	30.09.2011
ASSETS	AKTIVA		
Current Assets	Kurzfristige Vermögensgegenstände		
Cash and cash equivalents	Liquide Mittel	965	850
Trade receivables	Forderungen aus LuL	3.605	3.324
Inventories	Vorräte	0	0
Income tax receivable	Steuerforderungen	178	120
Other current assets	Andere	2.126	3.752
Total Current Assets	Kurzfr. Vermögensgegenstände gesamt	6.874	8.046
Non-Current Assets	Langfristige Vermögensgegenstände		
Intangible assets	Intangible assets	906	2.042
Goodwill	Firmenwerte	14.105	14.105
Property, plant and equipment at cost - net	Sachanlagen	1.598	1.607
Deferred tax	latente Steuern	3.742	3.742
Other non-current assets/ investments	Andere	0	0
Total Non-Current Assets	Langfr. Vermögensgegenstände gesamt	20.351	21.496
TOTAL ASSETS	AKTIVA gesamt	27.225	29.542
LIABILITES & EQUITY	PASSIVA		
Current Liabilities	Kurzfristige Verbindlichkeiten		
Trade and other payables	Verbindlichkeiten aus LuL	5.967	4.719
Taxes and social securities	Steuern und Sozialversicherungen	732	641
Income tax payable	Verbindlichkeiten aus Ertragssteuern	84	7
Provisions	Rückstellungen	0	0
Bank overdraft	kurzfristige Bankverbindlichkeiten	2.281	1.628
Loans	Darlehen	5.540	8.660
Finance lease	Finance lease	113	10
Total Current Liabilities	Kurzfr. Verbindlichkeiten gesamt	14.717	15.665
Non-Curent Liabilities	Langfristige Verbindlichkeiten		
Long-Term Debt	Langfristige Bankverbindlichkeiten	0	0
Finance lease obligation	Finance lease obligation	0	0
Deferred tax liability	latente Steuern	102	102
Provisions	Rückstellungen	0	0

Total Non-Current Liabilities	Langfr. Verbindlichkeiten gesamt	102	102
Total Equity	Eigenkapital gesamt	12.406	13.775
TOTAL LIABILITIES & EQUITY	PASSIVA gesamt	27.225	29.542

Condensed Consolidated Income Statement of Catalis Group (unaudited)

For the periods ended September 30, 2011 and September 30, 2010 (in thousands of euros)

€k	T€	Q3 2011	Q3 2010	9M 2011	9M 2010
Revenues	Umsatz	7.402	7.691	20.937	19.678
Total revenues	Gesamteinnahmen	7.402	7.691	20.937	19.678
Subcontracting and cost of materials	Fremd- und Materialkosten	1.060	679	2.964	1.811
Personnel costs	Personalkosten	4.710	4.621	12.646	14.205
Depreciation fixed assets	Abschreibungen auf Sachanlagen	150	301	578	938
Amortisation intangible assets	Abschreibungen immaterieller Vermögensgegenstände	14	20	42	60
Impairment of goodwill	Goodwill-impairment	0	0		
General and administration	Allgemeine Verwaltungskosten	1.438	1.564	4.210	4.598
Total expenses	Kosten gesamt	7.372	7.185	20.440	21.612
Profit/(loss) from operations	operativer Gewinn/(Verlust)	30	506	497	-1.934
Interest income	Zinseinnahmen				
Interest expense	Zinsaufwendungen	-110	-67	-248	-232
Currency translation differences	Währungsdifferenzen	-1	-33	-41	-68
Total financial income	Finanzergebnis gesamt	-111	-100	-289	-300
Income tax	Ertragsteuern	0	0	0	0
PROFIT FOR THE PERIOD	Ergebnis per 30.9.2011	-81	406	208	-2.234

Condensed Consolidated Cash Flow Statement of Catalis Group (unaudited)

For the periods ended September 30, 2010 and 2011 (in thousands of euros)

€k	T€	30-09-2011	30-09-2010
Cash Flow from operating Activities	Kapitalfluss aus betrieblicher Tätigkeit		
Net Income	Periodenergebnis	208	-2.234
Depreciation of tangible fixed assets	Abschreibungen auf Anlagevermögen	578	938
Amortisation intangible assets	Abschreibungen von immateriellen Firmenwerten	42	60
Increase/(decrease) provisions	Zunahme/(Abnahme) von Rückstellungen	0	0
(Increase)/decrease share based payment	(Zunahme)/Abnahme von Share based payment	0	60
(Increase)/decrease current assets	(Zunahme)/Abnahme von kurzfristigen Vermögensgegenständen	-1.287	-284
Increase/(decrease) current liabilities	Zunahme/(Abnahme) von kurzfristigen Verbindlichkeiten	1.601	27
Increase/(decrease) in deferred taxes	Zunahme/(Abnahme) latenter Steuern	0	0
Net cash (used in) / provided by operating activities	Aus betrieblicher Tätigkeit erwirtschaftete Zahlungsmittel	1.142	-1.433
Cash Flow from investing activities	Kapitalfluss aus Investitionen		
Purchase of property, plant & equipment	Erwerb von Sachanlagen	-587	-760
Additions of intangible assets	Zugänge von immateriellen Vermögensgegenständen	-1.178	0
Net Cash (used in) / provided by investing activities	Aus Investitionstätigkeit erwirtschaftete Zahlungsmittel	-1.765	-760
Cash Flow from financing activities	Kapitalfluss aus Finanzierungstätigkeit		
Proceeds from issuance of share capital	Zuflüsse aus der Ausgabe von Aktien	1.161	0
Increase/(decrease) of long term debt	Zunahme/(Abnahme) langfristiger Finanzverbindlichkeiten	0	0
Net Cash (used in) / provided by financing activities	Aus Finanzierungstätigkeit erwirtschaftete Zahlungsmittel	1.161	0
Net effect of currency translation		0	521
Net Increase in cash and cash equivalents	Veränderung der liquiden Mittel	538	-1.672
Cash and cash equivalents at beginning of year	Liquide Mittel zu Beginn der Periode	-1.316	16
Cash and cash equivalents at end of period	Liquide Mittel am Ende der Periode	-778	-1.656

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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