

To Our Shareholders

We have achieved the best nine-monthly earnings since 2008

I am pleased to announce that our Group has achieved the best the nine-monthly net income result since the fiscal year 2008. Nine-monthly revenues grew year-on-year to € 21.43m (9M/2012: € 20.80m); profitability has improved almost threefold, to € 1.61m (9M/2012: € 0.58m); and net income is equally strong, standing at € 0.88m (9M/2012: € 0.43m).

I remain convinced of the potential of the Catalis Group, and our steady growth over the past quarters reinforces my confidence in our course. To continue our growth trajectory, I remain focussed on building our sales activity, and expanding the capacity of our operations. Early progress on both fronts has been positive: Kuju secured a significant contract for a new development project; Testronic won business with 10 new clients over the last quarter alone; and after investing into shift-working, the group is realising significantly increased efficiency in the use of its assets. However, these initiatives are only in their infancy. I expect significant further progress to be made in the final quarter and beyond.

Highlights of Kuju Entertainment & Testronic

On nine-monthly revenues of € 6.56m, Kuju Entertainment generated an operating profit (EBIT) of € 1.06m (2012: € 0.47m). This represents a marked year-on-year improvement in EBIT margin (2013: 16.2%, 2012: 5.5%), and is largely attributable to the excellent production ability of Kuju's operations. Following recent restructuring, Kuju's studios are acutely aware of the importance of cost management, and remain vigilant in delivering a strong profit margin on all development projects. To this end, Kuju are currently reporting good progress on all of its six video games, and the group remains optimistic about the retail potential of Zumba World Party and Powerstar Golf – two products, developed by Kuju, which will be going on sale upon release of Microsoft's Xbox One this month.

Testronic continued its strong performance, generating year-to-date revenues of €14.50m (2012: €12.11m) – the best nine-monthly revenues in its history – and operating profit (EBIT) of €1.5m (2012: €1.33m). The investment made earlier in the year to expand Testronic's UK and Polish operations continues to fuel the growth of Testronic's Games and Hardware testing divisions, and sets a strong model for expansion that can be readily transferred to other business lines.

Catalis in Context

With the release of the Xbox One console this month, we are seeing the first signs of real convergence in the media industry. I have no doubt that this convergence will offer fertile opportunity to Kuju and Testronic alike, and I am confident the Catalis Group will be able to embrace this trend to our advantage. We have strong market positioning and industry relationships across the entertainment spectrum; there are strong synergies between our business lines, which will only grow stronger in coming years; and we have an efficient and highly capable workforce who, as demonstrated by our results, can deliver a strong profitable performance. I firmly believe in a bright future for the Catalis Group.

In closing

It's been a strong nine months of progress for the group. We have:

- delivered a significant year-on-year improvement in group revenues;
- seen early success of bolstering our sales team, and capacity of our operations; and
- the best nine-monthly earnings since 2008.