AUGUSTA
Vision Technologies for Life

ANNUAL REPORT 2012
Focus on the Essence

Share price performance compared to DAX, TecDAX and SDAX

AUGUSTA Stock at a glance

ISIN	DE000A0D6612
Market segment	Prime Standard
Trading segment	Technology
Prime-Sektor	Industrial
Indices	CDAX / Prime All Share / Technology All Share
Date of initial listing	5. May 1998
Designated sponsors	M.M. Warburg & Co. Close Brothers Seydler AG
Share capital	8,695,164 Euro
Number of shares issued	8,695,164
- thereof in circulation	7,851,613
Trading volume per day 2012*	Ø approx. 19,000 units
High/low 2012**	24.31 Euro / 14.90 Euro
Year-end closing price 2012**	23.01 Euro
Market capitalisation as of 31/12/2012**	200.08 Mio. Euro
Earnings per share 2012	1.29 Euro
Dividend per share***	0.40 Euro

*Xetra and all exchange centres in Germany **Xetra closing prices ***proposed to the Annual General Assembly

KEY FIGURES

in EUR thousand	FY 2012	FY 2011	FY 2010
Key figures for consolidated statement of comprehensive income			
Consolidated sales revenues	109,624	101,314	77,281
Gross profit	53,634	46,916	34,828
Gross margin	48.9 %	46.3 %	45.1 %
EBITDA	21,040	17,948	10,736
EBITDA margin	19.2 %	17.7 %	13.9 %
Depreciation	-8,528	-4,976	-2,274
EBIT	12,512	12,973	8,462
EBIT margin	11.4 %	12.8 %	10.9 %
EBT	13,460	6,645	7,710
EBT margin	12.3 %	6.6 %	10.0 %
Taxes	-3,401	-2,054	-2,124
Tax rate	25.3 %	30.9 %	27.5 %
Net income from continued operations	10,059	8,963*	5,586
Net income from discontinued operations (DCO)	0	32,475	4,982
Minority interests	-111	-95	-178
Net income for the period after DCO and minorities	9,948	36,971	10,390
Earnings per share in EUR after DCO (undiluted) and minorities	1.29	4.85	1.37
Shares outstanding (average) in thousand	7,727	7,617	7,592
Balance sheet key figures			
Total assets	181,181	200,256	168,133
Non-current assets	92,950	101,011	90,098
Current assets	88,231	99,245	78,035
- thereof cash and cash equivalents and other current financial assets	55,978	65,859	34,748
Equity	152,775	145,782	106,546
Equity ratio in %	84.3 %	72.8 %	63.4 %
Net liquidity	51,683	42,688	10,382
Working capital	21,235	20,610	31,448
Other key figures			
Incoming orders	115,629	107,304	86,575
Order backlog	43,386	39,270	25,074
Number of employees	531	481	370
Closing share price (Xetra) in EUR	23,01	14,34	15,70
Market capitalisiation	200,076	122,034	132,438
Enterprise value (EV)	129,032	67,249	107,382

*adjusted for accumulated depreciation for P+S Technik amounting to EUR 4,373 thousands

GROUP HIGHLIGHTS 2012

JANUARY

LMI enters into an agreement with sales partner for 3D-GoCator sensors in China and thereby expands its successful international network of distributors.

FEBRUARY

The AUGUSTA Group publishes preliminary business figures for 2011, with guidance achieved in relation to revenues and earnings. **AVT** launches a campaign to introduce the Bonito high-speed camera.

MARCH

HE signs the biggest framework agreement in the company's history with a major car supplier and overall volumes averaging double-digit millions. **AVT** welcomes its 200th employee in the Singapore branch.

APRIL

The Dutch TKH Group N.V. makes a voluntary public takeover offer for all outstanding shares in AUGUSTA Technologie AG. Price of AUGUSTA shares considerably above EUR 23 as a result.

MAY

Annual General Meeting of AUGUSTA Technologie AG in Munich. All items on the agenda are approved. Dividend distributed of EUR 0.60 per share (which includes special dividend of approximately EUR 0.25 on account of the successful sale of the Sensortechnics Group).

JUNE

Dewetron presents its comprehensive product range at the Automotive Testing Expo in Stuttgart, including a new measurement device for FCW systems (Forward Collision Warning).

JULY

Public takeover offer is completed. 4,690,092 shares are offered to TKH Group N.V. This equates to a 53.94 percent shareholding measured by the basic capital of AUGUSTA Technologie AG. **LMI** opens a sales office in Germany. Arno Pätzold (previously the Chief Development Officer) leaves AUGUSTA.

AUGUST

Amnon Harman, Chairman of the Board at AUGUSTA Technologie AG since 2006, leaves the company of his own accord. Amnon Harman significantly shaped the success of AUGUSTA in recent years and transformed AUGUSTA into a highly successful VISION-Tech group.

SEPTEMBER

AVT exhibits for the first time ever at NEPCON in Ho-Chi-Minh-City at the only professional trade-fair for electronic equipment in Vietnam, thereby further increasing its presence in Asia.

OCTOBER

AVT opens a sales branch in Shanghai with the aim of improving its position in the important market of China on a continuous basis. Further new **AVT** offices are scheduled to be opened in the BRIC countries in the medium term.

NOVEMBER

LMI and **AVT** present a large number of new products at leading trade fair for digital image processing and optical sensors VISION in Stuttgart, which celebrated its 25th anniversary in 2012.

DECEMBER

The AUGUSTA Group finishes a turbulent financial year 2012 with record revenues of approximately EUR 110 million.

ABOUT US

AUGUSTA Technologie AG is an integrated technology company focussed on the niche markets of digital imaging and optical sensors.

In our core product area **VISION** we supply digital cameras and optical sensor systems that increase quality, security and efficiency. Standard products and customer-specific systems are developed and manufactured with this for a wide range of users in different sectors.

In the **other Business Units** segment AUGUSTA develops and sells products in the areas of power electronics and mobile measurement technology.

AUGUSTA stands out through its international presence and high level of customer service.

In the 2012 financial year AUGUSTA achieved group revenues of EUR 109.6 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 21.0 million.

CONTENT

FOCUS ON THE ESSENCE

VISION

In recent years AUGUSTA has focused on the long-term growth niche markets of digital imaging and optical sensors. The VISION segment includes the two market-leading companies Allied Vision Technologies (AVT) and LMI Technologies (LMI) whose systems can be found wherever maximum quality, efficiency and safety are at stake.

Mako

With its 29 x 29 mm format, the Mako from AVT is a ultra-compact entry-level camera for industrial imaging with an excellent price/performance ratio. The Mako is fitted with the latest, most sensitive and fastest sensors.

GoCator

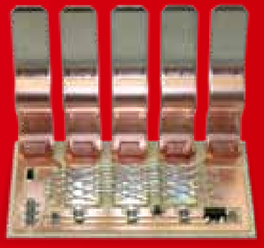
The user-friendly, flexible and fast GoCator sensors from LMI are a comprehensive 3D system which can be controlled and configured via any web browser. This makes it quick to install and easy to use.

OTHER BUSINESS UNITS

AUGUSTA has consolidated its expertise in the areas of mobile measurement technology (Dewetron Group) and power electronics (HE System Electronic) in the other Business Unit segment.

DEWE2

The new DEWE2-A4 is the most compact portable all-in-one measurement device in the new and innovative product range from Dewetron. It delivers reliable measurement results at an accuracy of 0.02 percent. The two batteries give an operating time of up to two hours.



Power Modul

The module developed and produced by HE will be used in electronic power steering systems by leading car manufacturers in southern Germany from late 2013. HE has developed an innovative ultrasonic welding process. The required design size was achieved using the avalanche effect of power semiconductors.

Letter to the Shareholders

Dear Shareholders,

The AUGUSTA Group closed out the last financial year with an extremely successful record year: both segments (VISION and Other Business Units) grew and we achieved our operating targets despite the overall global economic challenges. We increased earnings disproportionately to revenues in 2012, even though we expanded our market position on a continuous basis with significant investment in the areas of development, sales and service.

Our core segment VISION is and remains the driving force behind the profitable growth rate.

BELOW IS AN OVERVIEW OF THE MOST IMPORTANT KEY OPERATING FIGURES FOR THE 2012 FINANCIAL YEAR:

- **Group revenues** rose 8.2 percent on the previous year to EUR 109.6 million and are therefore at the top end of the guidance published by us in the last annual report.

- **Incoming orders** increased to EUR 115.6 million by the end of the 2012 financial year and were therefore up 7.8 percent on the previous year. The book-to-bill ratio reached a value of 1.05 at year end.

- Our **order backlog** of EUR 43.4 million at the end of the 2012 financial year was significantly higher than the previous year by 10.5 percent.

- The **gross margin** was high at 48.9 percent, essentially due to our strong competitive position in all market segments.

- Earnings were able to be increased disproportionately to revenues by focussing on the VISION segment with its high margins. **Earnings before interest, taxes, depreciation and amortisation** (EBITDA) rose by 17.2 percent to EUR 21.0 million. We exceeded our annual forecast. The **EBITDA margin** climbed to 19.2 percent and was therefore 1.5 percentage points above the previous year's value.

- With an **equity ratio** of 84.3 percent, the **balance sheet ratios** at the end of the 2012 financial year are excellent for a medium-sized company. This high equity ratio places us considerably above the average for the overall industrial sector.

- **Working capital** had increased by the end of 2012 by some EUR 0.7 million to EUR 21.3 million. This is the result of the high revenues in December along with higher inventories aimed at reducing delivery times.

- Our **liquid assets** fell by 2012 year end by EUR 9.9 million to EUR 56.0 million on account of dividend payments and special redemptions agreed contractually. **Net liquidity** was EUR 51.7 million on the reference date (previous year: EUR 42.7 million).

- **Net profit from continued segments** after minority shares is EUR 9.9 million. Earnings per share is EUR 1.29.

Despite a noticeable weakening in economic momentum in the second half of 2012, we managed to overcome any economic difficulties with confidence and to close out the 2012 financial year with a strong balance sheet ratio and with record results.

PUBLIC TAKEOVER BID OF THE DUTCH TKH GROUP

In recent years the AUGUSTA Group has developed from a diversified financial-holding company into a leading integrated technology company in the area of VISION technologies. This successful transformation has generated increased interest from companies that also work in our core markets.

At the beginning of April 2012, the TKH Group N.V announced its intention to submit a voluntary takeover bid for all outstanding shares of AUGUSTA Technologie AG. The declared objective of the TKH Group AG is to merge the business activities of AUGUSTA with its own and to expand the leading position of AUGUSTA in specific market niches and to supplement this with its own existing business activities. The original offer price of EUR 21 per share was increased to EUR 23 per share at the end of April 2012 following intense negotiations with the AUGUSTA Managing and Supervisory boards. The Managing and Supervisory Boards of AUGUSTA described this increased bid price as "very attractive" in a public statement and recommended that the TKH bid be accepted.

A total of 4,690,092 shares were offered to TKH by the close of the offer on 2 July 2012. This corresponds to an ownership ratio of 53.94 percent measured by the basic capital of AUGUSTA Technologie AG or of 59.73 percent measured by the voting basic capital of AUGUSTA Technologie AG reduced in consideration of Section 71b German Stock Companies Act (AktG).

Since 1 July 2012 the consolidated figures of the AUGUSTA Group were incorporated into the consolidated financial statements of TKH Group N.V. There were no other business relations with companies in the TKH Group in addition to this in 2012.

SHAREHOLDER PARTICIPATION IN THE COMPANY'S SUCCESS

We wish to involve our shareholders in the positive developments of the AUGUSTA Group once again this year and remain committed to our past statement that we wish to distribute at least 30 percent of ordinary net group annual profits for the 2012 financial year. The Managing Board and Supervisory Board will propose a dividend of EUR 0.40 to the 2013 Annual General Meeting.

OUTLOOK AND GUIDANCE 2013

Many leading economic indicators point to a bottoming out of the global economy with the downward trend appearing to have been broken. Nevertheless, for the first half of 2013 we expect that the market environment will be a highly challenging one economically for all companies in the AUGUSTA Group. The macroeconomic parameters will improve again in the second half of 2013. Due to the forecasting uncertainties we expect group **revenues** to be within the range of between **EUR 103 and 115 million** and **EBITDA** to be between **EUR 17 and 21 million** as of today.

At this point we would like to thank our customers, suppliers and shareholders for their trusting collaboration. We would also like to give special thanks to the employees working in the business divisions in the AUGUSTA Group: with their commitment, motivation and innovative strength they have played an essential role in ensuring that the AUGUSTA Group is again able to look back on its most successful year ever. We also wish to build on this in 2013 and to continue our successful operational development despite any overall economic uncertainties.

Berth Hausmann
Chief Executive Officer

Report of the Supervisory Board

Dear Shareholders,
We can look back on an extremely successful fiscal year 2012. AUGUSTA has once again managed to grow above the market average and increase profitability substantially thanks to strong brands and innovative products. The company has achieved this despite the takeover of the AUGUSTA majority shareholding by the THK Group N.V. and the management activities associated with the takeover.

The Supervisory Board has looked critically at the position and the future development of AUGUSTA regularly and in depth over this financial year and has regularly advised the Managing Board while carefully monitoring how it was managing the company and the change in shareholder structure. In particular, we have reviewed the continued legality, appropriateness and adequacy of management. The Supervisory Board was directly involved in all decisions of fundamental significance to the AUGUSTA Group.

SUPERVISORY BOARD MEETINGS AND COMMITTEES

In fiscal year 2012, a total of twelve ordinary meetings of the Supervisory Board took place. The full Supervisory Board met at all but one meeting. In addition, a total of twenty-five Supervisory Board meetings were held by telephone. Important and urgent decisions that stood for approval outside the ordinary meetings were voted on using the circulation method.

In addition to the meetings and conference calls, the chairman of the Supervisory Board received regular updates on the current business situation of AUGUSTA and significant business transactions both verbally and in writing from the chairman of the Managing Board and from the CFO. The reports included all relevant information about strategy development, planning, business development and the Group's position under company law, including with regard to risk, risk management and compliance.

The Supervisory Board has three members and the company is small, and so it is therefore not appropriate to form Supervisory Board committees.

PUBLIC TAKEOVER BID

We took the tasks and obligations imposed on us according to law and the Articles of Association to observe and advise the Managing Board particularly seriously with regard to the public takeover bid of the Dutch TKH Group N.V. (TKH), Haaksbergen, Netherlands, in the past year. The Supervisory Board met at a total of five meetings to discuss this issue. A total of eighteen Supervisory Board meetings by telephone were also held – in some cases with the Managing Board.

The following issues were the focus of the meetings and conference calls regarding the public takeover bid by TKH:

- Scrutiny of TKH's expression of interest in submitting a public takeover bid for AUGUSTA

- Development of a comprehensive understanding of the general strategy and the intentions of the TKH Group through intensive discussions with TKH management

- Comprehensive analysis of the potential of any possible integration of AUGUSTA into the TKH Group. Scrutiny of the effects of the takeover on AUGUSTA, its employees, shareholders, customers and partners

- Advice to the Managing Board on:

  - the confidentiality agreement and the letter of intent in consultation with outside experts

  - scope definition and support during the limited inspection (due diligence) of the AUGUSTA Group performed by TKH to scrutinise the strategic, legal and financial aspects in preparation for the transaction

  - the transaction agreement that contains the main provisions of the takeover bid and therefore the aims of the bid between the parties in terms of the strategic continued development of AUGUSTA companies

- Comprehensive review of the takeover bid submitted by TKH to the German Federal Financial Supervisory Authority (BaFin)
  - Preparation of a reasoned opinion in accordance with section 27 of the German Securities Acquisition and Takeover Act (WpÜG) working with the Managing Board and outside advisers to assess the adequacy of the bid price
  - Support throughout the takeover process in the interests of all stakeholders in the AUGUSTA Group and to ensure transparent communication

The Supervisory and Managing Boards have obtained a fairness opinion on the value of the takeover bid presented by the THK Group from auditors KPMG. On the basis of that opinion and internal evaluation, the Supervisory and Managing Boards reached the conclusion in their joint reasoned opinion that the final bid price offered by TKH of EUR 23 per share is attractive and adequately reflects the value of AUGUSTA and the Boards have therefore recommended that the shareholders accept the takeover bid.

Further information on TKH's public takeover bid can be found in the Notes to the annual financial statements and the Management Report.

OTHER FOCAL POINTS OF THE ADVISORY ACTIVITY OF THE SUPERVISORY BOARD AND DECISION-MAKING

The Supervisory Board was directly involved in all the decisions and project developments that were particularly significant for the company. In addition to the strategic further development of the AUGUSTA Group, the Supervisory Board paid particular attention to the current earnings situation as well as finance and risk. Against the background of a globally volatile environment, annual goals were presented and discussed by the Managing Board in detail. Deviations of business performance from the respective annual goals and targets were discussed openly and in detail at the Supervisory Board meetings and analysed jointly so that measures could be introduced if necessary.

For the most part, operational and strategic topics were the focus of discussions and meetings.

The **operational** topics included the following in particular:

- Consultation about and assessment of the 2011 annual financial statements and the agenda items for the 2012 Annual General Meeting
- Economic and market-specific trends and their consequences for the AUGUSTA Group's financial, sales and earnings situation
- Progress in integrating acquired companies
- Risk management of the AUGUSTA Group
- Issue of stock options
- The dividend policy of AUGUSTA Technologie AG
- Planning and approval of the budget in the segments and at Group level for fiscal year 2013 and consultation with regard to medium-term planning up to 2015
- Detailed analysis and discussion regarding the sale of the shareholding in P+S Technik GmbH and implementation of the sale

Major **strategic** topics included the following:

- Further strategic development and the development perspectives of the subsidiaries
- Long-term organisational structure of the AUGUSTA Group
- The strategy of focus on the VISION segment and a detailed exchange of market perspectives in digital imaging (VISION Technologies)
- International market activities and opportunities for AUGUSTA to expand and the associated risk, particularly in the US and Asia

The Supervisory Board thoroughly reviewed all significant business transactions by inspecting the relevant documentation and conferring with the Managing Board in regular discussions. Lawyers, auditors and external advisers were at times included in the discussion, depending on the issue under discussion.

The Supervisory Board also handled affairs that, according to law or the Articles of Association, require their involvement. This included drawing up the agenda for the 2012 Annual General Meeting as well as assessing the limited company's annual financial statements for fiscal year 2011 and approving the consolidated financial statements for fiscal year 2011. Two members of the Supervisory Board signed a consultancy agreement with the company to provide support to the Supervisory Board on topics outside the scope of normal Supervisory Board activity. The Supervisory Board approved these additional activities before invoices were issued.

GERMAN CORPORATE GOVERNANCE CODE

The Supervisory and Managing Boards are committed to the principles of good management and have kept abreast of the further development of the German Corporate Governance Standards. The Supervisory and Managing Boards issued an updated declaration of conformity in accordance with section 161 of the German Companies Act (AktG) on 8 February 2013 and made the declaration permanently available to shareholders on the company's website. AUGUSTA Technologie AG complies with the recommendations of the Government Commission on the German Corporate Governance Code in the version of the Code published on 26 May 2010 with the exception of the deviations listed and substantiated in the Declaration of Conformity. You will find detailed information on the Corporate Governance Code in the Annual Report under the relevant section.

REMUNERATION AND CONFLICTS OF INTEREST

Comprehensive information regarding the system for individualised Managing and Supervisory Board remuneration is provided in the Management Report and in the notes to the annual financial statements and the consolidated financial statements. The variable remuneration for fiscal year 2012 amounts to some EUR 20,000 for the Supervisory Board and is expected to be EUR 260,000 for the Managing Board. This will be paid out in April 2013 at the latest. As of 31 December 2012, the Supervisory Board has no long-term variable remuneration in the form of stock options. The total remuneration of the Managing and Supervisory Boards is reported individually, broken down into variable and fixed components, in the notes to the annual financial statements and the consolidated financial statements.

The members of the Supervisory Board do not perform any board activities for customers, suppliers, creditors, competitors or any other business partners. Mr. Götz Gollan, member of the Supervisory Board until 11 August 2012, is the Chairman of the Supervisory Board at First Sensor AG. Mr. Elling de Lange, member of the Supervisory Board since 14 August 2012, is a member of the board with responsibility for finance at TKH Group N.V, Haaksbergen, Netherlands.

No other possible conflicts of interest among the members of the Supervisory Board have been identified or have occurred.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

As per the statutory regulations, the auditors Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, were appointed by the Annual General Meeting on 16 May 2012 to audit the annual financial statements and the consolidated financial statements. Prior to submitting a proposal for appointment, the Supervisory Board obtained a declaration of independence from the auditors.

The financial statements and management report of AUGUSTA Technologie AG prepared by the Managing Board according to the principles of the German Commercial Code (HGB), as well as the consolidated financial statements and the consolidated management report prepared according to the accounting standards of the International Financial Reporting Standards (IFRS) for fiscal year 2012, including the accounting, have been audited by Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, and granted an unqualified audit opinion.

The Supervisory Board collaborated closely with the Managing Board and the auditors during the entire audit process. The Supervisory Board was provided with all final documentation relating to the annual financial statements of the limited company and the Group, the Managing Board's proposal on the appropriation of net profit, and the long-form audit reports from the auditor before and during its meeting on 11 March 2013. The documents were subsequently examined during this Supervisory Board meeting and discussed in detail in the presence of the auditor. The Supervisory Board concurred with the results of the audit by the auditor and did not raise any objections in the course of its own examination. The annual financial statements of the limited company and of the Group have thus been adopted in accordance with section 172 of the German Stock Corporation Act (AktG).

For fiscal year 2012, the Managing Board of AUGUSTA Technologie AG was obliged for the first time under section 312 (1) AktG to prepare a report on the relationships with affiliated companies (dependency report). The dependency report was seen by the Supervisory Board, reviewed comprehensively and found to be correct.

In addition, the dependency report in accordance with section 313 (1) AktG prepared by Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, was reviewed and granted the following unqualified audit opinion on 15 February 2013: "Based on our proper audit and assessment, we confirm that
(1) the actual data in the report is correct,
(2) the performance of the company was not inappropriately high with regard to the legal transactions listed in the report."

DIVIDEND

The Supervisory Board concurs with the proposal of the Managing Board to allow shareholders to share in the company's success once again in 2013 by distributing a dividend. As already communicated in the past, the payment will be approximately 30 percent of the Group's net profit. The dividend will therefore be EUR 0.40 per share. This dividend will be proposed to the Annual General Meeting on 8 May 2013.

CHANGES IN THE SUPERVISORY BOARD

Mr. Götz Gollan relinquished his office in as member of the Supervisory Board of AUGUSTA Technologie AG in writing for personal reasons as of 11 August 2012. The Managing Board of AUGUSTA Technologie AG then applied to the responsible district court in Munich to appoint Mr. Elling de Lange as the new member of the Supervisory Board for the period until election at the next Annual General Meeting. Mr. de Lange was appointed to succeed Mr. Gollan by the Local Court in Munich in a decision dated 14 August 2012.

We would like to take this opportunity to thank Mr. Götz Gollan warmly once again for his excellent work and close collaboration.

CHANGES IN THE MANAGING BOARD

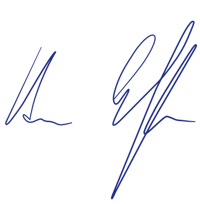
Mr. Amnon F. Harman left his role as Chairman of the Board of AUGUSTA Technologie AG as of 31 August 2012 and also left the company on this date. The Board member responsible for corporate development, Mr. Arno Pätzold, was relieved of his position as of 10 July 2012 and also left the company on this date. Since 1 September 2012, Mr. Berth Hausmann has led the company as the sole member of the Board. We would like to take this opportunity once again to thank Mr. Amnon F. Harman and Arno Pätzold, who have left the Managing Board. They have had a real impact on the successful development of the AUGUSTA Group in recent years with great initiative and exceptional dedication.

FINAL REMARKS AND THANKS

The Supervisory Board expects the market environment to remain difficult for at least the first half of 2013. We anticipate a gradual recovery later in the year. In accord with the Managing Board, we currently forecast ongoing growth in the revenues of the AUGUSTA Group in 2013. Our forecast is based on the planned and necessary investment at the level of the previous year.

We thank the Managing Board, the employees of AUGUSTA Technologie AG and the managers and employees of all subsidiaries for their work in 2012. They have all gone beyond the call of duty to ensure that the AUGUSTA Group has continued to develop in a positive direction. We wish the company continued success for the current fiscal year 2013!

Munich, 11 March, 2013



Adi Seffer

Chairman of the Supervisory Board

The AUGUSTA Share

PERFORMANCE OF THE CAPITAL MARKET

Following some at times acute devaluations in the previous year almost all international capital markets performed positively in 2012 – in particular Asian and European leading indexes which bore the brunt in the previous year were able in some cases to report considerable profits. By the end of 2012 stabilisation of the leading indicators, the lowest level of US unemployment since 2008, hope for a prompt resolution of the arguments surrounding the budget in the USA as well as agreement in Europe on joint banking supervision all ensured sustained positive sentiment in the capital markets globally.

However, one thing is clear from looking back at performance in recent years: volatility in the economy and the financial markets has certainly increased.

MARKET TREND OF THE GERMAN INDICES

The German indices were initially subject to heavy fluctuations in 2012: after a very benevolent start to the year the scepticism of market participants began to predominate from mid-March of last year, as reflected by falling quotations in the second quarter of 2012, with the consequence being that a large part of the gains from the first three months levelled off again in this period. The buying mood of investors improved considerably in the second half of the year, despite an economic environment that was decidedly murky towards the middle of the year. The incessant optimism of market speculators peaked from mid-November in a year-end rally on the German indexes.

As such the German key index DAX was able to make a strong comeback for the full year in 2012: the DAX ended the 2012 calendar year with 7,612 points despite falling around 15 percent in 2011. This corresponds with a rise of over 29 percent and the largest annual gain since 2003. Technology index TecDAX saw similar strong gains of around 21 percent. The SmallCap-Index SDAX was also able to make considerable gains for the full year of around 19 percent.

AUGUSTA STOCK PRICE APPROXIMATELY EUR 23 FOLLOWING PUBLIC TAKEOVER BID

AUGUSTA stock started 2012 with a stock price of EUR 14.40 and by 3 April 2012 had risen significantly to EUR 17.93 (+24.5 percent). As such it was clearly able to hold its ground in relation to the relevant stock market indices.

Late in the evening of 3 April the Dutch TKH Group N.V. announced its decision to make a voluntary public takeover bid for all outstanding shares of AUGUSTA Technologie AG at EUR 21 per share, resulting in the AUGUSTA share rising above EUR 21 on the following day (4 April 2012). On 25 April 2012 TKH increased the bid price by EUR 2 to EUR 23, which had a corresponding effect of an increase in the share price. The new bid price corresponds to a premium of more than 28 percent on the AUGUSTA share price (closing price in Xetra on Tuesday, 3 April 2012) and a premium of some 40 percent on the weighted average stock exchange price for AUGUSTA shares over the past three months before announcement of the bid under Section 10(1)(3) WpÜG.

On 11 May 2012 the TKH Group published the official bid documents authorised by the German Federal Financial Supervisory Authority (BaFin) on its website and in the electronic federal gazette. The Managing and Supervisory Boards of AUGUSTA Technologie AG issued a justified statement on the bid and the appropriateness of the bid price, which was published on the AUGUSTA website and in the electronic federal gazette, on 15 May 2012 shortly after the bid document authorised by BaFin and completion of an independent fairness opinion by KPMG AG. Both committees assess the strategic objectives of TKH as very positive overall for AUGUSTA and its subsidiaries and consider the bid price of EUR 23 offered per AUGUSTA share to be appropriate. The Managing and Supervisory Boards of AUGUSTA Technologie AG therefore recommend that its shareholders accept the takeover bid.

The acceptance deadline for AUGUSTA shareholders originally ran from 11 May 2012 (day of publishing the bid document by TKH) to 8 June 2012. Shortly before expiry of the "bid phase", TKH announced on 6 June 2012 that it would extend the acceptance deadline by another two weeks until 22 June 2012. The amended bid document was published by TKH on 6 June, the update of the joint statement from the Supervisory and Managing Boards of AUGUSTA Technologie AG followed on 12 June 2012 – both documents were published on the relevant company websites and in the electronic federal gazette.

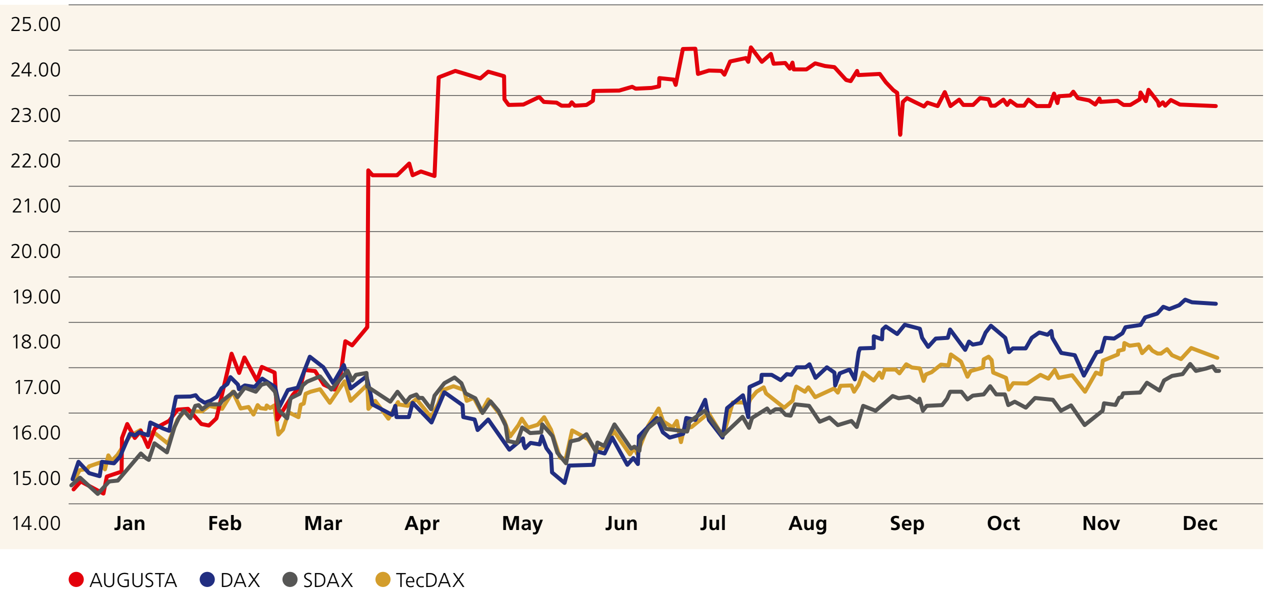
As part of extending the acceptance deadline, TKH dropped two key acceptance conditions. On the one hand, the acceptance threshold of originally 75 percent was reduced to 50 percent + 1 AUGUSTA share of the voting capital (basic capital less own shares). On the other hand, TKH waived the so-called MAC clause (material adverse change) which the TKH bid applied under the proviso that the German key index DAX does not fall by more than 1,500 points from the time of publishing the bid document (11 May 2012).

On expiry of the acceptance deadline on 22 June 2012, TKH reported on 27 June 2012 as part of a mandatory announcement under Section 23(1)(2) German Securities Acquisition and Takeover Act (WpÜG) an acceptance rate of 53.82 percent measured by the basic capital of AUGUSTA AG or 59.60 percent measured by the voting basic capital of AUGUSTA AG reduced in consideration of Section 71b German Stock Companies Act (AktG). Furthermore, TKH announced that all bid terms stated in the bid document are considered to be fulfilled.

The execution of the bid for the AUGUSTA shares delivered until the end of the acceptance deadline was carried out on 2 July 2012. TKH were offered a total of 4,690,092 shares up to this point, which corresponds to an ownership ratio of 53.94 percent measured by the basic capital of AUGUSTA Technologie AG or 59.73 percent measured by the voting basic capital of AUGUSTA Technologie AG reduced in consideration of Section 71b German Stock Companies Act.

From this period the AUGUSTA share moved to a price level of around EUR 23 with very low trade volumes. AUGUSTA shares were listed at EUR 23.01 at year end. TKH held 4,824,502 shares at 2012 year end as a result of additional purchases. This equates to approximately 61.5 percent of the voting capital.

Share price performance compared to DAX, TecDAX and SDAX



INTENSIVE DIALOGUE WITH SHAREHOLDERS

We place a high value on open and transparent communication with all AUGUSTA's shareholders and interest groups. We report comprehensively and in a timely manner on all current developments in the company, thus strengthening the trust in our sustainable corporate governance. All relevant information on the public takeover offer of the TKH Group N.V. along with quarterly and annual reports, ad hoc releases and press releases, presentations, the financial calendar and analysts' assessments are available to all capital market participants on our website. The Annual General Meeting also offers all shareholders the opportunity to receive comprehensive information from the Managing Board.

SHAREHOLDER STRUCTURE

AUGUSTA has two major shareholders, each of which holds more than 5 percent of the share capital. Since completion of the public takeover offer on 2 July 2012, the Dutch TKH Group N.V. owns approximately 55 percent of AUGUSTA shares (measured by the basic capital). As reported on 11 July 2012, the US hedge fund Elliott holds around 21 percent of AUGUSTA shares both directly and indirectly (measured by the basic capital). A further 15 percent of the share capital is held either by institutional investors specialising in small caps or by private investors. In addition 9.7 percent of the shares are owned by AUGUSTA Technologie AG itself.

SHARE PORTFOLIO OF THE MANAGING AND SUPERVISORY BOARDS AND DIRECTORS' DEALINGS

Neither the Managing Board nor the Supervisory Board of AUGUSTA Technologie AG held company shares or options as at 31/12/2012.

The following directors' dealings subject to mandatory reporting were carried out in financial year 2012:

options were up for conversion, while all option rights were exercised by the Managing Board, managing directors and other executives at an exercise price of EUR 8.08 (relates to 1,100 options from the second tranche of 2009) or EUR 11.23 (relates to 184,050 options from the third tranche of 2010). The resulting shares were sold at a price of EUR 23 as part of the takeover offer from TKH.

	Date	Number	Nature	Share price
Vorstand				
Amnon F. Harman (until 31/08/2012)	08/06/2012	1,750	Sale of shares	23.0
Amnon F. Harman (until 31/08/2012)	08/06/2012	35,000	Exercise of options against cash settlement	23.0
Amnon F. Harman (until 31/08/2012)	02/07/2012	19,750	Sale of shares	23.0
Berth Hausmann	08/06/2012	1,750	Sale of shares	23.0
Berth Hausmann	08/06/2012	35,000	Exercise of options against cash settlement	23.0
Berth Hausmann	02/07/2012	13,500	Sale of shares	23.0
Arno Pätzold (bis 10/07/2012)	08/06/2012	1,500	Sale of shares	23.0
Arno Pätzold (until 10/07/2012)	08/06/2012	30,000	Exercise of options against cash settlement	23.0
Arno Pätzold (until 10/07/2012)	02/07/2012	1,500	Sale of shares	23.0

THE ANNUAL GENERAL MEETING AGREED ALL ITEMS ON THE AGENDA

AUGUSTA Technologie AG's Annual General Meeting took place on 16 May 2012 in Munich. The Managing and Supervisory Boards provided the shareholders with information on the completed financial year 2011, the takeover bid from the TKH Group as well as forecasts for the future. Subsequently, the decisions on the agenda were adopted with a large majority.

EXERCISING OF OPTION RIGHTS, INCREASE OF THE BASIC CAPITAL

Further options from the share option program started in 2008 were capable of being exercised after the Annual General Meeting 2012. A total of 185,150

The exercise of the options increased the share capital of the company by 185,150 shares from 8,510,014 to 8,695,164 shares. The capital reserve accordingly rose by EUR 1,890,619.50; inflow of funds for AUGUSTA stood at some EUR 2.1 million.

Furthermore, the share option program 2012 was adopted at the Annual General Meeting, which authorises the Managing Board, with the approval of the Supervisory Board, to issue up to 444,951 options on up to 444,951 no-par value bearer shares in the company to members of the Managing Board, managing directors and executives of the AUGUSTA Group by 28 February 2014. To date, no options were granted from the share option program 2012.

DIVIDEND PAYMENTS PER SHARE

Irrespective of the TKH Group N.V. takeover bid, we proposed a dividend of EUR 0.60 to the Annual General Meeting on 16 May 2012 for reporting year 2011 and distributed the dividend following the Annual General Meeting. The dividend distribution was 33 percent above the previous year (EUR 0.45) on account of the extraordinary income from the successful sale of the Sensortechnics Group and the dividend yield measured by the price as of 31/12/2011 was at 4.2 percent.

We retain our dividend statement for the 2012 financial year: 30 percent of group earnings will be distributed to our shareholders. As such our shareholders will receive a dividend payment of EUR 0.40 per share following the 2013 Annual General Meeting.

AUGUSTA stock at a glance

ISIN	DE000A0D6612
Market segment	Prime Standard
Trading segment	Technology
Prime sector	Industrial
Indices	CDAX / Prime All Share / Technology All Share
Date of initial listing	05 May 1998
Designated Sponsors	M.M. Warburg & Co. Close Brothers Seydler AG
Share capital	8,695,164 Euro
Number of shares issued	8,695,164
- thereof in circulation	7,851,613
Trading volume per day 2012*	Ø approx. 19,000 units
High/low 2012**	24.31 Euro / 14,90 Euro
Year-end closing price 2012**	23.01 Euro
Market capitalisation as of 31/12/2012**	200.08 Mio. Euro
Earnings per share 2012	1.29 Euro
Dividend per share***	0.40 Euro

* Xetra and all exchange centres in Germany
** Xetra closing prices
*** proposed to the Annual General Assembly

Corporate Governance Statement and Report

The corporate governance statement (section 289a of the German Commercial Code – HGB) forms a separate section in the company's Management Report. The statement includes the Declaration of Compliance with the German Corporate Governance Code (DCGK), relevant statements on corporate governance practices that are applied in addition to the statutory requirements and a description of the operating methods of the Managing and Supervisory Boards and – where applicable – the composition and operating methods of their committees. In this context and in order to avoid duplications the Managing Board also provides the Corporate Governance Report for the Supervisory Board at the same time.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Managing and Supervisory Boards of AUGUSTA Technologie AG last provided the following Declaration of Compliance in accordance with section 161 of the German Stock Corporation Act in February 2013.

The Managing and Supervisory Boards of AUGUSTA Technologie AG hereby declare that the recommendations of the 'Government Commission on the German Corporate Governance Code' (DCGK) in the version dated 26 May 2010 (published in the electronic federal gazette on 2 July 2010) have been adhered to since the last Declaration of Compliance was provided – with the following deviations in each case – and will be adhered to in future in the version dated 15 May 2012 (published in the federal gazette on 15 June 2012):

1. Section 4.2.1: Corporate governance by a sole Board Member

Contrary to section 4.2.1 DCGK the company's Managing Board does not consist of more than one person. Since Mr Amnon F. Harman left the Managing Board on 31 August 2012 the company's business has been managed by Board Member Berth Hausmann as sole Board Member. The Supervisory Board has dealt extensively with the issue of the number of Board Members and following a comprehensive review has now decided not to appoint an additional Board Member until further notice, as the size of the company at present and the volume of business in the company only permit effective corporate governance by one Board Member.

2. Section 4.2.3, paragraphs 4 and 5: No stipulation of a severance pay cap when concluding Managing Board members' contracts in the event of premature termination of a Managing Board member's contract or a change of control

Contrary to section 4.2.3. paragraphs 4 and 5 DCKG, no severance pay cap has been or is agreed when entering into Managing Board members' contracts in the event of premature termination of their contracts or a change of control. Neither the Managing Board nor the Supervisory Board considered or consider a severance pay cap to be a reasonable arrangement in Managing Board members' contracts.

3. Section 5.4.1, paragraphs 2 and 3: Determination of targets for the composition of the Supervisory Board

Contrary to section 5.4.1 paragraphs 2 and 3 DCGK the Supervisory Board does not state any concrete targets for its composition and does not publish this and the status of implementation for this in the Corporate Governance Report. The Supervisory Board is of the opinion that in terms of its composition particular attention must be paid to the company-specific situation, the company's international activities, potential conflicts of interest, diversity and appropriate involvement by women, and will also take this into account in its proposals to the competent selection boards. Nevertheless the Supervisory Board should be composed in the best possible manner at all times. Determining concrete targets for the composition seems neither appropriate nor convenient – particularly against the background of the size of the board.

4. Section 5.4.1, paragraph 4: Information on candidates for elections to the Supervisory Board
According to section 5.4.1 paragraph 4 DCGK the Supervisory Board should disclose the personal and corporate relations of every candidate to the company, the corporate bodies and any shareholder with a significant share in the company in its election proposals to the General Meeting. According to the authors of the Code the recommendation should be limited to those facts that in the Supervisory Board's opinion would be seen as crucial to the voting decision of a shareholder exercising an objective judgement. The manner and level of detail of the disclosure for the purposes of meeting the requirements of the recommendation under the Code are unclear. Against this background and in view of the risk that errors or inaccuracies could cause the resolutions for selection to the Supervisory Board to be rendered void, the Supervisory Board believes that non-compliance with this recommendation is called for, at least until the legal position is adequately clarified.

5. Section 5.4.6, paragraph 1 sentence 3: Remuneration for the deputy chairs of the Supervisory Board
Remuneration for the Supervisory Board Members is determined in accordance with resolutions of the General Meeting under section 12 of the company's articles of association. The crucial resolutions of the company's ordinary General Meeting in this respect from 2003 and 2008 do not provide for any separate remuneration for the deputy chairs of the Supervisory Board, contrary to section 5.4.6 paragraph 1 sentence 3 DCGK. The Managing and Supervisory Boards are of the opinion that tasks associated with chairing the board are the only ones which appear to make any highlighted remuneration appropriate.

6. Section 7.1.2, sentence 2: No discussion of half-year and quarterly financial reports with the Managing Board by the Supervisory Board
The Managing Board and Supervisory Board of AUGUSTA Technologie AG have not complied and are not complying with the recommendation to discuss half-year and any quarterly financial reports prior to publication. An obligation to discuss these financial reports without a specific reason does not appear expedient. The Managing Board of AUGUSTA Technologie AG has adhered and continues to adhere to its proven principle of keeping the Supervisory Board informed of the development of the company on a continuous basis and in good time through a very detailed information system and only discussing financial reports involving periods under twelve months in detail with the Supervisory Board when their contents provide well-grounded reasons for doing so, especially if a financial report differs significantly and in an unforeseeable manner from expectations.

This declaration of compliance and past declarations of compliance are published by AUGUSTA Technologie AG on its website, www.augusta-ag.com.

RELEVANT STATEMENTS ON CORPORATE GOVERNANCE

The Managing and Supervisory Boards of AUGUSTA Technologie AG are committed to responsible corporate governance. Collaboration on the basis of trust between the Managing and Supervisory Boards, guaranteed and efficient internal and external control mechanisms, transparent financial accounting and reporting and clear guidelines based on corporate values applicable to the actions of all employees are of vital significance in this regard.

Uniform corporate values have been defined for all group companies that make our corporate philosophy and activities transparent and comprehensible to the stakeholders involved. The five corporate values of **leading**, **open-minded**, **entrepreneurial**, **reliable and responsible** are enshrined as unifying factors in the subsidiaries.

Our **Code of Ethics** has been defined on the basis of the values serving as a compass for the conduct of AUGUSTA Group employees worldwide.

The Managing and Supervisory Boards also comply with the recommendations of the **German Corporate Governance Code**, except where a deviation has been disclosed with reason provided. The relevant applicable version of the German Corporate Governance Code is available to the public at http://www.corporate-governance-code.de/ger/kodex/index.html.

OPERATING METHODS OF THE MANAGING AND SUPERVISORY BOARDS

The Managing and Supervisory Boards have separate powers. The Managing Board is responsible for corporate governance and operational decisions. The Supervisory Board is the supervisory body. Both boards collaborate closely on the basis of trust with a view to the corporate strategy. All relevant issues related to the business situation and developments, financing and strategy and planning are discussed in detail between both governing bodies.

SUPERVISORY BOARD

The Supervisory Board advises and monitors the Managing Board's management of the company and reviews all significant business transactions by inspecting the applicable documents acting on the basis of the German Stock Corporation Act and the Articles of Association.

The Supervisory Board is elected by the Annual General Meeting. The Supervisory Board Members are elected individually in line with the recommendations in the Corporate Governance Code. The members of the Managing Board are appointed by the Supervisory Board. The Supervisory Board decides on the number of Managing Board Members and on the Chairman of the Managing Board. The Supervisory Board specifies a catalogue of transactions requiring approval and a schedule of responsibilities in the rules of procedure for the Managing Board. The Supervisory Board acts on the basis of its own rules of procedure. Furthermore, the Supervisory Board assesses the annual financial statement and approves the consolidated accounts. The chairman of the Supervisory Board describes the activities of the Supervisory Board in his annual report to the shareholders and at the Annual General Meeting. The Supervisory Board of AUGUSTA Technologie AG has been kept deliberately small in order to allow it to work efficiently and exchange ideas intensively. It is therefore not useful or expedient to form Supervisory Board committees.

There were no conflicts of interest in financial year 2012. You can find detailed information on the key aspects of the activity of the Supervisory Board in 2012 in the Supervisory Board report that starts on page 9.

MANAGING BOARD

The Managing Board is directly responsible for managing the company. The Managing Board fulfils its executive function in line with the interests of the company and with the aim of increasing the value of the company sustainably and reflecting the interests of all interest groups. The Managing Board creates the company's development strategy, which it agrees with the Supervisory Board and implements. The Managing Board also represents the company to third parties. The areas of responsibility are set out in principle in the schedule of responsibilities.

The Supervisory Board is involved in and notified in full of all decisions that may have a decisive impact on the company in terms of assets, finance and profit. The Managing Board regularly reports on planning, the course of business and the position of the Group (including risk management) in writing and during meetings held at regular intervals, in a timely manner and comprehensively. In terms of issues surrounding acquisitions, the Managing Board provides detailed information at an early stage on project progress and project status and coordinates the acquisition process closely with the Supervisory Board.

REMUNERATION OF THE SUPERVISORY AND MANAGING BOARDS

AUGUSTA Technologie AG discloses the remuneration for the Managing and Supervisory Boards individually. The main features of the remuneration systems and the remunerations themselves are set out in the Remuneration Report which forms part of the Management Report as well as in the notes to the consolidated financial statements.

SHARE TRADING BY BOARD MEMBERS

All securities transactions subject to mandatory reporting are published in accordance with the statutory regulations and can be found on the AUGUSTA Technologie website. At the time of reporting the Managing and Supervisory Board Members do not hold either alone or jointly any shares in AUGUSTA Technologie AG or financial instruments related to them above the proportion of 1 percent of the shares issued by the company.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders exercise their general rights at the Annual General Meeting and also exercise their voting rights at this. Each share in AUGUSTA Technologie AG holds one voting right. The chairman of the Supervisory Board chairs the Annual General Meeting. The invitation to the Annual General Meeting and the associated documents and information including the agenda, the annual financial statements, the Articles of Association and notes on the draft resolutions are published on the website of AUGUSTA Technologie AG on the day of invitation. AUGUSTA Technologie AG supports its shareholders in the exercise of voting rights by appointing a proxy who votes according to the instructions of the shareholders.

ACCOUNTING AND FINANCIAL AUDITING

AUGUSTA Technologie AG compiles its consolidated accounts and interim reports in accordance with IFRS guidelines. The annual financial statement of AUGUSTA Technologie AG is compiled in accordance with the German Commercial Code (HGB). The annual and consolidated accounts are compiled by the Managing Board, audited by the auditor and adopted by the Supervisory Board. The Supervisory Board works closely with the Managing Board and the auditor throughout the audit process. The auditor informs the chairman of the Supervisory Board immediately of all issues and events that arise or occur during the audit that are relevant to the work of the Supervisory Board.

TRANSPARENCY

AUGUSTA Technologie AG regularly provides comprehensive and up-to-date information about current business developments and the position of the Group to shareholders, analysts, shareholders' associations, the media and the general public with an interest in AUGUSTA. All groups are treated the same and on equal terms. Information relevant to the capital market is published in German and English on the company's website.

AUGUSTA Technologie AG also provides information regarding any changes to the shareholdings of members of the Managing and Supervisory Boards in relation to company shares and changes in the shareholding structure of ownership in the company when activity reaches, exceeds or falls below 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in AUGUSTA Technologie AG.

The company's Managing Board feels an obligation to communicate openly and transparently. In this regard, AUGUSTA Technologie AG places great value on publishing the annual financial statement and the annual report earlier than the required 90 days after the end of the financial year. Interim reports are published less than 45 days after the end of each quarter.

Focus on the Essence

Intelligent imaging systems are most than a must in the Manufacturing Industry. With AUGUSTA, our customers have the leading partner in the field of quality inspection, automation and surface inspection.

CONSOLIDATED MANAGEMENT REPORT

00 %

ALITY

Consolidated Management Report 2012

1. BUSINESS AND OVERALL ENVIRONMENT

1.1 STRUCTURE OF THE GROUP AND BUSINESS ACTIVITIES

AUGUSTA Technologie AG is a technology company focussed on the niche markets of **digital imaging** and **optical sensors.**

In our core product area of **VISION Technologies** (VISION) we supply digital cameras and optical sensor systems. Faster than the human eye, **VISION Systems** check the visible and invisible properties of an object in a fraction of a second, and are high-precision, very robust and constantly reliable. AUGUSTA's VISION Technology products are the ideal solution for delivering increased efficiency, quality and safety. AUGUSTA supports its customers in the face of demanding tasks for digital imaging and optical sensors such as improving health care, ensuring that the production process runs smoothly and optimally or controlling traffic effectively.

The **VISION** segment includes the **Allied Vision Technologies** (AVT) group of companies and **LMI Technologies** (LMI).

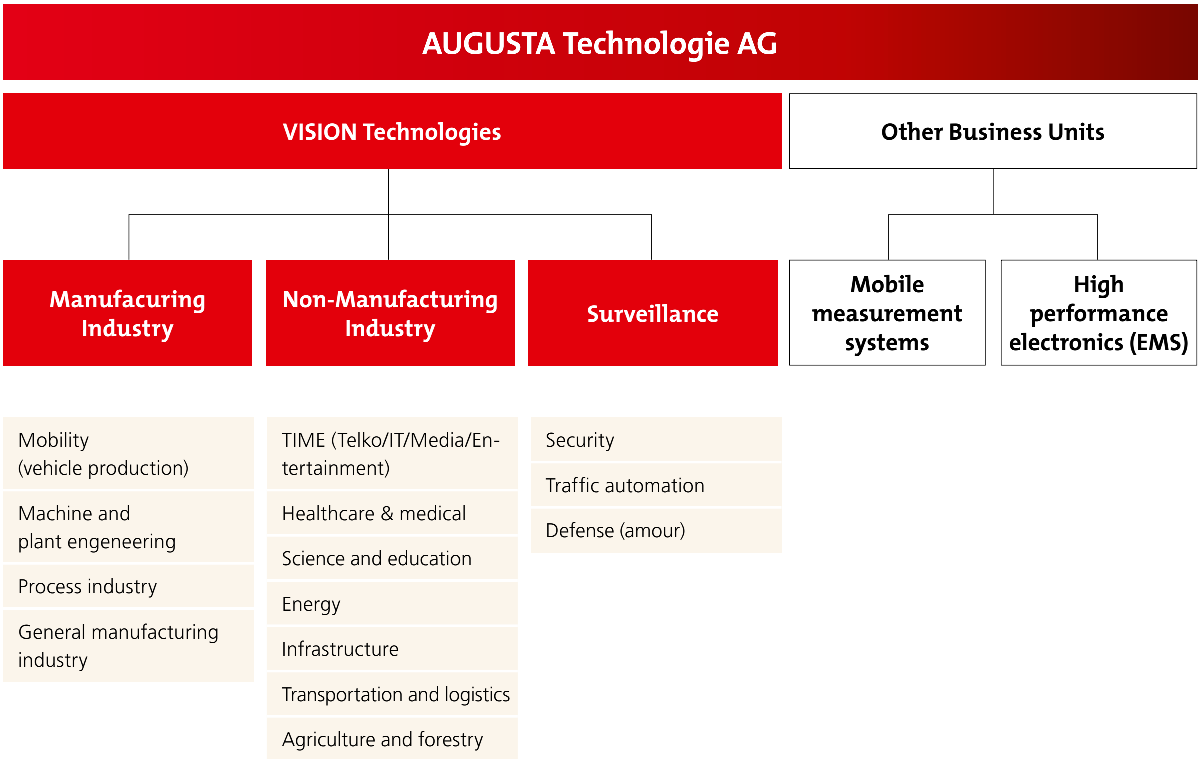
The product range in the **VISION** segment covers everything from digital cameras with CCD/CMOS sensors to infrared cameras (IR cameras) for thermal imaging and day/night VISION, as well as X-ray and high-speed cameras. In addition our cameras enable optical 3D sensor systems to provide contact-free measurement accuracy in the micrometre range for metrology and inline inspections. Customer-specific modifications are developed to meet special application requirements, alongside a broad range of standard products. AUGUSTA supports its customers worldwide and virtually 24 hours a day. The markets we supply range from the traditional inspection and automation industry, applications in medical technology, science and traffic, to security and defence.

The **Other Business Units** segment includes the **Dewetron Group** and **HE System Electronic** (HE).

The **Dewetron Group** is a leading provider of **mobile measuring systems** for demanding testing and measurement applications. The company develops, manufactures and distributes high-precision PC-based systems with robust housings for portable and stationary use in Automotive, Energy and Power, Aerospace & Defence, Transportation and General Test & Measurement applications.

In area of **power electronics**, **HE** has become established as a reliable partner. The product line ranges from electronics development to electronic manufacturing services for complete devices and systems and series-ready production of electronic assemblies such as temperature sensors, mechatronics for applications in the automotive sector and medical sensors.

SEGMENTS OF AUGUSTA TECHNOLOGIE AG



AUGUSTA Technologie AG was founded in 1991 and has been listed on the German stock exchange since 5 May 1998. The Company is currently Prime Standard-listed.

1.2 STRATEGY AND CORPORATE MANAGEMENT

The aim of the AUGUSTA Group is to be the preferred technology partner and product supplier for our customers thanks to innovative products, the very highest quality standards, global certifications and excellent customer service. We aim to be a leader among leading providers in our target markets.

Our strategy is based on **four principles:**

Focus
We focus on attractive digital imaging and optical sensor niche markets with long-term growth prospects. This clear strategy has enabled us to be stronger than the market and to be equal to the competition. We will continue to build on our successful development in terms of growth, profitability and market leadership.

Growth
Our growth strategy means growing organically above the market average. We will continue to look for acquisition opportunities in new fields of application with long-term growth prospects and in new international markets.

Value
We are convinced that a company with a well-conceived business model, a strategy geared to market conditions and managed on the basis of clear, socially equitable principles will be more successful and more sustainable over the long term than any other. That is why we have defined Corporate Values that present to the AUGUSTA Group's customers, partners, fellow employees and shareholders our corporate philosophy and business activities in a transparent and comprehensible way. The result is a long-term and sustainable increase in shareholder value.

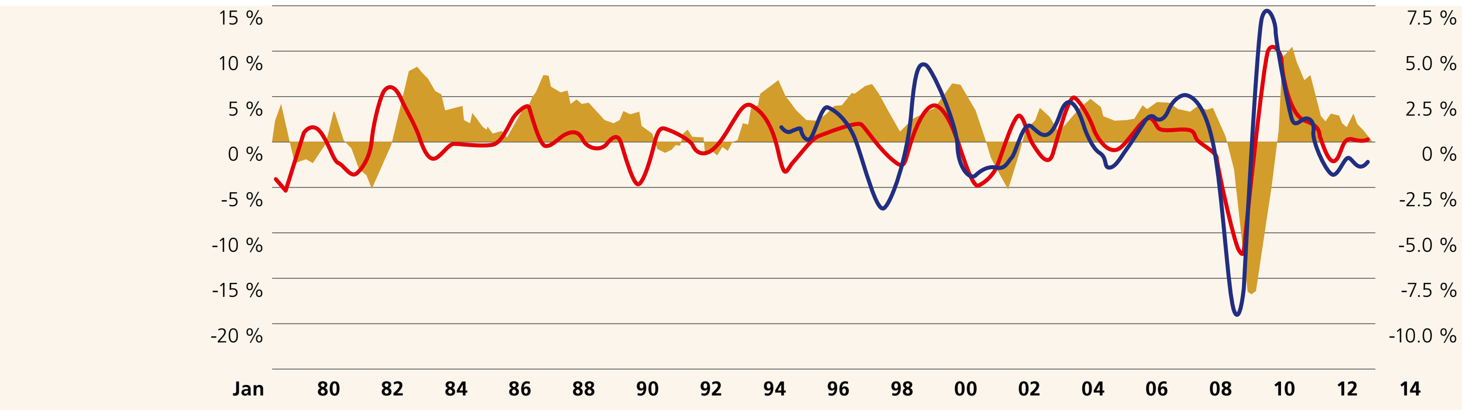
Transparency
We place a high value on active and open communication with the AUGUSTA Group's stakeholders. That is why we regularly provide comprehensive and up-to-date information about current business and the position of the Group to the capital market, the media and the general public with an interest in AUGUSTA. We aim to build trust through dialogue and to present the position of our company transparently above and beyond the statutory duties to report.

1.3 OVERALL ECONOMIC ENVIRONMENT

Following a stable start to the years, the **global economy** noticeably worsened from the second quarter of 2012: Not only industrial nations, but emerging markets also faced setbacks in the face of the national debt crisis in Europe and increasing concerns about the economy and national finances in the USA.

Central leading indicators hinting at a slow improvement in the global economy in 2013 after a long decline provided some light at the end of the tunnel at the end of last year. The leading indicators from the Organization for Economic Cooperation and Development (OECD) in particular have proven very reliable in the past when forecasting cyclical turning points.

Global economy: OECD leading indicators and industrial production



Industrial production (y/y) OECD composite leading indicators for industralised countries
OECD composite leading indicators for the BRIC countries

The IMF assumes world-wide growth in GDP will be around 3.8 percent in 2011 and growth for 2012 growth will be 3.3 percent from. In 2013, the IMF again forecasts a 3.6 percent rise in growth, with the global economy picking up in particular in the second half of the year.

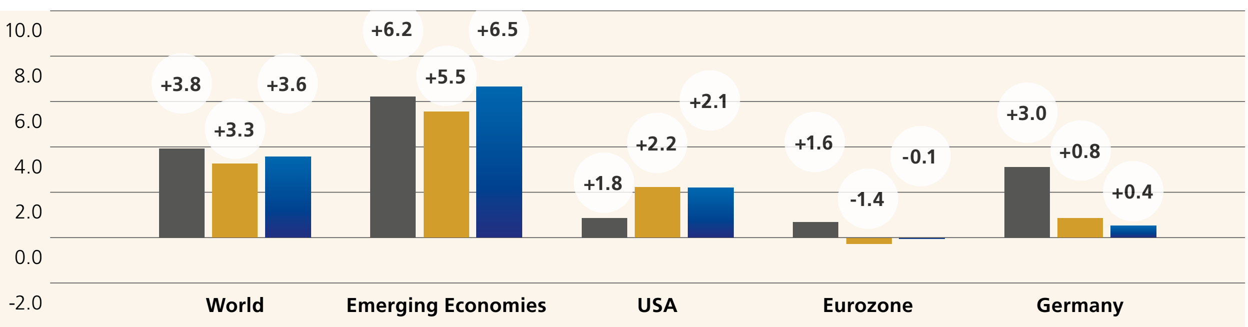
The prices of raw materials will edge up in 2013. However, significant increases in the price of raw materials are only expected in the second half of 2013. Owing to the increased industrialisation in the emerging economies, significant price increases on commodity markets are anticipated in the long term.

The **emerging economies** remain the most important drivers of world-wide economic growth, now with a share in gross world product of almost 50 percent. The BRIC countries alone make up around 26 percent – more than the USA (19 percent) and Europe (14 percent).1) Nonetheless, the dynamism of the emerging economies significantly sagged in 2012 compared to the previous year in the wake of the sovereign debt crisis in Europe and ongoing uncertainties. Growth of no more than approximately 5.5 percent is anticipated for 2012 and approximately 6.5 percent for 2013. The emerging economies will remain the fastest growing region in the world by a significant margin.

[1] MMW, Capital Market Outlook, February 2012

The **USA** was in a more robust state than the Eurozone in 2012. The difference is reflected in the moderate economic growth of approximately 2.2 percent measured by the IMF in 2012, also weakening industrial production put a small dent in growth in the fourth quarter. US industrial corporations benefited in particular from low oil and gas prices, re-industrialisation and strong domestic demand in 2012. The moderate rate of growth in the USA is expected to continue in 2013. The IMF currently forecasts growth of approximately 2.1 percent, assuming that the budgetary issues can be permanently resolved.

Growth rates for 2011, 2012 and 2013



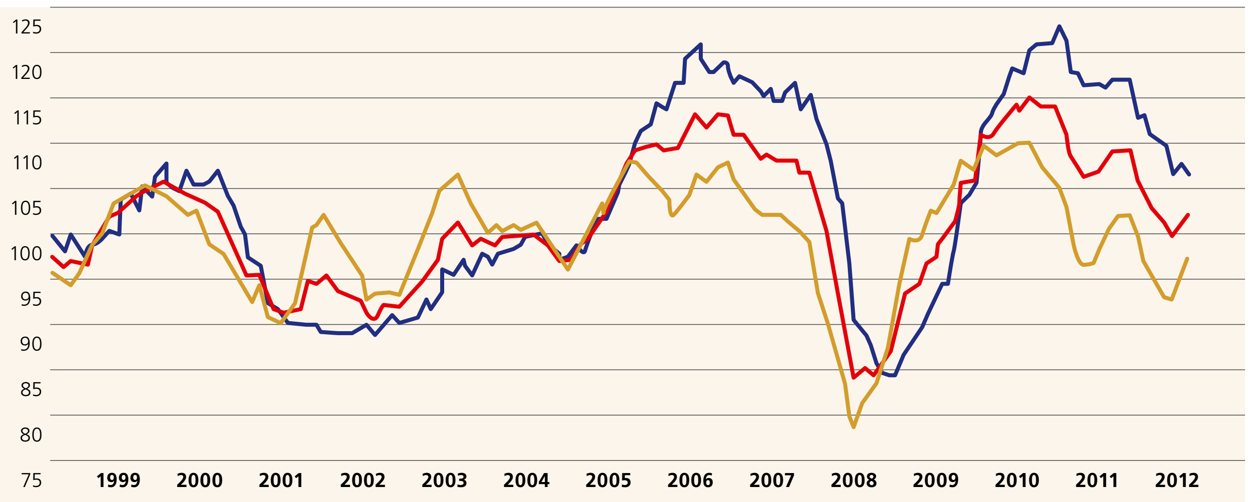
● 2011 ● 2012 ● 2013 Source: IWF, Eurostat, BMWi Regional GDP growth rates - yoy

The European national debt crisis remained the predominant issue in the **Eurozone** in 2012. Despite a variety of measures from politicians and the ECB, a rapid solution to the debt crisis remains elusive. The forecast of the statistical office of the European Union (EuroStat) for 2012 is correspondingly poor with the economy shrinking by 0.4 percent. The situation will remain strained in the Eurozone in 2013. The seventeen members of the Eurozone will continue to seek savings in 2013 to bring the high deficits under control. The recession in the Eurozone will therefore continue in 2013 and the economy will contract by around 0.1 percent.

The mood of the **German economy** noticeably cooled only in the second half of 2012. The Ifo Business Climate Index, the most important German leading indicator, fell significantly and stood at just 100.0 points in October 2012 and therefore at recession level. Despite a fall in real gross domestic product in the fourth quarter of 2012, the Ifo Business Climate Index recovered noticeably. There is therefore hope that the hard economic conditions will end in the first half of 2013 and the German economy will revive somewhat in the second half of 2013.

Ifo Business Climate in Germany - Economic Test

Index values, 2005 = 100, seasonally adjusted
Industry [1)]



● Business expectations ● ifo Business Climate ● Assessment of the business situation

[1)] Manufacturing, construction industry, wholesale and retail

Source: ifo economic test 19/12/2012

While domestic demand weakened slightly, the German economy benefitted primarily from stable foreign demand. This trend will also continue in 2013: Owing to the high competitiveness of German companies, export will contribute above its weight to the growth of the German economy. Demand from the emerging economies will therefore take on greater and greater significance. Following anticipated growth of around 0.8 percent in 2012 (2011: 3.0 percent), the German Federal Government in its latest annual economic report expects no more than gentle growth of 0.4 percent for 2013. In 2014, the German economy is then forecast to pick up significantly and growth will rise to 1.6 percent.

1.4 SECTOR-SPECIFIC DEVELOPMENT

AUGUSTA'S TARGET MARKETS

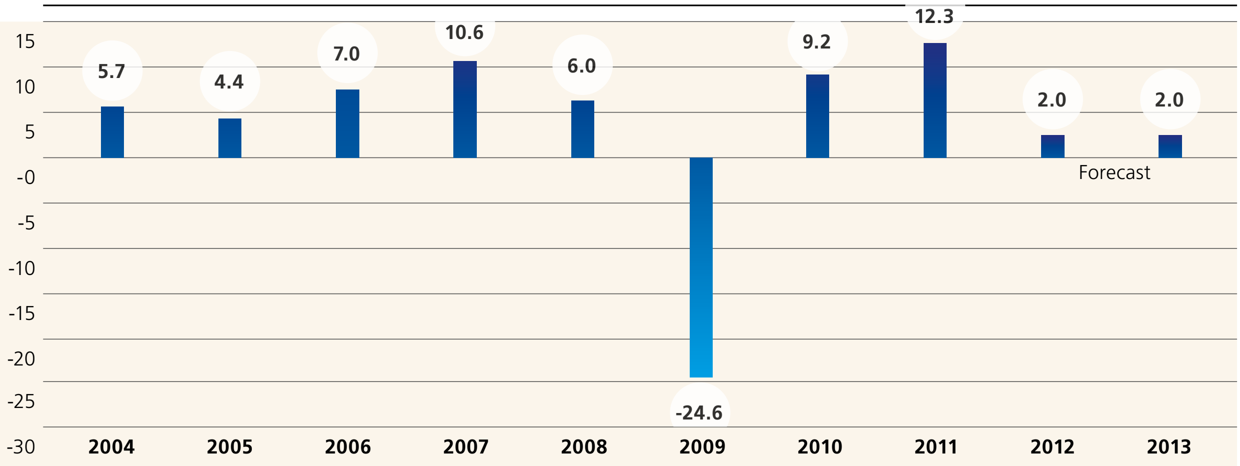
AUGUSTA also felt a decline in growth rates in its target markets in 2012. We anticipate an entrenched and difficult market environment in the first half of 2013, but expect an improvement in general economic conditions in the second half of the year.

The situation for the **automotive industry** in Germany was varied in 2012: While the global market grew by around 4 percent – mainly boosted by the dynamism of the Chinese market (+ around 8 percent) and revived demand from the USA (+ around 12 percent) – the weakness of the market in Western Europe at minus around 9 percent was keenly felt. The Association for the German Automotive Industry (VDA) expects the situation in Western Europe to remain difficult in 2013 (- around 3 percent), but is cautiously optimistic in terms of the global market. On the global market, the VDA forecasts growth of around 3 percent, mainly supported by China, India, Russian and the USA.[2)]

With a production value of around EUR 196 million, German machine and plant engineering was able to build in the record year of 2008 and grow in real terms by 2 percent in 2012. The German Engineering Association (VDMA) anticipates growth impetus from China and the USA in 2013 and similarly forecasts growth of 2 percent.[33]

VDMA FORECAST FOR ACTUAL MACHINE PRODUCTION IN GERMANY

Actual change on the previous year



Source: Federal Statistic Office of Germany, VDMA

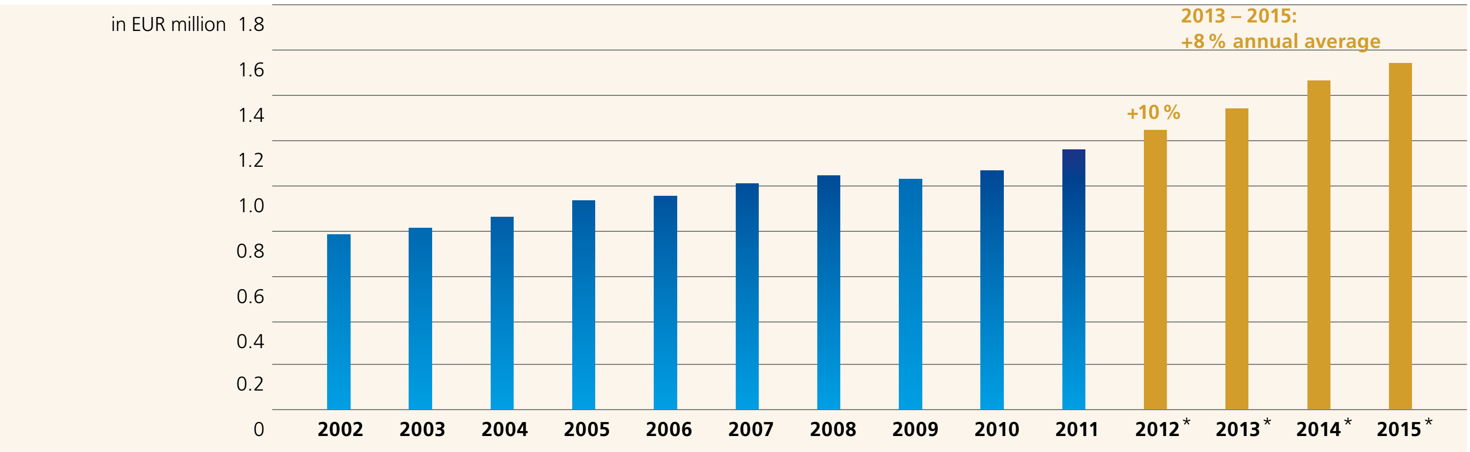
After two extremely dynamic years, production in the electrical industry fell by around 2 percent in 2012. Falls in exports were noticeable in particular in the second half of the year. The German Electrical and Electronic Manufacturers' Association (ZVEI) forecasts moderate growth of around 1.5 percent in 2013.[4)]

The **medical technology** sector in Germany remains a source of growth, up approximately 4.4 percent in 2012, although growth was weaker than in the previous year (+ around 5.3 percent) due to stagnant domestic demand. Over the long term, growth will be driven by demographic developments in the industrialised countries, the rising need for health services in the emerging economies and by technical progress.[5)]

The German **robotics and automation market** achieved a solid growth rate of 4 percent in 2012 with a volume of EUR 10.6 billion. As the trend for automation will continue in nearly all sectors, the German Engineering Association (VDMA) similarly forecasts growth for 2013, although, at around 2 percent, it will be below the level of the previous year.[6)] The global robotics and automation market will be even more positive: The International Federation of Robotics (IFR) forecasts average annual growth in the sector of approximately 8 percent for 2013 to 2015. The sector grew globally by around 10 percent in 2012 alone.

[2)] VDA – Annual press conference, 12/04/2012
[3)] VDMA – Engineering asserts itself in a harsh environment, 12/13/2012
[4)] ZVEI, Electronic industry confident for 2013: 1.5 percent plus, 12/19/2012
[5)] BVMed, Growth in the MedTech industry slows down, inland stagnates, export grows, 11/08/2012
[6)] VDMA, Press release from 10/11/2012

IFR forecast for the global robotics and automation market



*Forecast

Source: World Robotics 2012

The market for **sensors and measurement technology** in Germany grew by 15 percent in 2011 according to the German Association for Sensor Technology (AMA). Export was the driver of growth. In 2012, however, growth fell significantly and growth in the lower, single-figure range is estimated. Nonetheless, the AMA again expects good revenue and persistent orders in 2013. According to a report by INTECHNO Consulting, the global market for sensors will grow by 9 percent on average from 2011 to 2016. The global market volume of the sensors industry in 2013 is approximately EUR 140 billion.[7] The global market for measurement technology will grow by around 5.2 percent in 2013. In the following years, growth of approximately 5.5 percent per year is anticipated.[8]

The core segment of **VISION Technologies** targeted by AUGUSTA is represented in all the above, globally growing markets, expect the market for sensors and measurement technology. The drivers of growth such as the uninterrupted trend towards automation, customer desire for increased efficiency and an increased awareness of safety and quality, are intact all over the world.

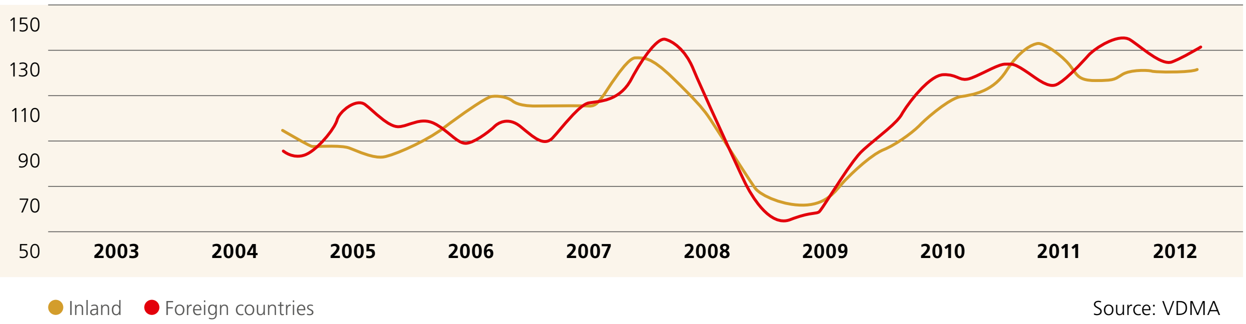
Industrial imaging is a key technology for numerous sectors of industry. Imaging systems review quality, guide machines, control processes, identify components, read codes and supply valuable data for optimising production, safety or controlling traffic.

Following exceptional growth in 2010 of around 32 percent, the number of domestic orders fell significantly in the second half of 2011, so that growth in 2011 was well below the level of the previous year, but still considerable at approximately 20 percent. Following a sharp fall in domestic demand in the first six months of 2012, the monthly new orders received index of the VDMA nonetheless rose significantly in the second half of 2012.

[7] Sensor magazine 1/2012
[8] VDC study 2011

VDMA new orders received index

Seasonal and price adjusted indices, trend component, Basis for sales 2010 = 100



Source: VDMA

On balance, the German Engineering Association (VDMA) expects sector turnover for the whole of 2012 to be at the record level of the previous year.

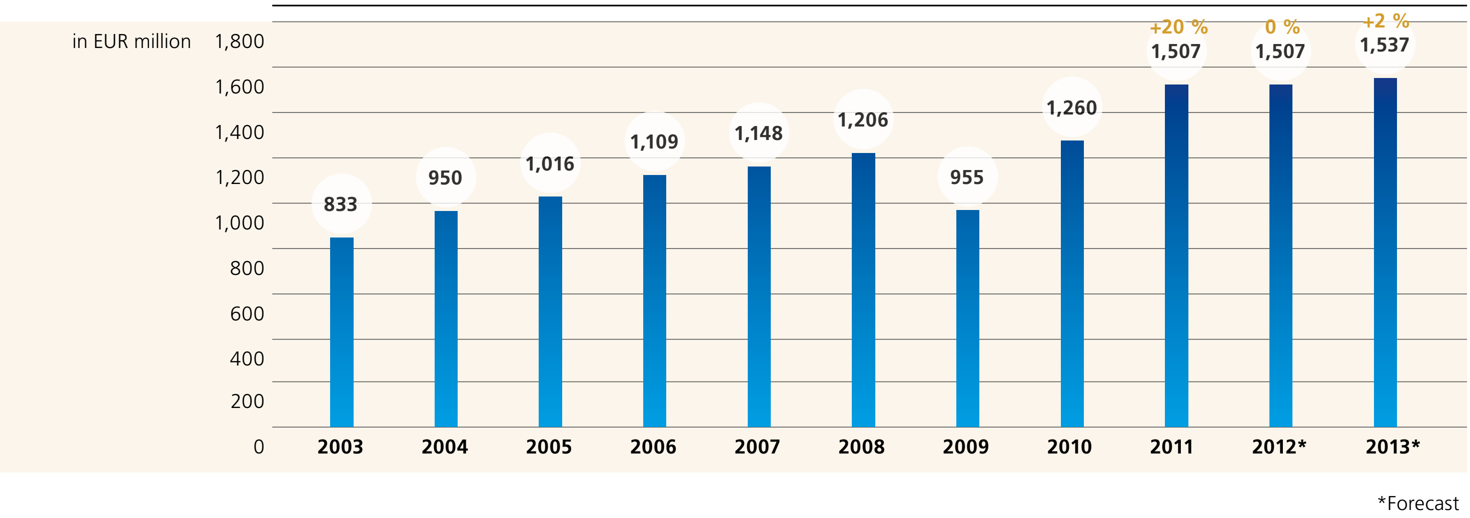
The standardisation of digital interfaces is and remains decisive for the development of imaging. It facilitates the use of imaging cameras in established industrial fields of application enormously and opens up additional application options and thereby new markets. High product quality, reliability, security, service and cost effectiveness are features that are also crucial to the success of VISION Technology solutions.

In the medium and long term, the share of non-industrial applications in the VISION Technologies sector will increase significantly. This versatility in non-industrial applications can be seen for example in agriculture, medicine, sport, traffic surveillance and control, retail and in environmental and security technology. In addition more and more inspection solutions are in demand in the non-visible range, such as infrared cameras, which supply accurate thermal images in industrial, scientific or surveillance applications. Technological innovations such as three-dimensional imaging test procedures and the increased performance associated with this are stimulating market growth. 3D-imaging is expected to increase dramatically in the next few years. The reasons for this are the increased accuracy, speed and reliability in quality assurance and automation. The demand for 3D imaging solutions covers all sectors of industry. The software will have a key role in this in preparing the raw 3D data quickly for process controls and quality assurance.

The imaging sector in Germany remains on an unbroken, long-term growth trajectory. Increasing standardisation, simpler usability, growing performance, higher resolution and miniaturisation are particular drivers of growth. In Germany, the VDMA expects moderate growth of around 2 percent in 2013.[9)]

[9)] VDMA, Industrial imaging remains on high level, 11/06/2012

VDMA forecast for the industrial imaging market in Germany (domestic + export)



Internationally, the most important impetus for growth in the imaging sector in coming years will be from the Asian emerging economies. The demand for industrial imaging to increase quality and productivity in industrial manufacturing is particularly high in the region. The North American market will also contribute to further growth. Growth is estimated at approximately 9 percent per annum globally by 2015. At 7 percent, growth in traditional industrial applications is below that of non-industrial applications where growth is approximately 17 percent.[10)]

As a manufacturer of digital cameras and 3D systems for industrial imaging, AUGUSTA is the second largest provider globally with its subsidiaries Allied Vision Technologies and LMI Technologies and will profit from this growth.

1.5 GROUP OF CONSOLIDATED COMPANIES

The following changes took place in the group of consolidated companies in 2012.

- Sale of the approx. 53-percent share in Dewetron spol. s.r.o. with effect from 1 January 2012
- Sale of minority holding in P+S Technik GmbH with effect from 1 January 2012

Dewetron Elektronische Messgeräte Ges.m.b.H. with registered offices in Graz has sold its approx. 53-percent share in **Dewetron spol. s.r.o.** with registered offices in Prague with effect from 1 January 2012. This step went hand in hand with a focusing of the Dewetron Group on its strategically important key markets.

Since 1 September 2011 **P+S Technik GmbH** has not belonged to the group of consolidated companies and has been recognised as an affiliated company "at equity" as of that date. Following a value adjustment on 31 December 2011 of EUR 4.37 million, the remaining shares were sold retroactively as of 1 January 2012 to the majority shareholders of P+S Technik GmbH. The purchase price was a total of EUR 300,000 and is to be paid in four instalments by the end of 2013.

[10)] Machine Vision Market, First InSights, Roland Berger, 07/2011

2. EARNINGS, FINANCIAL AND ASSETS POSITION

2.1 EARNINGS POSITION

The AUGUSTA Group closed the 2012 financial year with great success. Both segments (VISION and Other Business Units) increased turnover and operating profit. The group results increased disproportionately to revenues. Digital imaging and optical sensors continued to be the driving force behind the AUGUSTA Group's ongoing and highly profitable growth in 2012.

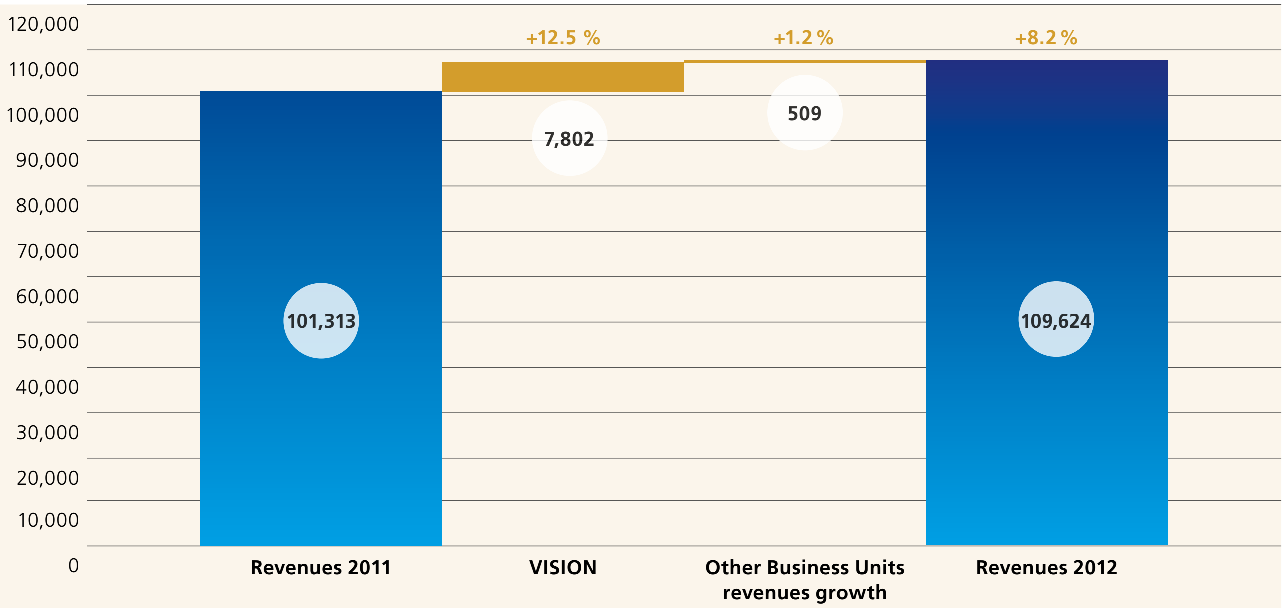
AUGUSTA Group Key Figures

in EUR million	FY 2012	FY 2011	Change
Revenues	109.62	101.31	**+8.2 %**
Gross profit	53.63	46.92	**+14.3 %**
Gross margin	48.9 %	46.3 %	**-**
EBITDA	21.04	17.95	**+17.2 %**
EBITDA margin	19.2 %	17.7 %	**-**
EBIT	12.51 *	12.97	**-3.5 %**
EBIT margin	11.4 %	12.8 %	**-**
Incoming orders	115.63	107.30	**+7.8 %**
Order backlog	43.39	39.27	**+10.5 %**

* One-time item as the result of goodwill adjustment of EUR -3.2 million included

Group revenues increased cumulatively to EUR 109.6 million, representing a revenue increase of 8.2 percent compared to the previous year (101.3 million). We have achieved the upper end of the guidance. Revenues increased slightly in the fourth quarter of 2012 by 1.2 percent to EUR 25.8 million compared to the same quarter the previous years (previous year: EUR 25.5 million).

2011 to 2012 sales trends in EUR '000



The **gross operating result** increased by 14.3 percent disproportionately to revenues and was EUR 53.6 million as of 31 December 2012 (previous year: EUR 46.9 million). As such the gross margin rose to 48.9 percent (previous year: 46.3 percent). In a quarterly comparison, the gross operating result rose in the fourth quarter of 2012 by 12.9 percent to EUR 12.3 million (previous year: EUR 10.9 million). The gross margin rose thanks to moderate commodity prices and as the result of our product innovations and efficiency increases in the area of manufacturing costs.

Expenditure for **Sales and Marketing** increased from EUR 16.3 million the previous year to EUR 18.4 million in 2012. At 16.8 percent of revenues the sales and marketing share was above the value for the previous year (16.1 percent). The internationalisation of our sales and increased presence at trade fairs to win new customers are the primary reason for the rise.

Research and development was further strengthened to maintain our innovative strength as one of our most important drivers of growth beyond 2012 and to improve our competitive position in the long term. The further and new development of in-house products and systems is at the heart of that approach. In 2012, research and development expenditure was EUR 8.2 million (previous year: EUR 6.3 million), representing a 7.5 percent share of revenues (previous year: 6.2 percent).

General and administrative expenditure (including other expenses and income) rose at the end of 2012 to EUR 14.5 million (previous year: EUR 11.4 million). At 13.2 percent of revenues they were therefore below the value for the previous year (11.2 percent). Without the one-time item for goodwill adjustment of EUR 3.2 million, the general and administrative expenditure would be EUR 11.3 million (equivalent to 10.3 percent of revenues) and therefore even further below the level of the previous year. The management expenditure of Group headquarters at the end of the 2012 financial year was EUR 3.4 million and therefore below the previous year (EUR 3.8 million).

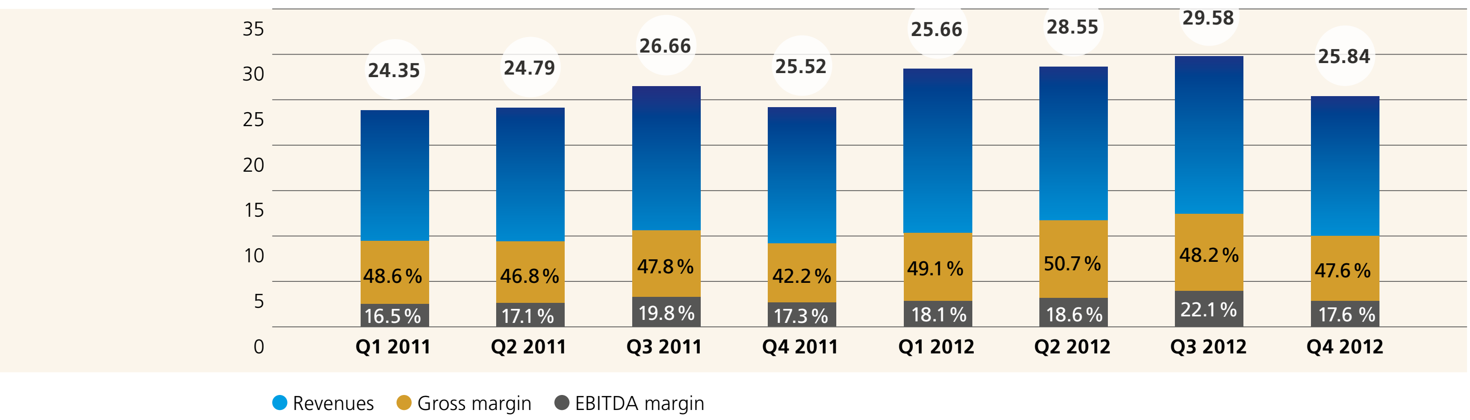
Cost Structure in the Group

in EUR million	FY 2012	FY 2011	Change
Sales & Marketing	**18.39**	**16.30**	**+12.9 %**
as % of revenues	16.8	16.1	-
Research & Development	**8.21**	**6.27**	**+31.0 %**
as % of revenues	7.5	6.2	-
General and administrative expenses	**14.51 ***	**11.38**	**+27.5 %**
- of which AUGUSTA Technologie AG	3.41	3.82	-10.7
as % of revenues	13.2	11.2	-
Operational structural costs	**41.11**	**33.94**	**+21.1 %**
as % of revenues	37.5	33.5	-

* Including one-time item as the result of goodwill adjustment of EUR -3.2 million

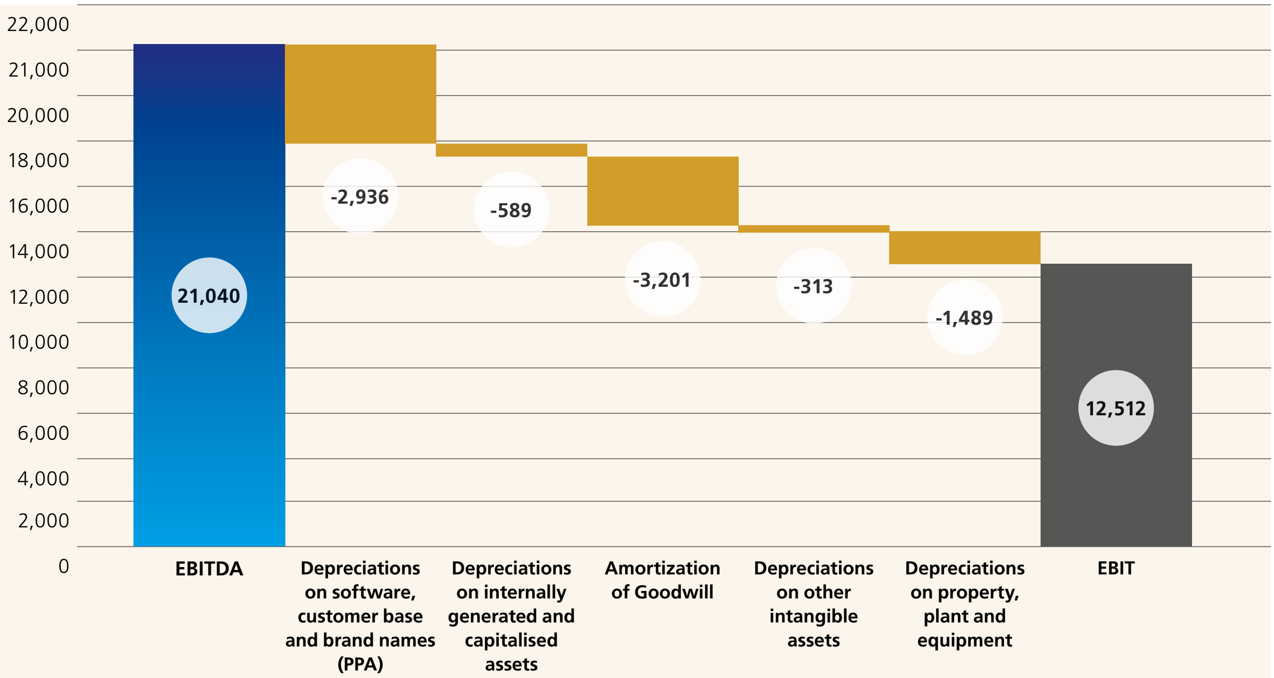
Thanks to the disproportionate increase of the high-margin core VISION segment, profit increased disproportionately to revenues. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 17.2 percent to EUR 21.0 million (previous year: EUR 18.0 million). The EBITDA was therefore significantly above the 2012 Guidance communicated. The EBITDA margin climbed to 19.2 percent (previous year: 17.7 percent). On a quarterly basis EBITDA was EUR 4.6 million in the fourth quarter of 2012 (previous year: EUR 4.5 million).

Development of revenues, gross margin and EBITDA margin by quarter (revenues in EUR million, gross margin and EBITDA margin in %)



Depreciations increased to EUR 8.5 million as of 31 December 2012 compared to the previous year (EUR 5.0 million). In addition to depreciation of assets, property, plant and equipment and internally produced and capitalised assets, these also include depreciation of licences, software and brand names (Purchase Price Allocation) of EUR 2.9 million (previous year: EUR 2.9 million) as well as the goodwill adjustment of the Dewetron Group of EUR 3.2 million.

Derivation of EBITDA to EBIT in EUR '000



Earnings before interest and taxes (EBIT) fell by 3.5 percent to EUR 12.5 million as of the end of 2012 (previous year: EUR 13.0 million). As such the EBIT margin fell to 11.4 percent (previous year: 12.8 percent). In the fourth quarter of 2012, the EBIT was EUR -0.1 million as a result of the goodwill adjustment and therefore EUR 3.3 million below the comparable value for the previous year (previous year: EUR 3.2 million). Without the one-time item for goodwill adjustment of EUR 3.2 million, the EBIT at the end of 2012 would be EUR 15.7 million and therefore significantly above the previous year by 2.7 million.

At 25.3 percent the Group's **tax rate** was significantly below the level in the previous year (30.9 percent). The previous year was considerably more affected by non-tax deductible expenditure.

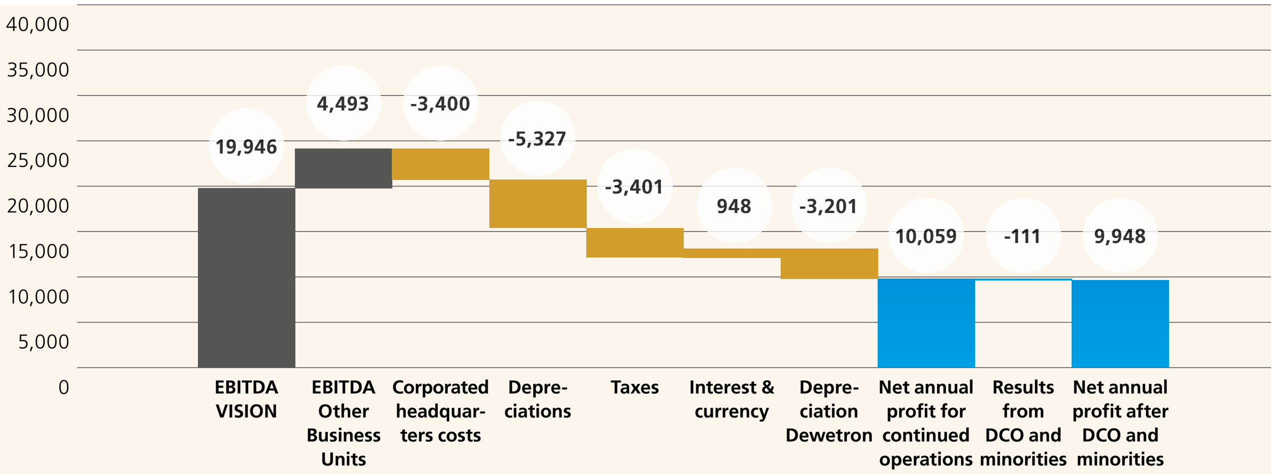
The **new financial costs** were EUR 0.9 million (previous year: EUR -6.3 million).

The net profit for the period from continued operations was EUR 10.1 million (previous year: EUR 4.6 million).

After deduction minority interests, the cumulative profit for the period was EUR 9.9 million (previous year: EUR 37.0 million), including the profit from the sale of the Sensortechnics Group (EUR 32.5 million). Cumulative earnings per share were therefore EUR 1.29 as of 31 December 2012 (previous year: EUR 4.85 per share).

Adjusted by the depreciations associated with acquisition (PPA) and the goodwill adjustment, the net profit would be EUR 16.0 million (previous year: EUR 39.9 million), producing earnings per share of EUR 2.07 (previous year: EUR 5.23).

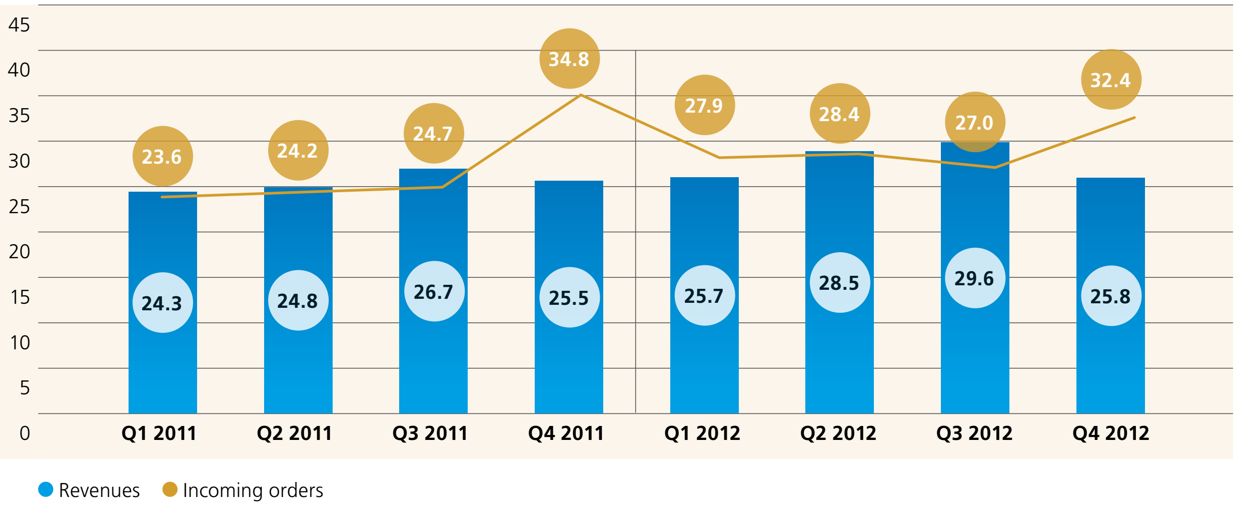
Derivation of the results for the period in EUR '000



INCOMING ORDERS AND ORDER BACKLOG

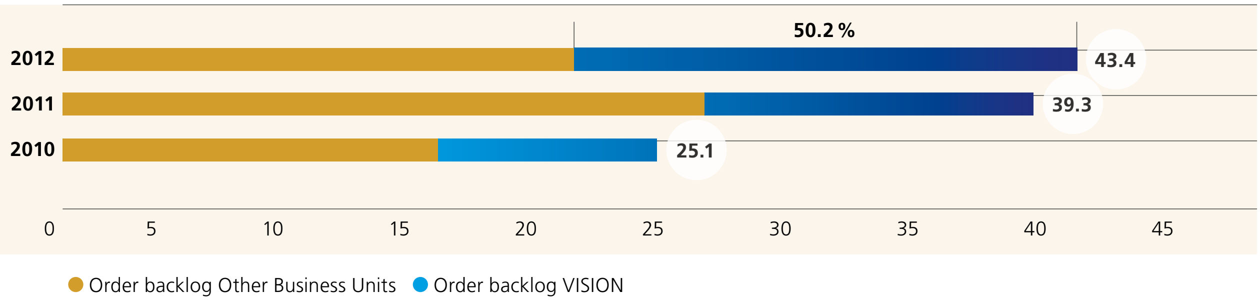
In the 2012 financial year, incoming orders rose, despite a somewhat weak economy, to EUR 115.6 million and were 7.8 percent above the previous year (EUR 107.3 million). Incoming orders in the fourth quarter of 2012 totalling EUR 32.4 million (previous year: EUR 34.8 million) include a major order with HE which is due for delivery in the next 3 years. The incoming orders were therefore again significantly above comparable group revenues in the fourth quarter of 2012. The book-to-bill ratio (incoming orders to revenues) for the whole of 2012 was 1.05 (previous year: 1.06).

Revenues and order development on a quarterly basis in EUR million



The **order backlog** increased compared to the previous year (EUR 39.3 million) to EUR 43.4 million at the end of 2012. At least 54.7 percent of the order backlog is due for delivery in 2013.

Development of order backlog by segment in EUR million

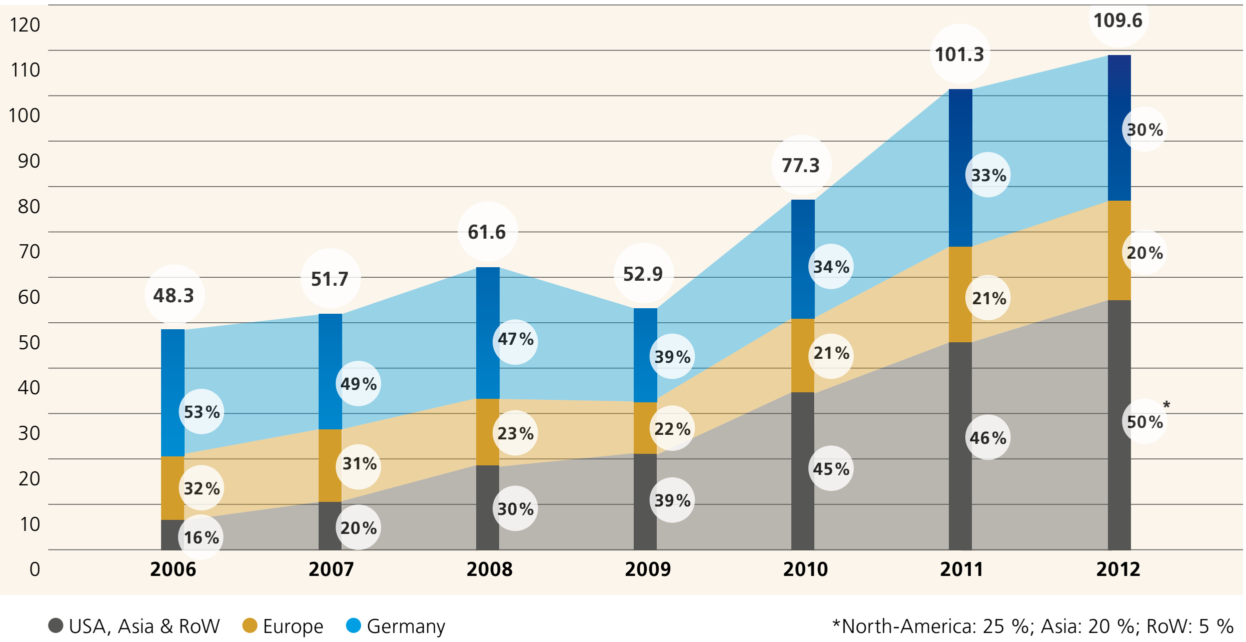


REGIONAL SALES TRENDS

The AUGUSTA Group is represented globally by production and sales companies. We have worked hard in recent years to continually develop our market position in the USA and Asia – most recently, AVT set up a sales office in Shanghai in October last years, and LMI will open a sales subsidiary in Munich in the first quarter of 2013 to strengthen European business. On the one hand the increase in our business allows us to take advantage of additional regional opportunities for growth, but it also leads to a better distribution of risk on the other.

We currently generate around 50 percent (previous year: around 46 percent) of our sales volume outside Europe.

Trends in turnover distribution by region, turnover in EUR million, share of the regions in %



*North-America: 25 %; Asia: 20 %; RoW: 5 %

Against the generally weaker economic background, in 2012 in Germany we were only slightly below the level of the previous year and in Europe were able to increase our turnover by around 8 percent. We were able to make considerable gains in Asia (+22.9 percent) and in NAFTA (+19.5 percent). In both regions, demand increased appreciably compared to the previous year, which can be traced back to our increased sales efforts in both areas.

Our global sales network which consists of our own sales team, particularly in the core markets, as well as distributors ensures proximity to customers in all our target sales areas. Thanks to our own application and post-sales support in the three regional markets of Asia, Europe and North America we have a crucial advantage against the competition.

SEGMENT REPORTING

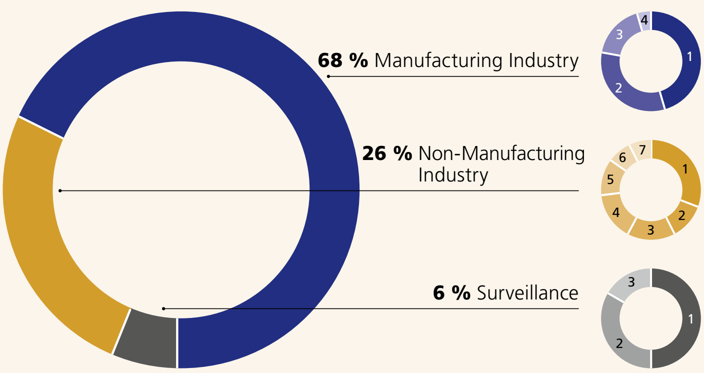
The AUGUSTA Group relies on a wide diversification of its customer industries. For this we target a range of niche markets with industrial and non-industrial customers. Segmentation across different markets and industries helps us compensate for fluctuations in an adverse economic climate.

The customer groups that we target can be divided into **three sectors:**

1. The **Manufacturing Industry,** which includes a number of industries such as engineering, the woodworking industry, the automotive industry and the process industry.
2. The **Non-Manufacturing Industry** with applications in medical, agriculture and energy management, infrastructure and the food industry.
3. The **Surveillance Market** as the largest growth sector, which also includes inter alia traffic and security technology and defence.

Our goal in these three sectors is to use innovations and customised solutions to constantly expand our customer base.

Revenues by customer industry in percentages



1. Machine engineering	**31 %**
2. Automobile industry	**22 %**
3. General manufacturing industry	**12 %**
4. Process industry	**3 %**
1. Health	**8 %**
2. Energy	**4 %**
3. Infrastructure	**4%**
4. Science & Education	**3 %**
5. Transport & Logistics	**3 %**
6. TIME rd.	**2%**
7. Agriculture & Forestry	**2 %**
1. Defense (Amour)	**3 %**
2. Traffic	**2 %**
3. Safety	**1%**

VISION SEGMENT

The **VISION** segment includes Allied Vision Technologies GmbH (AVT) and **LMI Technologies** Inc. (LMI).

AVT benefited in 2012 from strong camera trading significantly above the level of the previous year. Consistently high demand from Asia contributed in particular. The regional presence of AVT was further strengthened in October 2012 with the opening of a subsidiary company in China to be able to cultivate the strategically important market of Asia more intensively in future. AVT market entry in other emerging economies is in preparation. The growth rates in Europe and North America are higher than we expected.

The leading trade fair for Industrial imaging – VISION in Stuttgart – took place for the twenty-fifth time in November 2012. The AVT was present at the trade fair with a new, very lavishly set out stand with interactive camera demos and presented its strongly enhanced camera and technology portfolio with more than twenty new products. They included the new low-cost camera family Mako with GigE VISION and USB3 Vision interface as a highlight of the trade-fair appearance – the first AVT camera family available with two digital interfaces.

A further high point was the presentation of the Manta camera family, expanded with six new models in the high resolution range and the first industrial cameras that can deliver a resolution of up to 9.2 megapixel with the latest generation of CCD sensors. Designed specially for demanding applications outdoors or in traffic with varying light conditions and high fluctuations in temperature, the Prosilica GT family has seen the addition of four cameras with high-resolution CCD sensors.

LMI with registered office in Vancouver, Canada, has specialised in 3D imaging on a market that industry experts calculate will see uninterrupted growth of more than 20 percent per annum. LMI is one of the leading providers globally in the field of 3D-laser triangulation (optical 3D measurement). The main customers for LMI systems come from various vertical industrial markets, such as wood processing, tyre manufacturing and the automotive industry as well as from segments in non-manufacturing, such as road construction and agriculture. LMI has long-term relationships with large OEM customers in all these industries.

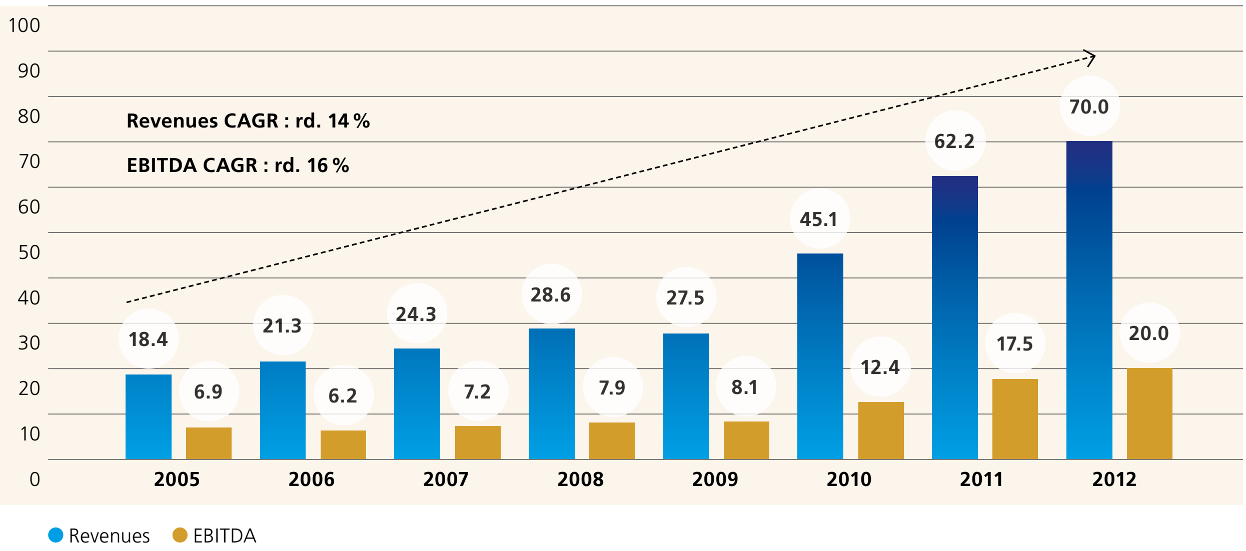
In 2012, LMI substantially expanded its GoCator product line originally introduced at the end of 2010 and presented the product innovations at VISION in Stuttgart. With the GoCator 33X0 series, for the first time a product family was introduced that builds on stereo vision technology and not laser triangulation as the other GoCator families from LMI. The user-friendly, flexible and fast GoCator sensors are a comprehensive 3D system which can be controlled and configured via any web browser. This allows fast installation along with simple and pleasant usage and handling. GoCator sensors are sold directly and via a global distribution network.

Turnover in the **VISION** segment rose on the previous year by 12.5 percent to EUR 70.0 million (previous year: EUR 62.2 million). The turnover in the fourth quarter of 2012 increased to EUR 15.9 million and was therefore 11.3 percent above the previous year (EUR 14.3 million).

The gross margin as of 31 December 2012 hit 53.9 percent and was therefore significantly above the previous year (previous year: 51.5 percent).

The profitability of the VISION segment is above average. The EBITDA increased to EUR 20.0 million, equal to growth of 14.3 percent compared to the previous year (EUR 17.5 million). The cumulative EBITDA margin was 28.5 percent (previous year: 28.1 percent).

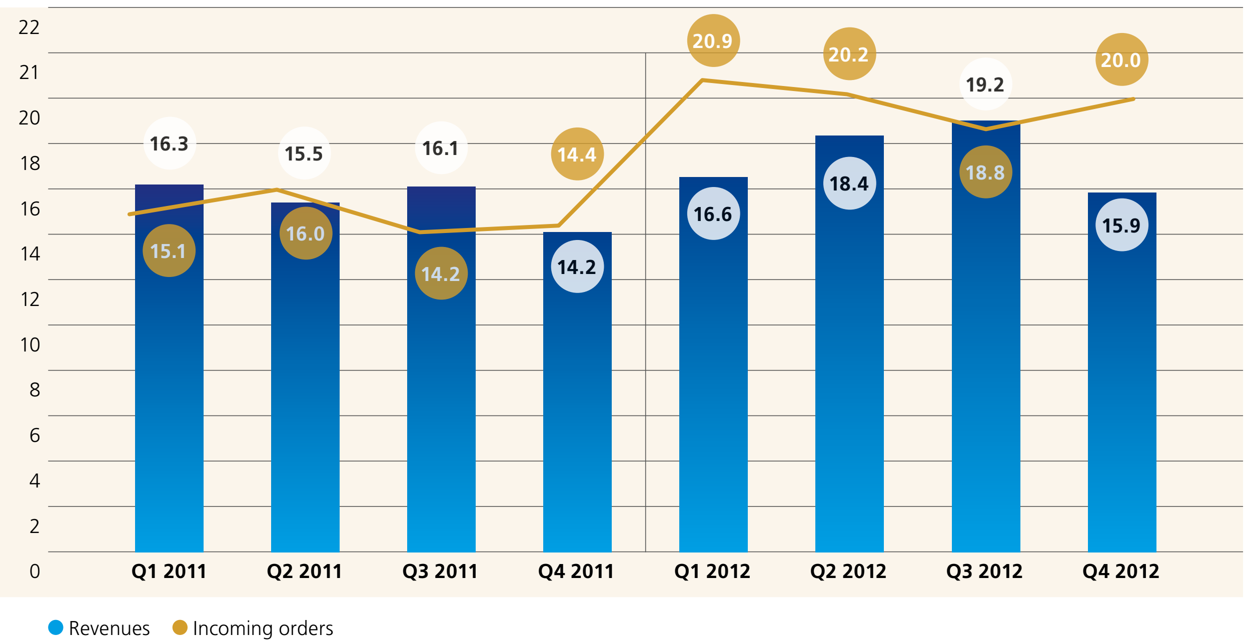
Revenues and EBITDA trends in the VISION segment in EUR million



Operating results following depreciations (EBIT) rose significantly by 16.8 percent to EUR 15.3 million (previous year: EUR 13.1 million), representing an EBIT margin of 21.8 percent (previous year: 21.0 percent).

Incoming orders were worth EUR 80.0 million, an increase of 33.8 percent on the previous year (previous year: EUR 59.8 million). The book-to-bill ratio was correspondingly high at 1.14 (previous year: 0.96) at the end of the year.

Revenues and order trends by quarter in the VISION segment in EUR million



As at 31 December 2012 the order backlog rose to EUR 21.8 million (previous year: EUR 13.3 million). Approximately 73.7 percent of the VISION order backlog is due for delivery in 2013.

VISION key figures

in EUR million	FY 2012	FY 2011	Change
Revenues	70.05	62.17	**+12.5 %**
Gross profit	37.78	32.05	**+17.9 %**
Gross margin	53.9 %	51.5 %	-
EBITDA	19.95	17.52	**+13.9 %**
EBITDA margin	28.5 %	28.1 %	-
EBIT	15.30	13.06	**+16.8 %**
EBIT margin	21.8 %	21.0 %	-
Incoming orders	79.98	59.76	**+33.8 %**
Order backlog	21.81	13.31	**+63.9 %**

OTHER BUSINESS UNITS

The **Other Business Units** segment includes **HE System Electronic** (HE) and the **Dewetron Group**. Both companies saw positive developments in their revenues and profitability.

The reorganisation undertaken now for several years at **HE** to create a system provider for power electronics paid off once again in the last business year: Following intensive preparation in previous years, an automotive supplier came on board as a new strategic major customer. From 2014, this may contribute to a substantial revenue increase. HE's existing major customers have in place new, long-term framework agreements.

To further improve production management, HE introduced a Manufacturing Execution System (MES) in 2012 which enables production to be managed, controlled and inspected in real time. In connection with the major project that was won, the new standard for safety-relevant electrical or electronic systems in road vehicles (DIN ISO 26262) was successfully implemented in 2012.

In the field of mobile measurement systems, **Dewetron** has developed revenues and profitability as planned. Our aim is to further develop the company internationally as a leading product manufacturer for high-frequency, dynamic measurements in special applications. Dependency on our main software supplier and the growing level of competition must be tackled to achieve that aim. Dewetron's strategic focus is on the most important core markets in Europe, as well as China and the USA.

Dewetron was represented by a comprehensive product range at a large number of trade fairs in 2012. Dewetron presented a new measurement device for forward collision warning (FCW) systems at the Automotive Testing Expo in Stuttgart.

In **Other Business Units**, cumulative sales revenues increased by 1.2 percent in 2012 to EUR 39.6 million (previous year: EUR 39.1 million). Turnover in the fourth quarter of 2012 at EUR 10.0 million remained below the level of the previous year (EUR 11.3 million). The gross margin improved for the whole year to 40.1 percent (previous year: 38.0 percent).

Profitability rose over-proportionately to revenues as a result of the merely moderate increase in structural costs. The EBITDA rose to EUR 4.5 million, equivalent to a rise compared to the previous year (EUR 4.3 million) of 5.8 percent. The EBITDA margin was 11.3 percent (previous year: 10.9 percent). Earnings before interest taxes (EBIT) fell to EUR 0.6 million (previous year: EUR 3.8 million), as a result of the write-down of the goodwill of the Dewetron Group of EUR 3.2 million in 2012. The EBIT margin (1.6 percent) was therefore significantly below the level of the previous year (previous year: 9.6 percent). Without the one-time item of the goodwill adjustment, the earnings before interest and taxes (EBIT) would be EUR 3.8 million and therefore at the level for the previous year.

Incoming orders at the end of 2012 totalled EUR 35.7 million and was therefore 25.0 percent below the previous year (EUR 47.5 million). The book-to-bill ratio was at a low 0.90 at end of year. The order backlog at the end of the reporting period was EUR 21.6 million, a fall of 16.9 percent (previous year: EUR 26.0 million). At least EUR 6.7 million of the order backlog is due for delivery in 2013. The somewhat weaker figures show that HE and Dewetron faced a tougher fight under the general economic conditions in the second half of 2012 than the companies in the VISION segment.

Key figures for Other Business Units

in EUR million	FY 2012	FY 2011	Change
Revenues	39.59	39.14	**+1.2 %**
Gross profit	15.86	14.86	**+6.7 %**
Gross margin	40.1 %	38.0 %	-
EBITDA	4.49	4.25	**+5.6 %**
EBITDA margin	11.3 %	10.9 %	-
EBIT	0.62 *	3.76	**-83.5 %**
EBIT margin	1.6 %	9.6 %	-
Incoming orders	35.65	47.55	**-25.0 %**
Order backlog	21.58	25.96	**-16.9 %**

* incl. non-recurring effect due to adjustment of goodwill amounting to EUR -3.2 million

2.2 FINANCIAL POSITION

KEY FEATURES AND OBJECTIVES OF FINANCIAL MANAGEMENT

With an equity ratio of 84.3 percent, the balance sheet ratios at the end of the 2012 financial year are excellent for a medium-sized company. We have an attractive credit rating as well as favourable financing conditions with all banks.

FINANCIAL MANAGEMENT

As of 31 December 2012, AUGUSTA had **cash and cash equivalents** of EUR 56.0 million (previous year: EUR 65.9 million); equivalent to EUR 7.13 per share eligible for a dividend. Following the Annual General Meeting 2012 and the special redemptions agreed contractually and carried out on 30 September 2012, cash was below the level at the end of 2011. When investing surplus liquidity, short-term and risk-free availability takes precedence over maximising income.

The **interest-bearing liabilities** (long- and short-term bank liabilities) as of 31 December 2012 were EUR 4.3 million (previous year: EUR 23.2 million). These liabilities were considerably reduced in the second half of 2012 by special redemptions of the Group as well as the subsidiaries.

The Group's **net liquidity** increased to EUR 51.7 million on the reference date (previous year: EUR 42.7 million).

CASH FLOW CONSIDERATION

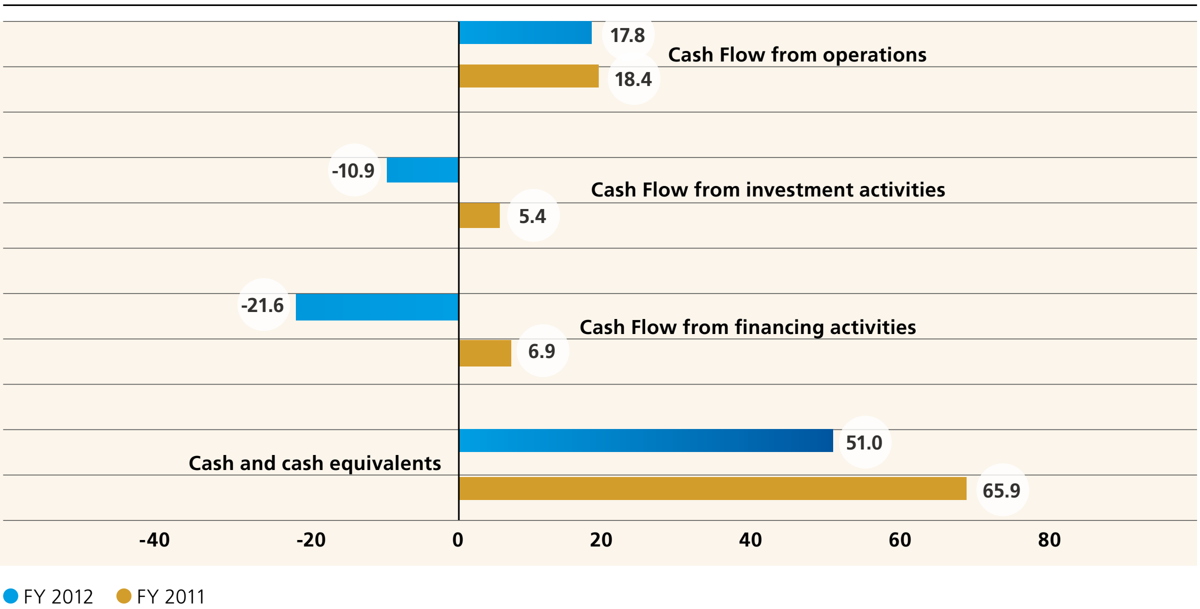
Cash Flow from operations totalled EUR 17.8 million at the end of the financial year and was therefore slightly below the previous year (EUR 18.4 million).

The **Cash Flow from investment activities** reached a figure of EUR -10.9 million at the end of the reporting period (previous year: EUR 5.4 million). This figure includes an earn out payment in connection with the acquisition of LMI.

The **Cash Flow from financing activities** as of 31 December 2012 was EUR -21.6 million (previous year: EUR 6.9 million). This figure includes the reduction of liabilities in line with agreements, the special redemptions exercised and the dividend paid out.

The **free Cash Flow** at the end of 2012 was EUR 6.9 million (previous year: EUR 23.8 million).

Overview of Cash Flow in EUR million



INVESTMENTS, AMORTISATION AND DEPRECIATION

Investments are made for capacity expansion and for compensating and streamlining measures in both segments (VISION and Other Business Units) to secure our leading market position for the long term, to develop new application areas and to further expand our existing product portfolio. These investments are primarily financed from the Cash Flow from operations. In the financial year 2012, a total of EUR 2.6 million was invested in intangible assets (previous year: EUR 2.2 million) with EUR 3.0 million invested in property, plant and equipment (previous year: EUR 3.1 million).

AUGUSTA amortises intangible assets and depreciates property, plant and equipment using the straight-line method over their standard useful life. The amortisation of property, plant and equipment totalled EUR 1.5 million (previous year: EUR 1.4 million).

The amortisation of intangible assets totalled EUR 4.1 million (previous year: EUR 3.7 million). Of that amount, the amortisation of self-created intangible assets in 2012 increased slightly to EUR 0.6 million (previous year: EUR 0.5 million).

The amortisation of licences, software and brand names (Purchase Price Allocation (PPA)) at EUR 2.9 million was at the level for the previous year.

The goodwill of the Dewetron Group was written off at EUR 3.2 million.

2.3 ASSETS POSITION

ASSET AND CAPITAL STRUCTURE

As of 31 December 2012, the **balance sheet total** fell to EUR 181.2 million compared to the previous year (31 December 2011: EUR 200.3 million). This is primarily the result of planned and unplanned redemption of short- and long-term bank liabilities. We have also adjusted the goodwill of the Dewetron Group following the impairment test at the end of the year.

Key balance sheet figures

in EUR million	FY 2012	FY 2011	Change
Goodwill	56.77	60.21	**-5.7 %**
Cash and cash equivalents and other current financial assets	55.98	65.86	**-15.0 %**
Balance sheet total	181.18	200.26	**-9.5 %**
Net liquidity	51.68	42.69	**+21.1 %**
Equity ratio	84.3 %	72.8 %	-
Enterprise Value	129.22	67.25	**+91.9 %**

OVERVIEW OF BALANCE SHEET STRUCTURE

On the **assets side**, at EUR 56.8 million the goodwill was slightly below the end of the 2011 financial year (31 December 2011: EUR 60.2 million). Measured against equity the share of goodwill dropped slightly to 37.2 percent (31 December 2011: 41.3 percent).

Fixed assets including intangible assets fell compared to the previous (EUR 101.0 million to EUR 93.0 million. Current assets also fell significantly to EUR 88.3 million (31 December 2011: EUR 99.3 million).

Compared to 31 December 2011 (EUR 20.6 million), **working capital** increased only slightly to EUR 21.3 million. The expected rise resulted from the increasing business activities of AUGUSTA and the associated building of inventories with a view to the ability to deliver quickly. The ratio of working capital to revenues improved to 19.4 percent from 20.3 percent in the previous year.

At 71 days, the **days of working capital (DWC)** stood below the level at the end of the 2011 financial year (31 December 2011: 74 days).

The vendor loan granted in connection with the sale of the shares in the Sensortechnics Group to First Sensor AG, Berlin, in 2011 is stated under the item "Accruals and deferred income and miscellaneous current assets" in the balance sheet (31 December 2012: EUR 4.8 million). In the previous year, it was shown under the item "Financial assets". The loan will be redeemed on 30 April 2013.

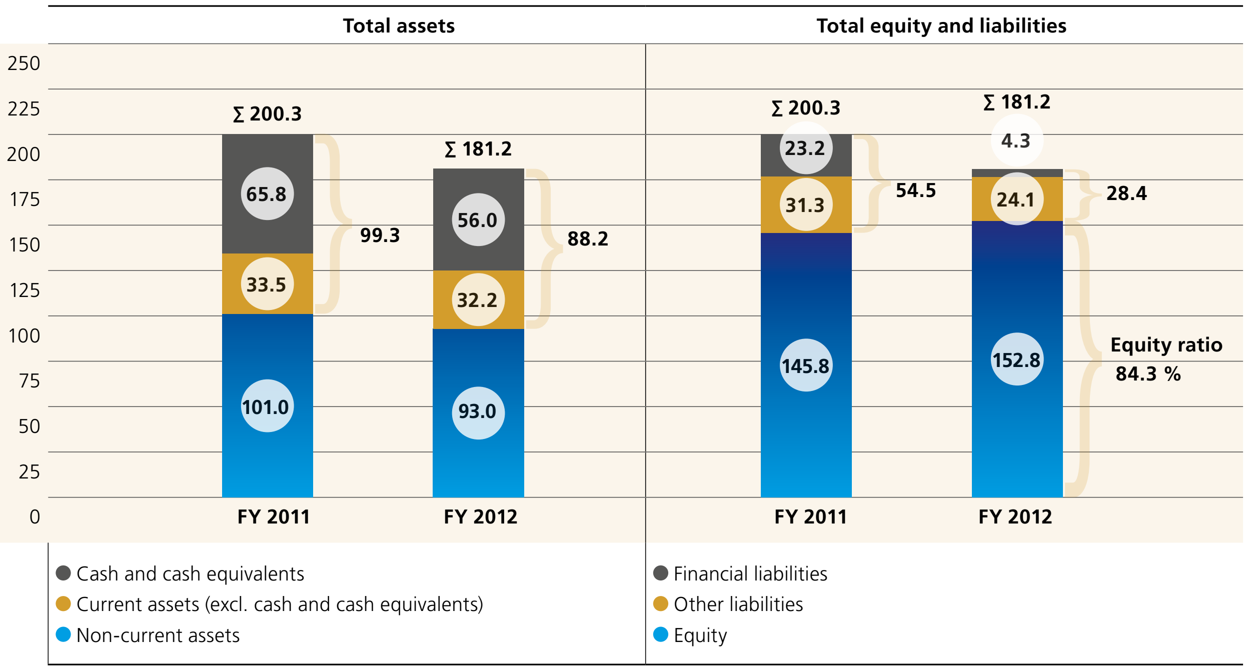
On the **liabilities side, equity capital** rose to EUR 152.8 million (31 December 2011: EUR 145.8 million) and the equity ratio increased to a very pleasing 84.3 percent (31 December 2011: 72.8 percent).

AUGUSTA continues to hold 843,551 **treasury shares** worth a total of EUR 13.2 million and that are deducted from equity. A total of 185,150 new shares were created through the exercise of share options in 2012 and the share capital was increased accordingly to 8,695,164 individual shares.

Current liabilities fell on the previous year to EUR 18.6 million (previous year: EUR 30.5 million). **Long-term liabilities** at EUR 9.8 million were also significantly below the level for the end of the financial year 2011 (EUR 24.0 million). In total, the interest-bearing bank liabilities totalled EUR 4.3 million as the result of redemptions and special redemptions (previous year: EUR 23.2 million).

The excellent **balance sheet ratios** are evidence of the soundness of the Group's finances and balance sheet.

Overview of the balance sheet in EUR million



ENTERPRISE VALUE

Existing treasury shares had a value of EUR 19.4 million at the end of the 2012 financial year (previous year: EUR 12.1 million). Taking into account the market capitalisation on the reference date of 31 December 2012 amounting to EUR 200.1 million (previous year: EUR 122.0 million) and the available liquid assets, the enterprise value is EUR 129.0 million (previous year: EUR 67.3 million).

	FY 2012	FY 2011
Number of shares issued in millions	8.70	8.51
Closing rate in EUR	23.01	14.34
Market capitalisation in EUR million	**200.19**	**122.03**
Number of treasury shares in millions	0.84	0.84
Deducted value of treasury shares in EUR million	**19.33**	**12.10**
+ Debts (short-term and long-term loans) in EUR million	4.34	23.17
- Cash and cash equivalents in EUR million	55.98	65.86
= Enterprise Value in EUR million	**129.22**	**67.25**

3. NON-FINANCIAL PERFORMANCE INDICATORS AND OTHER SUCCESS FACTORS

3.1 SUSTAINED AND RESPONSIBLE CONDUCT, ENVIRONMENTAL AND QUALITY MANAGEMENT

Sustainable economic management is the basic prerequisite for long-term success. Sustainability means positioning our company in a future proof manner and thinking about tomorrow today. Our strategic goal is to establish ourselves as the leading VISION technology company and to be a technology partner and product supplier to our customers around the world. At the same time we also accept our social and ecological responsibility. We strive to master the art of balancing economic success, social justice and ecological compatibility.

That is why we have defined uniform corporate values within the AUGUSTA group of companies that present our corporate philosophy and activities in a transparent and comprehensible way to the stakeholders involved. The five corporate values of **leading, open-minded, entrepreneurial, reliable** and **responsible** are enshrined as unifying all subsidiaries. The **Code of Ethics** based on those values is a compass for the conduct of all employees in the AUGUSTA Group world-wide.

We are constantly working to combine innovation and commercial success with the highest requirements in terms of quality and with the preservation of resources and the environment. We keep risks to the environment and any occupational health risks at a low level by storing hazardous substances appropriately, protecting from emissions and through qualified disposal of residual and special waste.

Any certification necessary for the market is implemented promptly and successfully in all Group companies with an eye on the requirements of our customers.

3.2 RESEARCH AND DEVELOPMENT

AUGUSTA's aim is to expand the broad product range to constantly improve the products and systems already on the market, and promote innovations. Following this approach, our customers benefit from increased efficiency and a continuous improvement in quality in their company processes and products. Close collaboration with our customers is essential in terms of innovative products that create value. In the 2012 financial year we considerably increased our expenditure on research and development compared with the previous year.

In the 2012 financial year the AUGUSTA Group invested EUR 8.2 million net in research and development across the group (previous year: EUR 6.3 million). This corresponds with 7.5 percent of consolidated revenues (previous year: 6.2 percent). In addition, EUR 2.1 million was capitalised in 2012 from new, innovative products (previous year: EUR 1.8 million). Depreciation occurs over 5 years.

The majority of these investments in research and development were made in the **VISION** core segment as in the previous year.

Allied Vision Technologies is constantly working on technical innovation and expanding the product range. Once again in 2012, the AVT Group brought out numerous new products, presented at the leading trade fair, VISION in Stuttgart. In 2013, we will further increased research and development activities.

LMI Technologies has successfully added to its GoCator product line, introduced originally at the end of 2010. Significant product additions to the multi-functional and intelligent 3D GoCator sensor family were presented at the leading trade fair VISION for the market segments Automotive and Rubber & Tyre in particular. Further development of this product family for the automotive, rubber & type and electronics industries will be the focus in 2013.

The research and development expenditure in the **VISION** segment was EUR 6.0 million in 2012 net; 8.5 percent of the segment turnover (2011: EUR 4.7 million; 7.6 percent of the segment turnover). Additional capitalisation in 2012 totalled EUR 2.1 million (previous year: EUR 1.8 million). The gross value of research and development expenditure was therefore EUR 8.1 million; 11.6 percent of the segment turnover (2011: EUR 6.5 million; 10.5 percent of the segment turnover).

The research and development expenditure in **Other Business Units** in 2012 was EUR 2.3 million and therefore 5.7 percent of the segment turnover (previous year: EUR 1.6 million; 4.0 percent of the segment turnover). Development expenses were not capitalised.

3.3 EMPLOYEES

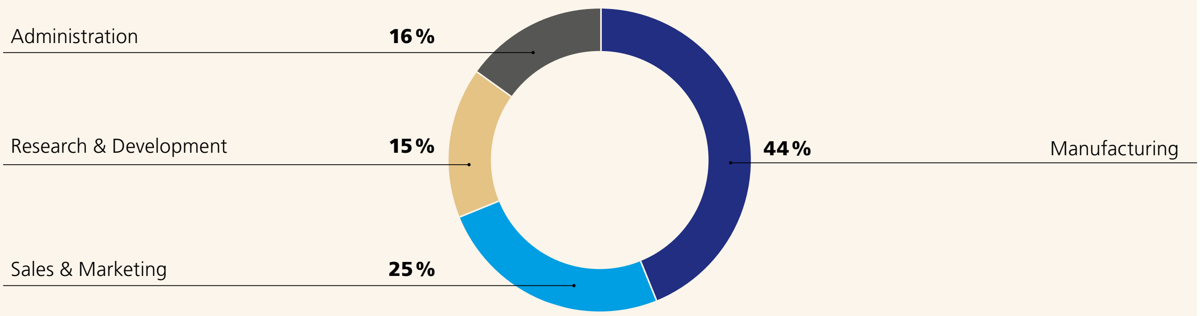
EMPLOYEE TRENDS

Highly-qualified and motivated employees are a prerequisite for securing a company's success over the long term.

As at 31 December 2012 the AUGUSTA Group had 531 employees (previous year: 481 employees). In the last year, we have added new employees in both segments, in particular in sales, development and production.

A total of 308 employees were employed in the core **VISION** segment at the end of the financial year (previous year: 271 employees). A total of 220 employees were employed in **Other Business Units** (previous year: 206).

Staff structure as of 31 December 2012



3.4 REMUNERATION REPORT

MANAGING BOARD

The Managing Board of AUGUSTA Technologie AG consisted of one person as of 31 December 2012: Berth Hausmann. Amnon F. Harman (formerly Chief Executive Officer) left the company on 31 August 2012 and Arno Pätzold (formerly Chief Development Officer) on 10 July 2012.

SUPERVISORY BOARD

The 3-person Supervisory Board includes Adi Seffer (chairman), Dr. Hans Liebler (vice-chairman) and Elling de Lange.

For personal reasons, Götz Gollan left his role on 11 August 2012. Elling de Lange was appointed as his successor for the period until the election at the next Annual General Meeting on 8 May 2013.

REMUNERATION REPORT

Under section 315, paragraph 2 No.4 of the German Commercial Code (HGB) AUGUSTA Technologie AG is under an obligation to present the key features of the company's remuneration system for the overall amounts stated in the notes. This applies both to the AUGUSTA Technologie AG financial statements as well as to the consolidated financial statements under IFRS.

The German Act on Appropriateness of Management Board Remuneration (VorstAG) came into force on 31 July 2009. This has transformed the German stock corporation regulations on management board remuneration on a series of points and thereby delegated the responsibility for setting management board remuneration exclusively to the Supervisory Board as a whole. The new rules were applied when extending the contracts of the members of the Managing Board (e.g. the excess for D&O insurance).

Supervisory Board

In 2008 the Annual General Meeting of AUGUSTA Technologie AG revised the remuneration system for the Supervisory Board. In line with the recommendations in the German Corporate Governance Code, the remuneration comprises fixed and variable components and distinguishes between the Chairperson and ordinary members. The variable components are based on both the annual profit for the last financial year and the sustained company performance, and incorporate the relative performance of the AUGUSTA share against the Technology All Share Performance Index in the overall calculation of the remuneration. The fixed remuneration for each member of the Supervisory Board is EUR 20,000 per annum. The Chairman of the Supervisory Board receives 1.5 times this amount. Each Supervisory Board member also receives a flat attendance fee of EUR 1,500 for each Supervisory Board meeting that he or she attends. This fee is reduced to EUR 750 per meeting if the Supervisory Board member can only attend the meeting by telephone conference and not in person. The variable component is capped at EUR 10,000 per Supervisory Board member.

Managing Board

The remuneration of the Managing Board consists of the non-performance related fixed salary and benefits in kind as well as performance-related variable remuneration. The fixed remuneration is set for all Managing Board members in accordance with German stock corporation requirements taking account of the usual market remuneration rate. The variable remuneration of the Managing Board members is based on the targets set out with the Supervisory Board in the relevant calendar year.

The Supervisory Board determines whether the targets have been met for the relevant financial year once the financial statements have been approved. The amount of the variable component is significantly below the fixed remuneration level. There is also a potential long-term performance-based component in the form of stock options.

From the share option programme 2012 passed at the Annual General Meeting on 16 May 2012, no options were issued last year. There are no pension commitments. The notes contain an overview of the total remuneration paid to the Managing Board and the Supervisory Board.

The company grants members of the Managing Board additional benefits usual for the market and the Group, some of which are regarded as benefits in kind and are taxed accordingly, such as in particular the provision of a company car or the awarding of D&O and accident insurance cover.

3.5 ACQUISITION-RELATED INFORMATION

Under section 315 paragraph 4 of the German Commercial Code (HGB), stock corporations listed on the Stock Exchange must provide the acquisition-related information stated there in more detail.

As the result of the exercise of a total of 185,150 share options, the share capital of AUGUSTA Technologie AG has increased from 8,510,014 to 8,695,164 shares and is divided into 8,695,164 no-par ordinary bearer shares, each with a notional value of EUR 1.00. Each share grants one vote and has the same rights and obligations.

The company holds 843,551 treasury shares which are not entitled to voting rights under section 71b of the German Stock Corporation Act (AktG). The member of the Managing Board and the Supervisory Board hold not shares. To the knowledge of the company's Managing Board and unless otherwise stated below, there are no other restrictions whatsoever relating to voting rights or the transfer of shares. Furthermore the Managing Board is not aware of any agreements between shareholders limiting voting rights or the transfer of shares.

Following the public takeover bid of the TKH Group, AUGUSTA Technologie AG, on the basis of the voting right notices it has received, now has two major shareholders who each hold more than 3 percent of the share capital. By share capital, the Dutch **TKH Group N.V.** has direct ownership of approximately 56 percent of AUGUSTA shares (without assignment of the treasury shares held by the company). The US hedge fund **Elliott** holds around 21 percent of AUGUSTA shares both directly and indirectly. For the remainder, reference is made to the overview under "G Other Disclosures" in the Notes to the Consolidated Financial Statements (disclosure in accordance with section 25(1) of the German Securities Trading Act (WpHG)).

On 3 April 2012 the Netherlands-based **TKH** announced its decision to make a voluntary public takeover bid for all outstanding shares of AUGUSTA Technologie AG. The first bid price was EUR 21 per AUGUSTA share. Following intensive discussion of the announced offer with the AUGUSTA Managing Board and Supervisory Board and once the offer conditions had been checked, TKH raised its bid price from EUR 21 to EUR 23 per AUGUSTA share on 25 April 2012. The new bid price of EUR 23 is equivalent to a premium of more than 28 percent on the AUGUSTA share price (closing price in Xetra on Tuesday, 3 April 2012) and a premium of some 40 percent on the weighted average stock exchange price for AUGUSTA shares over the three months before announcement of the bid under Section 10 (1)(1) German Securities Acquisition and Takeover Act (WpÜG).

On 11 May 2012 the TKH Group published the official bid documents authorised by the German Securities Acquisition and Takeover Act (WpÜG) on its website and in the electronic federal gazette. The Managing and Supervisory Boards of AUGUSTA Technologie AG issued a justified statement on the bid and the appropriateness of the bid price, which was published on the AUGUSTA website and in the electronic federal gazette on 15 May 2012 shortly after the bid document authorised by BaFin and completion of an independent fairness opinion by KPMG AG. Both committees assess the strategic objectives of TKH as very positive overall for AUGUSTA and its subsidiaries and consider the bid price of EUR 23 offered per AUGUSTA share to be appropriate. The Managing and Supervisory Boards of AUGUSTA Technologie AG therefore recommend that its shareholders accept the takeover bid.

The acceptance deadline for AUGUSTA shareholders originally ran from 11 May 2012 (day of publishing the bid document by TKH) to 8 June 2012. Shortly before expiry of the "bid phase", TKH announced on 6 June 2012 that it would extend the acceptance deadline by another two weeks until 22 June 2012. The amended bid document was published by TKH on 6 June, the update of the joint statement from the Supervisory and Managing Boards of AUGUSTA Technologie AG followed on 12 June 2012 – both documents were published on the relevant company websites and in the electronic federal gazette.

As part of extending the acceptance deadline, TKH dropped two key acceptance conditions. On the one hand, the acceptance threshold of originally 75 percent was reduced to 50 percent + 1 AUGUSTA share of the voting capital (basic capital less own shares). On the other hand, TKH waived the so-called MAC clause (material adverse change) which the TKH bid applied under the proviso that the German key index DAX does not fall by more than 1,500 points from the time of publishing the bid document (11 May 2012).

On expiry of the acceptance deadline on 22 June 2012, TKH reported on 27 June 2012 as part of a mandatory announcement under Section 23 (1)(1) No. 2 German Securities Acquisition and Takeover Act (WpÜG) an acceptance rate of 53.82 percent measured by the basic capital of AUGUSTA AG or 59.60 percent measured by the voting basic capital of AUGUSTA AG reduced in consideration of Section 71b German Stock Companies Act (AktG). Furthermore, TKH announced that all bid terms stated in the bid document are considered to be fulfilled.

The execution of the bid for the AUGUSTA shares delivered until the end of the acceptance deadline was carried out on 2 July 2012.

On 16 July 2012 TKH announced that, within the two-week additional acceptance deadline under Section 16 (2) WpÜG, the takeover bid for a total of 10,503 AUGUSTA share has been accepted. The total number of AUGUSTA shares held by TKH is therefore 4,690,092, equivalent to a shareholding of 53.94 percent measured by the share capital of AUGUSTA Technologie AG or 59.73 percent measured by the voting basic capital of AUGUSTA AG reduced in consideration of Section 71b German Stock Companies Act (AktG). Following further purchases, the proportion of share capital held by TKH in AUGUSTA Technologie AG rose to some 56 percent by end of year.

On 11 July 2012 the US hedge fund **Elliott** also reported ownership of 1,785,482 shares in AUGUSTA directly and indirectly. Measured by the share capital, that is equivalent to a shareholding of 20.53 percent or 22.74 percent measured by the voting basic capital of AUGUSTA AG reduced in consideration of Section 71b German Stock Companies Act (AktG).

AUGUSTA Technologie AG has neither furnished the holders of shares with special rights of any kind nor issued any shares that grant special rights or powers of control.

Employees have no shareholdings in the capital in which control rights are not exercised directly.

In accordance with sections 6 and 7 of the Articles of AUGUSTA Technologie AG the Managing Board consists of one or more persons. The Supervisory Board appoints the Managing Board members and determines their number, unless a particular number is provided mandatorily by law. The Supervisory Board appoints the Chair of the Managing Board. The Supervisory Board may appoint deputy members of the Managing Board. Sections 84 et seq. AktG apply in all other respects.

If only one Managing Board member is appointed, that member alone represents the company. If multiple Managing Board members are appointed, the company is represented by two Managing Board members or by one Managing Board member together with an authorised representative.

Amendments to the Articles of Association are governed by the legal regulations (Sections 119 sub-section 1 No. 5, 133, 179 sub-section 1 and 2 AktG). Furthermore under Section 17 No. 2 of the Articles of Association the Supervisory Board is authorised to make amendments to the Articles which affect the wording alone. There is a corresponding authorisation under Section 5 No. 8 of the Articles of Association for changes to the share capital in Section 5 of the Articles.

The company is authorised to purchase treasury shares of up to 10 percent of the share capital up to 11 May 2015. The details on this authorisation are provided in the draft resolution published under agenda item VI. in the Federal Electronic Gazette dated 31 March 2010.

Subject to the approval of the Supervisory Board, the Managing Board is authorised to increase the company's share capital once or multiple times until 14 May 2014 by up to EUR 4,217,757 by issuing up to 4,217,757 bearer shares (no-par value shares) against cash or non-cash contributions (Authorised capital 2009/I). Subject to the approval of the Supervisory Board the Managing Board is authorised to exclude the shareholders' statutory subscription right in certain instances. The details on this authorisation emerge from Section 5 No. 6 of the Articles of Association and the draft resolution published under agenda item VII. in the Federal Electronic Gazette dated 03 April 2009.

The Annual General Meeting held on 9 May 2008 approved the creation of conditional capital (conditional capital 2008/I) totalling a maximum of EUR 843,551.00 for the implementation of options from the 2008 stock option programme. The 2008 stock option programme tied the exercise of options provided as part of the stock option programme to holding shares in the company. The details are provided in the draft resolutions published under agenda item VII. or agenda item VII in the Federal Electronic Gazette dated 25 March 2008 or 31 March 2011 respectively. Following the exercise of options the conditional capital 2008/I was still EUR 583,901.00.

The Annual General Meeting held on 16 May 2012 approved the opening of the conditional capital 2008/I for the implementation of options from the stock option programme 2012. The details are provided in the draft resolution published under agenda item VII in the Federal Electronic Gazette dated 2 April 2012.

As of 31 December 2012, the following tranches were issued to members of the Managing Board, managing directors and executives of the AUGUSTA Group from the share option programme 2008:

1st Tranche: 115,300 option rights at an exercise price of EUR 14.63 in 2008

2nd Tranche: 161,000 option rights at an exercise price of EUR 8.08 in 2009

3rd Tranche: 230,400 option rights at an exercise price of EUR 11.23 in 2010

4th Tranche: 133,900 / 2,500 option rights at an exercise price of EUR 19.45 / 15.02 in 2011

No further options can be issued from the stock option programme 2008.

From the second tranche, a total of 75,600 options were exercised after the Annual General Meetings in 2011 and 2012. The share capital has increased accordingly.

After the Annual General Meeting 2012, the 184,050 options from the third tranche and a total of 1,100 options from the second tranche were exercised. The further options issued in the third tranche have expired due to the departure of the bearers from the company.

A total of 125,900 options from the fourth tranche are exercisable in 2013.

No options have yet been issued from the share option programme 2012 passed at the Annual General Meeting on 16 May 2012.

The company does not have any essential agreements that would take effect in the event of a change of control due to a takeover bid – so-called change of control provisions – or any compensation arrangements with members of the Managing Board or employees that would apply in the event of a takeover bid.

4. SUPPLEMENTARY REPORT

There were no events that affected the economic development of AUGUSTA Technologie AG after the reporting date of 31 December 2012.

5. OPPORTUNITY AND RISK REPORT

OPPORTUNITIES MANAGEMENT

The decentralised and regional organisational and corporate structure is used to identify, analyse and continuously communicate the trends, requirements and opportunities in fragmented markets in good time.

RISK MANAGEMENT

AUGUSTA Technologie AG's business activities are subject to various qualitative and quantitative risks. Qualitative risks are market risks and sales and procurement risks. Quantitative risks include internal risks related to revenues, results and liquidity developments.

The German Stock Corporation Act requires managing boards in companies to implement a risk management system. Any "developments which endanger the continued existence of the company" should be identified at an early stage by way of effective **risk management** (Section 91 sub-section 2 of the German Stock Corporation Act – AktG). AUGUSTA's risk management system has been developed into a forward-looking management system.

All risks are quantified into categories and their developments in the quarters discussed in close coordination with the company managers responsible. The risks are consolidated at group and sub-group level. The framework conditions and assessment systems are defined in a "Risk Management Handbook" applicable to the Group. Systematic identification, assessment, control and documentation of risks forms the basis for avoiding, reducing and hedging against risks and identifying opportunities. Joint measures for reducing risks are laid down following discussions with the relevant company managers. The Supervisory Board is informed of any major risks and in particular of any changes within the quarter at its meetings.

The existing group-wide **controlling system** was supplemented in mid-2008 with the introduction of consolidation software and its quality was systematically increased. Sub-group and group results are presented promptly and any necessary measures extrapolated, including at Group level. Achieving targets from plans is reviewed and managed within the framework of regular business-review meetings. The consolidation software implemented enables quick and precise statements to be made on the company's revenues, income and balance sheet and permits acquired companies to be incorporated effectively into the group-wide reporting structure.

The risk management system is an integral part of the company's overall control and reporting process.

There are no risks endangering the continued existence of the Group.

INTERNAL CONTROL SYSTEM

The introduction of the group-wide consolidation software increased the reliability of the Group's accounting and reporting considerably and significantly reduced the time needed to provide the monthly and quarterly results. An accounting handbook applicable to the whole Group is also available, guaranteeing uniform treatment of operational issues and compliance with internal requirements. The Group controller and the responsible managers of the companies are in regular contact.

The internal control system provides support with:

- achieving corporate-policy targets through effective and efficient management
- compliance with laws and regulations
- protecting business assets
- ensuring the reliability and completeness of internal and external accounting ensuring the reliability and completeness of internal and external accounting
- timely and reliable financial reporting.

5.1 OPPORTUNITY AND RISK REPORT FOR AUGUSTA TECHNOLOGIE AG

OPPORTUNITIES AND RISKS FROM PROFIT AND LOSS TRANSFER AGREEMENTS

AUGUSTA Technologie AG has entered into a profit and loss transfer agreement (PLTA) with Allied Vision Technologies GmbH which was supplemented by a control contract in 2009. AUGUSTA Technologie AG is under an obligation to absorb any (theoretical) operating losses at the affected subsidiaries should they occur.

AUGUSTA Technologie AG is dependent on receiving distributions from its operating subsidiaries to cover expenses of the holding and to pay dividends to shareholders.

TAX AUDIT

The last tax audit took place for the tax assessment period from 2004 to 2007.

LIABILITY IN CONNECTION WITH THE SALE OF INVESTMENTS

If subsidiaries are sold or the share in them is reduced below 50 percent then, in addition to providing the guarantees that are standard in the market, AUGUSTA may be forced to issue exemptions from certain company-specific risks as well as tax exemptions and to adjust goodwill where necessary. The risk is limited. In 2012, the goodwill of the Dewetron Group was adjusted by EUR 3.2 million following the impairment test.

5.2. OPPORTUNITIES AND RISKS IN THE SEGMENTS

Changes in the economic and business environment of the subsidiaries, exchange rate and interest rate fluctuations, the launch of new products, lack of acceptance of new products or services or changes in business strategy can have an impact on the risk outlook. These potential risk are discussed quarterly with the companies.

ECONOMIC RISKS

As a company that operates globally AUGUSTA is particularly exposed to developments in the global economy which are fraught with risk. The overall conditions of the global economy have become more difficult and unpredictable, with the overall economic risks becoming greater as a result. Politics, financial management and the real economy are closely interlocked. In contrast to this our international presence allows us to act more independently of regional crises. Our strongly differentiated product and customer structure also limits potential sales risks and the negative impact of economic influences. Key customer sectors such as medical technology, traffic technology and the food industry are only partially subject to general economic cycles.

Trends with incoming orders and sales revenues can be affected adversely by differing economic developments globally. As a result there may be a lack of demand with the associated negative consequences for revenues and results. As of today, we expect the market conditions to remain difficult, in particular during the first half of 2013; in the second half of the year, we anticipate a moderate recovery in the global economy. We expect the global economy to start moving again appreciably in 2014.

MARKET AND COMPETITION

Progressive focus on the VISION technology markets leads to a greater dependency on the economic situation in these market segments.

The ongoing trend for growth in the digital imaging market remains intact. The forecasts from market researchers and associations assume growth in all sub-segments in the coming years. Global economic slowdowns only affect the industrial imaging market where they are accompanied by reduced investments in equipment. AUGUSTA reduces the dependencies on trends in demand with its wide mix of industries, customers and products. The increasing proportion of sales with customers outside of traditional industrial production also reduces dependency on industrial customer segments. Our subsidiaries' ability to adapt to market changes is a strength.

In the past sales increases with good margins could be achieved with new products. In times of crisis we have made fewer losses in terms of revenues and results than other competitors. These factors increase the sustainability of our business model.

The intensity of competition in the VISION technologies market remains high and the competitors in the sub-segments are very different. A reduction in product lifecycles, increased exhaustion of technological potentials accompanied by competitive and price pressures can be seen in all the markets addressed.

Increased competitive pressure can lead to falling sales prices, pressures on margin and/or loss of market share. Constant observation of the market, the expansion of sales activities and channels to new target markets (functional and regional) as well as adaptation and broadening of the product range to incorporate changed market requirements – including through acquisitions – were all continued and accelerated in the 2012 financial year. In addition, we are even more closely oriented to our customers, reducing manufacturing costs and improving product quality.

FLUCTUATIONS IN MATERIAL PRICES AND AVAILABILITY

Unexpected fluctuations in prices combined with unpredictable material availability make it difficult to achieve planning security. No-one can counteract the increasing price trend in raw materials over the long term. Absorbing the sometimes extreme variations on the markets through capital-intensive inventories or reacting to developments in the procurement markets at short notice are becoming increasingly important. AUGUSTA buyers regularly explore alternative and more cost-effective sources of supply, to some extent including international sources.

In terms processed image sensors in the VISION technology segment there is a dependency on two large manufacturers.

Our measurement-technology applications depend essentially on one software supplier. This relationship is crucial for further development of the overall subsidiary. Organisational measure to reduce this dependency have resulted in a temporary increase in the cost structure and to an adjustment of the goodwill.

Any further dependency on trading partners and large customers is limited in its extent.

RESEARCH AND DEVELOPMENT EXPENSES

Innovation capabilities and rapid product development are essential factors in competition. Innovative products in line with market requirements are the basis for gaining market share. AUGUSTA continuously invests in new product developments based on market trends and discussions with customers. The subsidiaries capitalise development expenses for new and existing marketable products in accordance with IFRS.

The capitalised development costs are amortised over the scheduled selling period. If there is a delay in these products being ready for market or if they are not ready for market due to new technological developments, this may necessitate unscheduled amortisation which may adversely affect results.

The latest trends and standardisations for all product platforms are required in order to manufacture attractive products at attractive manufacturing costs with minimum maintenance expenditure.

PERSONNEL RISKS

Rapidly-changing technology markets place high requirements on the company's ability to adapt its capacities quickly and efficiently to fluctuating needs. We are able to balance out any fluctuations by way of a flexible working model.

The Group's ability to develop new products and technologies or to further develop existing ones and to distribute them successfully also depends on finding well-qualified staff and ensuring their loyalty to the Group over the long term. AUGUSTA meets this challenge through attractive employee development programmes and a stock option programme.

Management succession arrangements are also subject to significant risks in terms of the possible loss of knowledge from an important decision-maker. Our medium-sized companies are often characterised by a founder structure in which the company's management has served as the point of integration for employees and customers. AUGUSTA plans knowledge transfer and where necessary any management changes at an early stage. Particular importance is attached to staff procurement and staff development in the Group's growth strategy. Maintaining and increasing its appeal as an employer is very important to AUGUSTA.

RISKS IN WORKING CAPITAL

In the past the AUGUSTA Group only had to cope with negligible bad debts from individual customers or customer groups. There were no appreciable bad debts or individual allowances for bad debts in 2012.

The AUGUSTA subsidiaries built up their inventories for availability and security reasons in response to supplier bottlenecks. The intrinsic value of inventories was also analysed this year and the valuation allowances for inventories were lower than the previous year's level.

EXCHANGE RATE AND INTEREST RATE RISKS

We have global production and procurement sites at our disposal and have therefore created the conditions for partial relocations of production processes and optimisation opportunities and reduced dependencies on exchange rate fluctuations.

However, the AUGUSTA Group's growing international business activities do involve exchange rate risks in principle. We have centralised currency hedging at Group level and manage this with a focus on the future. AUGUSTA Technologie AG serves as the clearing office for our dollar surplus. There are currently no outstanding currency futures transactions.

ACQUISITION AND INTEGRATION RISKS

Acquisitions are carefully and systematically reviewed prior to signing the contract. A standardised M&A process has been put in place with particular focus on post-merger integration and due diligence.

AUGUSTA's balance sheet shows goodwill of EUR 56.8 million. The impairment test carried out at the end of the previous year identified the need for a write-down of the Dewetron Group by EUR 3.2 million as of the end of 2012. Impairments also cannot be ruled out completely in the future.

There is also the entrepreneurial risk that potential acquisitions do not develop as expected. The companies are incorporated promptly into the AUGUSTA Group's reporting, controlling and risk-management systems following acquisition.

FINANCING RISKS AT THE SUBSIDIARY LEVEL

Credit lines of subsidiaries may be terminated. The Group's existing liquidity and financial strength (credit rating) limit this risk considerably. A monthly liquidity forecast provides the decision-makers with an up-to-date picture of the current liquidity and financial situation.

QUALITY MANAGEMENT

The products of AUGUSTA Technologie AG are developed and produced with high-quality standards. Quality problems may occur in end products where components are bought in, are processed in AUGUSTA systems or generally where modules are produced by third parties, with these problems not necessarily being attributable to AUGUSTA's development and manufacturing processes. Suppliers and production partners are reviewed in accordance with strict criteria.

Internal quality controls help to uncover any potential defects. Risks are covered by central, inter-company insurance management (mandatory liability insurance, business interruption insurance). As of the end of 2012, there are no known product liability issues.

RISKS FROM LEGAL DISPUTES

All legal disputes from previous years have been amicably settled without any adverse effects on the company's results. There are no legal disputes in progress at the present time but they cannot be ruled out in the future.

6. FORECAST REPORT

ECONOMIC OUTLOOK

Key leading indicators point to a stabilisation of the global economy. The outlook from many market experts is restrained nonetheless, at least for the first half of 2013.

A rapid resolution of the debt crisis in Europe remains elusive and the economic momentum in the emerging economies has slackened in the face of the countervailing wind from Europe in the last year. Moderate growth will continue in the USA in 2013. In Germany, low growth of 0.5 percent is forecast.

Experts expect the economy to pick up appreciably no earlier than 2014. The volatility of the markets and the global risks are extremely high. The slightly optimistic general mood in the overall economy is tempered by strong uncertainty.

FOCUS ON GROWTH

Economic uncertainties and price fluctuations in raw materials and currencies will not be the only unknown factors for the AUGUSTA Group in 2013. Despite risks we continue to see solid development in most of our markets and for 2013 are expecting business to be geared to modest growth.

Resilient groups such as AUGUSTA stand out from the rest with their healthy balance sheet, moderate debt levels and substantial cash resources. The prospects for growth are more certain for companies operating globally.

Innovation and customer focus

We want to preserve and expand on the company's power for innovation. We will set new benchmarks with our products and establish our systems as the standard. We are a reliable partner in demand from our customers and a partner with whom they can work to develop customised products and solutions. Continuous expansion of our global service and sales business in all regions of the world is a central objective and an important driver of growth for the coming years. For us high customer satisfaction is the basis for successful and sustained corporate development.

Internationalisation

Expanding established markets and opening up new growth markets, however, are two of our challenges in the coming years. The most significant opportunities in the market currently are outside Europe, particularly in the emerging economies and in the US. German products, German technology and German know-how are more in demand here than ever before.

We know that it is important to have local representatives. It is the only way to open up and develop markets successfully. We are constantly expanding our local presence to support our customers. After opening a subsidiary last year in China, the focus in 2013 will be on market cultivation in Brazil. We are beginning to cultivate the market in India and Russia with local distributors.

We want to consolidate our position in the global markets and increase our market share with an expanded product range and additional skills in the Traffic automation market segment.

FOCUS GUARANTEES GROWTH AND PROFITABILITY

We are continuing to see above-average growth in the VISION segment. Nonetheless, we will also continue to develop HE Systems and the Dewetron Group with new projects and products.

Our new products and enlarged distribution structures support the aims we have set ourselves for 2013.

In both segments, we see potential synergies with the companies in the TKH Group that were still not exploited by the end of year. We see major opportunities for growth in particular in the fields of security and traffic automation in the VISION segment.

At present, the company's valuation is based on the takeover bid by the TKH Group in mid-2012. However, we will optimise our operations in 2013 to generate growth in revenues and maintain, as a minimum, the above-average profitability and earnings per share.

DIVIDEND POLICY

Irrespective of the changes in majority shareholdings during 2012, we are able to give new and existing shareholders a suitable share in the success of the company.

For 2012, we remain committed to our statement that we wish to distribute at least 30 percent of ordinary net group annual profits to our shareholders and therefore recommend that the Annual General Meeting on 8 May 2013 approves distribution of a **dividend totalling EUR 0.40 per share.**

OUTLOOK AND GUIDANCE

Following a extremely successful year in 2012, we are looking forward with cautious optimism to the current business year. Whilst we expect to see the market environment remain difficult in the first half of the year, we currently anticipate improvement in the second half of 2013.

In the **VISION** segment we expect an increase in revenues over the next few years of between five percent and fifteen percent each year. In **Other Business Units,** we anticipate turnover in 2013 slightly below the figure for the previous year; we only expect moderate growth to return in subsequent years. Profitability in 2013 and beyond in both segments will be similar to the high level seen in 2012.

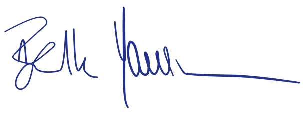
Overall, we expect the AUGUSTA Group as a whole to see **turnover** within the range of EUR 103 to 115 million and an **EBITDA** of between EUR 17 and 21 million.

Forecast interval

in EUR million	2012	2013 forcast
Revenues	109.6	103 bis 115
EBITDA	21.0	17 bis 21

AUGUSTA is fit for the future. We really believe it. Issues of corporate law in 2013 will not prevent us building on the successes in 2012 and continuing to develop the AUGUSTA Group positively for the benefit of all shareholders.

Munich, March 7, 2013



Berth Hausmann
Managing Board

Focus on the Essence

Alongside traditional industrial applications, VISION systems are increasingly of significance to Non-Manufacturing Industry. In this field, AUGUSTA supplies efficient solutions for use in medical technology, agriculture and forestry and energy, as well as science and education.

CONSOLIDATED FINANCIAL STATEMENT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Balance Sheet

Assets

in EUR thousand	Notes	FY 2012	FY 2011
Non-current assets			
Intangible assets	(1)	22,967	24,551
Goodwill	(1)	56,773	60,208
Property, plant and equipment	(1)	10,044	8,579
Non-current financial assets	(1)	0	4,750
Deferrend tax assets	(2)	2,111	1,634
Other non-current assets	(3)	1,055	1,289
Total non-current assets		**92,950**	**101,011**
Current assets			
Inventories	(4)	14,446	15,094
Trade account receivables	(5)	11,564	11,137
Receivables from related parties	(6)	51	110
Tax account receivables		231	1,030
Prepaid expenses and other current assets	(7)	5,961	6,015
Cash and cash equivalents	(8)	55,978	65,859
Total current assets		**88,231**	**99,245**
Total assets		**181.181**	**200.256**

Equity and liabilities

in EUR thousand	Notes	FY 2012	FY 2011
Equity	(9)		
Share capital		8,695	8,510
Capital reserves		58,788	56,704
Earning reserves		50,000	47,000
Current translation		7,248	7,958
Revaluation reserves		0	-136
Retained earnings		41,055	38,707
Treasury stock		-13,165	-13,165
Minority interest		154	204
Total shareholders' equity		**152,775**	**145,782**
Non-current liabilities			
Long-term loans, excluding current portion	(10)	1,969	11,574
Non-current post employment benefit-obligation	(11)	480	420
Other non-current liabilities	(12)	133	78
Deferrend tax liabilities	(2)	6,495	6,751
Other non-current liabilities	(13)	769	5,168
Total non-current liabilities		**9,846**	**23,991**
Current liabilities			
Trade accounts payable	(14)	4,775	5,622
Short-term loans and current portion of long-term loans	(10)	2,374	11,597
Other current financial liabilities	(15)	65	159
Income tax provisions and liabilities		1,679	1,380
Other current provisions	(12)	5,200	4,586
Other current liabilities		4,467	7,139
Total current liabilities		**18,560**	**30,483**
Total equity and liabilities		**181,181**	**200,256**

Statement of Comprehensive Income
January 1 to December 31, 2012

in EUR thousand	Notes	FY 2012	FY 2011
Sale revenues		**109,624**	**101,314**
Products		107,938	99,733
Services		1,686	1,581
Cost of sales		**-55,990**	**-54,398**
Products		-55,990	-54,398
Services		0	0
Gross profit		**53,634**	**46,916**
Sales and marketing expenses	(16)	-18,395	-16,296
Research and development expenses	(17)	-8,215	-6,270
General and administrative expenses		-11,057	-10,988
Other income and expenses	(18)	-3,455	-389
Profit from operations		**12,512**	**12,973**
Net income from associated companies		150	-4,373
Net interest income / expenses	(19)	-516	-1,340
Foreign currency exchange gains / losses		-749	-518
Other financial assets	(20)	2,063	-97
Net financial costs		**948**	**-6,328**
Profit before tax		**13,460**	**6,645**
Income tax expenses		-3,401	-2,054
Result from continued operations		**10,059**	**4,591**
Result from discontinued operations after tax		0	32,475
Profit for the year		**10,059**	**37,066**

in EUR thousand	Notes	FY 2012	FY 2011
Profit / loss attribute to minority interest		-111	-95
Profit for the year after minority interest		**9,948**	**36,971**
Currency adjustment		-710	4,691
Granting of stock options	(21)	193	325
Changes in derivate investments		188	292
Taxes on other total revenue		-52	-82
Additions third party share (after currency adjustment)		111	95
Other total income net of tax		**-270**	**5,321**
Total comprehensive income		**9,678**	**42,291**
Earnings per share (from DCO and minority interest) in EUR (undiluted)	(23)	1,29	4,85
Earnings per share (from DCO and minority interest) in EUR (diluted)	(23)	1,29	4,82
Earnings per share from discontinued operations in EUR (undiluted)	(23)	0	4,26
Earnings per share from discontinued operations in EUR (diluted)	(23)	0	4,23
Weighted averange shares outstanding in thousand		**7,727**	**7,617**

Consolidated Cash Flow Statement
for fiscal year 2012 (1)

in EUR thousand	FY 2012	FY 2011
Cash Flow from operating activities		
Consolidated results for the year	10,059	37,066
Adjustment to reconcile the consolidated annual net profit to Cash Flow from operating activities		
Depreciation of intangible assets	7,039	3,659
Depreciation of property, plant and equipment	1,489	2,352
Depreciation of financial assets	0	4,408
Profit (-) / loss (+) from sale of subsidiaries	48	-27,597
Profit (-) / loss (+) from disposal of intangible assets	122	0
Profit (-) / loss (+) from property, plant and equipment	-60	-2
Profit (-) / loss (+) from disposal of financial assets	-150	0
Other expenses and income not affecting payments	-1,524	325
Change to assets and liabilities		
Increase (-) / decrease (+) in deferred taxes assets	-609	-724
Increase (-) / decrease (+) in other non-current assets	230	185
Increase (-) / decrease (+) in inventories	542	-1,940
Increase (-) / decrease (+) in trade receivables	-692	462
Increase (-) / decrease (+) in receivables from affiliated companies	59	-51
Increase (-) / decrease (+) in prepaid expenses and other assets	1,090	987
Increase (+) / decrease (-) in other non-current financial assets	39	40
Increase (+) / decrease (-) in provisions for pension fund liabilities	60	-118
Increase (+) / decrease (-) in provisions	670	917
Increase (+) / decrease (-) in deferrend tax liabillities	-256	-96
Increase (+) / decrease (-) in trade payables	-827	-255
Increase (+) / decrease (-) in amounts owed to related parties	61	-46
Increase (+) / decrease (-) in liabilities and provisions for income taxes	299	-1,354
Increase (+) / decrease (-) in other current liabilities	111	201
= Cash Flow from operating activities	**17,800**	**18,419**

in EUR thousand	FY 2012	FY 2011
Cash Flow from investing activities		
Payments to invest in intangible assets	-2,558	-3,212
Payments to invest in property, plant and equipment	-3,000	-4,790
Proceeds from sale of property, plant and equipment	92	264
Proceeds from sale of financial assets	150	0
Proceeds from sale of subsidiaries (Sensortechnics Group)	4,510	0
Short-term investments of fixed-term deposits	-5,000	0
Payments to acquire subsidiaries minus liquid funds	-5,113	-30,950
Disposition Dewetron spol. s.r.o. Prague (previous year: Sensortechnics-Group)	-19	44,086
= Cash Flow from investing activities	**-10,938**	**5,398**
Cash Flow from financing activities		
Change in current financial liabilities	-9,432	6,181
Change in non-current financial liabilities	-9,605	3,578
Proceeds from (+) / payments to (-) shareholders	2,076	611
Dividend payments to minority interests	-4,672	-3,517
= Cash Flow from financing activities	**-21,633**	**6,853**
Increase / decrease in cash funds	**-14,771**	**30,670**
Effect of exchange rate changes	-110	974
Adjustment in cash funds due to consolidation	0	-548
Cash funds at the beginning of the fiscal year	**65,859**	**34,763**
Cash funds at the end of the fiscal year	**50,978**	**65,859**
Summary of cash funds		
Liquid funds	55,978	65,859
minus any fixed-term desposits contained therein with a residual term of more than three months	-5,000	0
Thereof Cash Flow from business divisions closed down	**50,978**	**65,859**
Cash Flow from operating activities	0	4,237
Cash Flow from investing activities	0	41,488
Cash Flow from financing activities	0	-3,563
Additional disclosures relating to Cash Flow		
Income taxes paid	1,042	1,889
Income taxes received	238	923
Interest paid	558	1,641
Interest received	439	301

Consolidated Cash Flow Statement
for fiscal year 2012 (2)

in EUR thousand	FY 2012	FY 2011
Additional disclosures		
Purchase of subsidiaries		
Goodwill	0	16,065
Intangible assets	0	17,676
Property, plant and equipment	0	245
Active deferred taxes	0	742
Inventories	0	4,846
Trade receivables	0	3,919
Miscellaneous	0	1,189
Liquide funds	0	4,748
Passive deferred taxes	0	-3,270
Trade payables	0	-2,328
Financial liabilities	0	-11
Provisions	0	-147
Provisions and liabilities from taxes	0	-683
Other liabilities	0	-190
Purchase price	**0**	**42,801**
Thereof expected future purchase price payments	0	-7,103
Liquid funds received	0	-4,748
Purchase price paid minus liquid funds received	**0**	**30,950**

in EUR thousand	FY 2012	FY 2011
Sale of subsidiaries		
Goodwill	0	14,057
Intangible assets	0	1,825
Property, plant and equipment	0	6,647
Financial assets	0	288
Active deferred taxes	0	199
Other non-current assets	4	58
Inventories	55	15,203
Trade receivables	184	5,824
Other current assets	2	572
Liquid funds	36	986
Passive deferred taxes	0	-142
Pension provisions	0	-285
Trade payables	-36	-4,352
Liabilities to related parties	-61	0
Financial liabilities	0	-10,964
Provisions	-1	-883
Provisions and liabilities from taxes	0	-649
Other liabilities	-50	-1,426
Minority shares	-89	-149
Consolidating entries	21	-81
Profit / loss on sale (before additional costs of sale)	-48	29,601
Purchase price	**17**	**56,329**
Minus earn out	0	-4,500
Minus vendor loan	0	-4,750
Liquid funds disposed of	-36	-986
Additional costs of sale	0	-2,007
Inflow of funds from sale of company minus liquid funds disposed of	**-19**	**44,086**

Consolidated Statement of Changes in Equity
January 1 to December 31, 2012

	Subscribed capital			
in EUR thousand	Capital Stock*	Amount	Capital reserves	Earning reserves
Closing balance as of January 1, 2011	**8,435,514**	**8,435**	**55,843**	**34,000**
Stock options	74,500	75	536	
Dividend				
Withdrawal from / addition to reserves				13,000
Derecognition of minority interests				
Total income			325	
Closing balance as of December 31, 2011	**8,510,014**	**8,510**	**56,704**	**47,000**
Closing balance as of January 1, 2012	**8,510,014**	**8,510**	**56,704**	**47,000**
Stock options	185,150	185	1,891	
Dividend				
Withdrawal from / addition to reserves				3,000
Derecognition of minority interests				
Total income			193	
Closing balance as of December 31, 2012	**8,695,164**	**8,695**	**58,788**	**50,000**

*The accounting par value of the shares throughout the period shown is set at EUR 1 per share.

Equity-difference from currency conversion	Revaluation reserves: Currency	Revaluation reserves: Cash Flow-Hedges	Net loss/profit	Treasury shares	Minority interest	Total equity
3,267	**-**	**(346)**	**18,153**	**(13,165)**	**359**	**106,546**
						611
			(3,417)		(101)	**(3,518)**
			(13,000)			**0**
					(149)	**(149)**
4,691		210	36,971		95	**42,292**
7,958	**-**	**(136)**	**38,707**	**(13,165)**	**204**	**145,782**
7,958	**-**	**(136)**	**38,707**	**(13,165)**	**204**	**145,782**
						2,076
			(4,600)		(72)	**(4,672)**
			(3,000)			**0**
					(89)	**(89)**
(710)		136	9,948		111	**9,678**
7,248	**-**		**41,055**	**(13,165)**	**154**	**152,775**

Statement of Changes in Non-Current Assets
in fiscal year 2012

in EUR thousand	Acquisition and manufacturing costs						
	01/01/2012	Changes in consoli-dation	Currency translation	Additions	Disposals	Reclassifi-cation	31/12/2012
I. Intangible assets							
1. Concessions, industrial property and samiliar rights and values and licences to such rights and values	27,667	-1	-219	216	-292	1	27,372
2. Goodwill from consoli-dation of capital	64,204		-234				63,970
3. Internally-generated intangible assets	4,345		-37	2,144	-110		6,342
4. Payments on account	12		1	198	-5	-1	205
	96,228	**-1**	**-489**	**2,558**	**-407**	**0**	**97,889**
II. Property, plant and equipment							
1. Land and buildings	6,019			132	-19		6,132
2. Technical equipment and machinery	6,589		-17	1,052	-476		7,148
3. Other equipment, operating and office equipment	5,112	-14	-24	1,216	-215	42	6,117
4. Construction in progress	20			109		-42	87
5. Payments on account	50			491			541
	17,790	**-14**	**-41**	**3,000**	**-710**	**0**	**20,025**
III. Non-current financial assets							
1. Investments in associated companies	4,373				-4,373		0
2. Participating interests	2,165						2,165
3. Other non-current financial assets	4,766				-4,750		16
	11,304	**0**	**0**	**0**	**-9,123**	**0**	**2,181**
	125,322	**-15**	**-530**	**5,558**	**-10,240**	**0**	**120,095**

Cumulative amortisation and depreciation								Carrying amounts	
01/01/2012	Changes in consoli-dation	Currency translation	Additions	Write-ups	Disposals	Reclassifi-cation	31/12/2012	31/12/2012	31/12/2011
5,999	-1	-69	3,249		-286		8,892	18,480	21,668
3,996			3,201				7,197	56,773	60,208
1,474		-3	589				2,060	4,282	2,871
								205	12
11,469	**-1**	**-72**	**7,039**	**0**	**-286**	**0**	**18,149**	**79,740**	**84,759**
1,864		-1	239		-18		2,084	4,048	4,155
4,054		-13	436		-472		4,005	3,143	2,535
3,293	-14	-13	814		-188		3,892	2,225	1,819
								87	20
								541	50
9,211	**-14**	**-27**	**1,489**	**0**	**-678**	**0**	**9,981**	**10,044**	**8,579**
4,373					-4,373			0	0
2,165							2,165	0	0
16							16	0	4,750
6,554	**0**	**0**	**0**	**0**	**-4,373**	**0**	**2,181**	**0**	**4,750**
27,234	**-15**	**-99**	**8,528**	**0**	**-5,337**	**0**	**30,311**	**89,784**	**98,088**

Focus on the Essence

The need for greater security is constantly growing. The **surveillance market**, which includes traffic automation, security and defense technology, is an important future market for AUGUSTA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS


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Notes to the Financial Statement

A THE COMPANY

The Group's parent company, AUGUSTA Technologie AG, Munich, is entered in the register of companies of the Munich district court under registration number HRB 169036 and registered address, Willy-Brandt-Platz 3, 81829 Munich/Germany.

AUGUSTA Technologie AG was established in 1991 as AUGUSTA Beteiligungs-Aktiengesellschaft to acquire, manage and sell investments in companies with strong growth, primarily in the field of information technology. Operational business activity began at the end of 1995. The first investment was acquired in mid-1996.

In the years since repositioning, the strategy of AUGUSTA Technologie AG has been to develop a market-leading position as a leading technology company in the long-term global growth niche markets of sensor components and systems, as well as of VISION Technology. Growth has been generated organically as well as via a focused buy-and-build strategy. In 2008, AUGUSTA Technologie AG successfully completed the sale of all portfolio companies that were not active in the core business fields of sensors and vision/automation technology. The acquisition of AVT Canada, Inc. (formerly Prosilica Inc.), Dewetron China Ltd., Hong Kong, and Dewetron America Inc., USA, marked the beginning of implementation of AUGUSTA's buy-and-build strategy. The existing Group portfolio was restructured and its international competitive position was strengthened as a result. AUGUSTA left the logistics automation business with the sale of DLoG GmbH, Germering in March 2010. The sales proceeds provided additional financial flexibility for acquisitions in the VISION segment.

A controlling interest in P+S Technik GmbH, Munich, was acquired in September 2010. AUGUSTA reduced its share in the company back to 50 percent at the end of August 2011. In March 2012, all shares in P+S Technik were sold to the majority shareholders of P+S Technik GmbH.

In October 2011, AUGUSTA sold a 100 percent share in Sensortechnics GmbH (based in Puchheim) and its subsidiaries, the Elbau Group and Klay, to Prime Standard-listed First Sensor AG.

AUGUSTA Technologie AG also took over LMI Technologies Inc., a company based in Vancouver, Canada, in May 2011. LMI Technologies is an innovative provider of optical 3D sensor solutions and is one of the world's leading providers in the field of 3D laser triangulation (optical 3D measurement).

In January 2011, AUGUSTA took over VDS Vosskühler GmbH, based in Osnabruck, via AUGUSTA's subsidiary company, Allied VISION Technologies. VDS primarily supplies OEM customers from the fields of industrial automation, medical technology, security automation and traffic automation with infrared, X-ray and digital cameras for specialised applications.

In January 2012, Dewetron Ges.m.b.H., Graz, sold its roughly 53-percent share in the distribution company Dewetron spol. s.r.o., Prague. This step went hand in hand with a focusing of the Dewetron Group on its strategically important key markets.

AUGUSTA Technologie AG is profiting from the unbroken trend from analogue to digital, the desire among customers to increase efficiency and a continually growing awareness of safety and quality.

AUGUSTA's subsidiaries are characterised by sustainable profitability and the lean organisational structure of a medium-sized company.

AUGUSTA companies sell products and solutions worldwide. International sales are at around 70 percent (previous year: 67 percent). Our subsidiaries are controlled strategically and financially by the parent company in Munich and acquisitions are implemented operationally. The parent company also acts as the interface with the capital market.

B CONSOLIDATED COMPANIES

Besides AUGUSTA Technologie AG, the 8 domestic and 12 foreign companies mentioned below in which AUGUSTA has a controlling financial interest are included in the financial statements.

a) Group companies consolidated on the basis of full consolidation

The companies included in the consolidation:

	Company	Registered office	Indirect share in capital in %	Direct share in capital in %	Investment held by
1	Allied Vision Technologies GmbH	Stadtroda	-	100.00	AUGUSTA Technologie AG
2	Allied Vision Technologies Inc.	Boston, MA/USA	100.00	-	Allied Vision Technologies GmbH
3	Allied Vision Technologies Asia Pte. Ltd.	D'Lithium/ Singapore	100.00	-	Allied Vision Technologies GmbH
4	Allied Vision Technologies (Canada), Inc.	Burnaby/China	100.00	-	Allied Vision Technologies GmbH
5	Allied Vision Technologies (Shanghai), Ltd.	Shanghai/China	100.00	-	Allied Vision Technologies GmbH
6	AUGUSTA Venture GmbH	Munich	-	100.00	AUGUSTA Technologie AG
7	AUGUSTA Verwaltung und Beteiligung GmbH	Munich	-	100.00	AUGUSTA Technologie AG
8	AUGUSTA Vision Beteiligungs GmbH	Munich	-	100.00	AUGUSTA Technologie AG
9	Dewetron Elektronische Messgeräte Ges.m.b.H.	Graz/A	-	100.00	AUGUSTA Technologie AG
10	Dewetron America Inc.	Wakefield, RI/USA	80.00	-	Dewetron Elektronische Meßgeräte Ges.m.b.H.
11	Dewetron China Ltd.	Hongkong/China	85.00	-	Dewetron Elektronische Meßgeräte Ges.m.b.H.
12	Dewetron Elektronische Messgeräte GmbH	Ostfildern	100.00	-	Dewetron Elektronische Meßgeräte Ges.m.b.H.
13	HE Hybrid-Electronic Beteiligungs GmbH	Veitsbronn	-	100.00	AUGUSTA Technologie AG
14	HE System Electronic GmbH & Co. KG	Veitsbronn	-	100.00	AUGUSTA Technologie AG
15	R.i.s.o. Haushaltswaren GmbH	Munich	-	100.00	AUGUSTA Technologie AG
16	LMI Technologies, Inc. (Canada)	Vancouver/CAN	-	100.00	AUGUSTA Technologie AG
17	LMI Technologies, Inc. (USA)	Detroit/USA	100.00	-	LMI Technologies, Inc. (Canada)
18	LMI Holdings BV	Heerlen/NL	100.00	-	LMI Technologies, Inc. (Canada)
19	LMI Technologies BV	Heerlen/NL	100.00	-	LMI Holdings BV
20	LMI Technologies Ltd.	Dublin/Ireland	100.00	-	LMI Holdings BV

The shares in Dewetron Praha spol. sro., Prague/CZE, were sold with effect from 1 January 2012.

Group companies not included in the consolidation

The following companies were not included due to lack of dominance and their immateriality in terms of the overall asset, financial and profit position of the Group:

	Company	Registered office	Indirect share in capital in %	Direct share in capital in %	Investment held by
1	Dewetron Italia	Parma/IT	10	-	Dewetron Elektronische Meßgeräte Ges.m.b.H.
2	Dewetron U.K. Ltd.	Buckland/U.K.	10	-	Dewetron Elektronische Meßgeräte Ges.m.b.H.

The shares in P+S Technik GmbH Feinmechanik (49.87 %) were sold with effect from 1 January 2012.

C SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

BASIS FOR FINANCIAL ACCOUNTING

The financial statements of AUGUSTA Technologie AG have been prepared in accordance with the regulations of the International Accounting Standards Board (IASB), London; the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC) have also been applied. The consolidated financial statements of AUGUSTA Technologie AG take into account all of the regulations of the International Financial Reporting Standards (IFRS) which were passed by 31 December 2012 and the application of which was obligatory, as applicable in the EU, and the additional regulations to be applied in accordance with section 315a (1) of the German Commercial Code (HGB).

Under section 315a of the German Commercial Code (HGB) in conjunction with Article 4 of the EU IAS regulation, parent companies on the capital market in Germany subject to reporting requirements must prepare their consolidated financial statements, due in accordance with section 290 HGB, in accordance with the regulations of the IFRS. The duty to submit consolidated annual financial statements under the IFRS in accordance with section 315a HGB in this regard is linked to the admission of securities of the parent company to listing on the regulated market. AUGUSTA Technologie AG meets these requirements and prepares consolidated financial statements in accordance with IFRS as required.

Furthermore, AUGUSTA Technologie AG applies the regulation of section 264b HGB, according to which business partnerships within the meaning of section 264a HGB are exempt from having to disclose their financial statements and management report. This means that the following company in the AUGUSTA Group is exempt from disclosure: HE System Electronic GmbH & Co. KG. AUGUSTA Technologie AG fulfils its obligation in terms of this company by publishing its own consolidated financial reports and consolidated management report in the electronic register of companies.

AUGUSTA Technologie AG applies section 264 (3) HGB for the company with a profit and loss transfer agreement (Allied VISION Technologies GmbH), according to which this company is likewise exempt from disclosing its financial statements and management report. AUGUSTA Technologie AG also fulfils its obligation in terms of this company by publishing its own consolidated financial reports and consolidated management report in the electronic register of companies.

Some items in the Statement of Comprehensive Income and on the balance sheet are combined for the sake of clarity and meaningfulness. These items are posted and explained separately in the notes. The Statement of Comprehensive Income is prepared using the function of expense method. The consolidated financial statements are in Euros. All amounts, unless expressly indicated otherwise, are stated in EUR '000. The consolidated financial statements are based on the historical cost principle and are prepared in accordance with the consolidation and accounting methods described below.

The HGB individual financial statement and management report of AUGUSTA Technologie AG, the IFRS consolidated financial statements of the AUGUSTA Group and the Group management report are published in the electronic Federal Gazette.

The audited consolidated financial statements as of 31 December 2011 were approved by the Supervisory Board on 12 March 2012. It is anticipated that the audited consolidated financial statements as of 31 December 2012 will be approved by the Supervisory Board on 11 March 2013.

CONSOLIDATION PRINCIPLES

The financial statements of the individual companies are prepared for inclusion in the consolidated financial statements in accordance with standard accounting principles. The balance sheet date is the same for all companies that are included.

Capital consolidation is performed in accordance with the so-called revaluation method by deducting the share of equity of the subsidiary from the cost of purchase at fair value at the time of first inclusion. The differences on the assets side which result from capital consolidation are initially allocated to the applicable consolidated sheet items and, if allocated to depreciable assets, depreciation is recorded in profit or loss over their useful life. Any remaining differences with regard to assets are accounted for as goodwill under intangible assets.

The loans, receivables and liabilities between the consolidated companies are offset against each other.

Revenue from inter-company sales and other internal Group revenues are offset against the corresponding expenditure. Inter-company profits are eliminated.

TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCY

Assets and liabilities of included foreign subsidiaries, whose functional currency is the applicable local currency, are converted into EUR at the reporting date exchange rate. Equity is converted at the historical exchange rate on the day of the transaction. The statements of comprehensive income of these foreign subsidiaries are included in the consolidated financial statements at the average exchange rate for the fiscal year.

CURRENCY CONVERSION

Transactions in foreign currency are recognised at the exchange rates valid at the time of the transaction. Currency is converted at the reporting date exchange rate at each balance sheet date for monetary assets and liabilities whose value is stated in foreign currency. Currency is converted at the time when the fair value was determined for non-monetary assets and liabilities which were valued at fair value and whose value is stated in a foreign currency. Profits and losses on exchange rates are recognised in profit and loss.

ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Preparation of the consolidated financial statements requires the Managing Board to make estimates and assumptions about facts and circumstances that impact on the sum of assets and liabilities in the consolidated balance sheet, items in the Statement of Comprehensive Income and the cash flow statement, and details in the explanatory notes. These estimates and assumptions may differ from actual facts and circumstances.

The carrying amounts of financial instruments generally correspond to their fair values.

RECOGNITION OF ASSETS AND LIABILITIES

An asset or financial liability is entered on the balance sheet upon conclusion of the contract. Financial assets and liabilities are derecognised when the contractual right or the contractual obligation is ended by payment, remission, limitation of time, offset, transfer or in any other way.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at cost of purchase or cost of conversion. Direct costs and directly allocatable parts of the indirect costs are included in the cost of conversion. Borrowing costs attributable to the purchase or production process are capitalised, if significant. Grants received from public funding programmes are treated as a reduction in the cost of purchase. Property, plant and equipment are in general depreciated linearly over the useful life of the assets.

Depreciation is based on the following useful lives:

	Years
Property	25 – 33
Fixtures and outside facilities	15 – 25
Technical equipment and machinery	2 – 19
Other tangible assets, operating and office equipment	1 – 20

INTANGIBLE ASSETS

Intangible assets include goodwill, patents, software, licences and similar rights, as well as self-created intangible assets (development costs). For accounting purposes, the regulations of IAS 38 Intangible Assets apply.

Goodwill

The goodwill created within the context of consolidation represents the excess of the cost of an acquisition of a company over the Group share, at fair value, of the identifiable assets and liabilities of a subsidiary, an associated company or a jointly managed company at the time of acquisition.

The goodwill is allocated to the applicable subsidiary as a cash-generating unit, recognised as an asset and tested for impairment annually as a minimum. Impairment is immediately recognised as an expense in the Statement of Comprehensive Income and is not revered again in following periods.

The impairment test for goodwill is usually carried out at the level of a cash-generating unit.

The impairment test is based on the evaluation of the recoverable amount. The recoverable amount is defined as the higher of fair value less selling costs and the value in use.

If the carrying amount of the cash-generating unit exceeds its recoverable amount, impairment is necessary, which is recognised in accordance with IAS 36.104.

The carrying amount of the cash-generating unit represents net assets and consists of the operating assets, i.e. assets necessary for operational business activity, plus uncovered hidden reserves (particularly goodwill) and less the liabilities resulting from operational activity.

While market-price procedures are primarily used to evaluate the fair value less the costs to sell, capital value procedures are used to evaluate the value in use.

The concept of weight-average capital costs (WACC after tax; IDW RS HFA 16, note 30) is applied to capital value procedures. Depending on the capital structure of the cash-generating unit, a capitalisation interest rate of between 7.99 percent and 10.75 percent (previous year: 7.80 percent and 8.53 percent) has been accounted for.

The following assumptions were made:

- Equity costs are calculated using the capital asset pricing model taking into account external factors derived from the market and amount to 10.75 percent (previous year: 8.78 percent). This rate was determined taking into account a risk-free base rate of 2.25 percent (previous year: 3.0 percent), a risk premium of 6.25 percent (previous year: 5.5 percent) and a specific beta factor for the line of business of 1.36 percent (previous year: 1.05).

- The value in use is always determined on the basis of the present value of the cash flow from three phases of growth. For phase 1 (3 years), the detailed planning adopted by management for the fiscal years is applied and also used for internal purposes. The selected planning period primarily reflects the following assumptions for short- to medium-term market developments: Sales trends, market shares and growth rates, cost of raw materials, cost of acquiring and retaining customers, personnel development and investments. The assumptions are mainly identified internally and primarily reflect past experience or are compared with external market values. For phase 2 (7 years), growth of 1 percent is assumed. This phase has been adjusted for special factors where applicable. For phase 3, a perpetual annuity is taken as basis. The assumed growth in this case is 1 percent.

If significant changes to the above assumptions arise in future, the fair values present from the cash-generating units would be affected.

Self-created intangible assets (development costs)

Development costs for newly developed products that involve analysis of technical feasibility and marketability are capitalised with the directly and indirectly attributable costs of conversion if the costs can be allocated clearly and if the technical feasibility and the marketability of the newly developed products are guaranteed (IAS 38). The development activity must also lead to future flows of capital with sufficient probability. Borrowing costs attributable to the production process are capitalised, if significant. Planned depreciation is based on the planned technical useful life of the products. The useful life is between 4 and 5 years. Research costs cannot be capitalised in accordance with IAS 38.

Patents, software, licences, bands and customer relationships

Patents, software and licences are recognised at amortised cost. The useful lives are between three and ten years.

The brands and customer relationships acquired during initial consolidation are recognised at amortised cost. The useful life is ten years for brands and eight years for customer relationships.

There are no other intangible assets with unlimited useful life in the AUGUSTA Group.

IMPAIRMENT OF NON-CURRENT ASSETS

Long-lived and intangible assets with limited useful life are tested for impairment if events or changes have occurred which indicate that the carrying amount of an asset cannot longer be realised. If facts and circumstances suggest that there is impairment, the carrying amount of the asset is compared with the present value of the future estimated revenue. If necessary, the asset is depreciated to the lower fair value.

OTHER FINANCIAL ASSETS

All other financial assets are recognised at cost of purchase plus incidental cost of purchase or at lower fair values.

INVENTORIES

Raw materials, supplies and goods are recognised at cost of purchase applying the lowest cost principle. Products are valued at cost of conversion. The cost of conversion comprises the material and manufacturing costs which have to be capitalised, in addition to the costs of manufacturing material and manufacturing wages. Interest on borrowing is capitalised, if significant.

The costs of purchase are allocated individually and the average cost method or the first-in-first-out method is used as allocation procedure.

Where inventory risks exist, appropriate deductions to inventory have been made. Impairments are recognised if the net realisable value falls below the carrying amount.

Other than customary retention of title, inventories are free from third-party rights. Inventories have in some cases been assigned as security for outside financing.

RECEIVABLES

Receivables are in principle recognised at their nominal value less valuation adjustments for expected bad debt losses. Global valuation adjustments are then only applied at the bad debt rates of previous years if the bad debt rates can be calculated and definitely proven. Value adjustments are recognised in the Statement of Comprehensive Income under Selling and marketing expenses. Non-interest bearing receivables are discounted.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Derivative financial instruments are only used to hedge against currency or interest risks. No pure trading activities without a corresponding business transaction have been entered into. Derivative financial instruments are only concluded with credit institutions that have a first-class credit rating in order to limit credit risks.

Derivative financial instruments are valued when they are first recognised and in subsequent balance sheets at their fair value. The fair value of a derivative financial instrument is the price for which an independent third party would assume the rights or obligations of the financial instrument from another independent party. Where possible, the fair values presented are calculated at the actual values that can be realised on the market. These correspond to the positive or negative market value for listed derivatives.

If a market value does not exist for a derivative financial instrument, the fair value is calculated as a theoretical value using recognised actuarial methods. It is recognised for the first time on the trade date.

Market value changes in hedging transactions that are used as cash flow hedges are recognised directly in equity in the revaluation reserve. The transfer to the Statement of Comprehensive Income takes place at the same time as the impact of the hedge underlying transaction on the revenue.

If there is no hedge relationship, the changes in value of the derivative financial instruments are recognised directly in profit or loss in the Statement of Comprehensive Income.

For more details on risk management strategies and their impact on the consolidated financial statements, see section F Risk Management.

CASH, CASH EQUIVALENTS & RESTRICTED CASH

Cash and cash equivalents include cash balances, current accounts with credit institutions, and short-term deposits and securities with original terms of up to three months.

Cash and cash equivalents which serve as security for liabilities to banks and which the company cannot dispose of are not included in the cash and cash equivalents, but are recognised as other non-current assets. For the purposes of the cash flow statement, restricted cash is not included in cash and cash equivalents, but is likewise shown with the other non-current assets.

TREASURY SHARES

Treasury shares held on the balance sheet date are deducted from equity as adjusted items at their cost of purchase. The capital reserve or retained earnings is adjusted by the amount of the profit or loss resulting from the sale when treasury shares are sold.

LIABILITIES

Liabilities are valued at the cost of purchase when they are first recognised and at amortised cost in the following years. Discounts are taken into account in the effective interest method.

NON-CURRENT POST-EMPLOYMENT BENEFIT OBLIGATION

The actuarial valuation of pension provisions is based on the projected unit credit method for retirement benefit plans prescribed in IAS 19 Employee benefits. Actuarial gains and loss are only offset against profit or loss if they are outside a bandwidth of ten percent of the scope of obligation. In this case, they are distributed over the future average remaining service of the workforce.

PROVISIONS FOR CONTINGENT LIABILITIES AND LOSSES

All other provisions take into account all the liabilities recognised on the balance sheet date hat are based on past events and whose amount or due date is uncertain. Provisions are only made if there is an underlying legal or constructive obligation vis-à-vis third parties. Provisions are recognised at their settlement value and not offset against claims for reimbursement. All non-current provisions are recognised at their discounted settlement value on the balance sheet date.

REVENUE RECOGNITION

Revenue is in principle recognised on the transfer of ownership of products or on the performance of services in accordance with the applicable agreed terms and conditions. Sales revenues take into account rebates, customer bonuses and discounts.

PRODUCT-RELATED EXPENSES

Sales-related expenses are recognised in profit or loss at the time they are incurred. Provisions for guarantees are made at the time of the sale of the products.

SELLING AND MARKETING EXPENSES

Advertising costs and all other selling and marketing expenses are recognised directly in profit and loss.

RESEARCH & DEVELOPMENT EXPENSES

Expenses incurred in connection with the development of new products and processes, including significant improvements and refinements of existing products as well as software development, are posted as an expense after they have been incurred, provided that no capitalisation is required. For the capitalisation of development costs, see 'Self-created intangible assets (development costs)' in this section.

STOCK OPTION PROGRAMME

The company recognises its stock options on the balance sheet using the fair value method. Accordingly, the personnel expenses are recognised over the vesting period of the option on the basis of the fair value of the option on the subscription date. The expense thus determined is possibly not representative for the corresponding costs of future reporting periods.

INCOME TAXES

For income tax accounting purposes, the regulations of IAS 12 Income taxes apply. All temporary differences between the values stated in accordance with IFRS and the tax base create deferred taxes (balance sheet procedure). Deferred tax claims from tax losses carryforwards and from tax relief for research and development costs are recognised, insofar as permitted by IAS 12. The valuation of deferred taxes is based on the currently applicable tax rates. Where applicable, valuation allowances are made for deferred tax assets depending on their future viability.

BASIC EARNINGS AND DILUTED EARNINGS PER SHARE

The basic earnings per share are determined from the weighted number of outstanding no-par value shares, including share-equivalent securities.

IMPACT OF NEW FINANCIAL ACCOUNTING PRINCIPLES

In fiscal year 2012, new standards, changes to existing standards and new interpretations were adopted.

These include the following:

a) Published standards and interpretations which, for the first time, are obligatory for the IFRS financial statements as of 31 December 2012:

Amendments to the standards:
- Amendments to IFRS 1 "First-time adoption of international financial reporting standards": Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective date 1 July 2011)
- Amendments to IFRS 7 "Financial Instruments: Disclosures": Information on transfers of financial assets (effective date 1 July 2011)

b) Published standards and interpretations which are not yet mandatory for IFRS financial statements as of 31 December 2012:

Amendments to the standards:
- Amendments to IAS 1 "Presentation of Financial Statements": Presentation of items of other comprehensive income (effective date 1 July 2012)
- Amendments to IAS 12 "Income Taxes": Deferred taxes - recovery of underlying assets (effective date 1 January 2013 ***)
- Amendments to IAS 19 "Employee Benefits": Abolition of the corridor method, presentation of the actuarial profits and losses, past service cost, interest cost and the expected return on plan assets (effective date 1 January 2013)
- Amendments to IAS 27 "Separate Financial Statements": Restriction of the regulations on individual financial statements (effective date 1 January 2014 **)
- Amendments to IAS 28 "Investments in Associates and Joint Ventures": mandatory application of the equity method (effective date 1 January 2014 **)
- Amendments to IAS 32 "Financial Instruments: Presentation": Offsetting financial assets and financial liabilities (effective date 1 January 2014)
- Other Amendments: IASB Annual Improvement Project 2009 - 2011 (effective date 1 January 2013) *
- Amendments to IFRS 1 "First-time adoption of international financial reporting standards": Government loans (effective date 1 January 2013) *
- Amendments to IFRS 7 "Financial Instruments: Disclosures": Disclosures-Offsetting financial assets and financial liabilities (effective date 1 January 2013)

New standards:
- IFRS 10 "Consolidated Financial Statements" (effective date 1 January 2014 **)
- IFRS 11 "Joint Arrangements" (effective date 1 January 2014 **)
- IFRS 12 "Disclosures of Interests in Other Entities" (effective date 1 January 2014 **)
- IFRS 13 "Fair Value Measurement" (effective date 1 January 2013)
- IFRS 9 "Financial Instruments" (effective date 1 January 2015) *

New interpretations:
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective date 1 January 2013)

* Not yet endorsed by the EU.
** Mandatory application for EU companies is postponed to 1 January 2014
*** Mandatory application for EU companies was postponed to 1 January 2013

Once the application of these new standards and interpretations becomes mandatory in the EU, the company will take them into account. There has not been any significant impact on the balance sheet and the all inclusive income statement. Following the amendments to IAS 19, the pension obligations increased by EUR 242,000 as of the balance sheet date. There are amendments and additions to the disclosure requirements in the notes.

D CHANGES IN THE CONSOLIDATED COMPANIES

The following changes took place in the group of consolidated companies in 2012:

- Sale of Dewetron Praha spal sro, Prague, CZE with effect from 1 January 2012
- Foundation of Allied Vision Technologies (Shanghai), Ltd., China

Dewetron Ges.m.b.H., Graz, AUT, with effect from 1 January 2012 sold its share (53.27 %) in the distribution company Dewetron Praha spal sro, Prague, CZE. In 2011 Dewetron Praha generated sales revenues totalling EUR 758,000 and achieved an EBIT of EUR 15,000.

Deconsolidation occurred on 1 January 2012. The assets at the date of deconsolidation were a total of EUR 281,000 and primarily consisted of current trade receivables of EUR 184,000 and case of EUR 36,000. The liabilities at the date of deconsolidation were EUR 216,000.

The fully collected sale price is EUR 17,000, so that there was a loss on sale of EUR 48,000. This loss is recognised under other expenditure.

E EXPLANATIONS

(1) NON-CURRENT ASSETS

The itemisation and development of the non-current assets are derived from the attached assets schedule.

Intangible assets/goodwill

The changes in intangible assets are the result of newly acquired software and licences for standard software, capitalised development costs as self-created intangible assets and goodwill. A total of EUR 2,558,000 was invested in intangible assets during the fiscal year (previous year: EUR 3,211,000).

This development is distributed across the divisions as follows:

in EUR thousands	Self-created intangible assets	Other intangible assets	
VISION	2,144	233	**2,377**
Other Business Units	0	181	**181**
Holding	0	0	**0**
	2,144	**414**	**2,558**

The scheduled amortisation of Intangible assets was EUR 3,839,000 (previous year: EUR 3,625,000). The goodwill of the cash-generating unit "Dewetron" (Other Business Unit segment) was value adjusted in 2012 by EUR 3.2 million during the impairment test in accordance with IAS 36, as its value in use did not cover the book value. This was primarily a consequence of impaired future prospects that are mainly the result of constantly increasing competition with one main supplier. A deviation from the underlying planning of 10 percent affects the determined value in use by EUR 0.7 million. A change in the discount rate by 1 percent affects the value in use by EUR 1.0 million. The value-adjustment cost is recognised in the statement of comprehensive income under the item "Other income/ expenditure". In the previous year, no depreciations were made on goodwill.

The recognised goodwill is primarily the sum of the goodwill from the AVT Group (EUR 32,255,000 previous year: EUR 32,174,000), the LMI Group (EUR 13,595,000 previous year: EUR 13,860,000) and the Dewetron Group (EUR 6,884,000 previous year: EUR 10,135,000).

Property, plant and equipment

The additions for property, plant and equipment of EUR 3,000,000 (previous year: EUR 2,994,000) relate primarily to technical equipment and machinery. The scheduled amortisation of tangible assets was EUR 1,489,000 (previous year: EUR 1,347,000).

Financial assets

The financial assets of the previous year relate to a loan to First Sensor AG. The loan is due in April 2013 and is therefore recognised under other short-term assets effective as of 31 December 2012.

(2) INCOME TAXES

The earnings before taxes on income were EUR 13,460,000 (previous year: EUR 6,644,000) and are approximately 25 percent below the rate of taxation in the Federal Republic of Germany.

The income tax expense consists of current and deferred taxes.

in EUR thousands	2012	2011
Current taxes in Germany	-1,641	-1,880
Current taxes abroad	-2,432	-954
Deferred taxes in Germany	46	313
Deferred taxes abroad	626	466
	-3,401	**-2,054**

A tax rate of 15.825 percent is assumed for corporation tax of companies domiciled in Germany, as in the previous year. The trade tax liability (municipal business tax) has been assessed on the basis of the individual tax rate per company. On average, a basic trade tax rate of 12.25 percent (previous year: 12.25 percent) has been assumed. The tax rates combined for 2012 are therefore 28.08 percent (previous year: 28.08 percent). Dividend payments of a public company to shareholders are 95 percent tax-free.

The following presentation highlights the key differences between the assessed tax expenses from corporation taxes plus solidarity surcharge and trade tax for the years 2012 and 2011 and the actual tax expenses:

in EUR thousands	2012	2011
Earnings before income taxes	13.460	6.644
Group tax rate	28,08 %	28,08 %
Assessed income tax expense	-3.780	-1.866
Increase (reduction) of tax expense by:		
Non-deductible operating expenses	-72	-153
Deviating tax rate in Germany and abroad	472	380
Taxes from previous years	-9	332
Effects from private companies	1	-43
Losses and profits from goodwill depreciations, associated companies and derecognition of liabilities from sales of participating interest without tax benefits (previous year: from associated companies)	-325	-1.225
Foreign tax credits related to research and development activities	840	549
Final withholding tax on foreign taxes	-410	-86
Items from trade tax additions and deductions	-20	-28
Miscellaneous	-98	86
Income tax expenses	**-3.401**	**-2.054**
Effective tax rate	25.3 %	30.9 %

Without the one-off items, the tax rate in both years is approximately 20 percent.

The following amounts are recognised in the consolidated balance sheet:

in EUR thousands	31/12/2012	31/12/2011
Deferred tax assets:		
from deductible differences	648	497
Foreign tax credits related to research and development activities	1,283	1,080
from tax losses carryforwards	180	57
	2,111	**1,634**
Deferred tax liabilities:		
from taxable temporary differences	6,495	6,751

Deferred tax assets and liabilities are accrued from the following items:

in EUR thousands	31/12/2012	31/12/2011
Deferred tax assets:		
Property, plant and equipment	41	31
Intangible assets	44	0
Foreign tax credits related to research and development activities	1,283	1,080
Inventories	119	81
Miscellaneous assets	43	23
Loss carryforwards	180	647
Cash flow hedge	0	53
Provisions and liabilities	401	309
	2,111	**2,224**
Value adjustments	0	590
	2,111	**1,634**
Deferred tax liabilities:		
Intangible assets	5,692	5,919
Property, plant and equipment	68	50
Financial assets/loans	675	671
Inventories	4	66
Receivables	2	4
Miscellaneous assets	24	23
Provisions and liabilities	30	18
	6,495	**6,751**
Deferred taxes (net)	**-4,384**	**-5,117**

The loss carryforwards from AUGUSTA Venture GmbH already written off in full in previous years lapsed following the change of majority shareholder in AUGUSTA Technologie AG in the 2012 financial year.

Deferred tax assets and liabilities are recognised in the balance sheet as follows:

in EUR thousands	31/12/2012	31/12/2011
Deferred tax assets:		
current	1,644	1,116
non-current	467	518
	2,111	**1,634**
Deferred tax liabilities:		
current	38	93
non-current	6,457	6,658
	6,495	**6,751**
Deferred taxes (net)	**-4,384**	**-5,117**

(3) OTHER NON-CURRENT ASSETS

The following facts and circumstances are recognised here:

in EUR thousands	31/12/2012	31/12/2011
Restricted cash	23	23
Miscellaneous other non-current assets	1,032	1,266
	1,055	**1,289**

Miscellaneous other non-current assets are corporation tax credits totalling EUR 1,032,000 (previous year: EUR 1,266,000) discounted at an interest rate of 4 percent, which have been paid back in ten equal instalments annually by the tax office to AUGUSTA since 2008. In 2012, the compound interest was EUR 59,000 (previous year: EUR 70,000). **Restricted cash** results from lease security deposits.

(4) INVENTORIES

in EUR thousands	31/12/2012	31/12/2011
Raw materials and supplies	7,277	7,941
Work and services in progress	4,436	3,745
Work and services completed	1,436	1,923
Prepayments made	5	-15
Trade goods	1,292	1,502
	14,446	**15,094**

No significant deductions were made to inventories apart from devaluations at the normal level in 2012.

(5) TRADE RECEIVABLES

in EUR thousands	31/12/2012	31/12/2011
Receivables neither overdue nor value-adjusted	**7,130**	**6,130**
Receivables overdue, but not individually value adjusted		
< 30 days	2,610	2,620
> 30 days	651	1,443
> 60 days	624	649
> 90 days	674	452
Total overdue receivables	**4,559**	**5,164**
Single value adjusted receivables	77	122
Gross trade receivables	**11,766**	**11,416**
Value adjustments	-202	-279
Trade receivables	**11,564**	**11,137**

On the closing date, individual valuation allowances totalling EUR 77,000 (previous year: EUR 122,000) and global valuation allowances totalling EUR 125,000 (previous year: EUR 157,000) were made.

(6) RECEIVABLES DUE FROM RELATED PARTIES

The current receivables of EUR 51,000 (previous year: EUR 110,000) are receivables from companies with which an investment relationship exists.

(7) ACCRUALS AND DEFERRED INCOME AND MISCELLANEOUS CURRENT ASSETS

in EUR thousands	31/12/2012	31/12/2011
Sales tax rebate	226	723
Receivables due from employees	12	0
Accruals and deferred income	431	389
Miscellaneous	5,292	4,903
	5,961	**6,015**

The other current financial assets primarily relate to a vendor load from the sale of the Sensortechnics Group (EUR 4,750,000). This loan was recognised in the previous year under Financial assets.

(8) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash balances and checking account credit balances denominated primarily in EUR, USD and CAD, as well as overnight money and time deposits.

(9) EQUITY

Share capital

Subscribed capital (share capital) is divided into 8,695,164 (previous year: 8,510,014) no-par ordinary shares with a calculated share in the share capital of EUR 1.00 each. Total share capital is EUR 8,695,164.00 (previous year: EUR 8,510,014.00). Following the conversion of share options, the share capital increased by EUR 185,150 in 2012 (previous year: EUR 74,500).

Authorised capital

Subject to the approval of the Supervisory Board, the Managing Board is authorised to increase the company's share capital once or multiple times until 14 May 2014 by up to EUR 4,217,757.00 by issuing up to 4,217,757 bearer shares (no-par value shares) against cash or non-cash contributions (Authorised capital 2009/I). In all cases a subscription right is to be granted to shareholders. The Managing Board is authorised to bar statutory shareholder subscription rights, subject to the approval of the Supervisory Board:

a) to adjust fractional amounts arising as a result of the subscription ratio, or

b) in the event of one or more capital increases against contributions in kind, especially in the form of companies or divisions, or

c) in the event of one or more capital increases against cash contributions, provided the issue price is not substantially below the market price of the shares and the proportional amount of the company's share capital, attributed to shares issued under exclusion of subscription rights, does not exceed 10 percent of the share capital, either at the time this authorization becomes effective or at the time it is exercised. The proportional amount in the share capital of the company is to be credited that falls to shares that were issued against cash on the basis of this authorisation under exclusion of subscription rights or were sold on the basis of an authorisation to use treasury shares in accordance with sections 71 (1) No. 8 sentence 5 and 186 (3) sentence 4 AktG under exclusion of subscription rights.

Contingent capital

The share capital of us contingently increased by up to EUR 843,551.00 by issuing up to 843,551 new no-par bearer shares (Contingent capital 2008/I). The contingent capital increase will only be implemented in accordance with the Stock option programme 2008 as per the decisions of the Annual General Meeting on 9 May 2008 and 12 May 2011 and, in accordance with the Stock option programme 2012 as per the decision of the Annual General Meeting on 16 May 2012, options have been issued, the bearers of the options are exercising their option right and the company grants none of its treasury shares to satisfy the subscription rights. The new bearer shares have a share of profits from the beginning of fiscal year in which they are issued.

A total of 185,150 (previous year: 74,500) no-par bearer shares were issued in 2012 from this capital. The contingent capital is therefore EUR 583,901.00 as of 31 December 2012.

Further information on the Stock option programme is provided under (21) Stock option programme 2008 and (22) Stock option programme 2012.

Treasury shares

The Annual General Meeting held on 12 May 2010 authorised the Managing Directors to purchase treasury shares totalling up to 10 percent of the share capital at the time of the decision up to and including 11 May 2015. As of 31 December 2012, 843,551 treasury shares were held, equalling 9.7 percent of share capital.

Treasury shares were valued at EUR 13,165,000, as in the previous year, using the cost method, in which treasury shares are deducted from equity at cost of purchase.

Reserves

in EUR thousands	01/01/2012	Change	31/12/2012
Capital reserves	56,704	2,084	58,788
Retained earnings	47,000	3,000	50,000
	103,704	**5,084**	**108,788**

The change in capital reserves of EUR +2,084,000 (previous year: EUR +861,000) is fully the result of the Stock option programme (see [21] Stock option programme 2008).

Foreign currency translation and revaluation reserve

in EUR thousands	01/01/2012	Change	31/12/2012
Foreign currency translation	7,958	-710	7,248
Cash flow hedges	-136	136	0
Total	**7,822**	**-574**	**7,248**

As part of the redemptions of bank loans (underlying transaction) undertaken during the financial year, the associated hedging transaction was also settled. The cash flow hedge is therefore dissolved as of 31 December 2012.

Appropriation of earnings

Pursuant to the rules governing stock corporations, dividend distributions to shareholders may be made from net retained earnings or other retained earnings per the AUGUSTA Technologie AG annual financial statements, calculated in compliance with German commercial code. Net profit of EUR 22,269,000 (previous year: EUR 23,607,000) is reported.

The Supervisory and Managing Boards recommended that a dividend of EUR 0.60 per share be paid with a total volume of EUR 4.6 million (previous year: EUR 3.4 million) at the Annual General Meeting on 16 May 2012. The dividend was distributed to shareholders on 17 May 2012.

The Supervisory and Managing Boards will propose payment of a dividend of EUR 0.40 per share at the Annual General Meeting 2013 (total volume: EUR 3.1 million).

Economic equity

The company's long-term strategy is to maintain a reasonable debt to equity ratio in terms of going-concern value to ensure continued access to debt capital at reasonable cost by maintaining a favourable credit rating.

in EUR thousands	31/12/2012	31/12/2011
Financial liabilities	4,343	23,171
Cash and cash equivalents	55,978	65,859
Net debt	**-51,635**	**-42,688**
Total capital	**152,775**	**145,782**

(10) FINANCIAL LIABILITIES

No financial liabilities classified as "held for trading purposes" are carried by the Group. As of 31 December 2012, the following non-current bank loans were outstanding:

in EUR thousands	31/12/2012	31/12/2011
Redeemable loans for financing corporate acquisitions	0	14,320
Miscellaneous	4,343	8,851
Non-current liabilities to banks	**4,343**	**23,171**
portion due short-term	-2,374	-11,597
Non-current liabilities to banks excluding portion due short-term	**1,969**	**11,574**

The non-current bank loans as of 31 December 2012 are due in the following fiscal years:

in TEUR	31/12/2012	31/12/2011
2012	0	11,597
2013	2,374	7,833
2014 - 2016	1,969	3,622
From 2017	0	119
	4,343	**23,171**

At the end of the year, the interest rate on non-current bank loans was between 1.10 percent and 4.35 (previous year: 4.35 percent to 5.95 percent).

(11) NON-CURRENT POST-EMPLOYMENT BENEFIT OBLIGATION

AUGUSTA employees at Dewetron Ges.m.b.H., Austria have claims to pension benefits. Completed years of service form the basis for the various pension plans. Benefits payable are principally based on average gross compensation over the last three years prior to retirement and the level of state pension benefits. Pension provisions are created in all cases to cover the financing of pension benefits.

Pension commitments and the necessary provision amounts to cover them are measured using the projected unit credit method prescribed by IAS 19 (Employee benefits).

The defined benefit obligation (benefit obligation based on projected salary levels) has changed as follows:

in EUR thousands	2012	2011
Defined benefit obligation (DBO) on 1 January	648	1,783
Reclassifications/change in scope of consolidation	0	-1,314
Service cost	41	44
Interest cost	28	25
Actuarial gains (+)/losses (-)	5	-11
Pension benefits paid	0	0
Defined benefit obligation (DBO) on 31 December	**722**	**527**

Pension provisions are based on the defined benefit obligation as follows:

in EUR thousands	31/12/2012	31/12/2011
Defined benefit obligation	722	527
Unrealised actuarial gains (+)/losses (-)	-242	-107
Plan assets	0	0
Carrying amount	**480**	**420**

The following table tracks the change in the defined benefit obligation and the plan assets:

in EUR thousands	2012	2011	2010	2009	2008
Defined benefit obligation (DBO)	722	527	1,783	867	862
Plan assets	0	0	103	87	81
Underfunding	**722**	**527**	**1,680**	**780**	**781**

The pension expense breakdown is as follows:

in EUR thousands	2012	2011
Service cost	41	44
Interest cost	28	25
Actuarial gains (+)/losses (-)	5	-11
	75	**58**

The service cost is recognised in the Statement of Comprehensive Income under personnel expenses. The interest cost is recognised separately under net financial costs.

No cash outflows for pension payments are expected for the next fiscal year (as in the previous year).

The Austrian pension insurance tables (AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversicherung - Pagler & Pagler, Angestelltenbestand) were applied for computation, as well as the following assumptions:

in %	2012	2011
Interest rate	3.6	5.0
Salary trend	3.0	3.0
Rate of pension progression	1.5	1.5
Fluctuation	0	0

(12) OTHER PROVISIONS

in EUR thousands	01/01/2012	Change in consoli-dated companies	Currency translation	Used	Reversal	Additions	31/12/2012
Current provisions							
Warranty provisions	**1,457**	0	-6	-222	-733	816	**1,312**
Personnel provisions	**426**	0	-13	-279	-169	506	**471**
Advisory/auditing expenses	**268**	0	-2	-472	-177	998	**615**
Outstanding invoices	**250**	0	0	-89	-161	881	**881**
Miscellaneous	**2,185**	-1	14	-1,823	-749	2,295	**1,921**
	4,586	**-1**	**-7**	**-2,885**	**-1,989**	**5,496**	**5,200**
Non-current provisions							
Distribution provisions	**0**	0	0	0	0	0	**0**
Personnel provisions	**78**	0	0	-10	0	65	**133**
	78	**0**	**0**	**-10**	**0**	**65**	**133**
Total provisions	**4,664**	**-1**	**-7**	**-2,895**	**-1,989**	**5,561**	**5,333**

Provisions for warrantees cover risks from obligations on an individual and as flat basis. The respective flat risk provisions were created at a percentage of sales under warranty.

(13) OTHER NON-CURRENT LIABILITIES

in EUR thousands	31/12/2012	31/12/2011
Derivative financial instruments	0	188
Other non-current financial liabilities	148	125
Miscellaneous	621	4,855
Total	**769**	**5,168**

Other non-current financial liabilities refer to rental and leasing liabilities. As of 31 December 2011, "Miscellaneous" primarily recognised the earn out provisions from the LMI Technologies purchase contract for 2013.

(14) TRADE ACCOUNTS PAYABLE

in EUR thousands	31/12/2012	31/12/2011
Trade accounts payable	4,626	5,533
Liabilities from advance payments received	149	89
Total	**4,775**	**5,622**

(15) OTHER CURRENT LIABILITIES

in EUR thousands	31/12/2012	31/12/2011
Tax liabilities	162	716
Employees	454	495
Holiday pay, overtime and premiums	2,964	2,063
Deferred income	45	42
Social insurance contributions	97	133
Miscellaneous	745	3,689
Total	**4,467**	**7,138**

The miscellaneous other liabilities primarily relate to employee bonuses and obligations from the earn out provision to the vendors of LMI Technologies Inc, Vancouver, Canada.

(16) SELLING AND MARKETING EXPENSES

in EUR thousands	2012	2011
Trade show & exhibition costs	835	474
Advertising costs	1,007	923
Travel costs	983	808
Personnel costs	8,633	7,888
Other selling and marketing costs	6,937	6,203
Total	**18,395**	**16,296**

(17) RESEARCH AND DEVELOPMENT EXPENSES

Research & development expenses break down by segment as follows:

in EUR thousands	2012	2011
VISION	5,973	4,710
Other Business Units	2,242	1,560
Total	**8,215**	**6,270**

Research and development costs were reduced due to capitalisation of development efforts totalling EUR 2,144,000 (previous year: EUR 1,813,000). The figures include scheduled depreciation on previously capitalised development costs of EUR 589,000 (previous year: EUR 496,000).

(18) OTHER INCOME / EXPENSES

in EUR thousands	2012	2011
Other income	950	215
Other expenses	-4,405	-606
Total	**-3,455**	**-389**

Of the other expenditure, EUR 3,201,000 relates to the value adjustment of goodwill.

(19) NET INTEREST INCOME / EXPENSES

in EUR thousands	2012	2011
Interest income	434	301
Interest expenses	-950	-1,641
Total	**-516**	**-1,340**

Interest income totalling EUR 59,000 (previous year: EUR 70,000) represents interest on corporate tax credit balances.

(20) OTHER FINANCIAL ASSETS

The other financial assets primarily cover the adjustment of the earn out payment in connection with the acquisition of LMI Technologies Inc., Canada.

(21) STOCK OPTION PROGRAMME 2008

Pursuant to the resolution of the Annual General Meeting of 9 May 2008, subscription rights to no-par bearer shares of AUGUSTA Technologie AG will be issued from the stock option programme 2008 in four tranches each, with two possible individual tranches up until 8 May 2013.

The subscription rights that are issued to management and directors of AUGUSTA Technologie AG and associated companies can be exercised after a waiting or "vesting period" of two years within an exercise period of another five years at predetermined times. Each subscription right grants the bearer the right to subscribe to one no-par value share of AUGUSTA Technologie AG against payment of a strike price.

Depending on the respective annual growth of the EBITDA by 6 percent, 50 percent or 100 percent of the subscription rights can be redeemed. The persons so entitled must hold shares amounting to at least 5 percent of the approved share volume in their own inventory without interruption from the time of the approval of subscription rights.

Subscription rights are neither transferable nor sellable – other than in inheritance cases – and expire without replacement at the end of the term.

Owing to the failure to achieve vesting in fiscal years 2008 and 2009, the options of the first tranche have expired. Owing to the failure to achieve vesting in fiscal year 2009, 50 percent of the share options of the second tranche have also expired. The remaining half of the options could be exercised for the first time in 2011 after the Annual General Meeting. A total of 74,500 options were exercised, thereby increasing the share capital correspondingly. A further 1,100 options from this tranche were exercised in 2012.

The third tranche was issued on 7 June 2010. A total of 230,400 subscription rights were issued to 43 employees at a strike price of EUR 11.23. A total of 184,050 options were exercised in 2012, thereby increasing the share capital correspondingly.

The fourth tranche was issued on 6 June 2011. A total of 133,900 subscription rights were issued at a strike price of EUR 19.45. Of those, 8,000 subscription rights had already expired due to employees leaving the company and so a total of 125,900 subscription rights are still exercisable in 2013.

	2012	2011
Outstanding options as of 1 January	319,050	262,200
Granted options	0	133,900
Forfeited options	8,000	0
Exercised options	185,150	74,500
Expired options	0	0
Outstanding options as of 31 December	125,900	321,600
Remaining period of share options outstanding as of 31 December in months	6	71
Exercisable (vested) options	0	1,100

The value of issued stock options is recognised over the vesting period pro rata temporis as personnel expenses. Correspondingly the capital reserve is increased in equity. Stock options are valued at the fair value of the subscription rights on the respective date of issue. Generally recognised option price models are used in this case.

In an actuarial expert opinion from DWiCON e. k. and Watson Wyatt Heissmann GmbH, the fair values of the stock options issued in the partial tranches to date were calculated by means of simulation - the Monte Carlo method. Under this method, the fair values were calculated on the basis of the market conditions alone. Non-market conditions (achieving a certain EBITDA growth) were taken into account when calculating the probability of exercise.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of approval	7 July 08	1 June 09	7 June 10	6 June 11
Subscription rights – issued	115,300	161,000	230,400	133,900
Fair value per stock option	EUR 3.35	EUR 2.02	EUR 3.46	EUR 5.08
Probability of exercise	75.2%	73.3%	66.4%	60.4%
Apportioned expense	EUR 2.52	EUR 1.48	EUR 2.30	EUR 3.07

The stock options of the fourth partial tranche that have not yet expired are valued on the basis of the following parameters:

	Tranche 4 to 31/12/2012
Date of approval	06 June 2011
AUGUSTA share: Price at the time of issuance	EUR 18.66
AUGUSTA share: Strike price	EUR 19.45
EBITDA in previous year	Mio. EUR 20.103
EBITDA: Sustainable growth rate	7.00 %
EBITDA: Target growth rate	6.00 %
Risk-free interest (term: 6 years)	2.58 %
Dividend yield	3.30 %
AUGUSTA share: Volatility of yield	36.00 %
EBITDA: Volatility of growth rate	41.00 %
Correlation of share – EBITDA	55.00 %
Cancellation rate	3.00 %
Mortality rate	0.25 %
Retirement rate	0.00 %

The expenses incurred by the stock option plan relate solely to administrative costs of EUR 193,000 (previous year: EUR 325,000). The amount is not allocated to the individual segments.

(22) STOCK OPTION PROGRAMME 2012

At the Annual General Meeting on 16 May 2012, the Managing Board was authorised to issue, with the approval of the Supervisory Board, up to 444,951 options on up to 444,951 no-par value bearer shares in the company up to 28 February 2014.

No subscription rights were issued in 2012 from the stock option programme 2012.

(23) EARNINGS PER SHARE

Earnings per share are calculated on the basis of the average number of shares outstanding during the reporting period, less treasury shares held by AUGUSTA.

AUGUSTA Technologie AG, as of 31 December 2012, holds an absolute total of 843,551 treasury shares (previous year: 843,551) – equivalent to 9.7 percent of the share capital.

The following table shows the calculation of the earnings per no-par share:

	2012	2011
Numerators		
Consolidated net profit after minority interests in EUR thousands	9,948	36,971
- thereof: Earnings from discontinued operations	0	32,475
Consolidated net profit from continuing operations	9,948	4,591
Denominators		
Weighted average number of shares outstanding	7,727,419	7,616,714
Shares	12,110	61,150
Consolidated earnings per share in EUR prior to DCO	1.29	0.60
Diluted consolidated earnings per share in EUR prior to DCO	1.29	0.59
Consolidated earnings per share in EUR after DCO	1.29	4.85
Diluted consolidated earnings per share in EUR after DCO	1.29	4.82
Earnings per share in EUR from discontinued operations	0	4.26
Diluted earnings per share in EUR from discontinued operations	0	4.23

The stock options may cause dilutionary effects.

F RISK MANAGEMENT OF FINANCIAL RISKS

The company is exposed to the following financial risks:

1. Credit risk: primarily in connection with the receivables and finance agreements that are concluded in the context of acquisitions
2. Liquidity risk: i.e. the risk of being unable to meet payment obligations in good time
3. Market price risk: i.e. currency exchange risks, primarily in the context of USD and CAD transactions, and interest rate risks

The Group has risk management structures in place to allow risks to be identified early so that appropriate countermeasures can be taken. Derivatives are used in selected cases to minimise risks.

CREDIT RISK

This risk consists of the default risk for receivables and the risk of deterioration in creditworthiness.

Trade receivables are the result of the operational sales activities of individual subsidiaries worldwide. The Group manages credit risk in accordance with internal risk management policy by means of internal credit lines, advance payment requirements, export insurance, letters of credit, guarantees and letters of comfort.

The Group's credit risk is limited to normal business risk, which is taken into account by valuation adjustments. The counterparty risk associated with financial derivatives is addressed by transacting derivatives exclusively with prestigious German banks. The default risk from financial instruments not marked to market is considered negligible from the current standpoint.

The maximum default risk (credit risk) is a write down of positive financial instrument carrying amounts to zero.

LIQUIDITY RISK

As of 31 December 2012, cash outflows for interest and redemption payments in connection with the Group's financial liabilities were as follows:

in EUR thousands	Carrying amount	Cash flow for years		
	31/12/2012	2013	2014 – 2017	ab 2018
Primary financial liabilities	14,419	9,898	2,737	1,785
Medium to long-term financing liabilities (incl. those currently due)	4,343	590	1,969	1,785
Trade accounts payable	4,775	4,775	0	0
Other non-current liabilities	769	0	768	0
Other current financial liabilities	65	65	0	0
Other current liabilities	4,467	4,468	0	0

Future cash outflows are covered by inflows from business operations. Sufficient cash reserves and current and non-current credit lines are held to cover peak demand for finance in terms of time and amount required.

MARKET PRICE RISK

The Group is exposed to market price risks in the form of exchange rate risks and interest rate risks because of the international orientation of its business. Constant monitoring of key economic indicators and relevant market information is used to assess and quantify the risks.

The Group specifically hedges itself against currency and interest rate risks.

The Group has established a central risk management system to gather data and assess these risks systematically.

1. Exchange rate risk

The exchange rate exposure of the Group is primarily incurred from the exchange rate between U.S. dollars and Canadian dollars or Euros. In particular, the transaction risk incurred as procurement is in foreign currency while the associated revenues are in Euros (or vice versa) can adversely affect the earnings and liquidity of the Group.

Forward rate agreements have been entered into for the net payment surpluses in foreign currency. Hedge accounting takes into account potential acquisitions and the foreign currency required for such acquisitions.

No currency futures transactions have been used to hedge against currency risks. No pure trading activities without a corresponding business transaction have been entered into.

As of 31 December 2012, AUGUSTA Technologie AG in not maintaining any further currency futures transactions.

The currency risk is determined by means of a regularly adjusted rolling forecast on inflows and outflows of foreign currencies.

In accordance with IFRS 7, the company draws up sensitivity analyses with regard to the market price risks, from which the effects of hypothetical changes to relevant risk variables on earnings and capitalisation are determined.

At a 10 percent appreciation or depreciation of the Euro against the value on the reporting date, the direct effect on the equity of the Group is approx. EUR 1.8 million (previous year: EUR +/- 2.2 million). In the profit & loss account, an appreciation or depreciation of the Euro by 10 percent would have an effect on earnings of approx. -/+ EUR 0.8 million (previous year: EUR +/- 0.7 million).

2. Interest rate risk

The Group maintains interest-rate sensitive assets and liabilities in the usual volume. Operations are largely financed by the agreement of fixed interest receivables and liabilities matching terms. However, variable interest refinancing options are exercised to a modest extent to maintain a high degree of flexibility on the market. Derivative financial instruments such as interest rate swaps and caps are employed to limit the associated risks.

Generally, the risk from changes in interest rates results from liabilities and liquidity investments with variable interest rates.

Risks due to changing interest rates are presented as per IFRS 7 by means of sensitivity analyses and demonstrate the effects of changes in market interest rates on interest payments, interest income and expenses, other result segments as well as on the equity capital, if applicable. The interest rate risk has been low for many years.

At an increase or reduction of the market interest rate level in the reporting year by 100 base points, the interest result of the Group would have been approx. EUR 0.5 million higher or lower (previous year: approx. EUR 0.1 million) due to the liquidity surplus at Group level.

3. Other price risks

IFRS 7 also requires statements in the market risk analyses regarding how hypothetical changes of other price risk variables would affect the prices of financial instruments. Appropriate risk variables include in particular stock market values or indices.

No corresponding financial instruments were maintained to a significant extent either in the reporting year or in the previous year.

G OTHER DISCLOSURES

MATERIAL EXPENSES

in EUR thousands	2012	2011
Cost of raw materials, consumables and supplies and of purchased goods	38,097	39,654
Cost of purchased services	2,900	2,006
	40,997	**41,660**

PERSONNEL EXPENSES

in EUR thousands	2012	2011
Wages and salaries	27,639	23,963
- thereof for stock options	193	325
Social security and other pension-related costs	4,207	3,715
- thereof for pensions	170	123
Other personnel expenses	795	933
	32,641	**28,611**

EMPLOYEES

Annual average number of employees	2012	2011
Salaried employees	390	365
Hourly paid employees	113	92
Vocational trainees	2	2
	505	**459**

TOTAL FEE FOR GROUP AUDITORS EBNER STOLZ MÖNNING BACHEM GMBH & CO. KG

The auditors Ebner Stolz Mönning Bachem GmbH & Co. KG, Hannover, were appointed to audit the financial statements. The breakdown of the total fee is as follows::

in EUR thousands	2012
Audit of financial statements	127
other certification and valuation services	0
Tax advisory services	34
Other services	1
	162

EUR 15,000 of the expenditure for the audit of financial statements relates to the previous year.

CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The Company uses leased business premises, vehicles and office equipment under lease contracts that are classified as operating leases.

The following rental and lease expenses are expected for the coming fiscal years on the basis of the leases in force on 31 December 2012.

in EUR thousands	
2013	1,469
2014	1,286
2015	1,069
2016	764
after 2017	1,174
	5,762

For fiscal year 2012, total lease expenses incl. ancillary costs amounted to EUR 1,650,000 (previous year: EUR 1,537,000).

The purchasing commitment as of 31 December 2012 amounts to EUR 8,702,000 (previous year: EUR 7,696,000), of which EUR 38,000 (previous year: EUR 85,000) is classified as non-current.

CONCENTRATION OF BUSINESS RISKS

The company's receivables are secured to a certain extent by receivables insurance. The company bears the risk in the case of defaults exceeding the amounts insured. In the past, the company has only experienced minor losses related to individual customers or groups of customers. Active receivables management is practised in each subsidiary.

Sales revenues generated by individual customers did not exceed 5 percent of the Group's total sales revenues either in fiscal year 2012 or in the previous year.

Around 70 percent (previous year: 67 percent) of the Group's sales revenues are generated from customers abroad. Standard country-specific risks exist for these foreign customers.

Please refer to notes E (10) Financial liabilities for information on the potential risks associated with non-current financial liabilities.

SEGMENT REPORTING

DIVISIONS

In the core **VISION** segment, the company supplies digital cameras and optical sensors. AUGUSTA's VISION technology products are the ideal solution to deliver efficiency, quality and safety. The markets we supply range from the traditional inspection and automation industry, applications in medical technology, science and traffic, to security and defence. Allied VISION Technologies GmbH and LMI Technologies Inc. belong to the VISION segment.

In the **Other Business Units** segment, AUGUSTA is a provider of microsystems technology, power electronics and mobile measurement systems. The products are primarily used in automotive applications, medical technology, aerospace and transportation. HE System Electronic and Dewetron GmbH are now subsumed under Other Business Units.

In accordance with IFRS 8, key figures are published here that are also reported to the Group's Managing Board on a regular basis and are applied to management of the company. Reporting is carried out at division level and is not broken down to the detailed level of individual product groups. Such information at the level of individual product groups is available from our individual companies, if required. The reporting data are produced by external accounting and are subject to the general IAS/IFRS accounting and valuation methods.

The **AUGUSTA/Others** segment comprises AUGUSTA Technologie AG, AUGUSTA Venture GmbH, AUGUSTA VISION Beteiligungs GmbH, AUGUSTA Verwaltung GmbH and R.i.s.o. Haushaltswaren GmbH.

Internal revenues are settled on an arm's length basis. The following tables provide a breakdown by division:

2012

in EUR thousands	VISION	Other Business Units	AUGUSTA/ others	Transition	Consolidated accounts
Sales revenues (external)	70,046	39,594			**109,624**
Sales revenues (internal)	15			-15	**0**
Gross margin	53.9%	40.1%			**48.9%**
Depreciation	4,656	3,881	12		**8,549**
EBIT	15,304	620	-3,412		**12,512**
Interest income	41	2	494	-103	**434**
Interest expense	-235	-216	-602	103	**950**
EBT	14,552	369	9,751	-11,212	**13,460**
Tax expense/income	-1,265	-705	-1,431		**-3,401**
Result	13,287	-336	8,319	-11,211	**10,059**
Assets	97,340	30,230	91,350	-37,739	**181,181**
Liabilities	22,512	12,992	4,155	-11,253	**28,406**
Goodwill	45,850	10,923			**56,773**
Investments in property, plant and equipment	1,115	1,882	3		**3,000**
Investments in intangible assets	2,377	181			**2,558**

2011

in EUR thousands	VISION	Other Business Units	AUGUSTA/ others	Transition	Consolidated accounts
Sales revenues (external)	62,173	39,142			**101,314**
Sales revenues (internal)	72			-72	**0**
Gross margin	51.5%	38.0%			**46.3%**
Depreciation	4,454	486	31		**4,971**
EBIT	13,060	3,762	-3,850		**12,973**
Interest income	57	1	655	-412	**301**
Interest expense	-533	-244	-1,273	409	**-1,641**
EBT	7,621	3,399	-1,516	-2,860	**6,644**
Tax expense/income	-679	-817	-558		**-2,054**
Profit/loss before DCO	6,942	2,582	-2,074	-2,860	**4,590**
Profit/loss DCO		32,476			**32,476**
Assets	100,432	31,988	106,920	-39,084	**200,256**
Liabilities	23,251	12,649	25,849	-7,276	**54,473**
Goodwill	46,033	14,175			**60,208**
Investments in property, plant and equipment [1]	1,093	1,799	3	1,895	**4,790**
Investments in intangible assets [1]	2,137	42	5	1,027	**3,211**

[1] The investments of the Sensortechnics Group and P+S Technik GmbH prior to deconsolidation are recognised in the reconciliation.

GEOGRAPHIC SEGMENTATION

External sales revenues are classified on the basis of the location of the customer and the respective location of the subsidiary for geographic segmentation. Assets and investments in intangible assets and property, plant & equipment have been allocated to the regions in which the companies are domiciled.

2012

in EUR thousands	Germany	Rest of Europe	North America	Asia	Rest of World	Total
Sales revenues (external) by domicile	47,542	24,819	18,401	18,862	0	**109,624**
Sales revenues (external) by customer	32,767	21,944	28,755	22,407	3,750	**109,624**
Non-current assets	39,495	6,590	41,436	2,263	0	**89,784**
Investments in property, plant and equipment	2,169	280	365	186	0	**3,000**
Investments in intangible assets	1,609	922	20	7	0	**2,558**

2011

in EUR thousands	Germany	Rest of Europe	North America	Asia	Rest of World	Total
Sales revenues (external) by domicile	53,985	19,232	18,035	10,062	0	**101,314**
Sales revenues (external) by customer	33,691	21,380	24,071	18,230	3,942	**101,314**
Non-current assets	43,148	8,936	43,827	2,177	0	**98,088**
Investments in property, plant and equipment	4,041	379	147	223	0	**4,790**
Investments in intangible assets	2,227	962	13	9	0	**3,211**

INFORMATION IN ACCORDANCE WITH SECTION 160 (1) NO. 8 AKTG IN CONJUNCTION WITH SECTION 26 (1) SENTENCE 1 WPHG

The following notifications were received regarding shareholdings of more than 3 percent of the shares of AUGUSTA Technologie AG:

Name/company of the entity subject to mandatory reporting	Domicile	Date	Threshold reached/ exceeded/ fallen below	Voting power at date of notification	Attributable under
Lincoln Vale European Partners GP LLC	George Town, Cayman Islands	02/07/2012	5 % and 3 % fallen below	0 %	
thereof, Lincoln Vale European Partners Master Fund, L.P.	George Town, Cayman Islands	02/07/2012	5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
Stichting Effectenbewaarbedijf Hof	Gouda, The Netherlands	02/07/2012	5 % and 3 % fallen below	0 %	
Daniel Hopp	Mannheim, Germany	02/07/2012	5 % and 3 % fallen below	0 %	
thereof, Hopp Verwaltungs GmbH	Mannheim, Germany	02/07/2012	5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Hopp Beteiligungsgesellschaft mbH & Co. KG	Mannheim, Germany	02/07/2012	5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, DAH Beteiligungs GmbH	Mannheim, Germany	02/07/2012	5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
EQMC Europe Development Capital Fund Plc.	Dublin, Ireland	02/07/2012	5 % and 3 % fallen below	0 %	
thereof, Nmás 1 Asset Management, SGIIC, S.A.	Madrid, Spain	02/07/2012	10 %, 5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 6 WpHG
thereof, N Más Uno IBG, S.A.	Madrid, Spain	02/07/2012	10 %, 5 % and 3 % fallen below	0 %	Section 22 paragraph 1 sentence 1 No. 6 in conjunction with sentence 2 WpHG
Stichting Administratiekantoor TKH Group	Haaksbergen, The Netherlands	02/07/2012	3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % exceeded	53.74 %	
thereof, TKH Group N.V.	Haaksbergen, The Netherlands	02/07/2012	3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % exceeded	53.74 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, TKH Duitsland Holding B.V.	Haaksbergen, The Netherlands	02/07/2012	3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % exceeded	53.74 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, TKH Deutschland Verwaltungs GmbH	Nettetal, Germany	02/07/2012	3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % exceeded	53.74 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG

Name/company of the entity subject to mandatory reporting	Domicile	Date	Threshold reached/ exceeded/ fallen below	Voting power at date of notification	Attributable under
Thereof, TKH Deutschland GmbH & Co. KG	Nettetal, Germany	02/07/2012	3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % exceeded	53.74 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
Paul E. Singer	New York, USA	05/07/2012	20 % exceeded	20.16 %	
thereof, Cornwall (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Wolverton (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Maidenhead LLC	New York, USA	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Elliott International L.P.	George Town, Cayman Islands	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Hambledon, Inc.	George Town, Cayman Islands	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Elliott Capital Advisors, L.P.	New York, USA	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Braxton Associates, Inc.	New York, USA	05/07/2012	20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Elliott Asset Management LLC	New York, USA		20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Cornwall (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg		20 % exceeded	20.16 %	Section 22 paragraph 1 sentence 1 No. 6 in conjunction with sentence 2 WpHG
Hambledon, Inc.	George Town, Cayman Islands	09/07/2012	20 % exceeded	20.53 %	
thereof, Cornwall (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	09/07/2012	20 % exceeded	20.53 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Wolverton (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	09/07/2012	20 % exceeded	20.53 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Maidenhead LLC	New York, USA	09/07/2012	20 % exceeded	20.53 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG
thereof, Elliott International L.P.	George Town, Cayman Islands	09/07/2012	20 % exceeded	20.53 %	Section 22 paragraph 1 sentence 1 No. 1 WpHG

Name/company of the entity subject to mandatory reporting	Domicile	Date	Threshold reached/ exceeded/ fallen below	Voting power at date of notification	Attributable under
Elliott International Capital Advisors Inc.	New York, USA	09/07/2012	20 % exceeded	20.53 %	
thereof, Cornwall (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	09/07/2012	20 % exceeded	20.40 %	Section 22 paragraph 1 sentence 1 No. 6 WpHG

The disclosure pursuant to WpHG has been prepared in accordance with the WP-Handbuch 2012 (accounting manual 2012). Vol. 1, according to which, in the event of successive purchase of shares for which multiple notifications are received within the reporting period, only the last notification that indicates the current status needs to be declared. Both TKH and Paul E. Singer (controlled by the Elliott hedge fund) successively purchased shares in AUGUSTA Technologie AG.

DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Managing and Supervisory Boards of AUGUSTA Technologie AG last provided the following Declaration of Compliance in accordance with section 161 of the German Stock Corporation Act (AktG) on 8 February 2013 and made it available to shareholders on the homepage of AUGUSTA Technologie AG at www.augusta-ag.com.

EXECUTIVE BODIES

Managing Board

- **Berth Hausmann**, Wessling, Dipl.-Kaufmann
- **Amnon F. Harman (Chairman),** Ottobrunn, until 31 August 2012, Dipl.-Ing. (FH), Dipl.-Wirtsch.-Ing. (FH)
- **Arno Pätzold**, Pullach, until 10 July 2012, Dipl.-Wirtsch.-Ing.

The members of the Managing Board are sole representatives of the company.

The main features of the remuneration system for the Managing Board are explained in the Management Report. No pension commitments have been made. The breakdown of total remuneration for fiscal year 2012 is as follows:

in EUR thousands	Fixed remuneration	Short-term variable remuneration [1]	Other [2]	Total	Stock options (long-term remuneration)
Amnon F. Harman (until 31 August 2012)	180	140	106	**426**	0
Berth Hausmann	240	80	7	**327**	0
Arno Pätzold (until 10 July 2012)	100	40	105	**245**	0
Total	**520**	**260**	**218**	**998**	**0**

[1] Variable remuneration is based on 100 percent target attainment for fiscal year 2012. In the previous year, emoluments totalling EUR 320,000 were paid.

[2] The Other item covers non-cash benefits in the form of company cars, as well as contributions to insurance policies and payments under termination agreements.

The total remuneration for the Managing Board in the previous year was EUR 1,056,000. Mr. Hausmann also received additional remuneration of EUR 20,000 for the previous year.

Supervisory Board

- **Adi Seffer (Chairman), Dreieich, Germany**
  - Lawyer

- **Dr. Hans Liebler (Vice Chairman), Gräfelfing, Germany**
  - Dipl.-Kaufmann, Investment Manager
  - Member of the Board of Directors of the Identive Group, Inc. Santa Ana, California, USA
  - Member of the Supervisory Board of Jean Pierre Rosselet Cosmetics AG (formerly Mercantura Cosmetics Biotech AG), Bremen
  - Chairman of the Supervisory Board of Investunity AG, Munich
  - Member of the Supervisory Board of the Autowerkstatt Group, Maastricht, Netherlands
  - Member of the Supervisory Board of Grammer AG, Amberg (since 23 May 2012)
  - Member of the Supervisory Board of WashTec AG, Augsburg (since 18 June 2012)

- **Götz Gollan, Kelkheim (until 11 August 2012)**
  - Diplom-Betriebswirt
  - Member of the Board, Dr. Masel AG bank, Berlin, Germany
  - Chairman of the Supervisory Board, First Sensor AG, Berlin, Germany (until 11 September 2012)
  - Vice-Chairman of the Supervisory Board, First Sensor AG, Berlin, Germany (since 11 September 2012)
  - Member of the Supervisory Board, Capitell Vermögens-Management AG, Frankfurt am Main, Germany

- **Elling de Lange, Hengelo (since 14 August 2012)**
  - MBA
  - Board Member, TKH Group N.V., Haaksbergen, Netherlands

The main features of the remuneration system for the Supervisory Board are explained in the Management Report. The breakdown of total remuneration for fiscal year 2012 is as follows:

in EUR thousands	Fixed remu-neration	Attendance Fees	Variable re-muneration	Total
Adi Seffer (Chairman of the Supervisory Board)	30	34	9	**73**
Dr. Hans Liebler (Vice-Chairman of the Supervisory Board)	20	36	6	**62**
Götz Gollan (until 11 August 2012)	12	24	3	**39**
Elling de Lange (since 14 August 2012)	8	5	2	**15**
	70	**99**	**20**	**189**

In the previous year, the Supervisory Board received compensation of EUR 141,000.

The two members of the Supervisory Board, Seffer and Dr. Liebler, have signed consultancy agreements with the company. The consultancy primarily covers support for the company during acquisitions. for fiscal year 2012, Mr. Seffer was paid EUR 30,000 and Mr. Liebler was paid EUR 5,000. Mr. Seffer is a partner at Heuking Kühn Lüer Wojtek. The company received fees of EUR 93,000 for consultancy during takeover of the AUGUSTA Group.

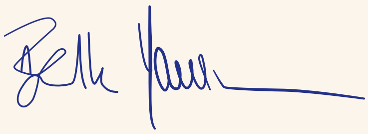
SHARE HOLDINGS

	Number of no-par value shares = Amount of share capital		Share in the share capital	Number of subscription rights (not expired)	
	31/12/2012	**31/12/2011**	**in %**	**31/12/2012**	**31/12/2011**
Managing Board					
Amnon F. Harman (until 31. August 2012)	0	21,500	0	0	35,000
Berth Hausmann	0	15,250	0	0	35,000
Arno Pätzold (until 10. Juli 2012)	0	3,000	0	0	30,000
Supervisory Board					
Adi Seffer	0	0	0	0	0
Dr. Hans Liebler	0	0	0	0	0
Götz Gollan (until 11. August 2012)	0	0	0	0	0
Elling de Lange (since 14. August 2012)	0	0	0	0	0
	0	**39,750**	**0**	**0**	**100,000**

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to the supplementary report in the Management Report.

Munich, 7 March 2013



Berth Hausmann
Managing Board

Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, financial and position and profit or loss of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 7 March 2013

AUGUSTA Technologie AG
The Managing Board

Auditor’s Report

On behalf of AUGUSTA Technologie AG, Munich, we have audited the consolidated financial statements - consisting of balance sheet, statement of comprehensive income, statement of changes in capital equity, cash flow statement and notes - and the consolidated management report for the fiscal years from 1 January until 31 December 2012. Preparation of the consolidated financial statements and the consolidated management report in accordance with the regulations of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional regulations to be applied in accordance with section 315a (1) of the German Commercial Code (HGB) is the responsibility of the legal representative of the company. Our task is to provide an assessment of the financial statements and the consolidated management report on the basis of our audit.

We have carried out our audit in accordance with section 317 of German Commercial Code (HGB), taking into account the German principles of proper accounting established by the German Institute of Accountants (IDW). These principles stipulate that the audit is planned and conducted in such a way that misstatements and infringements having an impact on the asset, financial and profit situation conveyed by the financial statements and consolidated management report under consideration of the basic principles of proper accounting can be recognised with reasonable assurance. When defining the audit activities, knowledge about the business activity and the economic and legal environment of the group, as well as expectations of possible errors are taken into account. Within the scope of the audit, the effectiveness of accounting-related internal control systems and evidence for statements made in the financial statements and consolidated management report are mainly examined on the basis of spot checks. The audit comprises the assessment of annual accounts of the companies included in the financial statements, the delineation of the scope of consolidation, the accounting and consolidation principles applied and the main estimates of the legal representative, as well as an appraisal of the overall presentation of the financial statements and the consolidated management report. We believe that our audit provides a sufficiently secure basis for our assessment.

Our audit did not raise any objections.

According to our assessment from knowledge gained during the audit, the consolidated financial statements conform with the regulations of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional regulations to be applied in accordance with section 315a (1) of the German Commercial Code (HGB) and give a fair view of the asset, financial and earning situation of the Group, in accordance with the above regulations. The consolidated management report agrees with the financial statements, conveys a true and fair view of the Group’s situation and accurately represents the opportunities and risks of future development.

Hannover, 11 March 2013

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Wilfried Steinke	**Christian Fröhlich**
Auditor	Auditor

Balance Sheet of AUGUSTA Technologie AG as of December 31, 2012

Assets

in EUR thousand	31/12/2012	31/12/2011
A. NON-CURRENT ASSETS		
I. Intangible assets		
Industrial property rights and similar rights and values as well as Licenses of right values	2,593	4,818
II. Property, plant and equipment		
Other equipment, operating and office equipment	36,595	43,395
III. Financial assets		
1. Investment in affiliated companies	64,787,832	65,155,695
2. Investments	0	1
3. Loans to affiliated companies	1,000,001	4,000,001
4. Other loans	4,750,000	4,750,000
	70,537,833	**73,905,697**
B. CURRENT ASSETS		
I. Receivables from other assets		
1. Receivables from affiliated companies	9,637,066	3,131,827
2. Receivables from companies with which an investment relationship exists	0	1,051
3. Miscellaneous	1,067,425	5,827,923
	10,704,491	**8,960,801**
II. Cash on hand, deposits at the Federal Bank, cash in banks and checks	**41,158,829**	**49,878,852**
C. ACCRUALS AND DEFERRED INCOME	**123,939**	**112,450**
	122,564,279	**132,906,014**

Equity and liabilities

	in EUR thousand	31/12/2012	31/12/2011
A.	**EQUITY**		
I.	**Subscribed capital**	8,695,164	8,510,014
	Treasury shares	-843,551	-843,551
	Issued capital stock	7,851,613	7,666,463
II.	**Capital reserves**	**47,480,692**	**45,590,073**
III.	**Retained earnings**		
	Other retained reserves	41,396,551	38,396,551
IV.	**Balance sheet profit**	**22,268,543**	**23,607,474**
		118,997,340	**115,260,561**
B.	**PROVISIONS**		
	1. Tax provisions	1,353,643	902,059
	2. Other provisions	1,544,450	2,008,860
		2,898,093	**2,910,919**
C.	**LIABILITIES**		
	1. Liabilities to banks	0	14,319,700
	2. Trade payables	112,205	187,084
	3. Liabilities to affiliated companies	124,770	26
	4. Other liabilities	78,812	46,725
		315,787	**14,533,534**
D.	**DEFERRED TAX LIABILITIES**	**353,000**	**181,000**
		122,564,279	**132,906,014**

Income Statement of the AG
from January 1 to December 31, 2012

	in EUR thousand	2012	2011
1.	Income from investments	1,500,000	700,000
2.	Income from profit and loss transfer agreement	9,714,866	2,151,264
3.	Income from sale investment	149,999	34,307,060
4.	Other operating income	1,201,580	1,272,703
		12,566,445	**38,431,026**
5.	Personal expenses		
	a) Wages and salaries	-1,500,359	-1,457,120
	b) Social insurance charges	-46,484	-55,600
		-1,546,843	**-1,512,721**
6.	Depreciation of intangible assets of assets of fixed assets	-11,843	-30,573
7.	Other operating expenses	-2,987,207	-2,683,455
8.	Payments to sale of investment	505,898	666,976
9.	Other interest and samiliar income	-2,867,048	-6,702,337
10.	Disposition of investments	2,695,413	0
11.	Interest and samiliar expenses	-459,076	-993,840
		–124,813	**–7,029,201**
12.	**Profit from regular activities**	**7,895,739**	**27,175,077**
13.	Taxes on income and earnings	-1,633,758	-973,748
14.	Other taxes	-1,034	-958
15.	**Net annual income**	**6,260,947**	**26,200,371**
16.	Profit brought forward from previous year	19,007,596	10,407,103
17.	Adjustment to retained earnings	-3,000,000	-13,000,000
18.	**Balance sheet profit**	**22,268,544**	**23,607,474**

Financial Calendar

Date	
March 21, 2013	Publication of the annual report
May 06, 2013	Publication of the 3-month report
May 08, 2013	Annual General Meeting, 11:00, Novotel Messestadt West, Munich, Germany
August 08, 2013	Publication of the 6-month report
November 07, 2013	Publication of the 9-month report

Investor Relations Contact

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Investor Relations & Corporate Communications

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Dieser Bericht besteht aus FSC-zertifiziertem Papier. Mit dem Kauf von FSC-Produkten fördern wir verantwortungsvolle Waldwirtschaft, die nach strengen, sozialen, ökologischen und wirtschaftlichen Kriterien des Forest Stewardship Council überprüft wird.

Klimaneutrales Drucken" stellt eine Verbindung her zwischen tatsächlich stattfindendem Klimaschutz und einem Mehrwert für Marke, Unternehmen und Kommunikation. Es dokumentiert umweltbewusstes Handeln von Druckereien und Unternehmen und lässt sich in Nachhaltigkeitsstrategien integrieren. Beim natureOffice-Verfahren für klimaneutrale Druckerzeugnisse werden alle CO2-Emissionen, die mittel- oder unmittelbar beim Druck entstehen, ermittelt und über den Ankauf von anerkannten klimaschutz-Zertifikaten ausgeglichen - also klimaneutral gestellt.

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