

**Interim Financial Report for the 1<sup>st</sup> Quarter of 2012**  
For the period from January 1, 2012 to March 31, 2012

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## **Key Figures (unaudited)**

€k	€ Tsd.	<b>Q1/2012</b>	<b>Q1/2011</b>
Revenues (A)	Umsatz (A)	6,902	6,065
Subcontracting and cost of materials (B)	Fremdkosten und Materialkosten (B)	801	659
Gross Profit (A – B)	Rohertrag (A – B)	6,101	5,406
Gross Margin	Rohertragsmarge	88.4%	89.1%
Operating Income (EBIT)	Operatives Ergebnis (EBIT)	98	158
Non-recurring Costs	Einmalkosten	0	0
EBIT after Non-recurring Costs	EBIT nach Einmalkosten	98	158
Operating Margin	Operative Marge	1.4%	2.6%
Income Before Tax (EBT)	Ergebnis vor Steuern	(92)	80
Pre-tax Margin	Vorsteueremarge		1.3%
Net Income	Periodenergebnis	(88)	80
Net Income Margin	Marge		1.3%
Operating Cash Flow	Operativer Cashflow	(355)	(576)
Number of shares outstanding	Aktienanzahl	58,871,720	37,878,999
Earnings per Share € (basic)	Ergebnis je Aktie (unverwässert)	0.00	0.00
Earnings per Share € (diluted)	Ergebnis je Aktie (verwässert)	0.00	0.00
Solvability (Equity / Total Assets)	Solvabilität (Eigenkapital / Bilanzsumme)	30.0%	46.1%

## To Our Shareholders

### **We succeeded in achieving the turnaround in the first quarter of 2012.**

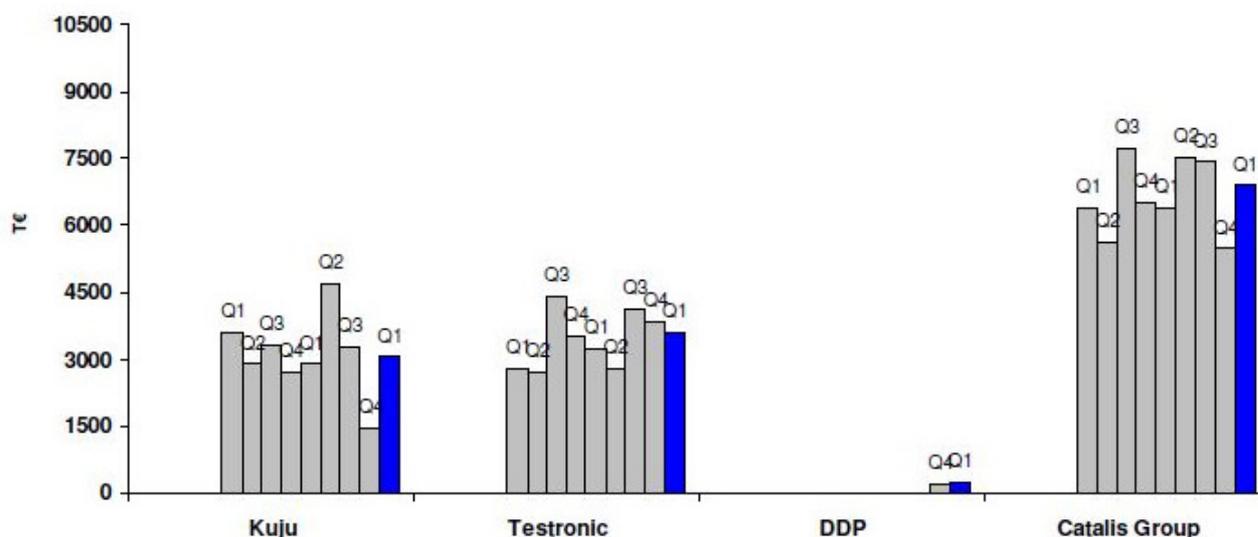
In the past fiscal year, we failed to meet your expectations. The fiscal year 2011 was marked by very difficult global economic conditions and was undoubtedly one of the most difficult years Catalis has ever faced. Our expectations and targets were significantly missed. But now, the operating result is slightly positive and the turnaround has been achieved. The challenges are therefore many, and there is much to do.

In the first three months of 2012 we have been able to increase both sales and EBIT. Revenues climbed to € 6.90m while EBIT amounted to € 0.1m. We are proud of these figures because the general conditions continued to be difficult. The difficult market situation in the game industry was the main obstacle to a significant improvement in the operating result in last year. This process is unfortunately not yet completed. Market tracker NPD Group says U.S. retail sales of video game hardware, software and accessories fell 25 percent in March from a year earlier to \$1.1 billion. Retailers rang up only \$292.1 million in game sales in April, down from \$503.2 million a year earlier, according to NPD. With fewer new games to drive people into stores, sales of game consoles also took a hit, falling 32% to \$189.7 million. However, despite the prevailing uncertainties, we are confident that the Catalis Group is well prepared to embrace the challenges ahead.

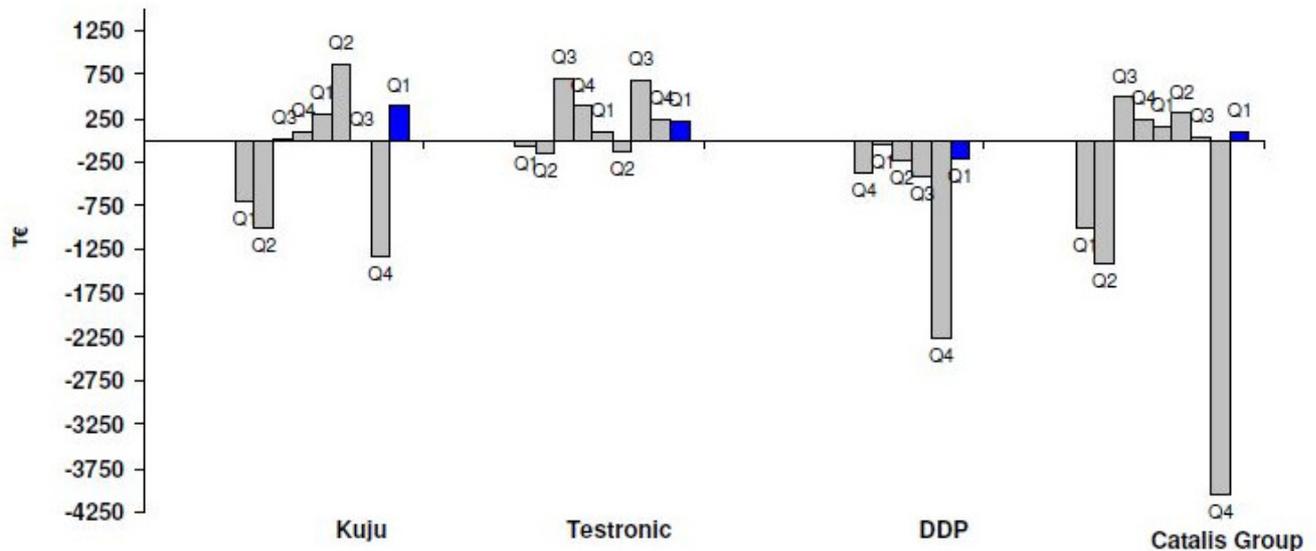
The economic development of DDP was also disappointing in 2011. Therefore, we started by drawing up a list of the ongoing and planned projects, with which we then monitored the project's process, planned the use of resources and reprioritized or initiated projects. Indeed, initial measures have already been introduced, and there is evidence of improvements beginning to take effect.

The company's results in Q1 are shown in the graphs.

Revenue Development per Quarter since 2010



## EBIT Development per Quarter since 2010



In the first quarter of the fiscal year 2012, revenues of Catalis Group were up 13.9% from € 6.06m in 2011 to € 6.90m. The EBIT (operating profit) before non-recurring costs amounted to € 0.10m. There were no non-recurring costs. Earnings per share for the first quarter amounted to € 0.00 compared to € 0.00 in 2011.

Development in all key product areas was satisfactory, making it possible to further cement Catalis's good market position. Testronic is performing very well and is looking like exceeding its profit target for the year. Particularly noteworthy is the business segment Games Quality Assurance. Q1 revenues were up 50% year-on-year. And the prospects are very encouraging: There is a lot of growth in the social gaming sector and Testronic Labs may have some interesting opportunities in this area in 2012. The Kuju business unit developed also well and will be growing for the year being. In particular at Zoë Mode two new contracts were signed with a first party console manufacturer and repeat business was won with another existing client. A full production agreement was signed for a major new title at Vatra. DDP is currently in a restructuring phase. All subjects and issues are regularly discussed in an open manner.

Testronic saw revenues for the first quarter of 2012 move up from € 3.2m in 2011 to € 3.6m. This represents an increase of 12.5%. The main drivers for this were the hardware testing, increase of 69% year-on-year and the games testing, up 50% year-on-year. Testronic generated an EBIT of € 0.2m (2011: € 0.1m). Kuju generated revenues of € 3.1m (2011: € 2.9m), representing an increase of 6.9%. EBIT for the period showed a profit and amounted to € 0.4m (2011: € 0.3m). DDP saw revenues for the first quarter of 2012 increase from € 0.0m in 2011 to € 0.2m. EBIT for the period showed a loss and amounted to € -0.2m (2011: € -0.0m). EBIT contribution from Holding activities amounted to € -0.3m (2011: € -0.2m).

Group EBIT for the period showed a profit of € 0.1m (2011: € 0.2m). There were no non-recurring costs.

Other recent highlights for Testronic in the first quarter include:

- On January 09, 2012, Testronic announced that it has been selected by the Wireless Power Consortium (WPC) as the Qi interoperability testing center.

- On February 15, 2012, Testronic Labs reported that it has been selected by De Lijn to support a major digital upgrade to the official Flemish public transport system.
- On March 05, 2012, Testronic announced the completion of an expansion of their central London facility.
- On March 19, 2012, Testronic published its membership of the Digital Entertainment Content Ecosystem (DECE) LLC.

Additional highlights for Kuju in the first quarter include:

- On March 14, 2012, Kuju, Testronic Labs and Doublesix Digital Publishing unveiled FullCycle, an integrated, quality-focused services package for the development, digital publishing, and testing of video games.
- On April 05, 2012, Kuju reported the release of a new, original title from its Zoë Mode studio.
- On April 18, 2012, Kuju announced the release of a new, original title from its Headstrong Games studio. Headstrong Games, in partnership with 505 Games, reported the release of 'Top Gun: Hard Lock' on Playstation® 3, Xbox 360 and PC.

And finally additional highlights for DDP in the first quarter include:

- On January 04, 2012, DDP announced the launch of "All Zombies Must Die!" the spiritual successor to "Burn Zombie Burn!".
- On April 25, 2012, DDP and 2WayTraffic – who owns the rights to Who Wants To Be A Millionaire? reported that they have launched the South Park – Who Wants To Be A Millionaire? Special Edition for Apple iOS devices.

The following personnel changes took place quite recently: On May 1st, 2012, Catalis SE Board of Directors has unanimously decided to nominate to the next meeting of shareholders as new CEO Mr. Dominic Wheatley. Until his nomination is ratified by the meeting of shareholders Mr. Wheatley will act as authorized representative of the board. Catalis also announced that the Board of Directors has suspended Jeremy Lewis from his position as executive director and CEO with immediate effect. The Board has convened an extraordinary shareholder meeting for June 21st. The subject of the meeting will be the personnel changes on the Management Board.

## **Outlook**

Revenues were in line with expectations during the first three months of the financial year and we have started the second quarter well, with order inflow significantly ahead of last year. The Group made good progress in Q1 2012, traditionally the least active quarter in the year, with performance ahead of budget. Our product suite is gaining traction across all key segments and we have the financial strength to invest for future growth. Therefore, whilst the Board remains mindful of the prevailing economic climate we are increasingly confident in achieving a successful outcome to the year. Based on the trading experienced in Q1, we forecast for the full fiscal year 2012 revenues of between € 28.0m and € 30.0m and an EBIT between € 0.8m and € 1.2m.

The Board is confident that the Group has the technology, resources and skills that will fully capitalise upon the opportunities that are now developing and expanding from the efforts of the past, and thereby to build shareholder value.

Yours sincerely

Dominic Wheatley (Representative of the Board)

Eindhoven, June 13, 2012

## **Introduction**

Catalis SE yearly financial reporting is based on the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated condensed interim reporting for the three months ending March 31, 2012 is prepared as an update of the business report focusing on the current reporting period and does not include all the information and disclosures required in the Annual Report. It should be read in conjunction with the consolidated Annual Report 2011.

## **Management Report**

### **Market & Industry Environment**

#### *Video Games Industry*

The overall market environment in the video game industry is very difficult. The following figures clearly show this: In January 2012, the NPD Group reported unusually low U.S. retail game sales. The software sales have averaged \$518 million between 2004 and 2011. New games sold at retail, across all consoles and computers, generated only \$379.6 million between January 1 and 28. That's a 34 percent decline. While the lack of new releases versus last year was a significant contributor to the decline, NPD analyst Anita Frasier says that consumers also weren't purchasing as many of the major holiday releases in January 2012 as they were in January 2011. Software sales across all consoles and portables brought in \$355.9 million, a 38 percent decline over January 2011. Retail PC games add another \$23.7 million to that total. Accessory sales were down 18 percent from last year at \$195.2 million. The negative trend has regrettably cemented itself. Video game software revenues at retailers in the U.S. dropped 26 percent to \$585.1 million in March, which falls in line with analyst expectations, but continues the industry's consistent declines over the past several months.

Unfortunately, the situation appears to be the same in the UK. The UK saw a contraction of about 30% of the video game sales in January. In the first two weeks of February, the sales are still down nearly 13% in terms of revenue and 19% in terms of units. Granted, that's not as dire as January, but it's still dreadful. The current slump in sales has specific impact on the retail. In March, UK video game retailer Game Group requested that its shares be suspended on the London Stock Exchange, while also filing for administration, Britain's equivalent of Chapter 11 bankruptcy in the U.S.. The Game Group is one of the largest video game retailers in the UK.

Somewhat surprisingly UK figures have shown that the size of the video games market is now larger than the movie market. The UK games market sales combining the faltering retail market, digital downloads and the app market grossed 1.92 billion GBP in 2011. By comparison movies (combining box office, digital and DVD and Blu-Ray sales) made 1.8 billion GBP and music made 1.08 billion GBP.

But there were also numerous positive developments in the video game market. 17.13 million 3DS consoles have now been sold worldwide, Nintendo has announced in April. The figure covers all sales up to the end of March 2012. That means a healthy two million more 3DS units have been sold in the last three months. Even the Nintendo's aging Wii reached another million units. It has now sold 95.85 million, up from 94.97 million on New Year's Eve 2011.

On a more positive note, the DICE Summit in Las Vegas in February and Game Developer's Conference in San Francisco in March were both vibrant, buoyant and well attended events. GDC attendance surpassed 22,500, smashing its previous best by 17%, making it the most successful GDC ever.

There is also good news to report from the UK: The British Chancellor of the Exchequer, recently announced tax breaks for the UK gaming industry. It is expected to see an explosion in the numbers of people working within it. The UK government announced this change during the recent March budget, and expects it to take a similar form to the tax breaks already enjoyed by film production companies, which can often see rebates of between 20% and 25% of qualifying production costs.

The subsidiaries of Catalis operate significant game production capacity in the UK and are well positioned to benefit from such investment.

But new growth opportunities due to new markets will arise for video game studios. China has an estimated 180 million gamers, and most of them spend money on online games every month, according to a new study from analyst group Niko Partners. In 2011, Niko said the Chinese online games industry was experiencing "explosive growth," and forecasted that 2011's total revenues for the market would grow to \$5.8 billion from \$4.8 billion in the previous year. "In examining the rapidly evolving Chinese games market, we see that casual, social, and mobile games have all captured the hearts of hardcore and occasional gamers alike," said Lisa Cosmas Hanson, managing partner of Niko Partners.

The ubiquity of smartphones and Apple's dominance of the gaming device sector are leading some publishers to adopt a digitally-led development strategy. Sega is one prominent example of this, citing the need to strengthen development in the field of digital content as one of the contributors to its recent restructuring, whilst others are projecting that digital could account for up to 25% of their revenues in the next 5 years.

### *DVD & Blu-ray*

According to information from DEG (The Digital Entertainment Group) the overall U.S. consumer spending was up 2.5 percent for the first three months of 2012 compared to the first quarter last year, driven by a healthy consumer appetite for Blu-ray. Blu-ray Disc saw continued double digit growth (up 23 percent) in sales over first quarter 2011.

U.S. consumers have spent \$4.5 billion on home entertainment in the first quarter this year.

Indeed, Blu-ray Disc now accounts for one out of four of all of the physical sell-through dollars spent by consumers compared to less than 15 percent two years ago. That's the second quarter of growth in the last three quarters for home entertainment spending, which includes purchases and rentals of DVDs, Blu-ray discs and online, as well as subscriptions to services like Netflix. That growth was spurred by strong Christmas sales of Blu-ray players, continued video sales of holiday releases like the hit "Kung Fu Panda 2" and the February release of the blockbuster "The Twilight Saga: Breaking Dawn – Part 1.". Blu-ray growth partially offsets the continued decline in DVD sales.

The triumph of Blu-ray cannot be stopped: Penetration of Blu-ray players and Blu-ray capable devices grow unabated in US homes if one goes by the latest figures in Centris Research's fourth quarter 2011 report. Penetration rose 47% over the same period last year, now reaching nearly one in four households. The number of Blu-ray homes continues to climb, with 2.4 million players sold in the first quarter. Total household penetration of all Blu-ray compatible devices now stands at more than 40.8 million U.S. homes. The Centris findings point to the fact that revenues from the Blu-ray format account for 26% of total disc sales - \$42.1 million - for the week ended March 10. Household penetration of DVD players increased 4% to 91%, compared with 87% in the same period last year period. Testronic Labs has an excellent expertise in testing of Blu-ray and will have a great participation in the success.

According to analysts, US audiences will pay to consume more movies online in 2012 than they will on physical video formats, marking the first year that legal, Internet-delivered movies will outstrip those of DVDs and Blu-ray discs combined. The legal, paid consumption of movies online in the United States will reach 3.4 billion views or transactions in 2012, approximately 1 billion units higher than the 2.4 billion for physical video for this year, according to IHS Screen Digest's Broadband Media Market Insight report. The physical segment consists of retail sales and rentals of VHS, DVD and Blu-ray discs. The online portion is comprised of electronic sell-through (EST), Internet video on demand (iVOD) and subscription video on demand (SVOD). Americans will watch 3.4 billion movies online this year, more than doubling 2011's total and exceeding DVD and Blu-ray consumption for the first time, estimates IHS Screen Digest.

UltraViolet, the cloud-based digital-locker controlled movie delivery system, has achieved a milestone of 800,000 household accounts in the United States, according to the IHS Screen Digest U.S. Video Market Intelligence Service. 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. 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.

Industry officials expressed optimism that growth will continue, based on continued sales of Blu-ray players and introduction of the studio-backed UltraViolet service by which consumers can buy movies that are shared among several cloud-connected devices.

## **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.

The new year got off to a very successful start. In the first quarter, Testronic have outperformed their forecasts. There have been very positive developments in the game market. Social gaming is becoming more prevalent and presents a major opportunity for Testronic. We are moving into this space with emphasis on usability testing covering the period from concept through to launch. Our traditional markets initially performed rather well and showed stability.

Other recent highlights for Testronic include:

- On January 09, 2012, Testronic announced that it has been selected by the Wireless Power Consortium (WPC) as the Qi interoperability testing center. The interoperability testing center keeps a library of all Qi-certified products and performs functional interoperability tests with these products on behalf of the WPC. Qi, the global standard for wireless charging, allows devices to be charged just by placing them on any Qi charging surface without connecting cords or wires.
- On February 15, 2012, Testronic Labs reported that it has been selected by De Lijn to support a major digital upgrade to the official Flemish public transport system. De Lijn is the commercial name of the Vlaamse Vervoermaatschappij, an autonomous state enterprise responsible for urban and regional transport by bus and tram in Flanders. The upgrade, known as ReTiBo (Registration, Ticketing, and On Board Computers), will revolutionize the system by providing important planning information, from ticketing to financial reporting and analysis.
- On March 05, 2012, Testronic announced the completion of an expansion of their central London facility. The bigger footprint at the Testronic Borough High Street location includes new testing environments and offices.
- On March 19, 2012, Testronic published its membership of the Digital Entertainment Content Ecosystem (DECE) LLC. DECE is the cross-industry consortium responsible for developing UltraViolet an ecosystem delivering a new and compelling way to collect and enjoy home video entertainment. UltraViolet represents the next step for the home entertainment market. UltraViolet is based on open, licensable specifications and is designed by the DECE to create a viable, global digital marketplace.

The situation is different in the film / television testing segment. This division has had a slow start to the year, particularly in the USA, where the environment is changing due to digital download and streaming technologies. But download and streaming technologies, such as UltraViolet are seeing increased consumer adoption. Our continued involvement with the Digital Entertainment Content Ecosystem will help us remain properly positioned to best service our UltraViolet clients in this developing format.

A basic change can be seen in the consultancy segment. Our clients are thinking more and more in a quality-oriented way. Due to this and the fact that agile development methodologies are introduced clearer and clearer at client's sites, the need for on-site test is increasing continuously. This change

was detected at an early stage. Thus we can offer individual solutions, which are tailor made for our customers. This is as a result of our permanent strive to satisfy the needs of our clients.

Worth special mention are the following projects:

- Common Interface Plus (CI+) has interest from other Digital TV Operators
- Potential IPTV projects on the horizon
- Testronic established a training academy in Belgium which will allow us to do more in house training
- ReTiBo Project in Belgium is growing
- USB 3.0 Super Speed technology is gaining ground

There are regional differences in the business development. Generally Europe has had an excellent start to the year, mainly due to hardware testing and games testing. This is expected to continue. Our Belgium subsidiary, in particular, had a great start with revenues up 64%. However the US has struggled in Q1 due to the transition going on in the home entertainment industry. Testronic is in the process of expanding its other services in this region to offset some of these changes. However this is a long term and gradual change and so is expected to continue through to 2013.

This general trend is expected to continue - hence we may expect good results from Testronic in 2012.

## **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.

In the first quarter, a polarisation in development budgets has become apparent - publishers are investing heavily in internal development of their own IP. The competition is starting to come from smaller, more agile independent studios. Some competitor studios are also committing to more aggressive development schedules. The existing customer base remained evenly spread throughout the quarter between US, European and Japanese publishing groups.

In Q1 2012, no projects were cancelled. At Zoë Mode two new contracts were signed with a first party console manufacturer. A full production agreement was signed for a major new title at Kuju's studio VatraThere is plenty of encouraging news from the market: According a recent report by DFC Intelligence, the global video game market is expected to reach \$81 billion by 2016 (up from \$66 billion in 2010). Total worldwide sales of online games are expected to increase from \$19.3 billion in 2010 to \$37.9 billion by 2016. In terms of the current generation of hardware, the DFC report estimates that the Nintendo Wii system has peaked in terms of usage. Both the Xbox 360 and PlayStation 3 are expected to further grow their user base over the next few years.

Recent highlights for Kuju include:

- On March 14, 2012, Kuju, Testronic Labs and Doublesix Digital Publishing unveiled FullCycle, an integrated, quality-focused services package for the development, digital publishing, and testing of video games. The combination of services creates an end-to-end development cycle for the games industry, which can streamline the entire process and increase savings for customers. FullCycle is a one-stop-shop that allows all the services necessary to make a game to be provided as a single product - including design, development, production, localisation, testing, publishing and marketing. It can handle all the relationships with digital distribution channels, hardware manufacturers, and suppliers, and provides efficiency, faster turnarounds, creative continuity, and improved workflow.
- On April 05, 2012, Kuju reported the release of a new, original title from its Zoë Mode studio. Zoë Mode Entertainment in partnership with NanaOn-Sha and Microsoft announced the release of "Haunt" on Xbox Live Arcade. Developed in conjunction with NanaOn-Sha and

Microsoft, *Haunt* is a first-person adventure designed exclusively for Kinect. The game has already been a hit with the critics, who have praised the story, controls and humour.

- On April 18, 2012, Kuju announced the release of a new, original title from its Headstrong Games studio. Headstrong Games, in partnership with 505 Games, reported the release of 'Top Gun: Hard Lock' on Playstation® 3, Xbox 360 and PC. The game has received lavish praise in the gaming press, appreciated for its bold take on a license and as a great addition to the arcade flight combat genre.

In closing, with a strong pipeline of games and a growing digital business, Kuju is well positioned for the future.

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

Doublesix Digital Publishing addresses the Group's activities in the development and distribution of self-published, digitally distributed games.

Additional recent highlights for DDP include:

- On January 04, 2012, DDP announced the launch of "All Zombies Must Die!" the spiritual successor to "Burn Zombie Burn!". "All Zombies Must Die!" fuses many gameplay elements to create a frenetic RPG shooter with hilarious characters and a playful, self-referential narrative. With four player local co-op, the game offers a frantic multiplayer experience. The game is full of small details that should set it apart from similar zombie games and twin stick shooters. On March 12, the title was also out on PC.

- On April 25, 2012, DDP and 2WayTraffic – who owns the rights to Who Wants To Be A Millionaire? reported that they have launched the South Park – Who Wants To Be A Millionaire? Special Edition for Apple iOS devices. Based on the world's most successful TV game show, Who Wants To Be A Millionaire? Special Editions retains all the excitement and atmosphere of the original programme. Several similar versions were published in Q1 2012: "Star Trek: The Original Series – Who Wants To Be A Millionaire? Special Edition", "Who Wants To Be A Football Millionaire" and "Who Wants To Be A Sport Millionaire".

DDP did not meet our expectations and had a severe EBIT loss in the fiscal year 2011. Therefore we remain focused on operational cost management and we expect further efficiency savings in 2012. Both effects will save financial resources. In some cases, even current DDP projects might be halted if it turns out the planned commercial targets will not to be accomplished.

### **Investments**

Total investments in the first three months of the fiscal year amounted to € 0.1m and were mainly attributable to the purchase of property, plant and equipment.

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

## **Development of Earnings, Financial and Asset Situation**

### **Earnings Situation**

#### *Catalis Group*

In the first quarter of 2012, total revenues of Catalis Group amounted to € 6.9m (2011: € 6.1m). This represents an increase of 13.9% from the previous year which is due to the increase in revenues across the group. EBIT (operating result) for the reporting period before non-recurring costs amounted to € 0.1m (2011: € 0.2m). Non-recurring costs amounted to € 0.0m, resulting in an equal EBIT after these costs of € 0.1m (2011: € 0.2m). Taking into account a financial result of € -

0.2m, the company's pre-tax result amounted to € -0.1m. Net income for the period also amounted to € -0.1m (2011: € 0.1m). This equals earnings per share of € 0.00 (2011: € 0.00).

#### *Testronic*

Testronic has seen revenues for the first quarter of 2012 move up from € 3.2m to € 3.6m. This represents an increase of 12.5% compared to previous years' period. Testronic generated an EBIT of € 0.2m (2011: € 0.1m). EBIT after non-recurring costs was € 0.2m (2010: € 0.1m).

#### *Kuju*

In the first quarter of 2012, Kuju generated revenues of € 3.1m (2011: € 2.9m), representing an increase of 6.9%. EBIT for the period showed a profit and amounted to € 0.4m (2011: € 0.3m).

#### *DDP*

Revenues attributable to DDP as of March 31, 2012, amounted to € 0.2m. The operating profit at DDP for the first three months of the fiscal year 2012 amounted to € -0.2m.

## Pro-forma Segment Overview

	Testing	WFH Games	DDP	Corporate	Total
<b>Three months to March 2012, €k</b>					
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

	Testing	WFH Games	DDP	Corporate	Total
<b>Three months to March 2011, €k</b>					
Revenues from external customers	3,200	2,865	0	0	6,065
Operating profit (EBIT)	102	286	(42)	(188)	158
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	102	286	(42)	(188)	158
EBIT margin %	3.2	10.0	n.a.	n.a.	2.6

## Financial Situation

### Cash flow

In the three months of the fiscal year 2012, Catalis Group generated an operating cash flow of € -0.4m (2011: € -0.6m) that is mainly composed of an decrease in current assets/ current liabilities and the increase of the depreciation of tangible fixed assets and the amortisation of intangible assets.

Cash flow from investing activities amounted to € -0.1m (2011: € -0.4m) and is attributable to the purchase of property, plant & equipment.

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

The company's total cash flow in the first three months of 2012 amounted to € -0.5m (2011: € 1.0m), resulting in a net cash position at the end of the reporting period of € -1.4m (2011: € -2.3m).

## Asset Situation

### Balance Sheet

As of March 31, 2012, total assets of Catalis Group amounted to € 24.5m. This is a slight decrease from the € 25.4m at December 31, 2011.

The company's fixed assets decreased slightly to € 17.1m (2011: € 17.3m). The main change in non-current assets is shown in the item intangible assets of the reporting quarter. Intangible assets decreased from € 1.0m to € 0.9m at the end of March 2012.

Current assets decreased from € 8.1m at the end of 2011 to € 7.4 at the end of March 2012. Here, other current assets were reduced from € 2.9m to € 2.6m and trade receivables were also reduced from € 4.0m to € 3.9m. Tax and social securities decreased to € 0.0m (2011: € 0.2m) and cash and cash equivalents to € 0.7m (2011: € 0.8m).

On the equity and liabilities side, the company's total equity decreased slightly to € 7.4m (2011: € 7.4m).

Long term liabilities amounted to € 0.2m. Current liabilities decreased from € 17.8m to € 16.9m. Here, trade and other payables were down from € 5.5m to € 5.2m and loans were reduced from € 8.6m to € 8.2m.

## **Employees**

Through the efforts of our employees around the globe and through systematic value management we will create added value for our customers and our stockholders. Our employees are our capital, and their dedication is the foundation of our success.

As of March 31, 2012, there were 324 (31.12.2011: 344) permanent employees working for Catalis Group. The total is composed of 181 (31.12.2011: 194) employees working at Testronic, 115 (31.12.2011: 120) at Kuju, 25 at DDP (31.12.2011: 27) as well as three employees (31.12.2011: 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 2012.

## **Supplementary Report**

On May 1st, 2012, Catalis SE Board of Directors has unanimously decided to nominate to the general meeting of shareholders as new CEO Mr. Dominic Wheatley. Until his nomination is ratified by the general meeting of shareholders Mr. Wheatley will act as authorized representative of the board.

Catalis also announced that the Board of Directors has suspended Jeremy Lewis from his position as executive director and CEO with immediate effect.

On May 08, 2012, Catalis SE published the convening notice for an Extraordinary General Meeting of shareholders, which will be held on Thursday 21 June 2012 at 11.00 a.m. local time at its main office in Eindhoven.

## **Risk Report**

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

## **Management Statement**

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

- the condensed consolidated interim financial statements as of March 31, 2012 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Catalis SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per March 31, 2012 and of the development and performance during the first three months of the fiscal year 2012 of Catalis SE and its related participations of which the data have been included in the financial statements, together with a true and fair presentation of the expected future developments.

Eindhoven, June 13, 2012

The Board of Directors:

Dr. Jens Bodenkamp (Chairman, Non-Executive)  
Dominic Wheatley (Representative of the Board)  
Dr. Michael Hasenstab (Non-Executive)  
Robert Kaess (Non-Executive)  
Otto Dauer (Non-Executive)  
Jeremy Lewis (suspended)

## **Directors' Holdings**

As of March 31, 2012, the following number of shares and options is held by the directors of the company:

Shareholder	No. of Shares	Options	Controlled by	Function
Jens Bodenkamp	89,167	0	Jens Bodenkamp	Chairman of the Board
Dominic Wheatley	737,142	0	Dominic Wheatley	Representative of the Board
Dr. Michael Hasenstab	50,000	0	Dr. Michael Hasenstab	Non-Executive Director
Robert Kaess	50,000	0	Robert Kaess	Non-Executive Director
Otto Dauer	350,000	0	Otto Dauer	Non-Executive Director
Jeremy Lewis	249,735	700,000	Jeremy Lewis	Executive Director (Suspended)

## **Audit Statement**

The interim financial report for the three months ended March 31, 2012, 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**

In April 2012, the International Monetary Fund (IMF) has published its new World Economic Outlook (WEO). The World Economic Outlook predicts 3.5 percent growth in world GDP this year, 4.1 percent next year. The global economy will continue to expand, though risks from Europe and the Persian Gulf could slow expansion considerably. It raised its forecasts for the U.S. to gains of 2.1 percent this year and 2.4 percent in 2013. The report reflects the IMF's view that the euro area, while still facing an economic downturn and the "hard to quantify" potential risk of a country's default, has stabilized since last year. The euro area economy is projected to decline by 0.3 percent in 2012, an improvement from the 0.5 percent in the IMF's previous forecast. China is projected to grow 8.2 percent and Japan 2 percent this year.

In view of the positive start to the new fiscal year and the good level of orders on hand, we are confident that we will be able to meet our targets for the year as a whole if the market continues to develop steadily. The outlook for the rest of the year is favorable; we expect revenues to come in slightly ahead of 2011, with revenues up from € 26.4m to between € 28.0m and € 30.0m and an EBIT from € -3.5m to between € 0.8m and € 1.2m.

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

		31.12.2011	31.03.2012
<b>ASSETS</b>	<b>AKTIVA</b>		
<b>Current Assets</b>	<b>Kurzfristige Vermögensgegenstände</b>		
Cash and cash equivalents	Liquide Mittel	800	689
Trade receivables	Forderungen aus LuL	4,035	3,890
Tax and social securities	Forderungen aus Steuern und Sozialversicherungen	222	35
Income tax receivable	Ertragssteuerforderungen	87	58
Other current assets	Andere	2,929	2,699
<b>Total Current Assets</b>	<b>Kurzfr. Vermögensgegenstände gesamt</b>	<b>8,073</b>	<b>7,371</b>
<b>Non-Current Assets</b>	<b>Langfristige Vermögensgegenstände</b>		
Intangible assets	Immaterielle Vermögensgegenstände	997	886
Goodwill	Firmenwerte	14,331	14,331
Property, plant and equipment	Sachanlagen	1,794	1,703
Deferred tax	latente Steuern	190	190
Other non-current assets/ investments	Andere		
<b>Total Non-Current Assets</b>	<b>Langfr. Vermögensgegenstände gesamt</b>	<b>17.312</b>	<b>17,110</b>
<b>TOTAL ASSETS</b>	<b>AKTIVA gesamt</b>	<b>25.385</b>	<b>24,481</b>
<b>LIABILITES &amp; EQUITY</b>	<b>PASSIVA</b>		
<b>Current Liabilities</b>	<b>Kurzfristige Verbindlichkeiten</b>		
Trade and other payables	Verbindlichkeiten aus LuL	5,465	5,175
Taxes and social securities	Steuern und Sozialversicherungen	1,295	822
Income tax payable	Verbindlichkeiten aus Ertragssteuern	53	40
Provisions	Rückstellungen	597	597
Bank overdraft	kurzfristige Bankverbindlichkeiten	1,722	2,074
Loans	Darlehen	8,625	8,232
Finance lease	Finance lease	-	-
<b>Total Current Liabilities</b>	<b>Kurzfr. Verbindlichkeiten gesamt</b>	<b>17,756</b>	<b>16,940</b>
<b>Non-Curent Liabilities</b>	<b>Langfristige Verbindlichkeiten</b>		
Long-Term Debt	Langfristige Bankverbindlichkeiten	-	-
Finance lease obligation	Finance lease obligation	-	-
Deferred tax liability	latente Steuern	190	190
Provisions	Rückstellungen	-	-
<b>Total Non-Current Liabilities</b>	<b>Langfr. Verbindlichkeiten gesamt</b>	<b>190</b>	<b>190</b>
<b>Total Equity</b>	<b>Eigenkapital gesamt</b>	<b>7.439</b>	<b>7.351</b>
<b>TOTAL LIABILITES &amp; EQUITY</b>	<b>PASSIVA gesamt</b>	<b>25.385</b>	<b>24,481</b>

**Condensed Consolidated Income Statement of Catalis Group (unaudited)**  
For the period ended March 31, 2012 and March 31, 2011 (in thousands of euros)

	Q1 2012	Q1 2011
Revenues	6,902	6,065
<b>Total revenues</b>	<b>6,902</b>	<b>6,065</b>
Subcontracting and cost of materials	801	659
Personnel costs	4,206	3,696
Depreciation fixed assets	160	210
Amortisation intangible assets	150	14
Impairment of goodwill		
General and administration	1,487	1,328
<b>Total expenses</b>	<b>6,804</b>	<b>5,907</b>
<b>Profit/ loss from operations</b>	<b>98</b>	<b>158</b>
Interest income	3	
Interest expense	-75	-78
Currency translation difference	-118	
<b>Total financial income</b>	<b>-190</b>	<b>-78</b>
Income tax	4	0
<b>Profit for the period</b>	<b>-88</b>	<b>80</b>

**Condensed Consolidated Cash Flow Statement of Catalis Group (unaudited)**  
For the period ended March 31, 2012 and 2011 (in thousands of euros)

€k	T€	31-3-2012	31-3-2011
<b>Cash Flow from operating Activities</b>	<b>Kapitalfluss aus betrieblicher Tätigkeit</b>		
Net Income	Periodenergebnis	-88	80
Depreciation of tangible fixed assets and Amortisation intangible assets	Abschreibungen auf Anlagevermögen und Abschreibungen von immateriellen Firmenwerte	310	224
Increase/(decrease) provisions	Zunahme/(Abnahme) von Rückstellungen	0	0
(Increase)/decrease current assets	(Zunahme)/Abnahme von kurzfristigen Vermögensgegenständen	591	106
(Increase)/decrease share based payment	(Zunahme)/Abnahme von Share based payment	0	0
Increase/(decrease) current liabilities	Zunahme/(Abnahme) von kurzfristigen Verbindlichkeiten	-1,168	-986
Increase/(decrease) in deferred taxes	Zunahme/(Abnahme) latenter Steuern	0	0
<b>Net cash (used in) / provided by operating activities</b>	<b>Aus betrieblicher Tätigkeit erwirtschaftete Zahlungsmittel</b>	<b>-355</b>	<b>-576</b>
<b>Cash Flow from investing activities</b>	<b>Kapitalfluss aus Investitionen</b>		
Purchase of property, plant & equipment	Erwerb von Sachanlagen	-69	-160
Additions of intangible assets	Zugänge immaterieller Vermögensgegenstände	-39	-277
<b>Net Cash (used in) / provided by investing activities</b>	<b>Aus Investitionstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>-108</b>	<b>-437</b>
<b>Cash Flow from financing activities</b>	<b>Kapitalfluss aus Finanzierungstätigkeit</b>		
Proceeds from issuance of share capital	Zuflüsse aus der Ausgabe von Aktien	0	0
Increase/(decrease) of long term debt	Zunahme/(Abnahme) langfristiger Finanzverbindlichkeiten	0	0
<b>Net Cash (used in) / provided by financing activities</b>	<b>Aus Finanzierungstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>0</b>	<b>0</b>
<b>Net Increase in cash and cash equivalents</b>	<b>Veränderung der liquiden Mittel</b>	<b>-463</b>	<b>-1.011</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>Liquide Mittel zu Beginn der Periode</b>	<b>-922</b>	<b>-1.316</b>
<b>Cash and cash equivalents at end of period</b>	<b>Liquide Mittel am Ende der Periode</b>	<b>-1,385</b>	<b>-2,327</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.

## **Imprint**

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