

CATALIS SE

Interim Financial Report

For the period ending 31 March 2015

**CATALIS SE
CONTENTS**

Key Figures	3
To Our Shareholders	4
Financial Report	5
Condensed Consolidated Interim Financial Statements	10
Additional Information	13

CATALIS SE OVERVIEW

Key Figures

All financial data for the quarter ended 31 March 2015 is presented in Euros (€) and comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Results in millions of EUR		31 Mar 2015	31 Mar 2014
Revenue from continuing operations (A)	Umsatz (A)	6.689	6.697
Subcontracting & Cost of materials	Fremdkosten & Materialkosten (B)	0.734	0.762
Gross profit	Rohertrag (A – B)	5.955	5.935
Gross margin	Rohertragsmarge	89.0%	88.6%
Operating profit - EBIT	EBIT	0.069	0.343
Profit before tax	Ergebnis vor Steuern	0.863	0.215
Profit for the year	Periodenergebnis	0.860	0.215
Operating cash (outflow)/inflow	Operativer Cashflow	(0.199)	0.490
Balance Sheet in millions of EUR			
Total assets	Aktiva Gesamt	25.257	24.047
Non-current assets	Anlagevermögen	17.990	17.073
Current assets	Umlaufvermögen	7.267	6.974
Equity	Eigenkapital	9.225	9.144
Current liabilities	Kurzfristige Verbindlichkeiten	13.406	10.587
Non-current liabilities	Langfristige Verbindlichkeiten	2.626	4.316
Share information			
Weighted average number of shares (basic)	Anzahl an ausgegebenen Aktien im Jahresdurchschnitt	6,294,141	6,242,333
Earnings per share (basic) - € cents	Ergebnis je Aktie (unverwässert)	13.7	3.4
Earnings per share (diluted) - € cents	Ergebnis je Aktie (verwässert)	11.4	2.4
Employees			
Number of Employees	Mitarbeiteranzahl	502	367
Ratios			
EBIT as % of revenue	EBIT* in % vom Umsatz	1.0%	5.1%
EBIT as % of total assets	EBIT* in % von der Aktiva	0.3%	1.4%
Equity Ratio (Equity / Total Assets)	Solvabilität (Eigenkapital / Aktiva)	36.5%	37.9%

CATALIS SE FINANCIAL REPORT

Letter to shareholders – Q1 2015

To our shareholders

The Catalis Group delivered a performance comparable to that of the previous year. The group delivered revenues of € 6.69 m (Q1 2014: € 6.70 m) and a profit after tax of € 0.86 m (Q1 2014: € 0.22 m). The first quarter is often the softest period of trading for the group but we also found that certain areas of our business experienced weaker client demand than expected.

Trading and outlook of Kuju Entertainment and Testronic Laboratories

Kuju Entertainment – our video games development business, in the context of difficult trading conditions, recorded revenues of € 1.09 m (Q1 2014: € 1.88 m), and recorded a small loss, with an EBIT of -€ 0.02 m (Q1 2014: profit of € 0.13 m). Looking ahead to the full-year, Kuju remains positive on the industry outlook. The market for next-generation consoles has started to mature – an estimated 33 million next-generation consoles have now been sold worldwide – and Kuju remains in position to benefit from the demand for new content.

Testronic Laboratories – our quality assurance business – delivered a steady performance over the first quarter, with revenues of € 5.60 m (Q1 2014: € 4.74 m) and an EBIT of € 0.40 m (Q1 2014: € 0.47 m). This revenue growth is a trend the business expects to continue over the course of the year.

Corporate developments

At a corporate level, the Group disposed of Testronic Laboratories Belgium NV on 30 April 2015. The decision to sell Testronic Laboratories Belgium NV was borne out of a previously announced strategic review, conducted in late 2014, which concluded that the specialized testing business in Belgium had little interaction or business overlap with the wider Catalis SE Group. € 1 m of the gross proceeds will be held for a period in escrow in support of specific representations and warranties; € 3 m of the proceeds from the transaction will be used to repay the working capital facility with KBC Bank; and the remaining proceeds from the transaction will be invested in the core operations of the Group. The disposal of Testronic Laboratories Belgium NV will be accounted for in the second quarter of 2015 and reported upon in Interim Report for the six months to 30th June 2015.

From the same strategic review, the board also concluded it should withdraw its listing from the General Standard in Frankfurt in order to realize significant and material cost savings for the Group. On 28th January 2015, the Frankfurt Stock Exchange approved the withdrawal. Catalis SE's shares will continue to be listed on the General Standard until 27th July 2015 according to the Stock Exchange regulations. Thereafter, the shares will be listed on the Open Market.

Yours sincerely

Dominic Wheatley
Chief Executive Officer
Eindhoven, 19 May, 2015

CATALIS SE
FINANCIAL REPORT
Management Report

Catalis SE yearly financial reporting is based on the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated condensed interim financial statements for the three months ending 31st March 31 2015 are prepared as an update to the business report focusing on the current reporting period and do not include all the information and disclosures required in the Annual Report. It should be read in conjunction with the consolidated Annual Report 2014.



Our businesses	<p>Kuju Entertainment</p> <p>Kuju Entertainment has been creating top-rated games for over 15 years</p>	<p>Testronic Laboratories</p> <p>Testronic Laboratories is a leading provider of quality assurance, localisation services, compliance, and certification</p>
Our operations	<p>Kuju currently operates two award-winning video game development studios in the UK: Headstrong Games (London) and Zoë Mode (Brighton)</p>	<p>Operating from four global locations, Testronic Laboratories provides a broad spectrum of quality assurance services to the Video Games, Film, TV, Software and Hardware industries</p>
Our reputation	<p>Kuju is renowned for developing high value franchises, such as international bestsellers <i>Art Academy</i>, <i>Zumba Fitness</i>, and <i>SingIt!</i> Since our foundation in 1998, we have released over 120 games, generating estimated retail revenues in excess of \$ 750 million</p>	<p>Testronic Laboratories is a pioneer company in the quality assurance sector, having provided testing services to the media industry for over 15 years. Over the past 2 years the group has experienced double digit revenue growth.</p>
Revenues	€ 1.086m	€ 5.603m
Contribution to Group Revenues	16% (2014: € 1.880m)	84% (2014: €4.740m)
EBIT*	-€ 0.017m	€ 0.400m
	(2014: € 0.133m)	(2014: € 0.466m)

*Corporate EBIT: -€ 0.314m, resulting in Group EBIT of €0.069.

CATALIS SE FINANCIAL REPORT

Testronic Laboratories

Testronic Laboratories generated revenue of €5.6m, €0.9m better than the same period last year although EBIT was €0.066m lower at €0.4m compared to €0.466m in Q1 2014. The group expects future costs savings to positively impact the profitability of the business in the coming year as the lower cost base in Poland is leveraged to service both new and existing clients in the games business.

Kuju Entertainment Limited

Kuju continues to face soft trading conditions and delivered a satisfactory performance in the first quarter. The studios recorded revenues of € 1.086m (Q1 2014: € 1.880m). The EBIT of the business line was weakened by prevailing market conditions and Kuju recorded an EBIT of -€ 0.017m (2014: profit of €0.133m). Financially, Kuju has been impacted by a slow software market throughout 2014 and into the early part of 2015. Consumer spending was predominantly on new console hardware (such as the Xbox One and PlayStation 4), as opposed to buying new games. This trend has limited the royalty revenues from Kuju's recent releases. The games software market is expected to rebound over the course of 2015, and an uplift in the market should benefit Kuju in the future.

Corporate –subsequent event

On 30 April 2015 the board of directors announced the sale of Testronic Laboratories Belgium NV for a total consideration of €8.174m. €1m of the gross proceeds will be held for an agreed period in escrow in support of specific representations and warranties. During the quarter ended 31 March 2015, Testronic Laboratories Belgium NV generated revenues of €1.917m and an operating profit before non-recurring cost of €0.085m. The sale was agreed on a cash free, debt free basis. The board of directors approved the disposal as Testronic Laboratories Belgium NV operates in a very specific testing market and has limited interaction with the Group's other business lines. The disposal of Testronic Laboratories Belgium NV will be accounted for in the second quarter of 2015 and reported upon in Interim Report for the six months to 30th June 2015.

€3m of the proceeds will be used to reduce the working capital facility with KBC Bank. The remaining cash will be invested in new business around the company's defined core business of providing services to media companies in particular around the games industry.

Segmental information

	Testing	Games	Corporate (non-operating)	Total	
Period ending 31 March 2015	€000's	€000's	€000's	€000's	
Revenue from external customers	5,603	1,086	-	6,689	
EBIT	400	(17)	(314)	69	
EBIT %	7.1%	(1.6%)	-	1.0%	
	Testing	Games	Corporate (non-operating)	Downloadable self- published games	Total
	€000's	€000's	€000's	€000's	€000's
Revenue from external customers	4,740	1,880	-	77	6,697
EBIT	466	133	(232)	(24)	343
EBIT %	9.8%	7.1%	-	-	5.1%

CATALIS SE FINANCIAL REPORT

Review of Earnings

In the first quarter of 2015, total revenues of Catalis Group amounted to € 6.7m (2014: € 6.7m). Total expenses amounted to €6.6m, resulting in an EBIT of €0.069m (2014: €0.3m). After accounting for financial income of €0.8m, the company's pre-tax result amounted to € 0.9m. Exchange gains of €0.9m were recognised as a result of the retranslation of goodwill denominated in sterling and net income for the period amounted to € 0.9m (2014: € 0.2m). This equals earnings per share of € Cent 13.7 (2014: € Cent 3.4)

Testronic Laboratories

Testronic has seen revenues for the first quarter of 2015 grow by 18% to €5.6m. Testronic generated an EBIT after non-recurring costs of €0.4m (2014: € 0.5m).

Kuju Entertainment

In the first quarter of 2015, Kuju generated revenues of €1.1m (2014: €1.8m), representing a decrease of 42%. EBIT for the period showed a loss and amounted to €0.017m (2014: profit of € 0.1m).

Review of Statement of Financial Position

Our objective is to operate with a strong balance sheet to protect the business and facilitate future growth. As of March 31, 2015, total assets of Catalis Group amounted to € 25.3m representing an increase of €0.2m from € 24.5m at December 31, 2014.

The company's non-current assets were increased to €18.0m (31.12.2014: € 17.1m), attributable to the retranslation of sterling dominated goodwill balances. Current assets decreased slightly from € 7.5m at the end of 2014 to € 7.3m at the end of March 2015. This is mainly due to reduced trade receivables (€4.2m vs. €4.5m).

Our financing and liquidity position remained strong throughout the period. On the equity and liabilities side, the company's total equity was €9.2m (31.12.2014: €8.4m). This equals € Cent 13.4 per share (2014: € Cent 3.4), based on the number of shares outstanding of 6,294,141 (2014: 6,242,333).

Long term liabilities increased to €2.6m from €2.5m in 2014, attributable to the movement in interest on the long-term loans. Current liabilities decreased from €13.7 to € 13.4m mainly driven by a reduction in the tax and social security balances, off set by an increase in the bank overdraft.

Review of Cash flow

The Group recognised an operating cash outflow of €0.2m (2014: inflow of €0.5m). This is mainly composed of the period's net income (€0.9m) and the depreciation of tangible fixed assets / amortisation of intangible assets (€ 0.16m) and non cash currency translation gains of €1.1m.

The Cash outflow from investing activities amounted to €0.11m (2014: €0.374m) and is attributable to the purchase of property, plant & equipment. Cash flow from financing activities amounted to an inflow €0.3m (2014: outflow €0.600m) mainly driven by the redemption of long-term loans and an increase in the bank overdraft.

The company's total cash inflow in the first three months of 2015 amounted to €0.056m (2014: outflow of €0.345m) resulting in a closing cash balance of €1.389m

CATALIS SE FINANCIAL REPORT

Employees

Our performance reflects the expertise, hard work and commitment of our people. We are investing more than ever in our people, making sure they have the skills and support they need to better serve our customers.

As of March 31, 2015, there were 502 (31.12.2014: 514) permanent employees working for Catalis Group. The total is composed of 465 (2014: 479) employees working at Testronic and 36 (2014: 34) at Kuju as well as one employee (2014: 1) at Catalis SE.

Kommentiert [s1]: Per Global HC report for Testronic, total Perm = 231, plus estimate of 60 for US. HC report for KEL is total 75.

Forecast Report

The Group remains confident for 2015 and expects to achieve revenue growth in the region of 10% compared to the prior year and to achieve an operating profit margin in the region of 10% compared to 6% in the prior year to be achieved by continued focus on cost efficiencies and taking advantage of the expected growth in the games market worldwide that the Group is well placed to take advantage of.

Directors Holdings

As of March 31, 2015, the following number of shares and options is held by the directors of the company:

Shareholder*	No. of Shares	Options	Function
Dominic Wheatley	227,510	550,000	Executive Director/CEO
Brett Morris	-	200,000	Executive Director/CFO
Peter Biewald	30,000	-	Non-Executive Director
Nick Winks	10,000	-	Non-Executive Director
Tom Chaloner	-	-	Non-Executive Director
Nigel Hammond	-	-	Non-Executive Director

As at 31 December 2014, Leo Capital 1 LLP held 1,574,527 shares and 800,000 options and a convertible loan note carrying 1,000,000 options. Nigel Hammond and Tom Chaloner are partners of Vespa Capital (UK) Limited, Leo Capital 1 LLP's parent company.

**All shareholdings are under the control of the shareholder unless specified otherwise*

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 2014. The report is available for download on our corporate website at www.catalisgroup.com in the investor relations / financial publications section.

Feldfunktion geändert

CATALIS SE FINANCIAL REPORT

Audit Statement

The interim financial report for the three months ended 31st March 2015, 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.

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 31 March 2015 give a true and fair view of the assets and 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 31 March 2015 and of the development and performance during the first three months of the fiscal year 2015 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, May 19, 2015

The Board of Directors:

Dominic Wheatley
Executive / Chief Executive Officer

CATALIS SE
CONDENSED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	31 Mar	31 Mar
	2015	2014
	€000's	€000's
TOTAL REVENUES	6,689	6,697
Subcontracting and cost of materials	734	762
Personnel costs	4,544	4,369
Depreciation of fixed assets	162	188
General and administration	1,180	1,035
Total expenses	6,620	6,354
Operating profit	69	343
Interest expense	(207)	(128)
Other financial expense	(70)	-
Currency differences	1,071	-
Total financial income/(expense)	794	(128)
Profit/(loss) before tax	863	215
Income tax	(3)	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	860	215
Earnings per share (in EUR cents) attributable to shareholders		
Basic	13.7	3.4
Diluted	11.4	2.4

CATALIS SE
CONDENSED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	31 Mar 2015	31 Dec 2014
ASSETS		
Non-current assets		
Goodwill	16,015	15,058
Intangible assets	430	366
Property, plant and equipment	1,333	1,440
Deferred tax assets	212	212
	<u>17,990</u>	<u>17,076</u>
Current assets		
Trade receivables	4,234	4,527
Tax and social security	-	57
Income tax	71	71
Other current assets	1,573	1,474
Cash and cash equivalents	1,389	1,336
	<u>7,267</u>	<u>7,465</u>
Total assets	<u>25,257</u>	<u>24,541</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	656	656
Share premium	19,623	19,623
Share based payments	737	737
Other reserve	145	-
Cumulative translation differences	(3,679)	(3,679)
Accumulated deficit	(8,257)	(9,097)
	<u>9,225</u>	<u>8,240</u>
Total equity	<u>9,225</u>	<u>8,240</u>
LIABILITIES		
Non-current liabilities		
Non-current loans	2,414	2,384
Deferred tax liabilities	212	212
	<u>2,626</u>	<u>2,596</u>
Current liabilities		
Current loans	2,625	2,950
Bank overdraft	3,538	2,988
Trade and other payables	5,919	5,981
Taxes and social security	1,240	1,704
Income tax	41	41
Provisions	43	41
	<u>13,406</u>	<u>13,705</u>
Total equity and liabilities	<u>25,257</u>	<u>24,541</u>

CATALIS SE
CONDENSED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATED CASHFLOW STATEMENT AS AT 31 MARCH 2015

	31 Mar	31 Mar
	2015	2014
	€000's	€000's
Cash flow from operating activities		
Profit after tax	860	215
Adjustments to reconcile profit after tax to net cash provided by operating activities:		
Depreciation, amortisation and impairment	162	188
Currency differences	(1,071)	-
Interest expense	277	128
Income taxes	3	-
Decrease/(increase) in other current assets	320	(123)
(Decrease)/increase in current liabilities	(583)	170
Cash generated from operations	(32)	578
Interest paid	(167)	(88)
Net cash generated from operating activities	(199)	490
Cash flow from investing activities		
Additions of intangible assets	-	(93)
Purchase of property, plant and equipment, net	(119)	(281)
Net cash used in investing activities	(119)	(374)
Cash flow from financing activities		
Increase/(decrease) of short term loans and overdrafts	264	-
Decrease of long term loans	-	(600)
Decrease in finance leases	(4)	-
Net cash funded / used in financing activities	260	(600)
Net effect of currency translation in cash and cash equivalents	111	139
Net increase/(decrease) in cash and cash equivalents	53	(345)
Cash and cash equivalents at beginning of year	1,336	864
Cash and cash equivalents at end of year	1,389	519

CATALIS SE
CONDENSED FINANCIAL STATEMENTS - UNAUDITED
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

Issuer:
Catalis SE
Laan van Diepenvoorde 3
5582 LA Waalre
Netherlands
t: +31 (0) 40 213 59 30
f: +31 (0) 40 213 56 04