

**Interim Financial Report for the 2<sup>nd</sup> Quarter and 1<sup>st</sup> half of 2011**  
For the period from January 1, 2011 to June 30, 2011

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## 1. Key Figures (unaudited)

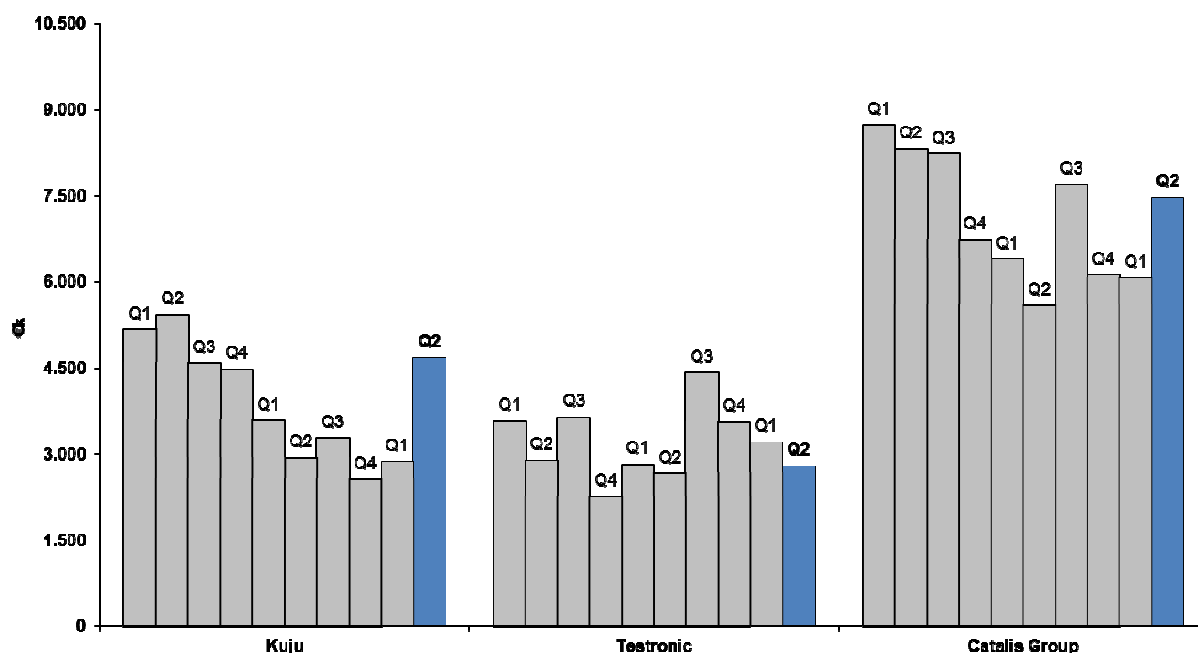
€k	€ Tsd.	Q2/2011	Q2/2010	HY 2011	HY 2010
Revenues (A)	Umsatz (A)	7,470	5,589	13,535	11,987
Subcontracting and cost of materials (B)	Fremdkosten und Materialkosten (B)	1,245	524	1,904	1,132
Gross Profit (A – B)	Rohertrag (A – B)	6,225	5,065	11,631	10,855
Gross Margin	Rohertragsmarge	83.3%	90.6%	85.9%	90.6%
Operating Income (EBIT)	Operatives Ergebnis (EBIT)	309	(896)	467	(1,896)
Non-recurring Costs	Einmalkosten	0	544	0	544
EBIT after Non-recurring Costs	EBIT nach Einmalkosten	309	(1,440)	467	(2,440)
Operating Margin	Operative Marge	4.1%	n.a.	3.5%	n.a.
Income Before Tax (EBT)	Ergebnis vor Steuern	209	(1,540)	289	(2,640)
Pre-tax Margin	Vorsteueremarge	2.8%	n.a.	2.1%	n.a.
Net Income	Periodenergebnis	209	(1,540)	289	(2,640)
Net Income Margin	Marge	2.8%	n.a.	2.1%	n.a.
Operating Cash Flow	Operativer Cashflow	(493)	(589)	(1,069)	(1,552)
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)	0.01	(0.04)	0.01	(0.07)
Earnings per Share € (diluted)	Ergebnis je Aktie (verwässert)	0.01	(0.04)	0.01	(0.07)
Solvability (Equity / Total Assets)	Solvabilität (Eigenkapital / Bilanzsumme)	49.7%	44.8%	49.7%	44.8%

This report includes a German translation of the official English version. The English version is legally binding in all circumstances.

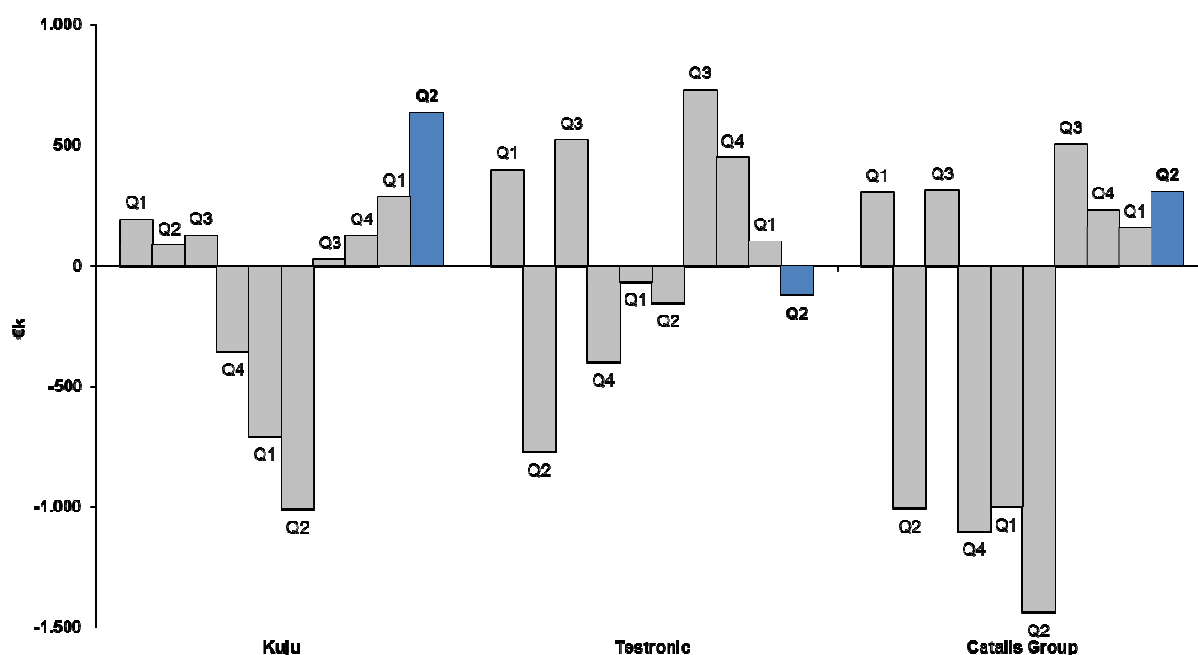
## To Our Shareholders

I am pleased to report that in the first half of 2011, Catalis Group successfully continued its return to profitability and we are looking forward to continuing this trend in the second half of 2011, based on the strong positioning of our operating units as a result of the restructuring efforts in the past years. As can be seen in the below diagrams, the revenues as well as the EBIT of Catalis Group increased noticeable.

**Revenue Development per Quarter since 2009**



**EBIT Development per Quarter since 2009**



In the first six months of the fiscal year 2011, revenues of Catalis Group were up 12.9% from € 12.0m in 2010 to € 13.5m. The EBIT increased from € -2.4m to € 0.5m. In the second quarter of the fiscal year 2011, revenues of Catalis Group were up from € 5.6m in 2010 to € 7.5m representing an increase of 33.7% and its EBIT increased from € -1.4m to € 0.3m, a significant improvement compared to the previous year's period. There were no non-recurring costs. Earnings per share for the first six months period amounted to € 0.01 compared to € -0.07 last year.

Testronic has seen revenues for the second quarter of 2011 increase from € 2.7m in 2010 to € 2.8m, representing an increase of 5.2%. Testronic generated an EBIT in the period of € -0.1m (2010: € -0.2m). For the first six months of 2011, revenues amounted to € 6.0m (2010: € 5.5m), representing an increase of 9.5%. Testronic's EBIT for the first-half year of 2011 amounted to € 0.0m (2010: € -0.2m).

Recent highlights for Testronic in the first half of 2011 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, temperate 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.

In the second quarter Kuju generated revenues of € 4.7m (2010: € 2.9m), representing an increase of 59.4%. EBIT for the period Q2 showed a profit and amounted to € 0.9m (2010: € -1.0m) and is the result of careful cost control. For the first six months of 2011 revenues at Kuju amounted to € 7.5m (2010: € 6.5m), representing an increase of 15.8%. Kuju's EBIT amounted to € 1.2m (2010: € -1.7m).

Recent highlights for Kuju in the first half of 2011 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 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;
- announcement of CRUSH3D, the Nintendo 3DS remake of their award winning PSP title CRUSH™ by Zoë Mode;
- 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;
- announcement of the development of a 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 will be handling the development under a licensing deal with Paramount Pictures;
- Adrian Hawkins was promoted to Kuju COO replacing Nigel Robbins who has left to pursue other interests.

DDP had a EBIT loss in the second quarter of € -0.2m and € -0.3m in the first six months.

Recent highlights for DDP in the first half of 2011 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

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 for Second Half 2011**

Testronic is forecasting an increase in activity levels for games and home entertainment as the seasonal demand for Thanksgiving and Christmas drives up workloads. Testronic's consultancy services are expected to grow during the second half of 2011 as new consultants were hired in July. In addition, 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 Labs has increased its involvement in new certification programs (such as Wireless Power Consortium, Connected Car

Consortium, Open IPTV, HbbTV) which are expected to drive sales activity later in the year. The outcome of this increased activity will be expected at the end of the fiscal year.

The current expectation at Kuju are that the wider work-for-hire market remains flat for the remainder of 2011 but significant sales activity is planned for the Develop and Gamescom conferences in Q3. In addition, Kuju expects to sign around a further 5 titles during the remainder 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.

Yours sincerely

Jeremy Lewis (Executive Director)

Eindhoven, September 26, 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 half-year ending June 30, 2011 is in accordance with IAS 34. Generally, the quarterly report 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*

In the first half year of 2011, the market environment in the video games industry was still challenging.

U.S. consumers spent \$5.9 billion on hardware and software during the first three months of 2011 alone, the NPD Group reported in July 2011. While new physical retail still reigns king, used and digital content was quickly gaining. In its Q1 2011 Games Industry: Total Consumer Spend report, market research firm NPD Group noted that \$2.03 billion was spent on new physical software and hardware across all platforms, while \$1.85 billion was spent on used games, rentals, subscriptions, digital full game downloads, DLC packs, microtransactions, and mobile games. All in all, total hardware and software sales top \$5.9 billion in the first quarter of the fiscal year 2011. An increase of 1.5 percent in comparison to last year's spending.

According to the latest report from the NPD Group, total software, hardware and accessory sales within the video game industry fell by 10 percent comparing June 2011 to June 2010. Sales of software and hardware amounted to \$1.03 billion compared to the \$1.15 billion generated last year. Console software sales were the main culprit dropping by 12% while hardware slipped by 9%.

For Kuju, as an independent provider of video games development outsourcing services, the most recent developments signify continued challenges in this market environment. While people are spending more time on gaming, they spend less money on the purchase of new video games. This translates into reduced revenue expectations for video game publishers and therefore a cautious approach when it comes to the commissioning of new video game projects as well as pressure on margins.

Downloadable games, social games, browser games and mobile games are increasingly seen as an important part of the overall games landscape.

#### *DVD & Blu-ray*

##### *UK*

In a further sign that people in the UK are watching more films via streaming or digital downloads, spending on digital viewing rose 18% in the first half of the year, according to the British Video Association (BVA). But this rise wasn't sufficient to offset the decline in sales of DVD and Blu-ray discs. Despite the success of big titles such as The King's



Speech and Harry Potter and the Deathly Hallows: Part 1 – they sold 1.2 million and 2.0 million discs respectively – they failed to halt a 5.7% fall in revenue to just over £1bn for the UK video sector. Total sales of DVD and Blu-ray discs dropped 8.1% in the first half of the year.

"The first half has been a bit of rollercoaster, with wallets and purses squeezed, but despite that people still found more than £1bn to spend on video entertainment, the vast majority on physical formats," says BVA director general, Lavinia Carey. "Digital is growing and has huge potential with the growth of internet-connected devices such as smartphones and tablets now an accepted norm for video viewing." The report described the fall in total sales to £1.012bn as a "steady" performance in light of the tough economic environment.

## US

The US market saw stabilization during the first half of the year. Blu-ray spending was up more than 10% and overall consumer spending on home entertainment was down 5%, despite a 16% drop in box-office for titles that entered the home entertainment window in the first half of 2011.

This is notable because comparisons to last year's sales are so highly skewed by the April 2010 release of Twentieth Century Fox Home Entertainment's Avatar, Hollywood's all-time box-office hit. In the second quarter of 2010 alone, Avatar sold more than 12 million discs. While Avatar's phenomenal success a year ago makes for tough comparisons, the underlying numbers in the latest quarter showed encouraging signs according to DEG (The Digital Entertainment Group). Higher margin products like Blu-ray, electronic sell-through and VOD are all in growth modes, with spending on Blu-ray up more than 10%, electronic sell-through up 4%, and VOD up 4% over the same period last year. In total, digital transactions were up more than 5% over a year earlier.

While first quarter 2011 home entertainment spending was down 6.4%, second quarter spending was down only 3.6% which is an especially impressive improvement considering the absence of Avatar, and a further indication of stabilization.

Meanwhile, with many Blu-ray players now affordably priced at or below \$100 and built for versatility so that they play existing DVDs and stream content, more homes than ever are now Blu-ray ready.

In the second quarter, the number of Blu-ray homes grew 16 percent over 2010 (inclusive of BD set-tops, PS3s and HTiBs,) bringing the total household penetration of all Blu-ray compatible devices to more than 31.6 million U.S. homes. This makes Blu-ray one of the fastest-growing new technologies in the home entertainment industry.

With the enormous slate of theatrical blockbusters coming to home entertainment in the third and fourth quarters, including Transformers: Dark of the Moon, Harry Potter and the Deathly Hallows: Part 2, The Hangover Part II, Pirates of the Caribbean: On Stranger Tides, and Fast Five, the industry is optimistic about the second half of the year.

## **Business Development**

### **Segment Information**

#### **Testronic Laboratories**

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 terms of the Belgium based hardware testing (Digital TV QA services), Testronic showed a very good performance with revenues up 67% from 2010. This is due to a significant increase in QA requirements from existing clients and, the addition of another Belgian Digital TV Cable Operator. This business area holds still greater potential looking ahead with negotiations on-going with other potential new European clients.

Testronic has been assigned as a test vendor for the UPC CI+ certification and sees significant growth potential for these services from TV - and CAM manufactures.

The software testing and certification business in Europe weakened due to lower revenues from the existing customers and the turn to digital distribution.

On the one hand, the London based software testing business grew by 10% because of increased demand from digital agencies and the acquisition of new clients. On the other hand, the Belgium based software testing business had lower demand from existing clients and although some new clients have been attracted, this has not been enough to offset the downturn from existing clients. The shortfall of the Belgium based software testing business was, to some extent, compensated by the increase in the consultancy services. The certification business line suffered from the delay in USB 3.0 certification business. Testronic responded by increasing its involvement in other certification programs (such as Wireless Power Consortium, Connected Car Consortium, Open IPTV, HbbTV). Additional revenue from this increased activity is expected in Q4.

Testronic's consultancy services however showed a good performance with revenues increased by 59%. Furthermore, additional growth is expected for the second half of 2011 as new consultants were hired in July.

Revenues of US home entertainment services were also up 33%. This is mainly due to onsite work and significant volumes from new clients signed up at the end of the fiscal year 2010. In addition to file-based consumer deliverables, there has been a great deal of activity in transitioning from physical to file-based workflows in upstream production workflows including restoration and mastering which are increasingly applying all digital file-based processes. In order to support this, Testronic built and launched the new Testronic File-Based QC 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. The first projects have already started.

Testronic also commenced games testing on mobile phones on all major mobile operating systems (Android, IOS, Symbian and Windows Mobile) in the first half of the year and started working on a new handheld device for a major platform holder.

Recently, Testronic has joined TIGA, a trade association representing the UK's games industry whose members include independent games developers, developer-publishers, in-house publisher-owned developers, outsourcing companies, technology businesses and universities.

## **Kuju Entertainment**

The video games development business of Catalis SE is undertaken by our subsidiary Kuju, 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, Kuju experienced a noticeable improvement in the market environment as publishers were signing work-for-hire deals more than in previous quarters as consumer confidence slowly returns. 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.

The second quarter saw a more modest sales landscape with new demand steadying.

Although the Nintendo 3DS launched to the market, hardware sales figures were below expectations and caused publishers to be hesitant about commissioning content for it. During the second quarter, Sony's Playstation Network was out of action for a number of weeks due to hacking and hence sales on that platform were significantly dented.

Kuju have noticed an ongoing trend for publishers to amend existing contracts and invest more money into the core product, typically with extra content. As in the first quarter, the customer base remains largely US west coast based, however a potential increase in work coming from Japan has been noticed.

All in all, during the first half of 2011, Kuju signed four 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.

A highlight during the first half 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.

In terms of competition we monitored some closings: Disney closed their Black Rock studio and Activision closed Bizarre Creations alongside previous independent developer closures. This reduction in development capacity within the UK has been faster than the rate of publisher demand and we expect that to improve Kuju's competitive situation.

The current expectations for the wider work-for-hire market remains flat for the remainder of 2011. Significant sales activity is planned for the Develop and Gamescom conferences in Q3 and Kuju expects to sign around a further 5 titles during the remainder of 2011.

## **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, digitally distributed 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 have signed two major internationally recognised licensed for their Who Wants To Be A Millionaire Special Editions game coming out on XBLA, PSN, Steam and iPhone. 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. This is expected to significantly boost the long term revenue potential of the Who Wants to Be A Millionaire Special Editions game franchise.

DDP has also secured Facebook rights for Who Wants to Be A Millionaire from Sony Pictures Television - DDP's first foray into the multi-billion dollar Facebook game market. Moving into social gaming with the world's largest quiz show license, in a game genre that has a proven track record of success on Facebook, significantly increases the chances getting traction with the more than 750 million Facebook users worldwide. In addition to the Who Wants To Be A Millionaire license, DDP's Facebook game will also feature officially endorsed and supported question packs based on major global IP.

For the first time DDP took a significant presence at two of the world's most important consumer shows for digital publishers. 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's strategy of initially selecting key publications for an exclusive early look at the game seems to be paying off, with early write ups being positive.

Who Wants To Be A Millionaire Special Editions was shown on its distribution partners stand, with consumers getting hands on time with the game for the first time. Last but not least All Zombies Must Die was shown by DDP on the main consumer floor at Gamescom. Not only was the reaction from gamers positive but the resultant spike in Facebook and website activity is already starting to create a significant database of fans. All Zombies Must Die was also shown at the PAX consumer show in Seattle that is one of the largest core gamer shows in the world.

Overall, the digital market that DDP is addressing is continuing to expand significantly. Playstation seems to have recovered well from their well-publicised service outage earlier this year, with anecdotal evidence pointing to revenue levels returning to their pre outage levels. On the PC side Steam, the world's largest digital distributor of PC games has over 30 million customers buying digital content, and with the likes of Gamestop in the USA and Game Stores Group in Europe increasing their rate of expansion into the digital PC space, our digital strategy seems to be well timed

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.

## **Investments**

Total investments in the first half year amounted to € 0.5m and were attributable to the purchase of property, plant and equipment.

At Testronic, total investments of € 0.4m 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.

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

### **Earnings Situation**

#### *Catalis Group*

In the second quarter of 2011, total revenues of Catalis Group amounted to € 7.5m (2010: € 5.6m). This represents an increase of 33.7% from the previous year. EBIT amounted to € 0.3m (2010: € -1.4m). Taking into account a financial result, € -0.1m, the company's pre-tax result amounted to € 0.2m compared to € -1.5m in the previous year. Net income for the period amounted to € 0.2m (2010: € -1.5m). This equals earnings per share of € 0.01 (2010: € -0.04).

For the first six months of 2011, revenues of Catalis Group increased to € 13.5m (2010: € 12.0m). EBIT amounted to € 0.5m (2010: € -2.4m). There were no non-recurring costs. Pre-tax earnings amounted to € 0.3m (2010: € -2.6m). Net income for the period amounted to € 0.3m (2010: € -2.6m). Earnings per share for the first half of the fiscal year 2011 amounted to € 0.01 (2010: € -0.07).

#### *Testronic Laboratories*

Testronic has seen revenues for the second quarter of 2011 increase from € 2.7m to € 2.8m. This represents an increase of 5.2%. Testronic generated an EBIT of € -0.1m (2010: € -0.2m).

For the first six months of 2011, revenues at Testronic amounted to € 6.0m (2010: € 5.5m), an increase of 9.5% from the previous year. Testronic's EBIT for the first half-year of 2011, amounted to € 0.0m (2010: € -0.2m).

#### *Kuju Entertainment*

In the second quarter Kuju generated revenues of € 4.7m (2010: € 2.9m), representing an increase of 59.4%. EBIT for the period Q2 showed a profit and amounted to € 0.9m (2010: € -1.0m) and is the result of careful cost control. For the first six months of 2011 revenues at Kuju amounted to € 7.5m (2010: € 6.5m), representing an increase of 15.8%. Kuju's EBIT amounted to € 1.2m (2010: € -1.7m).

#### *DDP*

DDP had a EBIT loss in the second quarter of € -0.2m and € -0.3m for the first six months.

## Segment reporting

The following table illustrates information about the reportable segments:

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2011, €k</b>					
Revenues from external customers	5,995	7,540	0	0	13,535
Operating profit (EBIT)	(10)	1,158	(279)	(402)	467
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	(10)	1,158	(279)	(402)	467
EBIT margin %	n.a.	15.4%	n.a.	n.a.	3.5%
<b>Six months to June 2010, €k</b>					
Revenues from external customers	5,477	6,510		0	11,987
Operating profit (EBIT)	(222)	(1,174)		(500)	(1,896)
Non-recurring costs	0	544		0	544
EBIT after non-recurring costs	(222)	(1,718)		(500)	(2,440)
EBIT margin %	n.a.	n.a.		n.a.	n.a.

## Financial Situation

### Cash flow

In the first six months of the fiscal year 2011, Catalis SE generated an operating cash flow of € -1.1m (2010: € -1.6m). This is mainly composed of the period's net income of € 0.3m, depreciation of tangible fixed assets € 0.4m, an increase in current assets € -0.2m and a decrease in current liabilities € -1.6m (including repayment of the loan of € 0.4m).

Cash flow from investing activities amounted to € -1.2m (2010: € -0.5m) and is attributable to the purchase of property, plant & equipment as well as additions of intangible assets.

Cash flow from financing activities amounted to € 1.2m (2010: € 0.0m), including the proceeds from the capital increase of € 1.2m.

The company's total cash flow in the first six months of 2011 amounted to € -1.1m (2010: € -1.5m), resulting in a net cash position at the end of the reporting period of € -2.4m.

Due to the low cash position, all cash ratios for the Group are substantially below their target values. Nonetheless, Catalis Group has managed cash prudently.

## **Asset Situation**

### **Balance Sheet**

As of June 30, 2011, total assets of Catalis SE amounted to € 27.5m. This is a slight increase from the € 27.2m at December 31, 2010.

The company's fixed assets increased to € 21.1m (2010: € 20.4m). This is mainly due to intangible assets (development of downloadable self-published games) which increased to € 1.5m (2010: € 0.9m). This development is recognized as internally generated intangible assets and is expected to generate net cash inflows for Catalis SE.

Current assets remained relative stable at € 6.4m at the end of June 2011 (31.12.2010: € 6.9m).

On the equity and liabilities side, the company's total equity increased from € 12.4m to € 13.9m. This equals € 0.32 per share (2010: € 0.32), based on the number of shares outstanding of 42,686,691 (2010: 37,878,999).

Long term liabilities were stable at € 0.1m.

Current liabilities decreased from € 14.7m to € 13.5m. Here, trade and other payables were down from € 6.0m to € 5.1m and the loan decreased from € 5.5m to € 5.1 (repayment of € 0.4m).

## **Employees**

As of June 30, 2011, there were 356 permanent employees working for Catalis Group. The total is composed of 213 employees working at Testronic and 111 at Kuju, 30 working at DDP as well as two employees 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.

## **Supplementary Report**

On July 14, 2011, the Annual General Meeting for the fiscal year 2010 took place in Eindhoven and 15.29% of the company's share capital was represented at the meeting. All items of the agenda were approved unanimously by the attending shareholders. This includes especially the appointment of Mr. Otto Dauer as a new Non-Executive Member of the Board of the Company.

## **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](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 June 30, 2011 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 June 30, 2011 and of the development and performance during the first six months of the fiscal year 2011 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.

## Directors' Holdings

As of June 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 semi-annual financial report for the six months ended June 30, 2011, consists of the condensed consolidated semi-annual financial statements, the semi-annual management report and responsibility statement by the company's Board of Directors. The information in this semi-annual report is unaudited. Our group auditor has neither performed an audit nor a review of these financial statements.



## **Forecast Report**

In June 2011, the International Monetary Fund (IMF) published its current World Economic Outlook Update. Principally, the IMF pointed out that the global economic expansion was mildly slowing down and that downside risks had increased. According to the IMF the global expansion were to remain unbalanced, with growth in many advanced economies still being weak. The report stated also that the slowdown in activity observed in the second quarter of 2011 was not reassuring. However, growth in most emerging and developing economies was expected to continue to be strong. Overall, the global economy was expected to expand an annualised rate of 4.3% in the first quarter.

For the remainder of 2011, the development of Catalis' operating business units is expected as follows:

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 flat for the remainder of 2011 but significant sales activity is planned for the Develop and Gamescom conferences in Q3. In addition, Kuju expects to sign around a further 5 titles during the remainder 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.

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

<b>ASSETS</b>	<b>AKTIVA</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
<b>Current Assets</b>	<b>Kurzfristige Vermögensgegenstände</b>		
Cash and cash equivalents	Liquide Mittel	291	965
Trade receivables	Forderungen aus LuL	2,883	3,605
Inventories	Vorräte	0	0
Income tax receivable	Steuerforderungen	178	178
Other current assets	Andere	3,050	2,126
<b>Total Current Assets</b>	<b>Kurzfr. Vermögensgegenstände gesamt</b>	<b>6,402</b>	<b>6,874</b>
<b>Non-Current Assets</b>	<b>Langfristige Vermögensgegenstände</b>		
Intangible assets	Intangible assets	1,543	906
Goodwill	Firmenwerte	14,105	14,105
Property, plant and equipment at cost - net	Sachanlagen	1,668	1,598
Deferred tax	Latente Steuern	3,742	3,742
Other non-current assets/ investments	Andere	0	0
<b>Total Non-Current Assets</b>	<b>Langfr. Vermögensgegenstände gesamt</b>	<b>21,058</b>	<b>20,351</b>
<b>TOTAL ASSETS</b>	<b>AKTIVA gesamt</b>	<b>27,460</b>	<b>27,225</b>
<b>LIABILITIES &amp; EQUITY</b>	<b>PASSIVA</b>		
<b>Current Liabilities</b>	<b>Kurzfristige Verbindlichkeiten</b>		
Trade and other payables	Verbindlichkeiten aus LuL	5,088	5,967
Taxes and social securities	Steuern und Sozialversicherungen	488	732
Income tax payable	Verbindlichkeiten aus Ertragssteuern	84	84
Provisions	Rückstellungen	0	0
Bank overdraft	Kurzfristige Bankverbindlichkeiten	2,668	2,281
Loans	Darlehen	5,100	5,540
Finance lease	Finance lease	64	113
<b>Total Current Liabilities</b>	<b>Kurzfr. Verbindlichkeiten gesamt</b>	<b>13,492</b>	<b>14,717</b>
<b>Non-Curent Liabilities</b>	<b>Langfristige Verbindlichkeiten</b>		
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
<b>Total Non-Current Liabilities</b>	<b>Langfr. Verbindlichkeiten gesamt</b>	<b>102</b>	<b>102</b>
<b>Total Equity</b>	<b>Eigenkapital gesamt</b>	<b>13,866</b>	<b>12,406</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>PASSIVA gesamt</b>	<b>27,460</b>	<b>27,225</b>

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

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

€k	T€	Q2 2011	Q2 2010	HY 2011	HY 2010
Revenues	Umsatz	7,470	5,589	13,535	11,987
<b>Total revenues</b>	<b>Gesamteinnahmen</b>	7,470	5,589	13,535	11,987
Subcontracting and cost of materials	Fremd- und Materialkosten	1,245	524	1,904	1,132
Personnel costs	Personalkosten	4,240	4,848	7,936	9,584
Depreciation fixed assets	Abschreibungen auf Sachanlagen	218	306	428	637
Amortisation intangible assets	Abschreibungen immaterieller Vermögensgegenstände	14	20	28	40
Impairment of goodwill	Goodwill-impairment	0	0	0	0
General and administration	Allgemeine Verwaltungskosten	1,444	1,331	2,772	3,034
<b>Total expenses</b>	<b>Kosten gesamt</b>	7,161	7,029	13,068	14,427
Profit/(loss) from operations	operativer Gewinn/(Verlust)	309	(1,440)	467	(2,440)
Interest income	Zinseinnahmen				
Interest expense	Zinsaufwendungen	(60)	(65)	(138)	(165)
Currency translation differences	Währungsdifferenzen	(40)	(35)	(40)	(35)
Total financial income	Finanzergebnis gesamt	(100)	(100)	(178)	(200)
Income tax	Ertragsteuern	0	0	0	0
<b>PROFIT FOR THE YEAR</b>	<b>Jahresergebnis</b>	209	(1,540)	289	(2,640)
<b>Earnings per share</b>	<b>Ergebnis je Aktie</b>				
Basic	Unverwässert	0.01	(0.04)	0.01	(0.07)
Diluted	Verwässert	0.01	(0.04)	0.01	(0.07)

## Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the periods ended June 31, 2011 and June 30, 2010 (in thousands of euros)

€k		HY 2011	HY 2010
Profit (loss) for the period	Periodenergebnis	289	-2,640
Foreign exchange translation differences	Währungsdifferenzen aus der Umrechnung ausländischer Geschäftsaktivitäten	0	520
<b>Total comprehensive income for the period</b>	<b>Gesamterfolg im Geschäftsjahr</b>	<b>289</b>	<b>-2,120</b>
<b>Attributable to non-controlling interests</b>	<b>Davon entfallen auf nicht beherrschende Anteile</b>	<b>0</b>	<b>0</b>
<b>Attributable to shareholders of Catalis SE</b>	<b>Anteil der Aktionäre der Catalis SE</b>	<b>289</b>	<b>-2,120</b>

## Condensed Consolidated Statement of Changes in Equity (unaudited)

		Share capital	Share premium	Share based payments	Currency differences	Accumulated deficit	Total Equity
<b>Balance at January 1, 2010</b>	<b>Bilanz am 1. Januar 2010</b>	<b>3,788</b>	<b>18,808</b>	<b>366</b>	<b>(3,846)</b>	<b>(5,003)</b>	<b>14,113</b>
Issue of share capital	Ausgabe neuer Aktien						
Share based transactions	Aktienbasierte Transaktionen			13			13
Total comprehensive income for the year	Gesamterfolg für das Geschäftsjahr				651	(2,371)	(1,720)
<b>Balance at December 31, 2010</b>	<b>Bilanz am 31. Dezember 2010</b>	<b>3,788</b>	<b>18,808</b>	<b>379</b>	<b>(3,195)</b>	<b>(7,374)</b>	<b>12,406</b>
Issue of share capital	Ausgabe neuer Aktien	481	690				1,171
Share based transactions	Aktienbasierte Transaktionen						
Total comprehensive income for the year	Gesamterfolg für das Geschäftsjahr					289	289
<b>Balance at June 30, 2011</b>	<b>Bilanz am 30. Juni 2011</b>	<b>4,269</b>	<b>19,498</b>	<b>379</b>	<b>(3,195)</b>	<b>(7,085)</b>	<b>13,866</b>

**Condensed Consolidated Cash Flow Statement of Catalis Group (unaudited)**  
For the six-months period ended June 30, 2010 and 2011 (in thousands of euros)

€k	T€	HY 2011	HY 2010
<b>Cash Flow from operating activities</b>	<b>Kapitalfluss aus betrieblicher Tätigkeit</b>		
Net Income	Periodenergebnis	289	-2.640
Depreciation of tangible fixed assets	Abschreibungen auf Anlagevermögen	428	637
Amortisation intangible assets	Abschreibungen von immateriellen Firmenwerten	28	40
Increase/(decrease) provisions	Zunahme/(Abnahme) von Rückstellungen	0	0
(Increase)/decrease share based payment	(Zunahme)/Abnahme von Share based payment	0	40
(Increase)/decrease current assets	(Zunahme)/Abnahme von kurzfristigen Vermögensgegenständen	-202	204
Increase/(decrease) current liabilities	Zunahme/(Abnahme) von kurzfristigen Verbindlichkeiten	-1.612	167
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>-1.069</b>	<b>-1.552</b>
<b>Cash Flow from investing activities</b>	<b>Kapitalfluss aus Investitionen</b>		
Purchase of property, plant & equipment	Erwerb von Sachanlagen	-498	-469
Additions of intangible assets	Additions of intangible assets	-665	
<b>Net Cash (used in) / provided by investing activities</b>	<b>Aus Investitionstätigkeit erwirtschaftete Zahlungsmittel</b>	<b>-1.163</b>	<b>-469</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	1.171	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>1.171</b>	<b>0</b>
Net effect of currency translation		0	520
<b>Net Increase in cash and cash equivalents</b>	<b>Veränderung der liquiden Mittel</b>	<b>-1.061</b>	<b>-1.501</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>Liquide Mittel zu Beginn der Periode</b>	<b>-1.316</b>	<b>16</b>
<b>Cash and cash equivalents at end of period</b>	<b>Liquide Mittel am Ende der Periode</b>	<b>-2.377</b>	<b>-1.485</b>

## **Explanatory notes and accounting principles**

### **Reporting entity**

Catalis SE is a public limited liability company incorporated and domiciled in the Netherlands and listed on the regulated market segment of the Frankfurt Stock Exchange.

The condensed consolidated interim financial statements of Catalis SE as at and for the six months period ended June 30, 2011 include the company and its subsidiaries (together called the "Group").

### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2010, which have been prepared in accordance with IFRS adopted by the EU. The condensed consolidated interim financial statements have not been reviewed nor audited by our external auditor.

These condensed consolidated interim financial statements have been prepared by the Executive Board of Directors on September 26, 2011. The Board of Directors gave permission for publication of the condensed consolidated financial statements on September 26, 2011.

### **Significant accounting policies**

Except as described below the accounting policies as applied in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as and for the year ended December 31, 2010.

### **Non-GAAP Measures**

In our financial reporting we use certain measures that are not recognised under IFRS or other generally accepted accounting principles (GAAP). We do this because we believe that these measures are useful to investors and other users of our financial statements in helping them to understand underlying business performance.

### **Estimates**

The preparation of these condensed consolidated interim financial statements requires the Group to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimated and judgements.

Management reassessed the main estimates used in these condensed interim financial statements and except as described in these notes there are no material changes in this reporting period with respect to the significant judgements made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2010 financial statements.

Management also reassessed the goodwill impairment analysis which did not lead to an impairment of goodwill as per June 30, 2011.

## Seasonality

The Group's activities are not impacted by seasonal patterns.

## Financial risk management

Due to the recent financial crisis the credit risk policies have been under scrutiny. Thus far, no significant increases in credit risk appeared.

## Segment reporting

The following table illustrates information about the reportable segments:

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2011, €k</b>					
Revenues from external customers	5,995	7,540	0	0	13,535
Operating profit (EBIT)	(10)	1,158	(279)	(402)	467
Non-recurring costs	0	0	0	0	0
EBIT after non-recurring costs	(10)	1,158	(279)	(402)	467
EBIT margin %	n.a.	15.4%	n.a.	n.a.	3.5%

	Testing	WFH Games	DDP	Corporate	Total
<b>Six months to June 2010, €k</b>					
Revenues from external customers	5,477	6,510		0	11,987
Operating profit (EBIT)	(222)	(1,174)		(500)	(1,896)
Non-recurring costs	0	544		0	544
EBIT after non-recurring costs	(222)	(1,718)		(500)	(2,440)
EBIT margin %	n.a.	n.a.		n.a.	n.a.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2010.

## Share capital issuance

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 are 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.

## **Loans**

The average interest rate is the Euribor added with 1.25-1.5%. The half year instalments are € 440k. To secure the commitments to the bank Catalis has established an equitable mortgage granted by Catalis Development Services Ltd. over 80% of the registered shares of Kuju Plc., has established a pledge of 80% of the shares of Testronic Laboratories N.V. and has established a pledge on the receivables of Testronic Laboratories N.V. in the amount of € 550k.

As of the balance sheet date 2010, Catalis SE did not fulfil the existing debt / EBIT ratio regarding the loan agreement with the KBC Bank. As, on the balance sheet date, the financing facility therefore was not guaranteed for a period of at least one year, the syndicated loan is recognised on the balance sheet under current liabilities. On the April 7, 2011, an agreement was reached with the KBC Bank to waive the covenant breach and to continue the existing loan facilities on largely the same terms as before. The covenant tests will be re-applied as before on receipt of the audited consolidated financial statements 2011.

## **Investments**

Investments in the reporting period were attributable to the purchase of property, plant & equipment resulting from replacement investments and testing equipment as well as additions in intangible assets.

## **Related parties**

There have been no significant related party transactions in the first six months of 2011.

## **Subsequent events**

On July 14, 2011, the Annual General Meeting for the fiscal year 2010 took place in Eindhoven and 15.29% of the company's share capital was represented at the meeting. All items of the agenda were approved unanimously by the attending shareholders. This includes the appointment of Mr. Otto Dauer as a new Non-Executive Member of the Board of the Company.

The Group has recently entered into renewed and increased banking facilities with KBC Bank. This gives the Group access to up to a further €4.0m of finance which will be used for general corporate purposes and investing for growth.

Eindhoven, September 26, 2011

The Board of Directors:

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



## **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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