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Annual Report 2008

Geschäftsbericht 2008

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

Dieser Bericht enthält eine deutsche Übersetzung der englischen Originalfassung. Rechtlich bindend ist unter allen Umständen alleine die englische Originalfassung.

Annual Review

Das Jahr im Überblick

## 1. Annual Review

### 1<sup>st</sup> Quarter:

- Catalis Group generated total revenues for the first quarter 2008 of € 8.8m compared to € 8.8m in the previous year. EBIT for this period amounted to € 0.9m (2007: € 1.1m). To this result, our Quality Assurance division contributed € 0.4m, our Games Development division contributed € 0.7m and € -0.2m were attributable to the holding.
- Our Games Development division launched two new studios, NiK NaK (for Kids) and Kuju America. NiK NaK specialises in the creation of games for young players aged 6-12 and started with the development of the titles Dragonology™ and Wizardology™ for the Wii™ platform. Kuju America was the first studio to be located outside of the UK and focuses on the rapidly growing casual games sector.
- Our Quality Assurance division made good progress with Testronic Labs being approved as the first European test house for ExpressCard® technology products and applications. Also, Testronic Labs has launched an interactive Blu-ray and HD DVD test facility providing third-party, quality-control of high definition software and integrated web capability.
- In February 2008, the change of the company's legal form from an N.V. to a SE has been registered successfully at the companies' register. In its constituent meeting, the new one tier Board of Catalis SE, comprising one Executive Director and four Non-executive Directors, appointed Dr. Jens Bodenkamp Chairman of the Board and Klaus Nordhoff was appointed Chief Executive Officer and Chief Financial Officer.

### 2<sup>nd</sup> Quarter:

- Catalis Group increased its total revenues for the second quarter 2008 from € 8.1m to € 9.2m. This represents an increase over previous year's figures of 13%. EBIT for this period amounted to € 0.9m (2007: € 0.9m). To this result, our Quality Assurance division contributed € 0.4m, our Games Development division contributed € 0.8m and € -0.3m were attributable to the holding.
- Our Quality Assurance division made further progress in expanding its service portfolio as Testronic Labs was approved for global SATA and USB certification. Moreover the company was awarded contract for UniPro conformance test development for the mobile industry.
- Our Games Development division made good progress in the second quarter with its recently established digital distribution studio doublesix signing the high profile first part XBLA title South Park with Microsoft. NiK NaK, newly established as well, also signed its second project with Codemasters in the quarter.
- In April 2008, Catalis SE announced its decision to terminate negotiations with GameInstinct, a US-based provider of quality assurance testing services for the video game industry. After carefully evaluating its strategic options, Catalis now decided to penetrate the US games testing market directly through its own Testronic subsidiary.

## 1. Das Jahr im Überblick

### 1. Quartal:

- Im ersten Quartal 2008 erwirtschaftete die Catalis Group einen Gesamtumsatz in Höhe von EUR 8,8 Mio. gegenüber EUR 8,8 Mio. im Vorjahr. Das EBIT für diesen Zeitraum belief sich auf EUR 0,9 Mio. (2007: EUR 1,1 Mio.). Zu diesem Ergebnis trugen der Geschäftsbereich Qualitätssicherung EUR 0,4 Mio., der Geschäftsbereich Videospielementwicklung EUR 0,7 Mio. und die Holding EUR -0,2 Mio. bei.
- Im Geschäftsbereich Videospielementwicklung wurden mit NiK NaK (für Kinder) und Kuju America zwei neue Entwicklungsstudios eröffnet. NiK NaK ist spezialisiert auf die Entwicklung von Videospielen für Kinder im Alter von 6-12 Jahren und startete gleich mit der Entwicklung der Spiele Dragonology™ und Wizardology™ die Spielekonsole Wii™. Kuju America war unser erstes Studio außerhalb Großbritanniens und konzentriert sich auf das schnell wachsende Segment der Casual Games.
- Gute Fortschritte konnten auch im Geschäftsbereich Qualitätssicherung erzielt werden. Hier wurde Testronic Labs als erster europäischer Testdienstleister für ExpressCard® Produkte und Anwendungen zugelassen. Darüber hinaus startete Testronic Labs ihre interaktive Prüfanlage für Blu-ray und HD DVD, die eine externe Qualitätskontrolle hochauflösender Software und ihrer integrierten Internetanwendungen ermöglicht
- Im Februar 2008 wurde der Wechsel der Rechtsform von einer N.V. zu einer SE erfolgreich im Handelsregister eingetragen. In seiner konstituierenden Sitzung ernannte das neue monistische Board der Catalis SE, bestehend aus einem Executive Director und vier Non-executive Directors, Herrn Dr. Jens Bodenkamp zu seinem Vorsitzenden und Herrn Klaus Nordhoff zum Chief Executive Officer und Chief Financial Officer der Gesellschaft.

### 2. Quartal:

- Im zweiten Quartal 2008 steigerte die Catalis Group den Umsatz von EUR 8,1 Mio. auf EUR 9,2 Mio. Dies entspricht einem Anstieg gegenüber dem Vorjahreszeitraum um 13%. Das EBIT für diesen Zeitraum betrug EUR 0,9 Mio. (2007: EUR 0,9 Mio.). Zu diesem Ergebnis trugen der Geschäftsbereich Qualitätssicherung EUR 0,4 Mio., der Geschäftsbereich Videospielementwicklung EUR 0,8 Mio. und die Holding EUR -0,3 Mio. bei.
- Der Geschäftsbereich Qualitätssicherung machte weitere Fortschritte beim Ausbau des Leistungsportfolios. Hier wurde Testronic Labs als weltweiter Anbieter von Zertifizierungsdienstleistungen für SATA und USB zugelassen. Außerdem erhielt die Gesellschaft den Auftrag zur Entwicklung einer UniPro Konformitätsprüfung für die Mobilfunkindustrie.
- Der Geschäftsbereich Videospielementwicklung konnte im zweiten Quartal ebenfalls gute Fortschritte erzielen. Hier wurde das erst kürzlich ins Leben gerufene Studio doublesix von Microsoft mit der Entwicklung des XBLA-Videospiels South Park beauftragt. Das ebenfalls neu gegründete Studio NiK NaK erhielt in diesem Quartal den zweiten Entwicklungsauftrag von Codemasters.
- Im April 2008 veröffentlichte die Catalis SE ihre Entscheidung, die Übernahmeverhandlungen mit GameInstinct, einem US-amerikanischen Anbieter im Bereich Qualitätssicherung für die Videospielementindustrie, abzubrechen. Nach sorgfältiger Prüfung aller strategischen Möglichkeiten, hat sich Catalis nun entschieden, den US-Videospielmarkt direkt durch ihre eigene Testronic-Niederlassung zu erschließen.

- In May 2008, the company announced that it was selected by FREP (Financial Reporting Enforcement Panel) for the audit of the annual report 2006 in the course of its random-sampling examinations, leading to a delay in the publication of the annual financial statements 2007.

### 3<sup>rd</sup> Quarter:

- Catalis Group increased its total revenues for the third quarter 2008 from € 9.6m to € 10.0m. This represents an increase over previous year's figures of 4.2%. EBIT for this period amounted to € 1.2m (2007: € 1.9m). To this result, our Quality Assurance division contributed € 1.2m, our Games Development division contributed € 0.2m and € -0.2m were attributable to the holding.
- In our Quality Assurance Division, Testronic Labs was granted the accreditation as an Independent Test Lab for testing and certification of Wireless USB products by The USB Implementers Forum, confirming its leadership in the provision of testing services to the hardware and related industries.
- Our Games Development division continued its growth with the foundation of a second Zoë Mode studio in London. Since the re-branding last year there has been enormous interest in the studio from both publishers and new recruits. So the new studio enables Zoë Mode to take on more projects and staff without losing the intimate company culture that is so central to the studio's approach. Also, Kuju America signed its first development deal for a casual game and the studio Kuju London was re-branded into Headstrong, focusing on great character action titles. Further good progress was made by doublesix who won the coveted Develop "Best new UK / European studio" award.
- On July 28, Catalis SE announced several changes to its annual financial statements as a result from the FREP audit. FREP requested certain adjustments relating to transaction accounting and cash flow allocation. In light of the outcome of FREP's review Catalis proactively implemented some additional changes to transactional accounting treatment and stock option accounting. All these changes were described in detail in the corresponding ad hoc release and a related presentation document.

### 4<sup>th</sup> Quarter:

- On October 21, Catalis SE announced that its subsidiary Kuju Group SE expanded into the Asia-Pacific region by acquiring Matahari Studios Philippines located in Manila, Republic of the Philippines. The purchase price was not disclosed
- With its 20 employees the studio will provide a corporate presence for Kuju's fast growing studio network in the region as well as a proven co-operative development relationship with Kuju's US studio based in Burlingame, California.

- Im Mai 2008 gab die Gesellschaft bekannt, dass sie von DPR (Deutsche Prüfstelle für Rechnungslegung) im Rahmen der regelmäßig stattfindenden Zufallsprüfungen für eine Durchsicht des Geschäftsberichts 2006 ausgewählt wurde. Dies führte zu einer ersten Verzögerung der Veröffentlichung des Jahresabschlusses 2007.

### 3. Quartal:

- Die Catalis Group konnte ihren Gesamtumsatz im dritten Quartal 2008 von EUR 9,6 Mio. EUR 10,0 Mio. steigern. Gegenüber dem Vorjahr ist dies ein Wachstum von 4,2%. Das EBIT für diesen Zeitraum betrug EUR 1,2 Mio. (2007: EUR 1,9 Mio.). Zu diesem Ergebnis trugen der Geschäftsbereich Qualitätssicherung EUR 1,2 Mio., der Geschäftsbereich Videospielementwicklung EUR 0,2Mio. und die Holding EUR -0,2 Mio. bei.
- Im Geschäftsbereich Qualitätssicherung wurde Testronic Labs vom USB Implementers Forum als unabhängiges Prüflabor und für die Zertifizierung von Wireless USB Produkten zugelassen. Damit bestätigte sich erneut die führende Position von Testronic Labs als Anbieter von Testdienstleistungen für die Hardware-Industrie und angrenzende Bereiche.
- Der Geschäftsbereich Videospielementwicklung setzte sein Wachstum mit der Gründung eines zweiten Zoë Mode Studios in London fort. Seit dem Rebranding im vergangenen Jahr hat das Studio Brighton große Aufmerksamkeit sowohl von Videospielverlagen als auch von neuen Bewerbern auf sich gezogen. Durch das neue Studio erhält Zoë Mode die Möglichkeit, die Zahl der laufenden Projekte und der Mitarbeiter weiter zu erhöhen, ohne die familiäre Unternehmenskultur zu gefährden, die das Herzstück der Themenstudios ist. Außerdem konnte Kuju America den ersten Entwicklungsauftrag für ein Casual Game gewinnen und das Studio Kuju London wurde in Headstrong umbenannt. Das Studio konzentriert sich auf die Entwicklung von Action-Spielen. Auch doublesix machte gute Fortschritte und gewann den begehrten Develop Industry Excellence Award in der Kategorie "Best new UK / European studio".
- Am 28. Juli 2008 gab die Catalis SE verschiedene Änderungen an ihren Jahresabschlüssen bekannt. Diese waren das Ergebnis der Prüfung durch die DPR. Die DPR verlangte gewisse Änderungen im Zusammenhang mit der Bilanzierung von Akquisitionen und der Cashflow-Zuordnung. Basierend auf dem Ergebnis der DPR-Prüfung nahm Catalis darüber hinaus selbst weitere Änderungen im Bereich der Bilanzierung von Akquisitionen und Aktienoptionen vor. Alle Änderungen wurden in einer entsprechenden Ad hoc Mitteilung und einer erläuternden Präsentation ausführlich dargestellt.

### 4. Quartal:

- Am 21. Oktober 2008 gab die Catalis SE bekannt, dass ihre Tochter Kuju Group SE mit Wirkung vom 20. Oktober 2008 die Matahari Studios Philippines, gelegen in Manila, Republik der Philippinen, übernommen hat und damit in den asiatisch-pazifischen Raum expandiert. Über den Kaufpreis wurde Stillschweigen vereinbart.
- Durch das neue Studio mit 20 Mitarbeitern zeigt das schnell wachsende Studionetzwerk von Kuju Präsenz in der Region und festigt die bereits bestehende Entwicklungskooperation mit Kujus US-Studio in Burlingame, Kalifornien.

**To Our Shareholders**

**An unsere Aktionäre**



## 2. To Our Shareholders

### Dear Shareholders and Friends of Catalis Group,

The fiscal year 2008 was strongly affected by the general crisis of the worldwide financial markets and its economic consequences, resulting in a severe global recession. According to the IMF, global growth slowed down to 3.2% in 2008 and is expected to further diminish in 2009 to a range between -1.0% and -0.5%. Growth of the advanced economies was reduced to 0.8% in 2008 and they are likely to contract by 3.8% on average in 2009.

As the home entertainment market turned out to be rather recession-proof throughout the year, Catalis Group, as a major outsourcing service provider for the digital media and entertainment industry, showed a satisfactory performance in light of the tightening market conditions.

The video games market showed a heterogeneous development in the fiscal year 2008, yet the underlying general growth trend remained intact. According to the Top Global Markets Report by The NPD Group, GfK Chart-Track Limited and Enterbrain, the three biggest video games markets – the U.S., UK and Japan – showed a combined growth rate for video games software of 11% for the full year. While this development was fuelled by the UK and the U.S., with growth rates of 26% and 15% respectively, the Japanese market suffered especially from a decline of the PlayStation 2 segment, which was down 46%. In total, the Japanese market declined by 13%.

Though losing some momentum towards the end of the year, the video games market was still a driving force in the digital media and entertainment market in 2008.

As for the film market, worldwide sales of DVD and Blu-ray discs have been outnumbered by the fast growing video games market for the first time. According to GfK, video games accounted for 53% of the market, while DVD / Blu-ray made up only 47% of home entertainment sales in 2008. In spite of the fast growth of the Blu-ray segment, the combined sales of Blu-ray and DVD declined 6%, as Blu-ray is rather replacing DVD sales than adding to it and further competition is arising from online formats such as video-on-demand. In the U.S., consumer spending on these digital formats was up 73% in 2008.

As Catalis Group offers quality assurance services for any content on any media and any device, this development in the film market is also positive for our business, promising both, more and more complex testing work to be done.

Revenues of the Catalis Group for the fiscal year 2008 amounted to € 37.9m (2007: € 34.6m), representing an increase of 9.8%. The operating profit increased from € 2.7m in 2007 to € 2.9m in 2008. While our Quality Assurance division contributed positively to this result, the development of our Games Development business was harmed by losses arising from a single development project. Over the course of the year, increasing cost issues at our clients have put pressure to both, our margins and incoming orders. Therefore, the full-year result has to be seen in light of difficult business conditions in the midst of a most powerful economic crisis.

## 2. An unsere Aktionäre

### Liebe Aktionäre und Freunde der Catalis Group,

das Geschäftsjahr 2008 stand ganz im Zeichen der weltweiten Finanzmarktkrise und ihrer wirtschaftlichen Folgen, die in eine weltweite Rezession mündeten. Nach Angaben des IWF verlangsamte sich das Weltwirtschaftswachstum in 2008 auf 3,2% und für das Jahr 2009 wird eine weitere Abschwächung auf Wachstumsraten von -1,0% bis -0,5% erwartet. Das Wachstum der Industrienationen verringerte sich im Jahr 2008 auf 0,8% und im Jahr 2009 wird hier mit einem durchschnittlichen Rückgang der Wirtschaftsleistung um 3,8% gerechnet.

Nachdem sich der Home Entertainment Markt im Jahresverlauf als recht widerstandsfähig gegen die allgemeine Rezession erwiesen hat, konnte auch die Catalis SE, als ein führender Outsourcing-Dienstleister für die digitale Medien- und Unterhaltungsindustrie, ein vor dem Hintergrund der schwieriger werdenden Marktbedingungen zufriedenstellendes Ergebnis erzielen.

Die Entwicklung im Markt für Videospiele zeigte im Geschäftsjahr 2008 ein gemischtes Bild, der grundlegende Wachstumstrend blieb jedoch weiterhin intakt. Nach Informationen des Top Global Markets Report, erstellt von The NPD Group, GfK Chart-Track Limited und Enterbrain, wiesen die drei größten Märkte für Videospiele – USA, Großbritannien und Japan – für das Gesamtjahr ein Wachstum von 11% auf. Angetrieben wurde diese Entwicklung vor allem von Großbritannien und den USA mit Wachstumsraten von 26% und 15% während der japanische Markt vor allem unter Verlusten im Segment der PlayStation 2 zu leiden hatte, wo ein Rückgang von 46% zu verzeichnen war. Insgesamt schrumpfte der japanische Markt um 13%.

Obwohl das Momentum zum Jahresende hin nachließ, war der Markt für Videospiele auch im Geschäftsjahr 2008 eine wesentliche treibende Kraft im Bereich digitaler Medien und Unterhaltung.

Was den Filmmarkt betrifft, so wurden die weltweiten Verkäufe von DVD und Blu-ray Discs im Jahr 2008 erstmals vom schnell wachsenden Videospielemarkt übertroffen. Nach Informationen der GfK erreichten Videospiele einen Marktanteil von 53%, während DVD / Blu-ray nur für 47% der Home Entertainment Umsätze im Jahr 2008 verantwortlich waren. Ungeachtet des wachstumsstarken Blu-ray Segments gingen die Gesamtumsätze von Blu-ray und DVD um 6% zurück, da Blu-ray eher zu einer Verdrängung von DVD-Verkäufen führt als zu einer Erhöhung der Gesamtverkäufe. Weiterer Wettbewerb erwächst zusätzlich im Bereich der Online-Formate wie Video-on-demand. In den USA stiegen die Ausgaben der Verbraucher für diese digitalen Formate im Jahr 2008 um 73%.

Da die Catalis Group Dienstleistungen im Bereich Qualitätssicherung für alle Inhalte, auf allen Formaten und für alle Endgeräte anbietet, stellt diese Entwicklung im Filmmarkt ein positives Element für unsere Geschäftsentwicklung dar, da sie sowohl eine Zunahme des Testaufwands an sich als auch eine höhere Komplexität der Testarbeiten erwarten lässt.

Im Geschäftsjahr 2008 erwirtschaftete die Catalis Group Umsätze in Höhe von EUR 37,9 Mio. (2007: EUR 34,6 Mio.). Das ist eine Steigerung um 9,8% gegenüber dem Vorjahr. Das operative Ergebnis erhöhte sich von EUR 2,7 Mio. in 2007 auf EUR 2,9 Mio. in 2008. Während der Geschäftsbereich Qualitätssicherung positiv zu diesem Ergebnis beitrug, wurde der Geschäftsbereich Videospieleentwicklung von Verlusten aus einem Entwicklungsprojekt belastet. Im Verlauf des Jahres haben sich außerdem zunehmende Anstrengungen unserer Kunden zur Kostensenkung negativ auf unsere Margen und unsere Auftragseingänge ausgewirkt. Dementsprechend muss das Jahresergebnis vor dem Hintergrund der schwierigen Geschäftsbedingungen inmitten eines kräftigen konjunkturellen Einbruchs bewertet werden.





In the first quarter, we have completed the conversion of the legal form of the company from a Dutch N.V. into a European Public Limited Company (SE), reflecting the international character of Catalis Group with its operating offices across Europe and the U.S. and simplifying the corporate structure as well as the framework for our transnational business activities and M&A transactions, being an integral part of our buy & build strategy.

In the second quarter, we have been selected by FREP (Financial Reporting Enforcement Panel) for an audit of our annual report 2006 in the course of its random-sampling examinations. As a result of this review, FREP demanded several adjustments to our past and future financial statements which we have already implemented and published in the third quarter. Though these adjustments had some effect on our earnings, they had no impact on our cash position or the group's abilities in operating performance and growth.

Also, we received another confirmation of the suitability and high quality of our multi-studio concept in Games Development as doublesix was awarded the title of Best New UK/European Studio at the Develop Industry Excellence Award 2008, reaffirming their status as leaders and innovators in digitally distributed game development. In 2007, it was Zoë Mode that had won the creativity award for its PSP game "Crush".

Through the acquisition of Matahari Studios, Philippines, we added to our development capacity and talent pool, further increasing our ability to deliver high quality Games Development services.

Thus, Catalis Group has made good progress in developing its operating units expanding its capabilities as a comprehensive outsourcing service provider for the digital media and entertainment industries, being well positioned to capitalise on the stable development of the home entertainment market.

In light of the difficult business conditions in the fiscal year 2008, we are very pleased with our achievements and the overall performance of the Group. And as the video games market continues its growth trend also in the first months of the fiscal year 2009, we believe that Catalis Group is well positioned to take on the challenges arising from the current situation and we look forward to positive future development of our business.

The Board confirms that, to its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and that the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the company faces.

Eindhoven, May 2009

**Klaus Nordhoff**      **Dr. Jens Bodenkamp**  
(Executive Director)      (Chairman of the Board)

Im ersten Quartal des Geschäftsjahres haben wir die Umwandlung der Rechtsform der Gesellschaft von einer niederländischen N.V. in eine europäische Aktiengesellschaft (SE) abgeschlossen. Durch diesen Schritt soll der internationale Charakter der Catalis Gruppe mit ihren operativen Standorten in Europa und den USA besser reflektiert werden. Ebenso erwarten wir uns davon eine Vereinfachung der Unternehmensstruktur und der Rahmenbedingungen für internationale Geschäftsbeziehungen und M&A-Transaktionen, die einen wesentlichen Bestandteil unserer Buy & Build Strategie darstellen.

Im zweiten Quartal wurde die Catalis SE von der DPR (Deutsche Prüfstelle für Rechnungslegung) im Rahmen ihrer regelmäßigen Zufallsprüfungen für die Durchsicht des Jahresabschlusses 2006 ausgewählt. Als Ergebnis dieser Prüfung verlangte die DPR verschiedene Anpassungen unserer vergangenen und zukünftigen Jahresabschlüsse, die wir bereits umgesetzt haben. Obwohl diese Anpassungen Auswirkungen auf unsere Jahresergebnisse hatten, hatten sie keinen Einfluss auf unsere Liquiditätssituation oder die operative Entwicklung und das weitere Wachstum der Gesellschaft.

Außerdem erhielten wir durch die Auszeichnung des Studios doublesix als Best New UK/European Studio beim Develop Industry Excellence Award 2008 die erneute Bestätigung für die Richtigkeit und hohe Qualität unseres Multi-Studio Konzeptes im Bereich Videospieldentwicklung. Mit dieser Auszeichnung stellt doublesix erneut seine Position als führender, innovativer Entwickler von Videospiele für den digitalen Vertrieb unter Beweis. Im Jahr 2007 war bereits Zoë Mode für das PSP-Spiel „Crush“ in der Kategorie „Kreativität“ ausgezeichnet worden.

Durch die Akquisition der Matahari Studios, Philippinen, haben wir unsere Entwicklungskapazitäten und unser Kreativpotenzial ausgebaut und damit unsere Leistungsfähigkeit bei der Entwicklung qualitativ hochwertiger Videospiele weiter gestärkt.

Damit hat die Catalis Group im Geschäftsjahr 2008 gute Fortschritte bei der Weiterentwicklung ihrer operativen Einheiten und dem Ausbau ihrer Kompetenzen als Anbieter umfassender Outsourcing-Dienstleistungen für die digitale Medien- und Unterhaltungsindustrie gemacht. So ist die Gesellschaft gut positioniert, um von einer stabilen Entwicklung des Home Entertainment Marktes zu profitieren.

Vor dem Hintergrund der sich verschlechternden Marktbedingungen gegen Ende des Jahres, sind wir mit der Entwicklung und dem Gesamtergebnis der Gruppe hoch zufrieden. Nachdem der Markt für Videospiele sein Wachstum auch in den ersten Monaten des Geschäftsjahres 2009 weiter fortsetzt, glauben wir, dass die Catalis Group gut aufgestellt ist, um den kommenden Herausforderungen in diesem schwierigen Umfeld erfolgreich zu begegnen und freuen uns auf eine erfolgreiche Zukunft.

Der Verwaltungsrat versichert nach bestem Wissen und Gewissen, dass der Jahresabschluss ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt und der Geschäftsverlauf einschließlich des Geschäftsergebnisses und der Lage der Gesellschaft im Lagebericht so dargestellt wird, dass ein der tatsächlichen Lage entsprechendes Bild vermittelt wird und die wesentlichen Chancen und Risiken für die zukünftige Entwicklung des Konzerns beschrieben sind.

Eindhoven, Mai 2009

**Klaus Nordhoff**      **Dr. Jens Bodenkamp**  
(Executive Director)      (Chairman of the Board)





The Catalis Group

Die Catalis Group

USA

U.K.

The Netherlands

Belgium

Poland



## 3. The Catalis Group

### Introduction

#### Comprehensive Outsourcing Services for the Digital Media and Entertainment Industry

Catalis Group is a worldwide leading outsourcing services provider for the digital media and entertainment industry, focusing on high-end technical services connected to the creation of digital content for the film, video games and telecom industry as well as fields like e-learning and software. Catalis Group offers services in the fields of Quality Assurance, Games Development and Production. Catalis SE operates through its wholly owned subsidiaries Testronic Laboratories and Kuju Entertainment, which in total control 10 different locations throughout the US, the UK, Poland, Belgium, the Czech Republic and the Philippines.

### Structure

Catalis Group consists of the holding company Catalis SE and its wholly owned operating subsidiaries. These operating entities are Kuju Entertainment and Testronic Laboratories with their respective subsidiaries.

In its business development, Catalis SE follows a strict diversification and growth strategy. The key industries of Catalis SE are described below:

#### Testronic Laboratories – Leader in Quality Assurance for Digital Media

Testronic Laboratories offers quality assurance (QA) services for any type of digital media content (films, games, music, e-learning, interactive software) distributed over any digital medium (Internet, Intranet, USB, CD, DVD, Blu-ray Disc) for all devices (CD-, DVD-, Blu-ray-Readers, TVs, PCs, mobile equipment, game consoles, PDAs). Its service portfolio is composed of four closely linked units:

- Film & Entertainment QA, in particular comprising DVD and Blu-ray disc testing activities for all major film studios, where the Division is global market leader;
- Software Testing and Consultancy, comprising interactive digital media-related testing and consulting services for example for e-learning, websites and digital TV systems and applications;
- Games Testing, with a proven track record of QA and localization for console (Microsoft, Nintendo and Sony), PC and interactive DVD games for large internationally leading games publishers; and
- Hardware Testing and Certification, for many types of equipment and interfaces in the multimedia environment and clients such as HP, Intel, and Philips.

## 3. Die Catalis Group

### Einführung

#### Umfassende Outsourcing-Dienstleistungen für die digitale Medien- und Unterhaltungsindustrie

Die Catalis Group ist ein weltweit führender Outsourcing-Dienstleister für die digitale Medien- und Unterhaltungsindustrie, der auf hochwertige technische Outsourcing-Dienstleistungen rund um die Entwicklung digitaler Inhalte für die Film-, Videospiel- und Telekommunikationsindustrie, sowie Software und e-Learning-Programme, aus einer Hand spezialisiert ist. Catalis SE bietet über ihre Tochtergesellschaften Testronic Laboratories und Kuju plc, die an zehn verschiedenen Standorten in den USA, Großbritannien, Polen, Belgien, Tschechien und den Philippinen aktiv sind, Dienstleistungen in den Bereichen Qualitätssicherung, Videospieldentwicklung und Produktion an.

### Struktur

Die Catalis Group besteht aus der Holdinggesellschaft Catalis SE und ihren 100%-igen operativen Tochtergesellschaften. Diese operativen Einheiten sind Kuju Entertainment und Testronic Laboratories mit ihren jeweiligen Tochtergesellschaften.

In ihrer Unternehmensentwicklung folgt die Catalis SE einer strikten Diversifizierungs- und Wachstumsstrategie. Die Schlüsselindustrien für die Entwicklung der Catalis SE sind nachfolgend beschrieben:

#### Testronic Laboratories – führend bei Qualitätssicherung für digitale Medien

Testronic Laboratories bietet Dienstleistungen im Bereich Qualitätssicherung (QS) für alle Arten digitaler Medieninhalte (Filme, Videospiele, Music, e-Learning, interaktive Software) auf allen möglichen digitalen Medien (Internet, Intranet, USB, CD, DVD, Blu-ray Disc) und für alle Verbreitungs Kanäle (CD-, DVD-, Blu-ray-Spieler, TV, PC, tragbare Geräte, Videospielekonsolen, PDA) an. Das Dienstleistungsportfolio umfasst vier eng miteinander verbundene Geschäftsfelder:

- Qualitätssicherung im Bereich Film & Unterhaltung beinhaltet insbesondere das Testen von DVD und Blu-ray Discs für alle großen Filmstudios. In diesem Segment nimmt die Gesellschaft weltweit eine führende Position ein;
- Softwaretesten und Beratung umfasst das Testen interaktiver digitaler Medien sowie Beratungsdienstleistungen in Bereichen wie e-Learning, Webseiten oder digitale TV-Systeme und -Anwendungen;
- Spieletesten, mit einem hervorragenden Track Record bezüglich Qualitätssicherung und Regionalisierung von Videospiele für Konsolen (Microsoft, Nintendo und Sony), PC und interaktive DVD für die großen, international führenden Videospieleverlage; und
- Hardwaretesten und Zertifizierung für eine Vielzahl von Geräten und Schnittstellen in Multimedia-Umgebungen für Kunden wie HP, Intel oder Philips.










Apart from being the global leader in Film & Entertainment QA our business is ranked fifth in the world for computer game testing and #1 in Europe for e-learning testing. Also, Testronic is continuously building up its certification business providing certification services for hard- and software, where the company has already made good progress.

**Kuju Entertainment – Versatile High Quality Games Development**

In early 2007, Catalis SE accomplished the acquisition of the British computer game developer Kuju plc. The expansion into this industry significantly complimented Catalis SE's service portfolio, establishing another main pillar for Catalis SE in the booming computer game industry and adding significantly to the company's growth trend. Kuju acts on behalf of large game publishers and develops games for all game consoles including Sony, Microsoft, Nintendo, PC games and mobile games. The cutting edge technical specialists at Kuju are responsible for more than 50 highly popular computer games that have kept the company on top of its market for more than 16 years. With its great experience and reputation Kuju ranks among the top 5 UK independent games developers.

Kuju Entertainment follows a multi-studio concept, with each having its own clearly defined profile regarding game genres, target groups and technology. The studio's specific genre and client orientation is reflected in their individual, unique identities with high brand recognition.

Studio	Profile
	<b>Zoë Mode</b> Award winning world-leading independent developer of music, party and social games All gaming platforms
	<b>Doublesix</b> Award winning "pick-up and play" games Across all downloadable formats: XBLA, PSN, Wii-Ware, PC, PSP, iPhone/iTouch
	<b>Chemistry</b> 1st and 3rd person action games For Xbox 360, PS3 and PC built on Epic's Unreal Engine
	<b>Headstrong</b> Character and license action titles on the Wii™ Wealth of experience gained by working on Nintendo titles
	<b>Kuju America</b> Fun casual games For the Nintendo Wii
	<b>Nik Nak</b> Games targeted at younger players aged 6-12 All platforms
	<b>Kuju Manila</b> Cost effective resourcing for all Kuju's studios worldwide Most recent acquisition

Neben der führenden Position im Bereich QS für Film & Entertainment nimmt die Gesellschaft außerdem Platz 5 beim Testen von Videospiele ein und ist Marktführer in Europa beim Testen von e-Learning-Software. Darüber hinaus baut Testronic auch das Geschäftsfeld Zertifizierung, das Zertifizierungsdienstleistungen für Hard- und Software beinhaltet, kontinuierlich aus und hat hier bereits gute Fortschritte erzielt.

**Kuju Entertainment – vielseitige, qualitative hochwertige Videospieentwicklung**

Anfang des Jahres 2007 schloss die Catalis SE die Übernahme des britischen Videospieentwicklers Kuju plc erfolgreich ab. Mit der Expansion in den Bereich Videospieentwicklung, konnte die Catalis SE ihr Dienstleistungsportfolio ergänzen und abrunden, ein zweites Standbein in der boomenden Videospiebranche etablieren und den Wachstumstrend der Gesellschaft deutlich beschleunigen. Kuju ist als Dienstleister für die großen Videospievelage tätig und entwickelt Videospiele für sämtliche Spielekonsolen von Sony, Microsoft, Nintendo, sowie PC Spiele und Mobile Games. Die hochqualifizierten technischen Spezialisten von Kuju haben bereits mehr als 50 bekannte und erfolgreiche Videospiele entwickelt, die der Gesellschaft nun seit über 16 Jahren eine führende Marktposition gesichert haben. Mit ihrer umfangreichen Erfahrung und hohen Reputation gehört Kuju zu den Top 5 unabhängigen Videospieentwicklern in Großbritannien.

Kuju Entertainment verfolgt ein Multi-Studio Konzept, bei dem jedes Studio ein eigenes, klar definiertes Profil besitzt, das sich aus Spiele-Genres, Zielgruppen und Technologien zusammensetzt. Die spezifische Genre- und Kundenorientierung jedes Studios spiegelt sich in seiner individuellen, einzigartigen Identität und der Unverwechselbarkeit der Marke wider.

Studio	Profil
	<b>Zoë Mode</b> Preisgekrönter und weltweit führender unabhängiger Entwickler von Musik-, Party- und Gesellschaftsspielen Alle Spieleplattformen
	<b>Doublesix</b> Preisgekrönter Entwickler von "pick-up and play" Videospiele Alle downloadfähigen Formate: XBLA, PSN, Wii-Ware, PC, PSP, iPhone/iTouch
	<b>Chemistry</b> Action-Spiele aus First und Third person Perspektive Für Xbox 360, PS3 und PC basierend auf Epics Unreal Engine
	<b>Headstrong</b> Helden- und lizenzierte Actionspiele für Wii™ Umfangreiche Erfahrungen in der Entwicklung von Spielen für Nintendo
	<b>Kuju America</b> Unterhaltsame Gelegenheitsspiele Für Nintendo Wii™
	<b>Nik Nak</b> Videospiele für junge Spieler im Alter von 6 bis 12 Jahren Alle Plattformen
	<b>Kuju Manila</b> Kosteneffiziente Entwicklungskapazitäten für alle Kuju-Studios weltweit Jüngste Akquisition

Kuju Entertainment is a pure “work for hire” service provider and does not act in any way as a direct competitor to publishers.

## Employees

The Catalis Group is active in six different countries with 10 separate establishments. Altogether the company currently employs about 461 people of which 223 are employed in the Quality Assurance business and 238 at Kuju Group. Catalis Holding has three employees.

## Service Portfolio

Our services are in the areas of Quality Assurance and Video Games Development.

### Quality Assurance

All Quality Assurance Services from Catalis SE are handled by the subsidiary company Testronic Laboratories. Our outsourcing quality control offers Quality Assurance Services:

- for any type of content (films and DVDs, games, music, and software)
- on any type of communications medium (internet, DVD, mobile, etc.)
- to any type of end device (DVD players, game consoles, computers, mobile devices, etc.)

We serve a global client base of over 250 media and hi-tech companies, including many prestigious brands.

### Video / Audio

Testronic Laboratories is at the forefront of multimedia testing. From CDi, VCD, DVD, and UMD, through to the high definition formats, Blu-ray & HD-DVD, Testronic Laboratories has been testing multimedia content for over 10 years. Proven processes, depth of knowledge and rapid turnaround are some of the main reasons that have helped establish Testronic Laboratories as the leading independent Quality Assurance testing solution centre for the home entertainment industry.

Within the rapidly evolving world of digital content, mediums and devices, Testronic Laboratories is uniquely positioned to offer testing services for optical media and the Electronic Distribution markets - for example the emerging Electronic Sell Through (EST), Download To Own (DTO) and Video On Demand (VOD) fields.

Each of the five locations across the US and Europe have extensively trained and skilled staff and the infrastructure to cope with constantly changing production work loads and seasonal peaks. A total outsource solution or an overflow service can be provided.

Kuju Entertainment ist ein reiner Entwicklungsdienstleister und agiert daher in keiner Weise als direkter Konkurrent zu den Videospielverlegern.

## Mitarbeiter

Die Geschäftsaktivitäten der Catalis Group erstrecken sich über 10 Standorte in sechs Ländern. Insgesamt beschäftigt die Gesellschaft derzeit 461 Personen, wovon 223 im Bereich Qualitätssicherung und 238 bei der Kuju-Gruppe tätig sind. Die Catalis Holding hat drei Mitarbeiter.

## Dienstleistungsportfolio

Die Catalis Group bietet Dienstleistungen in den Bereichen Qualitätssicherung und Videospielentwicklung an.

### Qualitätssicherung

Alle Dienstleistungen im Bereich Qualitätssicherung der Catalis SE werden von der Tochtergesellschaft Testronic Laboratories erbracht. Unsere Angebote zur ausgelagerten Qualitätskontrolle beinhalten Qualitätssicherungsdienstleistungen

- für alle Inhalte (Filme und DVDs, Videospiele, Musik und Software),
- auf allen Medien (Internet, DVD, mobile Medien),
- für alle Arten von Verbreitungs Kanälen (DVD-Spieler, Videospielekonsolen, Computer, mobile Geräte).

Hier verfügen wir über eine weltweite Kundenbasis von mehr als 250 Hi-Tech- und Medienunternehmen, darunter eine Reihe der führenden Gesellschaften dieser Branchen.

### Video / Audio

Testronic Laboratories nimmt eine führende Stellung bei der Qualitätsprüfung für Multimedia ein. Von den Formaten CDi, VCD, DVD und UMD bis hin zu den hochauflösenden Formaten Blu-ray und HD-DVD besitzt Testronic Laboratories mehr als 10 Jahre Erfahrung beim Testen von Multimedia-Inhalten. Bewährte Prozessabläufe, umfangreiches Wissen und kurze Durchlaufzeiten sind einige der wichtigsten Eigenschaften, die Testronic Laboratories zu einem führenden, unabhängigen Anbieter von Qualitätssicherungsdienstleistungen für die Unterhaltungsindustrie gemacht haben.

Innerhalb der sich schnell weiterentwickelnden Welt digitaler Inhalte, Medien und Endgeräte ist Testronic Laboratories in der einzigartigen Position, Testdienstleistungen für optische Medien und elektronische Verbreitungswege anzubieten – z.B. für die wachsenden Felder Electronic Sell Through (EST), Download To Own (DTO) und Video On Demand (VOD).

Jeder der fünf Standorte in Europa und den USA verfügt über einen hervorragend ausgebildeten Mitarbeiterstamm und die nötige Infrastruktur, um die ständig schwankende Auslastung und saisonalen Nachfragespitzen zu bewältigen. Dabei kann den Kunden sowohl ein komplettes Outsourcing angeboten werden, wie auch einfache Auffanglösungen bei Kapazitätsengpässen.

Operating for over 10 years in the home entertainment optical media industry, Testronic Laboratories has a detailed knowledge of clients' needs with the ultimate aim of protecting clients' brands by ensuring high levels of quality.

### Games

Testronic Laboratories serves global interactive games developers and publishers from Games Testing laboratories at Pinewood Studios U.K., Diepenbeek Belgium, and Warsaw Poland. Our international team has a proven track record of Quality Assurance for console (Microsoft, Nintendo and Sony), PC and Interactive DVD Games. Testronic is continually investing in new testing capabilities, e.g. new console platforms, additional language capabilities and PC hardware and software to ensure high quality services.

### Software

The software testing services help to prevent businesses failing. Software testing can eliminate errors in software products which would otherwise result in expensive fixes, late market delivery, lost customers, aborted marketing campaigns and other liabilities.

### On-site Testing

Testronic delivers its testing services tailor-made to customers' needs. Some services benefit from the test team being in the same offices as the development team. Testronic's experienced test team leaders can define the best risk and requirements based testing strategy. They can translate customer and functional requirements into testing requirements and write appropriate test cases. Testronic can staff and/or manage the test team, analyze and monitor the bug reports manage the test environment and configuration. When staffing the teams, special attention is given to the right balance between hard and soft skills. The focus is on the delivery of high quality products within budget and time restrictions.

### Hardware

Testronic Laboratories, via its European testing operation PMTC, is the world's leading test house for hardware quality assurance and certification of many types of multimedia equipment and interfaces. From our initial base in Belgium, PMTC have now become the global centre for excellence for hardware testing and certification within the organisation.

In 2000 Testronic Laboratories became the first company worldwide to certify products to be USB compatible, and now have proven expertise and services for the testing and certification of a wide range of intelligent digital systems and interfaces, with a strong emphasis on multimedia applications.

It offers an independent, professional approach to hardware testing and certification, backed up by many years of experience and partnerships with key international companies including Hewlett-Packard, Microsoft, Intel and Nokia.

Nach mehr als 10 Jahren erfolgreicher Tätigkeit in der Prüfung optischer Medien für die Unterhaltungsindustrie verfügt Testronic Laboratories über genaue Kenntnisse der Kundenbedürfnisse. Im Mittelpunkt steht dabei das Ziel, durch die Einhaltung höchster Qualitätsstandards, die Reputation unserer Kunden zu schützen.

### Videospiele

Testronic Laboratories ist für Videospieleentwickler und -verleger weltweit tätig und bietet Dienstleistungen im Geschäftsfeld Spieletesten an den Standorten Pinewood Studios (GB), Diepenbeek (Belgien) und Warschau (Polen) an. Unser internationales Mitarbeiter-Team besitzt langjährige Erfahrung im Bereich Qualitätssicherung für Videospielekonsolen (Microsoft, Nintendo und Sony), PC und interaktive DVD-Spiele. Testronic investiert darüber hinaus kontinuierlich in den Aufbau weiterer Testkapazitäten, wie z. B. neue Arbeitsplattformen, zusätzliche Sprachkenntnisse sowie Hard- und Software, um permanent qualitativ hochwertige Dienstleistungen garantieren zu können.

### Software

Das Geschäftsfeld Softwaretesten hilft bei der Vermeidung von Pannen im Geschäftsbetrieb. Durch Softwaretesten können Fehler in Software-Produkten beseitigt werden, die sonst zu teuren Reparaturmaßnahmen, verspäteten Markteinführungen, Verlust von Kunden, Abbruch von Marketingkampagnen und ähnlichen Kostenbelastungen führen würden.

### Vor-Ort-Prüfungen

Testronic bietet ihren Kunden auf die jeweilige Situation maßgeschneiderte Testdienstleistungen an. Für manche Dienstleistungen ist es dabei vorteilhaft, wenn das Test-Team seine Arbeit beim Kunden vor Ort durchführen kann. Die erfahrenen Teamleiter von Testronic können so, basierend auf den jeweiligen Risiken und Anforderungen, die beste Vorgehensweise festlegen. Dazu müssen die Kundenwünsche und funktionelle Anforderungen in entsprechende Prüfkriterien überführt und geeignete Prüfscenarien entworfen werden. Testronic kann dabei das Test-Team komplett selbst stellen und/oder managen, die Fehlerprotokolle analysieren und überwachen, sowie die Testumgebung und Testkonfiguration verwalten.

### Hardware

Mit dem Prüflabor ihrer europäischen Tochtergesellschaft PMTC gehört Testronic auch im Geschäftsfeld Hardwaretesten zu den weltweit führenden Dienstleistern für Qualitätssicherung und Zertifizierung einer Vielzahl von Multimedia-Geräten und Schnittstellen. Ausgehend von der Zentrale in Belgien, ist PMTC für das Geschäftsfeld Hardwaretesten und Zertifizierung inzwischen zu einem weltweiten Center of Excellence innerhalb der Testronic-Gruppe geworden.

Im Jahr 2000 erhielt Testronic Laboratories als erste Gesellschaft überhaupt die Lizenz zur Zertifizierung USB-kompatibler Produkte und verfügt inzwischen über eine hohe Expertise und ein umfangreiches Dienstleistungsangebot für das Testen und die Zertifizierung einer breiten Palette programmierbarer digitaler Systeme und Schnittstellen, mit einem klaren Fokus auf Multimedia-Anwendungen.

Testronic Laboratories bietet dabei einen unabhängigen, professionellen Ansatz für Hardware-Testen und Zertifizierung, der auf langjähriger Erfahrung und Partnerschaften mit den international führenden Unternehmen der Branche, wie Hewlett-Packard, Microsoft, Intel oder Nokia, beruht.

Services include alpha testing, beta testing, pre-WHQL testing, interoperability and interconnectivity testing, compatibility testing and functionality testing, and cover a range of communications and multimedia technologies including DVB, ATSC, IEEE-1394, WiFi, USB, S-ATA, PCI Express, HDMI, DVI, Ethernet and DLNA.

It carries out testing in its own laboratories or offers test consultancy services to develop test programs and procedures to enhance customers' in-house activities. All activities are carried out with a high degree of confidentiality.

As a market leader in the field of DVD's and other services, Testronic Laboratories has locations in the Hollywood area and in the London Pinewood Studios. Being situated closely to the prominent film production sites provides us with a clear cut advantage.

### Games Development

With the acquisition of the British computer game programmer Kuju plc in early 2007, Catalis SE has become actively involved in a new market segment. As a pure service provider for computer game publishing, Kuju Entertainment is positioned amongst the best development studios in Europe and is ranked among the world's most successful game studios. In the past Kuju plc has created more than 50 games for all kinds of gaming platforms.

Their know-how has helped to create popular computer games such as "Sing Star", "Buzz", "Crash Twinsanity", "Call of Duty", "Finest Hour", and "Lotus Challenge" and among other things has helped to round out Catalis SE's service portfolio as a complete media service provider.

Within the Catalis Group, Kuju Entertainment offers a very promising business model, acting as a pure work for hire service provider to the major publishers. With its large customer portfolio and multitude of game genres Kuju Entertainment has a broad based foundation. Ultimately the company has the characteristics and operates with a typical "game culture" that can only be found in prime game development studios.

With its broad know-how over a variety of games genres, its strong development capacities, the persuasive track record of successfully developed games for the world-wide leading games publishers and its establishment on leading publishers' short lists as "preferred" partner, Kuju is already well positioned to participate as one of the major players in the tremendous growth of the games outsourcing industry. Moreover, Testronic's long-established business relationship in QA-services for the major studios such as Disney, Paramount, Universal, and Warner Bros. who are increasingly active in the games market themselves, will strengthen Kuju's market position.

Die Dienstleistungen beinhalten Alpha-Tests, Beta-Tests, prä-WHQL Tests, Interoperabilitäts- und Interkonnektivitätsprüfungen, sowie Kompatibilitätsprüfungen und Funktionalitätstests und decken eine große Bandbreite an Kommunikations- und Multimedia-Technologien ab, wie z.B. DVB, ATSC, IEEE-1394, WiFi, USB, S-ATA, PCI Express, HDMI, DVI, Ethernet und DLNA.

Testronic Laboratories führt die Tests meist in ihren eigenen Prüflaboren durch, bietet aber ebenso Beratungsdienstleistungen zur Entwicklung von Prüfprogrammen und Verfahrensweisen an, die die Testaktivitäten der Kunden vor Ort verbessern. Sämtliche Arbeiten werden mit einem hohen Maß an Geheimhaltung durchgeführt.

Als Marktführer beim Testen von DVDs und anderen Dienstleistungen ist Testronic Laboratories mit Standorten in der Gegend von Hollywood und in den Pinewood Studios in London vertreten. Durch die Nähe zu den bekannten Filmproduktionsstätten besitzt die Gesellschaft einen deutlichen Wettbewerbsvorteil.

### Videospielentwicklung

Durch die Übernahme des britischen Videospielentwicklers Kuju plc zu Beginn des Jahres 2007 hat die Catalis SE ein neues Marktsegment für sich erschlossen. Als reiner Entwicklungsdienstleister für die Spielverlage gilt Kuju Entertainment als eines der besten Entwicklungsstudios in Europa und zählt zu den erfolgreichsten Videospielentwicklern weltweit. In der Vergangenheit hat Kuju plc bereits mehr als 50 Videospiele für alle bekannten Spieleplattformen entwickelt.

Mit ihrem umfangreichen Know-how haben die Kuju-Mitarbeiter solche bekannten Videospiele wie "Sing Star", "Buzz", "Crash Twinsanity", "Call of Duty", "Finest Hour", und "Lotus Challenge" entwickelt und tragen nun wesentlich dazu bei, das Leistungsportfolio der Catalis SE als Komplettdienstleister für die digitale Medien- und Unterhaltungsindustrie abzurunden.

Innerhalb der Catalis-Group verfügt Kuju Entertainment als reiner Entwicklungsdienstleister für die großen Spielverlage über ein sehr vielsprechendes Geschäftsmodell. Mit ihrem großen Kundenstamm und zahlreichen Spiele-Genres im Angebot, steht das Geschäft von Kuju Entertainment auf einem starken Fundament. Nicht zuletzt hat die Gesellschaft den typischen Charakter und die „Spielkultur“ die nur bei den besten Entwicklungsstudios zu finden ist.

Mit umfassendem Know-how in den unterschiedlichsten Spiele-Genres, umfangreichen Entwicklungskapazitäten und einem überzeugenden Track Record erfolgreicher Spieleentwicklung für die führenden Spielverlage weltweit sowie ihrer Position als einer der bevorzugten Partner der großen Verlage, ist Kuju bereits hervorragend positioniert, um als eine der führenden Gesellschaften von dem starken Wachstum im Markt für Outsourcing-Dienstleistungen in der Videospieleindustrie zu profitieren. Darüber hinaus ergibt sich für Kuju weiteres Potenzial aus den Kundenbeziehungen von Testronic zu den großen Filmstudios wie Disney, Paramount, Universal, und Warner Bros. im Bereich Qualitätssicherung, die mit Spielen zum Film ebenfalls verstärkt in den Markt für Videospiele eingreifen.





## Strategy

### The “One Stop Shop” for the Entire Digital Media and Entertainment Industry

Catalis Group follows an active buy-and-build strategy, combining continuous organic growth and selected acquisitions, to realise its vision of a fully integrated outsourcing service provider for the entire digital media and entertainment industry.

A major element of this strategy is the diversification along the value chain of Catalis' core client segments (film, games, software) to increase continuously the scope and reach of its services, expanding business relationships with existing clients and establishing relationships with new clients.

Based on the implementation of this strategy in the recent years, Catalis Group is well positioned to benefit from the future growth potential of the digital media and entertainment industry, offering a broad range of digital media testing services through its subsidiary Testronic Laboratories and games development services through Kuju Entertainment.

The future strategy of Catalis Group is to broaden its service portfolio, both regionally and in terms of services offered to open up new markets and new clients and to fully implement its one-stop-shop concept.

At the same time, Catalis' management has permanent focus on cost controlling in order to generate attractive margins from its business.

## Clients

### All Major Studios

In its Quality Assurance division Catalis SE works for all major and a large number of smaller film studios particularly in Hollywood, but also in the UK, France and other locations. At the same time, Kuju Entertainment has long term client relationships with most large games publishers including EA Games, Microsoft, Sony, Sega and Nintendo.

## Locations

### In the Right Place

Our locations in the US and Europe are directly in front of the gates of the most important studios and publishers. We operate Quality Assurance sites in Los Angeles (2), London (2), Poland and Belgium and games developments sites in the UK, the US, the Czech Republic and the Philippines (8 locations, 10 studios).

## Strategie

### Dienstleistungen für die gesamte digitale Medien- und Unterhaltungsindustrie aus einer Hand

Die Catalis Group folgt bei der Umsetzung ihrer Vision eines integrierten Outsourcing-Dienstleisters für die gesamte digitale Medien- und Unterhaltungsindustrie einer aktiven Buy & Build Strategie, einer Kombination aus kontinuierlichem organischen Wachstum und ausgewählten Akquisitionen.

Ein wesentliches Element dieser Strategie ist die Diversifizierung des Dienstleistungsportfolios entlang der gesamten Wertschöpfungskette im Kerngeschäft von Catalis (Film, Videospiele, Software), um langfristig den Umfang und die Reichweite des Angebots zu erhöhen, bestehende Geschäftsbeziehungen weiter auszubauen und neue Kunden dazuzugewinnen.

Aufbauend auf der bisherigen Umsetzung dieser Strategie in den vergangenen Jahren ist die Catalis Group gut positioniert, um als Anbieter einer breiten Palette digitaler Testdienstleistungen und Videospieldentwicklung durch ihre Tochtergesellschaften Testronic Laboratories und Kuju Entertainment vom zukünftigen Wachstumspotenzial der digitalen Medien- und Unterhaltungsindustrie zu profitieren.

Die Zukunftsstrategie der Catalis Group sieht vor, das Dienstleistungsangebot weiter auszubauen, neue Märkte und Kundengruppen zu erschließen sowie das Konzept des integrierten Full-Service Anbieters vollständig umzusetzen.

Gleichzeitig legt das Management der Catalis Group größten Wert auf strikte Kostenkontrolle, um auch in Zukunft attraktive Margen und Ergebnisse erwirtschaften zu können.

## Kunden

### Große Filmstudios und Verlage

Im Geschäftsbereich Qualitätssicherung ist die Catalis SE für alle großen und eine Reihe kleiner Filmstudios, insbesondere in Hollywood, Großbritannien und Frankreich tätig. Gleichzeitig verfügt Kuju Entertainment über langjährige Geschäftsbeziehungen zu den meisten großen Videospieldverlagen wie EA Games, Microsoft, Sony, Sega und Nintendo.

## Standorte

### Immer am Ort des Geschehens

Unsere Niederlassungen in den USA und Europa liegen direkt vor den Toren der wichtigen Filmstudios und Verlage. Unsere Dienstleistungen im Bereich Qualitätssicherung bieten wir über unsere Niederlassungen in Los Angeles (zwei), London (zwei), Polen und Belgien an. Der Bereich Videospieldentwicklung ist mit Standorten in Großbritannien, den USA, Tschechien und auf den Philippinen vertreten (insgesamt zehn Studios an acht Standorten).

## Competition

As Catalis Group with its operating entities Kuju Entertainment and Testronic Laboratories is active in a number of different markets, the competitive environment of Catalis Group has to be analysed separately for each market.

### Testing Services

The major focus of Testronic Laboratories is still on the market for optical disc QA where Testronic enjoys a leading position, occupying a market share of more than 50%. In Europe, Testronic has a stand-alone position in this segment and worldwide competition is reduced to six smaller US companies with annual revenues of USD 1 – 4 million. With the early establishment of its Blu-ray QA centre and as a member of the Blu-ray Disc Association, Testronic is apt to even increase its market share in this business as the Blu-ray disc is evolving its market potential.

The next important market for Testronic is in the field of games testing / games QA. On the one hand, games testing is a growing market segment in itself, on the other hand Testronic can leverage the cross-selling potential from the games development services of Kuju. Generally, the games testing market is in an early stage of development and still highly fragmented. In this segment, Testronic has six main competitors worldwide with revenues of more than USD 5 million. These competitors are US-based VMC, Absolute Quality and iBeta Quality Assurance, UK-Based Babel Media, Canadian Enzyme Labs and Indian RelQ. Apart from these major competitors, there are approx 20-30 specialised niche players with less than USD 5 million revenues in this market. In games testing, Testronic generates 85% of its revenues from language testing, where it is market leader, which accounts for approx. 10% of the games testing market.

Through its subsidiary PMTC, Testronic is an authorized test laboratory for many industry standard interfaces like all USB logo programs, Firewire, DLNA and SATA and the first test lab in the world to be qualified for these standards. Testronic is the only company worldwide that has USB and SATA official certification status for both Europe and the USA. Management estimates that PMTC holds rank 4 or 5 in the global industry standard interfaces certification business. However, certification is still a minor business segment of Testronic. Competition in this market is limited to a certain extent by the awarding of licences through the various industry certification forums like USB-IF, Wi-Fi Alliance and others.

In software testing Testronic particularly faces competition from companies with similar specialization on software products for websites, CD-ROMs/DVD-ROMs, applications and systems. Here, Testronic is one of the European market leaders in the niche market of educational software where it faces competition from US-based Liquid Media Communications and Canadian Epic on a worldwide basis.

As Testronic is not represented in Asia, where the overwhelming majority of multimedia hardware testing takes place through a large number of market participants, hardware testing is currently a minor business segment.

## Wettbewerb

Da die Catalis Group mit ihren Tochtergesellschaften Kuju Entertainment und Testronic Laboratories in zahlreichen verschiedenen Märkten tätig ist, muss das Wettbewerbsumfeld der Catalis Group für jeden Markt einzeln betrachtet werden.

### Qualitätssicherung

Das Hauptaugenmerk von Testronic Laboratories liegt noch immer auf dem Markt für Qualitätssicherung bei optischen Discs, wo die Gesellschaft einen Marktanteil von mehr als 50% besitzt. In Europa ist Testronic uneingeschränkter Marktführer in diesem Segment. Die weltweite Konkurrenz beschränkt sich auf sechs kleinere US-Unternehmen jährlichen Umsatzerlösen zwischen USD 1 - 4 Mio. Durch den frühzeitigen Aufbau eine Blu-ray-Prüflabors und als Mitglied der Blu-ray Disc Association hat Testronic das Potenzial, den Marktanteil mit zunehmender Verbreitung der Blu-ray Disc noch weiter auszubauen.

Den zweitwichtigsten Markt stellt das Geschäftsfeld Spieletesten / Qualitätssicherung für Videospiele dar. Einerseits befindet sich dieser Markt derzeit in einer starken Wachstumsphase, andererseits besteht für Testronic außerdem erhöhtes Cross-Selling Potenzial über die Verbindung zum Geschäftsbereich Videospielentwicklung von Kuju. Grundsätzlich befindet sich der Markt für Spieletesten noch in einem frühen Entwicklungsstadium und ist immer noch stark zersplittert. In diesem Segment hat Testronic sechs Hauptkonkurrenten weltweit, die jährliche Umsatzerlöse von mehr als USD 5 Mio. erzielen. Diese Wettbewerber sind die US-Unternehmen VMC, Absolute Quality und iBeta Quality Assurance, die britische Babel Media, die kanadische Enzyme Labs und die indische RelQ. Abgesehen von diesen großen Wettbewerbern, gibt es noch etwa 20 bis 30 spezialisierte Nischenanbieter, die in diesem Segment jeweils weniger als USD 5 Mio. Umsatz erwirtschaften. Testronic erwirtschaftet im Geschäftsfeld Spieletesten etwa 85% des Umsatzes mit Sprachprüfungen. In diesem Bereich, der etwa 10% des Gesamtmarktes ausmacht, ist die Gesellschaft Marktführer.

Mit ihrer Tochtergesellschaft PMTC besitzt Testronic auch ein anerkanntes Prüflabor für viele industrielle Standardschnittstellen, wie z.B. alle USB-Logo Programme, Firewire, DLNA und SATA. Testronic war der erste Dienstleister weltweit, der als Tester für diese Standards lizenziert wurde und sie ist die einzige Gesellschaft, die offiziell Zertifizierungen für USB und SATA sowohl für die USA als auch für Europa durchführen darf. Das Management schätzt, dass PMTC im Bereich der Zertifizierung für industrielle Standardschnittstellen weltweit auf Platz 4 oder 5 steht. Allerdings gehört das Zertifizierungsgeschäft immer noch zu den kleineren Geschäftsfeldern von Testronic. Der Wettbewerb in diesem Markt ist in gewissen Umfang auch durch die Lizenzvergabe der verschiedenen Industrieorganisationen, wie dem USB-IF, der Wi-Fi Alliance, u. a., eingeschränkt.

Im Geschäftsfeld Softwaretesten steht Testronic insbesondere im Wettbewerb mit Unternehmen, die in ähnlicher Weise auf Software-Produkte für Internetseiten, CD-ROMs/DVD-ROMs, Anwendungen und Systeme spezialisiert sind. Hier ist Testronic europäischer Marktführer im Nischensegment für Lernsoftware. Im weltweiten Vergleich sind dort die US-amerikanische Liquid Media Communications und die kanadische Epic die wesentlichen Wettbewerber.

Da Testronic nicht in Asien präsent ist, wo die überwältigende Mehrheit der weltweiten Hardware-Prüfungen im Multimedia-Bereich stattfindet und von einer Vielzahl lokaler Anbieter durchgeführt wird, spielt das Geschäftsfeld Hardwaretesten nur eine untergeordnete Rolle.



## Games Development Services

In this segment, Catalis offers independent games development through its subsidiary Kuju Entertainment. The games development market is highly fragmented with a myriad of small developers all over the world.

Kuju's competition in this business comes from three areas:

1. Internal development organisations of game publishers, who maintain own development studios (the so-called first-party developers) and account for more than 50% of the worldwide development talent. For Kuju, internal developers provide the primary competition for qualified staff and to a lesser extent also for the acquisition of projects.
2. Publisher-independent developers (the so-called independents or third-party developers) who develop both titles on order of game publishers (like Kuju) and / or entirely on own risk who can be split into:
  - multi-studio developers with multiple studios operating in different genres and across different platforms:

Here, Kuju faces competition from US-based Foundation 9 and UK-based Rebellion Developments. Rebellion Developments is one of the largest independent game developers in Europe with revenues of more than € 11 million and is also heading the ranking of leading independent game developers in UK by Develop 100, where Kuju was ranked 8th.

Foundation 9 is headquartered in the US and generates annual sales of approx. 80 million with a headcount of approx. 900 employees.

- specialist studios:

In the field of single specialist studios Kuju faces day to day competition from dozens of mature high quality games developers worldwide. Specific examples include Blitz Games in the UK who are a well established kids game developer with over 200 staff and representing a real competition for Kuju's kids studio Nik Nak; another example is Seattle-based Zombie studios who are a pre-eminent Unreal Engine specialist with over 100 staff who compete directly with Kuju's Chemistry studio. Yet, Kuju's concept of a group of autonomous studios has proven to be the right strategy and Kuju's studios have already won several awards and are constantly ranked in top positions of the games development industry.

## Videospielentwicklung

In diesem Geschäftsbereich bietet Catalis durch ihre Tochtergesellschaft Kuju Entertainment unabhängige Entwicklungsdienstleistungen für Videospiele an. Hier gibt es weltweit eine Unmenge kleiner Spieleentwickler, so dass der Markt stark fragmentiert ist.

Kujus Wettbewerber in diesem Bereich lassen sich in drei Kategorien einteilen:

1. Interne Entwicklungsabteilungen der Videospieleverlage, die eigene Entwicklungsstudios unterhalten (die sogenannten First-Party Entwickler) und mehr als 50% aller Videospieleentwickler weltweit beschäftigen. Für Kuju stellen diese internen Entwicklungsabteilungen die größten Wettbewerber im Kampf um qualifizierte Mitarbeiter dar und in geringerem Maße auch im Kampf um neue Entwicklungsprojekte.
2. Verlagsunabhängige Videospieleentwickler (die sogenannten unabhängigen oder Third-Party Entwickler) die Videospiele sowohl im Auftrag der Verlage entwickeln (wie Kuju) und / oder vollständig auf eigenes Risiko, können eingeteilt werden in:
  - Multi-Studio Entwickler die mehrere Studios für verschiedene Genres und Plattformen betreiben:

Hier steht Kuju in Konkurrenz zur US-amerikanischen Foundation 9 und der britischen Rebellion Developments. Mit einem Jahresumsatz von EUR 11 Mio. ist Rebellion Developments einer der größten unabhängigen Videospieleentwickler in Europa und steht damit auch an der Spitze des von Develop 100 durchgeführten Ranking der führenden unabhängigen Videospieleentwickler in Großbritannien, bei dem Kuju den achten Platz belegte.

Foundation 9 hat seinen Hauptsitz in den USA und erwirtschaftet mit etwa 800 Mitarbeitern einen Jahresumsatz von EUR 80 Mio.

- Spezialisierte Einzelstudios

Darüber hinaus steht Kuju täglich im weltweiten Wettbewerb mit Dutzenden etablierter, spezialisierter Einzelstudios, die ebenfalls qualitativ hochwertige Entwicklungsdienstleistungen für Videospiele anbieten. Beispielhaft sind hier etwa die britische Blitz Games zu nennen, ein renommierter Entwickler von Videospielen für Kinder und Jugendliche, der mit seinen 200 Mitarbeitern einen ernstzunehmenden Konkurrenten für Kujus Nik Nak-Studio darstellt; weiterhin sind die in Seattle ansässigen Zombie Studios zu nennen, ein ausgewiesener Spezialist für Unreal Engine Videospiele, der mit über 100 Mitarbeitern in direktem Wettbewerb zu Kujus Chemistry-Studio steht. Nichtsdestotrotz hat sich Kujus Konzept einer Gruppe eigenständiger Themen-Studios als eine richtige Strategie erwiesen. Die Kuju-Studios haben bereits diverse Auszeichnungen erhalten und belegen regelmäßig Spitzenpositionen in den Rankings der Videospieleentwickler.

**The Stock & Corporate Governance**

**Aktie & Corporate Governance**



## 4. The Stock & Corporate Governance

Key Stock Figures (XETRA)	
<b>Number of Shares:</b>	26,890,775 (currently: 37,878,999)
<b>End of Year Share Price:</b>	€ 0.30
<b>Year High:</b>	€ 1.27
<b>Year Low:</b>	€ 0.23
<b>Market Capitalisation:</b>	€ 8.07m
<b>Symbol:</b>	XAE
<b>WKN:</b>	927093
<b>ISIN:</b>	NL0000233625
<b>Stock Markets:</b>	Xetra, Frankfurt, Stuttgart, Munich, Berlin, Düsseldorf
<b>Segment:</b>	General Standard

### The Trading Year 2008

In the trading year 2008, the international financial markets faced another demanding and highly volatile year. Generally, the year was dominated by the worldwide financial and economic crisis which is reflected in an extremely poor performance of stock markets all around the world.

Starting with the international development, Dow Jones Industrial Index finished the year with a loss of 34.3% to 8,776 points. The US technology market (NASDAQ) lost 41.9%, closing at 1,211 points. The NIKKEI 225 was down 42.1% to 8,859 points and the EuroSTOXX 50 also lost 44.3% reaching a level of 2,451 points.

The leading German stock market index DAX could not repeat its outperformance of the previous years and had to face a loss of 40.4%, closing at 4,810 points. Yet, this was still the best performing index in Germany.

The German Small and Mid Cap Indices SDAX and MDAX also suffered significant losses. The MDAX was down 43.2% to 5,601 points and the SDAX fell by 46.1% to 2,800 points. The German technology index TecDAX lost 47.8%. Yet, this downturn did not only hit the big indices but also the broad market. This can easily be seen from the development of the market index CDAX with a loss of 42.6% and even the Entry Standard All Shares Index (comprising 115 companies listed in the Entry Standard) was down 45.4%.

Thus, in contrast to previous years, small- and micro caps could not elude this broad based downturn in share prices. In contrast they had to face an even stronger decline than the bigger companies.

## 4. Aktie & Corporate Governance

Aktienkennzahlen (XETRA)	
<b>Aktienanzahl:</b>	26.890.775 (aktuell: 37.878.999)
<b>Jahresschlusskurs:</b>	€ 0,30
<b>Höchstkurs:</b>	€ 1,27
<b>Tiefstkurs:</b>	€ 0,23
<b>Marktkapitalisierung:</b>	€ 8.07 Mio.
<b>Kürzel:</b>	XAE
<b>WKN:</b>	927093
<b>ISIN:</b>	NL0000233625
<b>Börsenplätze:</b>	XETRA, Frankfurt, Stuttgart, München, Berlin, Düsseldorf
<b>Segment:</b>	General Standard

### Das Börsenjahr 2008

Das Börsenjahr 2008 stellte an den internationalen Finanzmärkten ein weiteres schwieriges, von hoher Volatilität gekennzeichnetes Jahr dar. Generell stand das Jahr ganz im Zeichen der weltweiten Finanz- und Wirtschaftskrise, die sich auch in der sehr schwachen Entwicklung der weltweiten Aktienmärkte widerspiegelt.

An den internationalen Märkten beendete der Dow Jones Industrial Index das Jahr mit einem Minus von 34,3% und einem Schlussstand von 8.776 Punkten. Die US-Technologiebörse NASDAQ verlor 41,9% und schloss bei 1.211 Punkten. Der NIKKEI 225 fiel 42,1% auf 8.859 Punkte und der EuroSTOXX 50 verringerte sich um 44,3% auf einen Stand von 2.451 Punkten.

Der führende deutsche Aktienindex DAX konnte seine Outperformance der vergangenen Jahre nicht wiederholen und musste einen Verlust von 40,4% auf einen Schlussstand von 4.810 Punkten hinnehmen. Damit zeigte er aber immer noch die beste Entwicklung unter allen deutschen Aktienindizes.

Die deutschen Small und Mid Cap Indizes SDAX und MDAX verzeichneten ebenfalls deutliche Verluste. Der MDAX ging um 43,2% auf 5.601 Punkte zurück und der SDAX fiel 46,1% auf 2.800 Punkte. Der deutsche Technologie-Index TecDAX verlor 47,8%. Dass von diesem Abschwung nicht nur die großen Indizes, sondern der gesamte Markt betroffen war, lässt sich leicht an der Entwicklung des CDAX mit einem Minus von 42,6% ablesen. Auch der Entry Standard All Shares Index (der 115 im Entry Standard gelistete Unternehmen umfasst) verlor 45,4%.

Anders als in früheren Jahren konnten sich auch die Small und Mid Cap Werte diesem breiten Kurseinbruch an den Börsen nicht entziehen. Ganz im Gegenteil mussten sie sogar stärkere Verluste hinnehmen als die großen Blue Chip Werte.

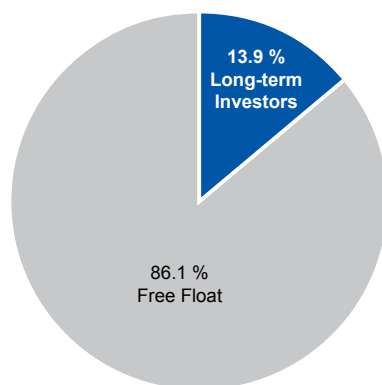
### Catalis SE Stock

Catalis SE shares have been listed on the Frankfurt Stock Exchange since July 2000. The share is traded on the General Standard section of the Frankfurt Stock Exchange as well as on XETRA and the Stuttgart, Munich, Berlin and Dusseldorf Stock Exchanges.

At the end of 2008, XETRA trading recorded the Catalis SE share at € 0.30. The trading year's lowest share price was recorded at € 0.23 on December 18, 2008. The highest share price for the year was recorded at € 1.27 on January 02, 2008. At the end of the year 2008, Catalis SE's market capitalisation amounted to approximately € 8.1m. This results in a share price performance for the year of -75.8%.

### Shareholder Structure as of December 31, 2008

During the fiscal year 2008, the number of shares issued and outstanding remained stable at 26,890,775. Of these shares, 13.9% were held by long-term investors and 86.1% were classified as free float.



### Investor Relations

The Catalis SE financial communication policy aims to deliver all essential information to all its target groups in unison. We publish all important reports, financial releases, speeches and presentations on our corporate website as close to real time as possible. Our company publishes an electronic newsletter informing all subscribers on the Group's latest news.

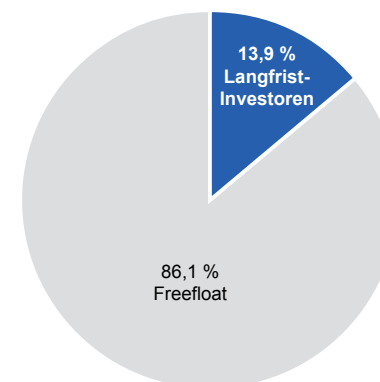
### Die Catalis Aktie

Seit Juli 2000 ist die Aktie der Catalis SE an der Frankfurter Wertpapierbörse gelistet. Die Aktien werden im General Standard der Frankfurter Wertpapierbörse sowie an den Börsenplätzen XETRA, Stuttgart, München und Berlin und Düsseldorf gehandelt.

Zum Ende des Jahres 2008 erreichte die Aktie der Catalis SE einen Schlusskurs von EUR 0,30. Den Tiefstkurs erreichte die Aktie am 18. Dezember 2008 bei einem Stand von EUR 0,23. Der Höchstkurs des Jahres 2008 wurde am 02. Januar 2008 bei EUR 1,27 erreicht. Die Marktkapitalisierung der Catalis SE am Jahresende 2008 betrug rund EUR 8,1 Mio. Gegenüber dem Vorjahr ergibt sich damit ein Rückgang um 75,8%.

### Aktionärsstruktur am 31. Dezember 2008

Im Geschäftsjahr 2008 blieb die Zahl der ausgegebenen und ausstehenden Aktien konstant bei 26.890.775. Davon befanden sich 13,9% im Besitz institutioneller Investoren und 86,1% waren dem Free Float zuzurechnen.



### Investor Relations

Der Anspruch, allen Zielgruppen die gleichen Informationen zum gleichen Zeitpunkt zur Verfügung zu stellen, hat in der Unternehmenskommunikation der Catalis SE einen hohen Stellenwert. Entsprechend veröffentlichen wir alle wesentlichen Berichte, Meldungen, Reden und Präsentationen im Internet zeitnah zum entsprechenden Ereignis. Ein elektronischer Newsletter informiert über die jüngsten Entwicklungen in der Gruppe.



As part of our Investor Relations framework, we regularly keep in contact with analysts and institutional investors. The company was presented to institutional investors in the course of several investor conferences and we have issued five ad hoc releases and 17 Corporate News releases to inform our investors on major events and developments at Catalis Group.

Section 15a of the German Securities Trading Act (WpHG) requires members of the Board of Directors of Catalis SE to report the purchase or sale of Catalis SE's shares both to the company and to the German Federal Financial Supervisory Authority (BaFin). In addition to purchase and sales transactions involving Catalis SE shares, securities transactions relating to Catalis SE shares (e.g. purchase or sale of options or stock warrants for Catalis SE shares) must also be reported. In the course of 2008 there were no such Directors' Dealings to be reported.

Pursuant to Section 10 of the German Securities Prospectus Act WpPG, every publicly listed company is required to annually provide the capital market with a document containing or referring to any information that it has published during the preceding twelve months to comply with specific capital market requirements ("Yearly Document"). Catalis SE has decided to constantly update this document, using its corporate website.

You can find all information annual and quarterly reports since 2003 as well as all financial publications concerning the Catalis Group on our corporate website [www.catalisgroup.com](http://www.catalisgroup.com).

Catalis SE intends to stick to its open communication policy in the future. The Catalis Group assiduously endeavours to develop methods to improve its communication.

### Annual Shareholders' Meeting

The organisation and carrying out of the Annual Shareholders' Meeting takes place at Catalis SE's headquarters in Eindhoven, Netherlands. The meeting is established in order to effectively and comprehensively inform all investors of the company's business activity over the previous year as well as the company's future plans.

Before the general meeting gets underway, the shareholders are informed through the annual report about the previous fiscal year. As always, documents and information discussed during the Annual Shareholders' Meeting are available for download on our website.

The statutory Annual Shareholders' Meeting for Catalis SE for the financial year 2007 took place on March 27, 2009 in Eindhoven, Netherlands.

21.56 percent of the company's share capital was represented at the Meeting. All items of the agenda were approved unanimously, including the appointment of Mr. Jeremy Lewis as further Executive Director of the Board.

Im Rahmen unserer Investor Relations-Aktivitäten führen wir regelmäßig Gespräche mit Analysten und institutionellen Anlegern. Die Gesellschaft präsentierte sich im Geschäftsjahr 2008 auf verschiedenen Investorenkonferenzen und wir haben unsere Aktionäre im Jahresverlauf in fünf Ad hoc Mitteilungen und 17 Corporate News über wesentliche Entwicklungen in unserem Unternehmen informiert.

Nach § 15a Wertpapierhandelsgesetz (WpHG) müssen die Mitglieder des Verwaltungsrates der Catalis SE sowie bestimmte Mitarbeiter mit Führungsaufgaben und die mit ihnen in enger Beziehung stehenden Personen den Erwerb und die Veräußerung von Catalis SE Aktien und sich darauf beziehenden Finanzinstrumenten offen legen. Im Geschäftsjahr 2008 ab es keine dieser so genannten Directors' Dealings-Meldungen zu vermelden.

Nach § 10 des am 1. Juli 2005 in Kraft getretenen Wertpapierprospektgesetzes (WpPG) sind börsennotierte Unternehmen verpflichtet, mindestens einmal jährlich bestimmte kapitalmarktrelevante Informationen, die sie in den vorausgegangenen zwölf Monaten veröffentlicht oder dem Publikum zur Verfügung gestellt haben, in einem Dokument zusammenzufassen und dem Publikum zugänglich zu machen („Jährliches Dokument“). Die Catalis SE hat sich entschlossen, die Informationen des Jährlichen Dokuments auch während des laufenden Kalenderjahres zu aktualisieren. Diese und alle weiteren Informationen sind auf unserer Homepage unter [www.catalisgroup.com](http://www.catalisgroup.com) nachzulesen.

Des Weiteren bieten wir dort die Geschäftsberichte seit 2003 sowie alle bislang veröffentlichten Quartalsberichte an.

Den Weg einer transparenten und vertrauensvollen Kommunikation werden wir auch in Zukunft fortsetzen und unsere Arbeit auf diesem Gebiet stetig weiterentwickeln und verbessern.

### Hauptversammlung

Die ordentliche Hauptversammlung der Catalis SE findet regelmäßig am Sitz der Gesellschaft in Eindhoven, Niederlande statt. Grundsätzlich verfolgen wir die Maßgabe, sämtliche Aktionäre vor und während der Versammlung zügig, umfassend und effektiv zu informieren und ihnen die Ausübung ihrer Rechte zu erleichtern.

Bereits im Vorfeld der Hauptversammlung werden die Aktionäre durch den Geschäftsbericht umfassend über das abgelaufene Geschäftsjahr informiert. Sämtliche Dokumente und Informationen zur Hauptversammlung sowie der Geschäftsbericht sind auch auf unserer Webseite verfügbar.

Die ordentliche Hauptversammlung der Catalis SE für das Geschäftsjahr 2007 fand am 27. März 2009 in Eindhoven, Niederlande statt.

Insgesamt waren dort 21,56% des Grundkapitals der Gesellschaft vertreten. Alle Tagesordnungspunkte wurden von den anwesenden Aktionären einstimmig angenommen, einschließlich der Ernennung von Herrn Jeremy Lewis zu einem weiteren Executive Director der Gesellschaft.

## Corporate Governance

The Code Tabaksblad for Corporate Governance represents substantial laws for the guidance and monitoring of Dutch quoted enterprises and contains internationally and national recognized standards of good and responsible corporate management.

The Board of Directors of Catalis SE declares the fact that it has not corresponded to the behaviour recommendations of the Code Tabaksblad for Corporate Governance in the fiscal year 2008.

Nevertheless Catalis SE is aware and self-conscious of the importance and meaning of a consistent Corporate Governance. Also, the Annual General Meeting of the company, which took place on 27 March, 2009, has unanimously decided to apply and to follow the Dutch Corporate Governance Code in the future. Therefore, the Catalis SE will determine, which of the recommendations apply to the company and will realise these in the fiscal year 2009.

## Information according to Article 10 of the Takeover Directive Decree

The EU Takeover Directive requires that listed companies publish additional information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Netherlands law by means of a decree of April 5, 2006. Pursuant to this decree, Netherlands companies whose securities have been admitted to trading on a regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company.

Therefore, Catalis SE provides the following information:

- Capital structure and stock rights

As per 31 December 2008 the company has ordinary shares only and does not have any special control rights. Each share in the company provides entitlement to the casting of one vote at the shareholders meeting. There are no restrictions on the exercise of voting rights except for own shares held by the company or its subsidiaries.

- Restriction of transferring shares or voting rights

The company has no limitation, in the terms of the Articles of Association or by contract, on the transfer of shares.

## Corporate Governance

Der Code Tabaksblad for Corporate Governance enthält die wesentlichen Regelungen zur verantwortungsvollen Führung und Überwachung von niederländischen Unternehmen, die allgemein international und national anerkannt sind.

Der Verwaltungsrat der Catalis SE erklärt, dass die Verhaltensregeln des Code Tabaksblad for Corporate Governance im Geschäftsjahr 2008 nicht vollständig befolgt wurden.

Dessen ungeachtet ist sich natürlich auch die Catalis SE der Bedeutung einer konsequenten Corporate Governance voll bewusst. Darüber hinaus hat auch die Hauptversammlung am 27. März 2009 einstimmig beschlossen, dass die Gesellschaft den niederländischen Corporate Governance Code in Zukunft umsetzen soll. Daher wird die Catalis SE nun bestimmen, welche Regelungen des Code auf die Gesellschaft anwendbar sind und diese im Geschäftsjahr 2009 umsetzen.

## Angaben gemäß Verordnung zur Umsetzung von Artikel 10 der Übernehmerrichtlinie

Die EU-Übernehmerrichtlinie verlangt, dass börsennotierte Unternehmen ergänzende Informationen veröffentlichen müssen, die einen Einblick in die von ihnen angewandten möglichen Abwehrmaßnahmen gewähren. Die entsprechende Vorschrift wurde durch die Verordnung vom 5. April 2006 in das niederländische Recht übernommen. Aufgrund dieser Verordnung sind niederländische Gesellschaften, deren Wertpapiere zum Handel an einem organisierten Markt zugelassen sind, verpflichtet, in ihren Geschäftsberichten entsprechenden Informationen aufzunehmen, die für interessierte Investoren bei einer Anlageentscheidung von Bedeutung sein könnten.

Daher stellt die Catalis SE die folgenden Informationen zur Verfügung:

- Kapitalstruktur und rechtliche Ausstattung der Aktien

Am 31. Dezember 2008 setzte sich das Grundkapital der Gesellschaft ausschließlich aus Stammaktien zusammen. Es bestanden keine speziellen Kontrollrechte. Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Außer für von der Gesellschaft oder ihren Tochtergesellschaften gehaltene eigene Aktien, gibt es keine Stimmrechtsbeschränkungen.

- Beschränkungen der Übertragung von Aktien und Stimmrechten

Die Gesellschaft hat keine Beschränkungen, weder satzungsmäßige noch vertragliche, hinsichtlich der Übertragung von Aktien vorgesehen.

#### ■ Duty to report interests in the company

Under the Dutch Major Holdings Disclosure Act, shareholdings of 5% or more in any Dutch company must be disclosed to the Netherlands Authority for the Financial Markets (AFM). According to the register kept by the AFM the following shareholders had disclosed that they owned between 10% and 15% of Catalis SE's total share capital on December 31, 2008 and April 30, 2009:

- IFOS Internationale Fonds Service AG
- Navigator Equity Solutions SE

#### ■ Employee shares

The company has an employee share option plan. A detailed description is included in the notes to the financial statements (Note 15).

#### ■ Shareholder agreements

The company is not aware of any shareholders agreements which may affect the transfer of shares or voting rights.

#### ■ Governance structure

Catalis SE is a European Public Limited Company with a one tier structure of executive and non-executive Board members. The general meeting of shareholders appoints the executive and non-executive members of the Board.

The company is managed by the Executive Directors which powers arise from legislation and regulations.

The Board was authorised by the general meeting of shareholders on March 27, 2009, as the authorized corporate body to issue shares or rights to shares in the Company for a period of 5 years as of March 27, 2009. It is proposed that the amount of shares to be issued is at the Board's discretion provided that the total number of outstanding shares after issuance will not exceed 175,000,000.

The Board was also authorised as the authorized corporate body to restrict or to exclude the pre-emption right accruing to shareholders for a period of 5 years, as of March 27, 2009 in case of the issue of shares or rights to shares.

#### ■ Wesentlicher Anteilsbesitz

Gemäß den niederländischen Vorschriften zur Veröffentlichung wesentlichen Anteilsbesitzes, müssen Beteiligungen an niederländischen Gesellschaften, ab einer Höhe von 5% der Niederländischen Finanzmarktaufsicht (AFM) gemeldet werden. Nach Informationen der von der AFM geführten Datenbank, haben die folgenden Aktionäre gemeldet, zum 31. Dezember 2008 bzw. 30. April 2009 einen Anteil zwischen 10% und 15% am Grundkapital der Catalis SE zu besitzen:

- IFOS Internationale Fonds Service AG
- Navigator Equity Solutions SE

#### ■ Mitarbeiterbeteiligungen

Die Gesellschaft hat ein Optionsprogramm für ihre Mitarbeiter aufgelegt. Eine ausführliche Beschreibung dieses Optionsprogrammes ist im Anhang zum Jahresabschluss (Note 15) enthalten.

#### ■ Aktionärsvereinbarungen

Der Gesellschaft sind derzeit keine Vereinbarungen von Aktionären bekannt, die die Übertragung von Aktien oder Stimmrechten beeinträchtigen würden.

#### ■ Führungsstruktur

Die Catalis SE ist eine Europäische Aktiengesellschaft mit einem eingetragenen, aus exekutiven und nicht-exekutiven Mitgliedern bestehenden, Verwaltungsrat. Die Mitglieder des Verwaltungsrates, exekutive wie nicht-exekutive, werden von der Hauptversammlung der Gesellschaft gewählt.

Die operative Leitung der Gesellschaft obliegt den exekutiven Direktoren, deren Befugnisse sich aus den entsprechenden rechtlichen und regulatorischen Bestimmungen ergeben.

Die Hauptversammlung am 27. März 2009 hat den Verwaltungsrat der Gesellschaft ermächtigt, für einen Zeitraum von fünf Jahren, beginnend mit dem 27. März 2009, neue Aktien oder Rechte an Aktien der Gesellschaft auszugeben. Die Anzahl der auszugebenden Aktien liegt im Ermessen des Verwaltungsrates, vorausgesetzt dass eine Gesamtzahl von 175.000.000 Aktien nicht überschritten wird.

Der Verwaltungsrat wurde außerdem ermächtigt, Bezugsrechte der Altaktionäre bei der Ausgabe neuer Aktien, für einen Zeitraum von fünf Jahren, beginnend mit dem 27. März 2009, zu beschränken oder auszuschließen.

Furthermore, the Board was authorised to acquire for valuable consideration shares in the Company for a period of 18 months as of March 27, 2009. The number of shares to be acquired shall be limited by the maximum percentage of shares the Company may hold in its capital at any moment (after amendment of the articles of association a maximum of 50%). This acquisition may take place by all kinds of agreements, including on a Stock Exchange. The price per share may not be less than the par value and not more than 110% of the Stock Exchange Price. For purpose of the foregoing the Stock Exchange Price will be the average of the closing price on the Frankfurt Stock Exchange of the last five days on which business was done, preceding the date of acquisition.

- Change of control provisions

Other than with the bank the company does not have significant contracts which includes change of control clauses.

Weiterhin wurde der Verwaltungsrat ermächtigt, für einen Zeitraum von 18 Monaten, beginnend mit dem 27. März 2009, eigene Aktien der Gesellschaft gegen eine angemessene Gegenleistung zurückzukaufen. Die Anzahl der zurückgekauften Aktien ist begrenzt durch den maximalen Prozentanteil am Grundkapital, den die Gesellschaft zu jedem beliebigen Zeitpunkt höchstens halten darf (nach Änderung der Satzung maximal 50%). Der Rückkauf kann auf alle möglichen Arten erfolgen, inklusive dem Erwerb über die Börse. Der Preis pro Aktie darf den Nennwert der Aktie nicht unterschreiten und nicht mehr als 110% des Börsenpreises der Aktie betragen. Zu diesem Zweck ist der Börsenpreis als der Durchschnittspreis der letzten fünf Handelstage an der Frankfurter Wertpapierbörse vor dem Erwerb der Aktien definiert.

- Change of Control Klauseln

Abgesehen von Vereinbarungen mit der Kredit gebenden Bank hat die Gesellschaft keine wesentlichen Verträge, die Change of Control Klauseln beinhalten.



Management Report

Lagebericht



## 5. Management Report

### Global Business Environment

#### Global Recession

According to the update of its World Economic Outlook as of January 28, 2009, the International Monetary Fund (IMF) saw global growth for the year 2008 slow down to 3.4% from 5.2% in 2007. With an estimated growth rate of only 1.1% the Q4 on Q4 comparison is even worse. As a rule of thumb, a global growth rate of less than 3.0% signifies a recession. Therefore, these figures indicate the poor condition of the global economy at the end of the year 2008.

Growth of the advanced economies reduced from 2.7% in 2007 to 1.0% in 2008. The emerging and developing countries have also seen a strong decline of growth rates from 8.3% in 2007 to 6.3% in 2008. Especially developing Asia showed a weak performance, with growth rates being down from 10.6% to 7.8%. Here, China's growth was reduced significantly from 13.0% to 9.0% and also India slowed down from 9.3% to 7.3%.

In Germany, the adjusted BIP started its decline in the second quarter of 2008 and came in at the end of the year at a 1.7% lower value than in 2007. The main driver for the negative development in Germany was a significant decline in net exports, as exports dropped by more than 5.5% while imports even increased.

High pressures on the financial markets and the uncertainties about the future economic development have reduced household spending, production and trade. The sharp decline in asset prices has led to a significant decrease in household wealth, thus reducing consumer demand. At the same time, households and businesses postponed bigger capital expenditures, reducing demand for consumer and capital goods.

### Industry Development

#### Home Entertainment turns out to be Partly Recession-proof

##### Quality Assurance

In the fiscal year 2008, the development of the film market was dominated by a booming Blu-ray sector, while the DVD business was decreasing so much that the gains of the Blu-ray sector could not offset the losses in DVD. In total, global retail sales of DVD and Blu-ray Discs fell 6%, to USD 29bn. Due to this development DVD/Blu-ray sales were outweighed by videogame sales for the first time ever.

The decline of the DVD market was led by the U.S., the biggest market by far with a market share of 43%, where DVD sales were down more than 10% and the combined volume of DVD and Blu-ray sales fell by 8.5%.

## 5. Lagebericht

### Gesamtwirtschaftliche Rahmenbedingungen

#### Weltweite Rezession

Nach Angaben des World Economic Outlook, den der Internationale Währungsfonds (IWF) am 28. Januar 2009 veröffentlicht hat, ging das Wachstum der Weltwirtschaft im Jahr 2008 von 5,2% im Jahr 2007 auf 3,4% zurück. Im Vergleich viertes Quartal 2008 gegen viertes Quartal 2007 fiel das Ergebnis mit nur 1,1% Wachstum noch schlechter aus. Als Faustregel gilt, dass eine weltweite Wachstumsrate von weniger als 3,0% eine Rezession der Weltwirtschaft bedeutet. Daher sind die vorgenannten Zahlen Beleg dafür, in welcher schlechter Verfassung sich die Weltwirtschaft zum Ende des Jahres 2008 befand.

Das Wachstum der Industrienationen ging im Jahr 2008 von 2,7% im Jahr 2007 auf 1,0% zurück. Auch die Entwicklungs- und Schwellenländer verzeichneten einen starken Wachstumsrückgang von 8,3% im Jahr 2007 auf 6,3% im Jahr 2008. Mit einem Wachstumsrückgang von 10,6% auf 7,8% zeigten hier insbesondere die asiatischen Länder eine schwache Entwicklung. Das Wachstum der chinesischen Wirtschaft verringerte sich ebenfalls deutlich von 13,0% auf 9,0% und auch in Indien verlangsamte sich das Wachstum von 9,3% auf 7,3%.

In Deutschland war das Bruttoinlandsprodukt seit dem zweiten Quartal 2008 rückläufig und lag zum Ende des Jahres um 1,7% niedriger als im Jahr 2007. Der wesentliche Faktor für die Entwicklung in Deutschland war die deutliche Verschlechterung des Außenbeitrags, wobei die Exporte um 5,5% abnahmen während die Importe sogar weiter anstiegen.

Die schwere Krise der Finanzmärkte und die Unsicherheiten über die zukünftige wirtschaftliche Entwicklung haben zu einem Rückgang des privaten Konsums, der Produktion und des Handels geführt. Der starke Rückgang der Vermögenswerte hatte eine deutliche Verringerung der privaten Vermögen zur Folge und führte zu einer Einschränkung des privaten Verbrauchs. Gleichzeitig wurden größere Investitionen, sowohl von Haushalten wie auch von Unternehmen, erst einmal verschoben, was zusätzlichen Druck auf die Konsum- und Investitionsgüternachfrage ausübte.

### Branchenumfeld

#### Home Entertainment erweist sich in Teilen als Rezessionsresistent

##### Qualitätssicherung

Im Geschäftsjahr 2008 war die Entwicklung des Filmmarktes von einem stark wachsenden Blu-ray Segment und einem rückläufigen DVD-Geschäft geprägt, wobei die Zuwächse im Blu-ray Segment die Verluste des DVD-Bereichs nicht wettmachen konnte. Insgesamt gingen die Einzelhandelsumsätze mit DVD und Blu-ray Discs um 6% zurück und erreichten ein Volumen von USD 29 Mrd. Aufgrund dieser Entwicklung wurden die Umsätze im Bereich DVD/Blu-ray erstmals vom Videospiegelmarkt übertroffen.

Der Rückgang des DVD-Marktes wurde angeführt vom US-Markt, der mit einem Marktanteil von 43% bei weitem den größten Markt darstellt, wo die DVD-Umsätze um mehr als 10% zurückgingen und das Gesamtvolumen aus DVD- und Blu-ray-Umsätzen sich um 8,5% verringerte.





Another trend to be seen from the U.S. market is an increasing popularity of digital rentals and purchases of films. This market grew 73% in 2008, softening the decline of the whole market to a total loss of 5.7%.

From a testing service provider's point of view, this development provides some interesting growth opportunities for quality assurance services.

Being responsible for the testing and assurance of a clean master disc, the total number of sold discs is much less important for our business than the number of different versions, i.e. the number of master discs. Even in a decreasing market, the number of master discs is expected to increase as publishers will compete for market shares by higher diversification of their releases. The booming Blu-ray format is characterised by increased complexity through multiple additional features, resulting in additional testing effort by definition. Further growth opportunities arise from the growing market for digital downloads as it requires additional testing work to be done.

Due to the still booming videogames industry the market environment for our video games testing activities remained positive throughout the year. According to the Top Global Markets Report, video games software sales across the U.S., the UK and Japan increased by 11% to 410m units. In terms of global retail sales, the video games market reached a total volume of USD 32bn, outweighing the DVD/Blu-ray market for the first time. The growth was fuelled by the strong development in the U.S. and the UK and the great success of Nintendo's Wii and DS. Towards the end of the year we have seen the market lose some momentum, especially in the third quarter, yet first figures for 2009 show that the underlying growth trend is still intact.

As for our other testing activities, it was especially the consumer electronics segment to be one of the first that was affected by the global downturn as consumers stopped upgrading their equipment to the latest versions of consumer electronics products in the light of an uncertain future economic development. This has also caused a holding back of development of next generation chipsets by the big players, reducing testing requirements. Also, the weak economic environment has led to a cutting back of projects by a number of players in the market as they were forced to drive down costs.

## Games Development

As mentioned above, the video games industry showed continued growth throughout the fiscal year 2008. The positive development was led by the UK market with a growth of 26%, followed by the U.S. with a growth of 15%. The Japanese market was down 13% due to big losses in software sales for elder generation platform PlayStation 2. With three of the five top selling video games titles being published by Nintendo, the company dominated both the consoles market and the software market. According to the Top Global Markets Report, the top selling game was "Mario Kart Wii" (8.94m units, Nintendo), followed by "Wii Fit" (8.31m units, Nintendo) and "Grand Theft Auto IV" (7.29m units, Take 2 Interactive). Fourth place was "Super Smash Bros: Brawl" (6.32m units, Nintendo) followed by "Call of Duty: World at War" (5.89m units, Activision Blizzard).

Ein weiterer Trend der sich am US-Markt ablesen lässt, ist die wachsende Popularität digitaler Ausleihungen und Käufe von Filmen. Dieser Markt zeigte im Jahr 2008 ein Wachstum von 73% und federte so den Rückgang des Gesamtmarktes auf 5,7% ab.

Aus der Sicht eines Testdienstleisters, verspricht diese Entwicklung einige interessante Wachstumsmöglichkeiten für den Geschäftsbereich Qualitätssicherung.

Da die Verantwortung des Testdienstleister darin besteht, eine fehlerfreie Masterdisc zu gewährleisten, kommt es wesentlich weniger auf die Gesamtzahl der verkauften Discs an, als vielmehr auf die Zahl der unterschiedlichen Versionen und damit der verschiedenen Masterdiscs. In einem rückläufigen Markt sind die Anbieter gezwungen, durch eine stärkere Diversifizierung und Zielgruppenorientierung ihres Produktkatalogs um Marktanteile zu kämpfen. Dies führt zu einer steigenden Zahl an Veröffentlichungen und damit auch einer Zunahme zu testender Masterdiscs. Das stark wachsende Blu-ray Format ist gekennzeichnet durch eine wesentlich höhere Komplexität aufgrund vielfältiger Zusatzfunktionen, was ebenfalls zu höherem Testaufwand führt. Auch der wachsende Markt für digitale Downloads bietet interessante Wachstumsmöglichkeiten, da auch hierfür zusätzliche Testdienstleistungen erforderlich sind.

Die im Geschäftsjahr 2008 weiterhin boomende Videospieleindustrie bescherte auch unserem Geschäftsfeld Spieletesten ein positives Umfeld. Nach Informationen des Top Global Markets Report, nahmen die Videospieleverkäufe in den USA, Großbritannien und Japan um 11% auf 410 Mio. Einheiten zu. Auf Basis der weltweiten Einzelhandelsumsätze erreichte der Videospielemarkt ein Volumen von USD 32 Mrd. und konnte damit erstmals den DVD/Blu-ray Markt übertreffen. Dieses Wachstum wurde einerseits getrieben von den Märkten in den USA und Großbritannien und andererseits vom großen Erfolg der Spieleplattformen Wii und DS von Nintendo. Gegen Ende des Jahres, speziell im dritten Quartal, ließ das Wachstum des Marktes zwar spürbar nach, allerdings zeigen auch die ersten Zahlen für das Jahr 2009, dass der zugrundeliegende Wachstumstrend weiterhin intakt ist.

Was unsere weiteren Testdienstleistungen betrifft, so gehörte der Markt für Unterhaltungselektronik zu den ersten, die vom Konjunkturabschwung betroffen waren, da die Verbraucher angesichts der unsicheren wirtschaftlichen Zukunftsaussichten, nicht mehr bereit waren, immer weiter auf neue Produktgenerationen aufzurüsten. Dies hat auch bei den Herstellern zu entsprechender Zurückhaltung bei der Entwicklung neuer Generationen von Chipsätzen geführt und damit auch zu einer geringeren Nachfrage nach Testdienstleistungen. Außerdem hat das schwache wirtschaftliche Umfeld bei den Herstellern zur Kürzung einer Reihe von Projekten geführt, da diese gezwungen waren, Kosten zu senken.

## Videospieleentwicklung

Wie bereits oben erwähnt, setzte die Videospieleindustrie ihren Wachstumstrend auch im Geschäftsjahr 2008 weiter fort. Die positive Entwicklung wurde angeführt vom britischen Markt mit einem Wachstum von 26%, gefolgt vom US-Markt mit einem Wachstum von 15%. Der japanische Markt verzeichnete einen Rückgang um 13%, was auf starke Verluste bei Software-Verkäufen für die Spieleplattform der vorigen Generation, PlayStation 2, zurückzuführen ist. Mit drei Videospiele unter den ersten fünf der Verkaufsrangliste dominierte Nintendo nicht nur den Markt der Spielekonsolen sondern nahm auch als Verleger im Software-Markt die Spitzenposition ein. Nach Angaben des Top Global Markets Report war das meistverkaufte Videospiele im Jahr 2008 „Mario Kart Wii“ (8,94 Mio. Stück, Nintendo), gefolgt von „Wii Fit“ (8,31 Mio. Stück, Nintendo) und „Grand Theft Auto IV“ (7,29 Mio. Stück, Take 2 Interactive). Den vierten Platz belegte „Super Smash Bros: Brawl“ (6,32 Mio. Stück, Nintendo) gefolgt von „Call of Duty: World at War“ (5,89 Mio. Stück, Activision Blizzard).



While the general market trend in the video games industry was positive, from an independent development services provider's point of view there's more factors to be taken into account than just video game sales. Despite the positive basic trend, games publishers, preparing for negative effects from the general economic downturn, have become increasingly cautious in the course of the year, reducing the number of new titles being commissioned, cancelling or delaying a large number of announced projects and laying off staff within publisher-owned development studios. Thus, the situation for independent development service providers became increasingly difficult towards the end of the year.

## Company Situation

### Segment Information

#### Quality Assurance

The Quality Assurance business division of Catalis SE is the traditional core business of the company and is operated through the company's subsidiary Testronic Laboratories, which runs the entire Quality Assurance operations through its six internationally located subsidiaries.

The group specialises in quality control of any content (film, video game, music) for any communication medium (DVD, CD, online, wireless) for all end devices, ranging from DVD players, personal computers and mobile devices to games consoles and much more. At present, Testronic Laboratories is the only testing service active in both the film and game industry.

The first half of the fiscal year 2008 year was quite buoyant for Testronic Laboratories, particularly in the DVD testing, due to the Blu-ray format being adopted as the new industry standard in January 2008. In games testing the company benefitted from the positive environment in the video games market and conducted testing for three AAA games from its major clients.

In the third quarter, we have seen BD-live, a newly developed Blu-ray feature that enables users to access content via their internet-connected Blu-ray player and allows to download a variety of up-to-date content (e.g. refreshed previews and exclusive special features), come on stream which allowed us to offer a much wider range of services to our existing clients and is a crossover into software and hardware testing. Take up here is still slow however, due to increased caution resulting from the general the economic downturn.

Due to the Blu-ray format winning the "war of formats" Testronic could not grow its software testing and consultancy business lines as much as we had hoped because media companies were fully focussed on their Blu-ray business neglected the field of digital downloads, which is one of the big future growth opportunities for these business lines. As a result, the business lines of software testing and consultancy missed expectations for the full fiscal year and against the background of the economic recession it is also unlikely that the media companies will want to grow digital download business significantly in 2009 as well.

Während die allgemeine Entwicklung in der Videospieleindustrie also weiterhin positiv verlief, gibt es aus Sicht eines unabhängigen Videospieleentwicklers noch einige andere Faktoren zu berücksichtigen, als die bloße Zahl der Videospieleverkäufe. Trotz der positiven Grundstimmung im Markt, wurden die Videospieleverleger, in Erwartung negativer Auswirkungen des allgemeinen Konjunkturabschwungs, im Jahresverlauf deutlich zurückhaltender bei der Vergabe von Entwicklungsaufträgen. Die Zahl der neuen Entwicklungsaufträge wurde deutlich verringert, bestehende Aufträge wurden storniert oder verschoben und die verlagseigenen Entwicklungsstudios entließen außerdem einen Teil ihrer Mitarbeiter. Damit wurde auch die Situation für unabhängige Videospieleentwickler zum Jahresende hin zunehmend schwieriger.

## Geschäftslage der Catalis SE

### Segmentberichterstattung

#### Qualitätssicherung

Der Geschäftsbereich Qualitätssicherung repräsentiert das traditionelle Kerngeschäft der Catalis SE und wird operativ durch die Tochtergesellschaft Testronic Laboratories an sechs Standorten weltweit betrieben.

Die Gruppe ist auf die Qualitätskontrolle aller Inhalte (Film, Spiele, Musik usw.) auf allen Medien (DVD, CD, Online, Wireless usw.) und allen Übertragungskanälen (DVD-Spieler, PC, mobile Geräte, Spielekonsolen) spezialisiert. Damit ist Testronic Laboratories derzeit als einziger Anbieter sowohl in der Film- als auch in der Videospieleindustrie als Testdienstleister tätig.

In der ersten Hälfte des Geschäftsjahres 2008 verzeichnete Testronic Laboratories eine hohe Nachfrage nach Testdienstleistungen im Filmgeschäft, die hauptsächlich auf den Boom des Blu-ray Formats, das im Januar 2008 als neuer Industriestandard etabliert wurde, zurückzuführen war. Im Geschäftsfeld Spieltesten, das von dem fortgesetzten Wachstum der Videospieleindustrie profitierte übernahm Testronic Laboratories unter anderem das Testen von drei AAA Videospiele für ihre großen Kunden.

Im dritten Quartal startete auch der neue Service BD-live, ein Blu-ray Feature, das es Nutzern ermöglicht, über ihre mit dem Internet verbundenen Blu-ray Player auf Inhalte zuzugreifen und eine Reihe aktueller Inhalte herunterzuladen (z.B. aktuelle Previews und exklusives Bonusmaterial). Auf Basis diesen neuen Features, das auch eine Schnittstelle zu den Geschäftsfeldern Software- und Hardwaretesten darstellt, konnten wir unseren Kunden eine wesentlich größere Bandbreite an Dienstleistungen anbieten. Das Angebot wird derzeit aber nur schleppend angenommen, da die Marktteilnehmer angesichts des wirtschaftlichen Abschwungs sehr vorsichtig agieren.

Nach dem Sieg von Blu-ray im „Kampf der Formate“ richteten die Medienkonzerne ihre Aufmerksamkeit fast ausschließlich auf die Entwicklung des Blu-ray Marktes und vernachlässigten den digitalen Download-Bereich. Da digitale Downloads aber zu den aussichtsreichsten Angeboten in den Geschäftsfeldern Softwaretesten und Beratung zählen, konnten wir hier nicht das erhoffte Wachstum erzielen. Daher konnten diese Geschäftsfelder auch die Erwartungen für das Gesamtjahr 2008 nicht erfüllen und vor dem Hintergrund der wirtschaftlichen Rezession erscheint es auch unwahrscheinlich, dass die Medienkonzerne den Markt für digitale Downloads im Jahr 2009 stärker ausbauen werden.



Overall in the third quarter we saw a significant cutting back of projects from some major clients and statements of intention to drive costs down from HP, SONY and Disney putting at risk revenue streams and their profitability. Moreover, we have seen a slowing down of new clients wanting to change existing vendors and existing clients raising the flag on reducing costs.

In the fourth quarter, Testronic Laboratories showed its normal fourth quarter tail off in revenues after the seasonal peak in the third quarter. Towards the end of the year we have seen some of our major clients accelerating to embark on substantial cost cutting exercises which resulted in a downsizing of our own expectations for the fiscal year 2009 revenues from these clients. All business lines were affected by these cost cutting exercises. Against this background more focus was given to generating sales from Testronic's extensive, but largely historic client base, not just on new clients.

Therefore, in terms of business development, our second half of the year has slowed down considerably after the good start in the first six months.

Operational productivity in the fourth quarter was exactly in line with full year's performance, proving that our flexible staffing arrangements and other cost cutting efforts initiated in the third quarter were successful.

### Games Development

The Games Development business of Catalis SE is embodied in our subsidiary Kuju Entertainment, one of Europe's leading game developers. Kuju studios have already been developing all genres of computer games for a variety of consoles, PC's including wireless platforms. The company works on a project basis with the major games publishers in the world and is complementing the product portfolio of Catalis Group.

In the first half of the fiscal year 2008, the Games Development division also benefitted from the growing video games industry and the related strong demand for new games and creative potential in this area. In this period, the division's development in this period was in-line with expectations with a number of new projects having started. Key product releases included the highly awaited sequel to Battalion Wars which was published by Nintendo on the Wii to critical acclaim. The first half of the year was also a time of consolidation for Kuju Entertainment with lots of work being spent on integrating the recently set up studios Nik Nak, doublesix and Kuju America.

In the second half of the year, the environment for third party developers became more and more difficult. We saw some delays in signing new projects already in the third quarter, resulting in some unscheduled downtime in a number of studios which impacted margins. In the fourth quarter, the change in publishers attitude to commissioning titles resulted directly in a number of projects which were green-lit and underway being cancelled at contract signature stage and two titles in full production being cancelled on a without cause basis with the longer term economic outlook being cited as the reason for termination. Additionally, a number of new projects which were expected to start in the quarter have been delayed until 2009.

Despite the gloomy climate for commissioned development most of Kuju's studios remained busy also towards the end of the year with the key publisher relationships for each studio remaining strong.

Insgesamt war im dritten Quartal eine deutliche Kürzung der Projektaufträge von einigen großen Kunden zu beobachten. Außerdem gab es Äußerungen zu Kostensenkungsmaßnahmen von Unternehmen wie HP, Sony und Disney, wodurch sowohl die Umsätze mit diesen Unternehmen gefährdet werden, wie auch deren Rentabilität.

Im vierten Quartal verzeichnete Testronic Laboratories den üblichen Umsatzrückgang nach dem saisonalen Hochpunkt im dritten Quartal. Gegen Ende des Jahres beobachteten wir bei einigen unserer großen Kunden eine verstärkte Tendenz zu Kosteneinsparungen, so dass wir unsere Umsatzerwartungen mit diesen Kunden für das Geschäftsjahr 2009 reduzieren mussten. Diese Kosteneinsparungen betrafen alle Geschäftsfelder und vor diesem Hintergrund verstärkte Testronic seine Bemühungen, neben der Akquisition von Neukunden, neue Aufträge aus seiner großen, bestehenden Kundenbasis zu generieren.

Daher sind wir nach dem guten Start in den ersten sechs Monaten mit der Geschäftsentwicklung in diesem Bereich im zweiten Halbjahr wesentlich langsamer vorangekommen.

Die operative Produktivität im vierten Quartal lag genau im Jahresdurchschnitt, was den Erfolg unserer flexiblen Personalpolitik und weiterer, im dritten Quartal eingeleiteter Kosteneinsparungsmaßnahmen unterstreicht.

### Videospielentwicklung

Der Geschäftsbereich Videospielentwicklung ist in unserer Tochtergesellschaft Kuju Entertainment zusammengefasst, einem der führenden Videospielentwickler in Europa. Die Kuju Studios haben bereits erfolgreiche Spitzenspiele für sämtliche gängigen Konsolen, Personal Computer und Wireless-Spielplattformen entwickelt. Die Gesellschaft arbeitet auf Projektbasis für die großen Videospielverlagen weltweit und rundet damit das Produktportfolio der Catalis Group optimal ab.

In der ersten Hälfte des Geschäftsjahres 2008 konnte auch der Geschäftsbereich Videospielentwicklung vom Wachstum der Videospieldindustrie und der damit verbundenen hohen Nachfrage nach neuen Videospielen und Kreativpotenzial in diesem Bereich profitieren. Mit der Akquisition einer Reihe neuer Projekte, entsprach die Entwicklung des Geschäftsbereichs in diesem Zeitraum völlig den Erwartungen. Zu den Schlüsselprodukten in diesem Quartal gehörte die Fortsetzung von Battalion Wars, die von Nintendo unter großem Beifall der Kritiker für die Konsole Wii veröffentlicht wurde. Gleichzeitig war das erste Halbjahr für Kuju Entertainment eine Zeit der Konsolidierung, in der viel Arbeit für die Integration der neu gegründeten Studios NIK NaK, doublesix und Kuju America geleistet wurde.

In der zweiten Jahreshälfte wurde das Umfeld für unabhängige Videospielentwickler zunehmend schwieriger. Es kam zu einigen Verzögerungen bei der Unterzeichnung neuer Projekte, die in mehreren Studios zu ungeplanten Ausfallzeiten führten und sich negativ auf unsere Margen auswirkten. Im vierten Quartal führte die zunehmende Zurückhaltung bei der Auftragsvergabe zur Absage bereits genehmigter Projekte kurz vor Vertragsunterzeichnung und, aufgrund der schlechten langfristigen Aussichten für die wirtschaftliche Entwicklung, zum unbegründeten Abbruch zweier Projekte, die sich bereits voll in der Produktion befanden. Weiterhin wurde eine Reihe von Projekten, die eigentlich im vierten Quartal starten sollten, zunächst in das Jahr 2009 verschoben.

Trotz des schwierigen Umfelds für Entwicklungsdienstleistungen im Videospieldbereich, waren die meisten Kuju-Studios zum Jahresende gut ausgelastet und alle Studios können weiterhin auf starke Beziehungen zu ihren wichtigsten Kunden bauen.



## Development of Earnings, Assets and Financial Situation

All financial data for the 2008 business year has been calculated in Euros (€) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

### Earnings Situation

#### Sales Development

In 2008, Catalis SE generated total sales of € 37.9m (previous year: € 34.6m). Thereof, € 15.0m (2007: € 13.9m) were attributable to our quality assurance (QA) division and € 22.9m (2007: € 20.7m) were attributable to our games development division.

The cost of sales amounted to € 3.6m (2007: € 5.3m), where QA accounted for € 2.8m (2007: € 1.8m) and games development accounted for € 0.9m (2007: € 3.5m). The 2008 cost of the sales of the games development division have been positively influenced by the release of the 2007 provision of € 1.5m.

#### Gross Profit

The company's gross profit amounted to € 34.4m in 2008 (2007: € 29.5m), representing an increase of 16.6% over last year's figures. To this gross profit QA contributed with € 12.1m (2007: € 12.2m), and € 22.3m were generated by games development (2007: € 17.3m), an increase of 27.2%. The gross profit margin amounted to 90.9% (2007: 85.1%).

#### Earnings Development

In the fiscal year 2008, Catalis SE generated an EBIT of € 2.9m (2007: € 2.7m). To this result, QA contributed with € 1.9m and games development accounted for € 1.9m while the holding showed a negative EBIT of € -0.9m.

The regional split shows an EBIT of € 3.0m for Europe and € 0.8m for The Americas, with the holding costs of € 0.9m being counted separately again.

Taking into account a negative financial result amounting to € -0.8m (2007: € -1.0m), the company's pre-tax profit for the fiscal year 2008 amounted to € 2.1m (2007: € 1.7m).

Net profit after tax amounted to € 2.1m (2007: € 1.8m). This equals earnings per share of € 0.08 (2007: € 0.07).

#### Profit Distribution

At the Annual Shareholders' Meeting, the management of Catalis SE will recommend the allocation of € 2.1m of the after tax performance into the retained earnings of the company.

## Entwicklung der Vermögens-, Finanz- und Ertragslage

Alle Finanzkennzahlen für das Geschäftsjahr 2008 wurden in Euro (EUR) berechnet und wurden gemäß den von der Europäischen Union (EU) anerkannten International Financial Reporting Standards (IFRS) ermittelt.

### Ertragslage

#### Umsatzentwicklung

Im Geschäftsjahr 2008 erwirtschaftete die Catalis SE Umsätze in Höhe von EUR 37,9 Mio. (2007: EUR 34,6 Mio.). Davon entfielen EUR 15,0 Mio. (2007: EUR 13,9 Mio.) auf den Geschäftsbereich Qualitätssicherung (QS) und EUR 22,9 Mio. (2007: EUR 20,7 Mio.) auf den Geschäftsbereich Videospieldentwicklung.

Die Herstellungskosten beliefen sich auf EUR 3,6 Mio. (2007: EUR 5,3 Mio.), wovon EUR 2,8 Mio. (2007: EUR 1,8 Mio.) auf QS entfielen und EUR 0,9 Mio. (2007: EUR 3,5 Mio.) auf die Videospieldentwicklung. Die Herstellungskosten des Geschäftsbereichs Videospieldentwicklung wurden positiv beeinflusst durch die Auflösung einer Rückstellung aus dem Jahr 2007 in Höhe von EUR 1,5 Mio.

#### Rohertrag

Die Gesellschaft erwirtschaftete im Geschäftsjahr 2008 einen Rohertrag in Höhe von EUR 34,4 Mio. (2007: EUR 29,5 Mio.), was einer Steigerung um 16,6% gegenüber dem Vorjahr entspricht. Zu diesem Rohertrag trugen QS mit EUR 12,1 Mio. (2007: EUR 12,2 Mio.) und der Geschäftsbereich Videospieldentwicklung mit EUR 22,3 Mio. (2007: 17,3 Mio.), 27,2% mehr als im Vorjahr, bei. Die Rohertragsmarge betrug 90,9% (2007: 85,1%).

#### Ergebnisentwicklung

Das EBIT der Catalis SE im Geschäftsjahr 2008 betrug EUR 2,9 Mio. (2007: EUR 2,7 Mio.). Zu diesem Ergebnis trugen die Geschäftsbereiche QS und Videospieldentwicklung mit jeweils EUR 1,9 Mio. bei, während die Holding einen negativen EBIT-Beitrag von EUR -0,9 Mio. lieferte.

In der regionalen Aufteilung entfallen EUR 3,0 Mio. auf Europa und EUR 0,8 Mio. auf Nord- und Südamerika, wobei die Holdingkosten in Höhe von EUR 0,9 Mio. separat gerechnet werden.

Unter Berücksichtigung eines negativen Finanzergebnisses in Höhe von EUR 0,8 Mio. (2007: EUR -1,0 Mio.) belief sich das Vorsteuerergebnis der Gesellschaft im Geschäftsjahr 2008 auf EUR 2,1 Mio. (2007: EUR 1,7 Mio.).

Das Jahresergebnis nach Steuern beträgt EUR 2,1 Mio. (2007: EUR 1,8 Mio.). Das entspricht einem Ergebnis je Aktie in Höhe von EUR 0,08 (2007: EUR 0,07).

#### Gewinnverwendung

Das Management der Catalis SE wird der Hauptversammlung der Gesellschaft vorschlagen, das Jahresergebnis nach Steuern in Höhe von EUR 2,1 Mio. vollständig in die Gewinnrücklagen der Gesellschaft einzustellen.



## Asset Situation

### Balance Sheet

As of December 31, 2008, Catalis SE's balance sheet total amounted to € 27.4m. In comparison with the previous year's total of € 29.2m, this represents a decrease of 6%.

The fixed assets of the company were mainly influenced by investments of € 2.1m, depreciation of € 1.2m and negative currency differences of € 2.2m.

The current assets of Catalis SE amounted to € 9.8m (2007: € 10.6m) which is a decrease of 8%. This reflects mainly a decrease in cash and cash equivalents. On the other hand, the company shows an increase in other current assets, mainly trade receivables and prepaid expenses, from € 4.6m to € 5.5m.

In terms of equity and liabilities, the company's shareholder equity decreased from € 12.9m to € 12.4m. Despite the positive result for 2008, this is due to the negative impact of currency differences of € 2.6m. Thus, shareholders' equity equalled approx. € 0.46 per share (2007: € 0.48 per share).

The consolidated equity as a percentage of total assets is 45.3% in 2008 (2007: 44.1%).

Long-term liabilities decreased from € 7.4m to € 6.6m, which is due to the repayment of loans.

Current liabilities decreased from € 8.9m to € 8.4m.

### Employees

As of December 31, 2008, there were 475 members of staff employed by Catalis SE (previous year: 457 employees). This represents an increase of 18 employees.

214 employees were working for Testronic and an additional 259 for Kuju plc. In 2008, Catalis Holding had 2 employees (previous year: 2).

Taking into account the recently announced reorganisation programme, especially of the games development division, the number of employees is more likely to decrease in the fiscal year 2009 than to show an increase.

## Financial Situation

### Cash Flow

In the fiscal year 2008, Catalis SE generated a cash flow from operating activities of € 0.5m (2007: € 1.9m). Apart from the profit after tax, this reflects mainly a decrease of provisions of € 1.6m.

The cash flow from investing activities amounted to € -2.0m (2007: € -7.2m). This reflects (net) investments in property, plant and equipment amounting to € 1.9m and the acquisition of Kuju Manila accounting for € 0.2m.

## Vermögenslage

### Bilanz

Zum 31. Dezember 2008 betrug die Bilanzsumme der Catalis SE insgesamt EUR 27,4 Mio. Im Vergleich zum Vorjahreswert von EUR 29,2 Mio. entspricht dies einem Rückgang um 6%.

Das Anlagevermögen der Gesellschaft wurde hauptsächlich durch Investitionen in Höhe von EUR 2,1, Abschreibungen von EUR 1,2 Mio. und Währungsdifferenzen in Höhe von EUR -2,2 Mio.

Das Umlaufvermögen der Catalis SE betrug EUR 9,8 Mio. (2007: EUR 10,6 Mio.), was einem Rückgang um 8% entspricht. Dies spiegelt hauptsächlich einen Rückgang der liquiden Mittel wider. Andererseits gab es einen Anstieg der sonstigen kurzfristigen Vermögensgegenstände, insbesondere Forderungen aus Lieferungen und Leistungen sowie geleistete Anzahlungen, von EUR 4,6 Mio. auf EUR 5,5 Mio.

Auf der Passivseite verringerte sich das Eigenkapital der Gesellschaft von EUR 12,9 Mio. auf EUR 12,4 Mio. Trotz des positiven Jahresergebnisses im Geschäftsjahr 2008 ging das Eigenkapital zurück, was auf Währungsdifferenzen in Höhe von EUR -2,6 Mio. zurückzuführen ist. Damit belief sich das Eigenkapital je Aktie auf ca. EUR 0,46 (2007: EUR 0,48).

Die Eigenkapitalquote im Geschäftsjahr 2008 lag bei 45,3% (2007: 44,1%).

Die langfristigen Verbindlichkeiten verringerten sich von EUR 7,4 Mio. auf EUR 6,6 Mio., was auf die Rückzahlung von Darlehen zurückzuführen ist.

Die kurzfristigen Verbindlichkeiten nahmen von EUR 8,9 Mio. auf EUR 8,4 Mio. ab.

### Mitarbeiter

Am 31. Dezember 2008 waren unter dem Dach der Catalis SE insgesamt 475 Mitarbeiter beschäftigt (Vorjahr: 457). Dies ist ein Zuwachs von 18 Mitarbeitern. Davon waren 214 Mitarbeiter bei Testronic beschäftigt und weitere 259 Mitarbeiter bei Kuju. Die Catalis Holding beschäftigte zwei Mitarbeiter.

Unter Berücksichtigung des kürzlich angekündigten Restrukturierungsprogramms, insbesondere im Geschäftsbereich Videospieldentwicklung, wird sich die Zahl der Mitarbeiter im Geschäftsjahr 2009 sehr wahrscheinlich eher verringern als weiter zunehmen.

## Finanzlage

### Cashflow

Im Geschäftsjahr 2008 erwirtschaftete die Catalis SE einen operativen Cashflow in Höhe von EUR 0,5 Mio. (2007: EUR 1,9 Mio.). Neben dem Jahresergebnis spiegelt sich hierin hauptsächlich die Abnahme von Rückstellungen in Höhe von EUR 1,6 Mio. wider.

Der Cashflow aus Investitionstätigkeit betrug EUR -2,0 Mio. (2007: EUR -7,2 Mio.). Hierin enthalten sind (Netto-)Investitionen in Sachanlagen in Höhe von EUR 1,9 Mio. und der Erwerb von Kuju Manila mit einem Betrag von EUR 0,2 Mio.





Taking into account a net effect of currency translation in cash and cash equivalents of € -0.4m, the company's total cash flow for the fiscal year 2008 amounted to € -2.5m (2007: € -5.8m) resulting into a net cash position at the end of the year of € 0.2m.

## Supplementary Report

On January 07, 2009, Catalis SE announced a review and reorganisation of its global operations due to worsening conditions for the commissioning of video games development. As part of the global slowdown Catalis' subsidiary Kuju was unable to sign some of the projects which it had planned to sign particularly during the months of November and December 2008. While most of the key projects have been signed and most of the unsigned projects have been delayed rather than cancelled, it was unclear when Kuju would be able to sign the projects or find alternatives. On that basis, Kuju was taking a more cautious approach compared to its recent rapid growth and is expecting to reduce its overall headcount by approximately 10% to better match staffing levels with the expected volume of projects. Kuju also continues to seek optimal use of its newly acquired cooperative development facility in Manila, the Philippines. Catalis expected that costs of the reorganisation would not exceed € 1.0 million.

On January 12, 2009, Catalis SE announced the expansion of its Board of Directors and a planned capital increase. The company appointed Mr. Jeremy Lewis as an executive Member of the Board of Directors. Mr. Lewis focuses on operations, strategy and corporate development including the execution of the group's previously announced restructuring program. Mr. Nordhoff, previously the sole executive director, now concentrates on finance, M&A and investor relations. Catalis SE also announced that, in order to strengthen its capital base ahead of uncertain times and to fund the planned restructuring, it increases its existing capital of € 2,689,077.50, consisting of 26,890,775 shares with a nominal value of € 0.10 each by up to € 896,359.20 or up to 8,963,592 shares. Shares were to be issued with pre-emptive rights for existing shareholders. The issue price per share was set to € 0.15 reflecting funds raised of up to approx. € 1.3 million. Any shares which were not subscribed for by existing shareholders were offered to institutional investors as part of a private placement.

On January 19, 2009, Catalis SE announced that the subscription period for the company's capital increase was set on the period from January 20 to February 03, 2009.

On February 18, 2009, Catalis SE announced the successful completion of its capital increase. The total number of 8,963,592 new shares has been placed with private and institutional investors. Through this capital increase, the company's shares capital rose from € 2,689,077.50 to € 3,585,436.70 divided into 35,854,367 shares. The proceeds from this transaction amounted to approx. € 1.3 million.

Unter Berücksichtigung von Effekten aus Währungsumrechnung auf die liquiden Mittel in Höhe von EUR -0,4 Mio. betrug der Cashflow für das Geschäftsjahr 2008 insgesamt EUR -2,5 Mio. (2007: EUR -5,8 Mio.), woraus sich ein Nettobestand an liquiden Mitteln am Jahresende von EUR 0,2 Mio. ergibt.

## Nachtragsbericht

Am 07. Januar 2009 gab die Catalis SE aufgrund der rückläufigen Auftragsvergabe im Bereich Videospielementwicklung die Umstrukturierung ihrer weltweiten Geschäftsaktivitäten bekannt Infolge des weltweiten Konjunkturabschwungs konnte die Catalis-Tochtergesellschaft Kuju konnte diverse Auftragseingänge, die für die Monate November und Dezember 2008 geplant waren, nicht zum Abschluss bringen. Obwohl das Gros der Schlüsselaufträge unterzeichnet werden konnte und die noch nicht realisierten Aufträge lediglich verschoben und nicht komplett annulliert wurden, blieb unsicher wann diese Aufträge erteilt werden würden und wann alternative Projekte eingeleitet werden können. Verglichen mit dem schnellen Unternehmenswachstum im letzten Geschäftsjahr, verfolgte das Unternehmen in diesem Umfeld nun eine vorsichtigeren Strategie. Als Auswirkung der veränderten Auftragslage rechnete das Unternehmen mit einer Verringerung des Personalbestandes um ungefähr 10%. Des Weiteren plante das Unternehmen die neu geschaffene firmeneigene Outsourcing Plattform in Manila auf den Philippinen besser zu nutzen. Catalis erwartete, dass die Kosten dieser Restrukturierung nicht mehr als EUR 1,0 Mio. betragen würden.

Am 12. Januar 2009 gab die Catalis SE die Erweiterung des Verwaltungsrates und eine geplante Kapitalerhöhung bekannt. Die Gesellschaft ernannte Herrn Jeremy Lewis zu einem weiteren exekutiven Mitglied des Verwaltungsrates. Herr Lewis konzentriert sich auf die Bereiche Operations, Strategie und Unternehmensentwicklung einschließlich der Durchführung des in der vergangenen Woche angekündigten Restrukturierungsprogramms. Der bisherige Alleinvorstand Klaus Nordhoff widmet sich vorrangig den Bereichen Finanzen, M&A und Investor Relations. Catalis gab außerdem bekannt, dass das bestehende Grundkapital von EUR 2.689.077,50, bestehend aus 26.890.775 Aktien zum Nominalbetrag von EUR 0,10 um bis zu EUR 896.359,20 oder bis zu 8.963.592 Aktien erhöht wird. Die Maßnahme dient zur Stärkung der Kapitalbasis in unsicheren gesamtwirtschaftlichen Zeiten und der Finanzierung der angekündigten Restrukturierung. Die Aktien wurden mit Bezugsrecht für die bestehenden Aktionäre ausgegeben und erlaubten diesen den Bezug einer neuen Catalis-Aktie für drei bestehende Catalis-Aktien. Der Ausgabepreis für die neuen Aktien wurde auf EUR 0,15 festgesetzt, woraus sich ein Mittelzufluss für die Gesellschaft von rund EUR 1,3 Mio. ergibt. Aktien die von den bestehenden Aktionären nicht bezogen wurden, wurden im Rahmen einer Privatplatzierung institutionellen Investoren angeboten.

Am 19. Januar 2009 gab die Catalis SE bekannt, dass die Bezugsfrist für die Kapitalerhöhung auf den Zeitraum vom 20. Januar 2009 bis 03. Februar 2009 festgesetzt wurde.

Am 18. Februar 2009 gab die Catalis SE den erfolgreichen Abschluss ihrer Kapitalerhöhung bekannt. Die gesamte Zahl von 8.963.592 neuen Aktien wurde bei privaten und institutionellen Investoren platziert. Durch die Kapitalerhöhung erhöhte sich das Grundkapital der Gesellschaft von EUR 2.689.077,50 auf EUR 3.585.436,70 eingeteilt in 35.854.367 Aktien. Der Mittelzufluss aus der Kapitalerhöhung betrug rund EUR 1,3 Mio.



On March 02, 2009, Catalis SE announced its guidance for the fiscal year 2009. In total Catalis Group expects its 2009 revenue to remain on the strong level of 2008. With € 39.0 million the planned revenue line shows a slight growth compared to 2008 with a preliminary revenue line of € 38.1 million (+2.4%). Due to the absence of extraordinary effects that partly influenced the year 2008 and a rigid cost cutting program Catalis SE is planning its 2009 EBIT to come in at € 3.1 million (2008: € 2.9m), an increase of around 7% above 2008.

On March 09, 2009, Catalis SE announced a further capital increase to pay the bonus shares for the Kuju management. Catalis SE and the Kuju management agreed upon the payment of bonus shares in the course of the Kuju acquisition in early 2007, as a means to incentivise the management and secure its long-term commitment to the company. Through the payment of these bonus shares, Kuju managers now became substantial shareholders of the company. Thus, it is in their best interest to further ensure the company's future success. Catalis SE issued a total of 2,024,632 new shares with a nominal value of € 0.10, increasing the company's share capital from € 3,585,436.70 to € 3,787,899.90 divided into 37,878,999 shares. Pre-emptive rights of existing shareholders were excluded.

On March 27, Catalis SE announced the results of its Annual General Meeting for the fiscal year 2007. The Annual General Meeting of Catalis SE for the fiscal year 2007 took place in Eindhoven and 21.56 percent of the company's capital was represented. All items of the agenda were approved unanimously, including the appointment of Mr. Jeremy Lewis as further Executive Director of the Board.

Am 02. März 2009 gab die Catalis SE ihre Prognose für das Geschäftsjahr 2009 bekannt. Insgesamt erwartet die Catalis Group, das gute Umsatzniveau des Jahres 2008 auch im Geschäftsjahr 2009 erreichen zu können. Der geplante Umsatz für das Geschäftsjahr 2009 von EUR 39 Mio. stellt somit einen leichten Anstieg gegenüber dem vorläufigen Vorjahreswert von EUR 38,1 Mio. (+2,4%) dar. Da keine außerordentlichen Effekte mehr erwartet werde, die das Ergebnis des Geschäftsjahres 2008 teilweise beeinflusst haben, und aufgrund eines consequenten Kostensenkungsprogramms, rechnet die Catalis SE mit einem EBIT von EUR 3,1 Mio. (2008: EUR 2,9 Mio.), was einem Zuwachs von etwa 7% entspricht.

Am 09. März 2009 gab die Catalis SE eine weitere Kapitalerhöhung bekannt, um die Bonusaktien für das Kuju-Management zu bezahlen. Catalis SE und das Kuju-Management hatten die Zahlung von Bonusaktien, als Leistungsanreiz und zur langfristigen Bindung des Managements an die Gesellschaft, im Rahmen der Kuju-Akquisition zu Beginn des Jahres 2007 vereinbart. Durch die Bonusaktien sind die Kuju-Manager nun wesentlich an der Gesellschaft beteiligt, so dass es weiterhin in ihrem gesunden Eigeninteresse liegt, den zukünftigen Erfolg der Gesellschaft zu sichern. Die Catalis SE gab im Rahmen dieser Transaktion insgesamt 2.024.632 neue Aktien mit einem Nennwert von EUR 0,10 aus, wodurch sich das Grundkapital der Gesellschaft von EUR 3.585.436,70 auf EUR 3.787.899,90, eingeteilt in 37.878.999 Aktien, erhöhte. Bezugsrechte der Altaktionäre sind dabei ausgeschlossen.

Am 27. März 2009 gab die Catalis SE die Ergebnisse ihrer ordentlichen Hauptversammlung für das Geschäftsjahr 2007 bekannt. Die Hauptversammlung der Catalis SE für das Geschäftsjahr 2007 fand in Eindhoven, Niederlande, statt. Insgesamt waren dort 21,56% des Grundkapitals vertreten. Alle Tagesordnungspunkte wurden von den anwesenden Aktionären einstimmig angenommen, inklusive der Ernennung von Herrn Jeremy Lewis als weiteres exekutives Mitglied des Verwaltungsrates.





## Risk Report

### Substantial Trends or Unfulfilled Expectations

The main risk for all of Catalis SE's business activities and product development lies predominately with consumer interest and demand. Building on the developments in the media and entertainment industry, we depend on the developments of these industries' driving forces. Technological changes and variations in end users behavioural patterns represent a risk as well as an opportunity for our business. Therefore, the major risk for our business is a material change or downturn of the pattern in the whole media and entertainment industry or a substantial reduction or lack of quality in our services.

Catalis SE is designed to have a broad portfolio of high quality services, a distinguishing characteristic that allows our business to anticipate and prepare for all eventualities. Catalis SE has taken this stance from the beginning, making sure that we are at the forefront of all modern trends in technology and content, placing us at the top of the industry.

### Objectives and Policy Regarding Financial Instruments

Catalis' investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which they invest. Financial instruments in the Group are mainly used to mitigate currency exposures. The risk management policy is aimed at diminishing currency fluctuations in the income of the company.

The investments of the Group are subject to certain risk factors, including but not limited to the following.

#### Market Risk

The market price of financial instruments owned by the company may go up or down, sometimes unpredictably. The value of a security may decline due to general market conditions, such as real or perceived adverse economic conditions or general adverse investor sentiment. Financial instruments values may also decline due to factors which affect a particular industry or industries, such as production costs and competitive conditions within an industry.

#### Credit Risk and Default Risk

The company could lose money if the counterparty to a contract, does not make timely payments or honors its obligation.

## Risikobericht

### Wesentliche Trends und enttäuschte Erwartungen

Die Hauptrisiken für sämtliche Geschäftstätigkeiten der Catalis SE liegen im möglichen Umschwung des Käuferinteresses, an den von uns getesteten oder entwickelten Produkten und Dienstleistungen. Da wir in der Medien- und Unterhaltungsindustrie tätig sind, sind wir von den Entwicklungen dieser Industrien abhängig. Technologischer Wandel und Verhaltensänderungen bei den Konsumenten bergen sowohl Risiken als auch Chancen für unsere Geschäftstätigkeit. Den wesentlichen Risikofaktor für unser Geschäft stellen somit grundlegende Veränderungen in den Strukturen und Verhaltensweisen der gesamten Medien- und Unterhaltungsindustrie sowie ein deutlicher Rückgang oder Mängel in der Qualität unserer Dienstleistungen dar.

Ein charakteristisches Merkmal der Catalis SE ist ihr breit aufgestelltes Dienstleistungsportfolio, welches es der Gesellschaft erlaubt auf alle Eventualitäten zu reagieren. Diesen Ansatz verfolgt Catalis SE schon seit jeher, um auch auf die Entwicklung neuer Markttrends von Anfang an reagieren zu können und sich so eine führende Position innerhalb der Branche zu sichern.

### Zielsetzungen und Grundsätze bezüglich Finanzinstrumenten

Die Investmentaktivitäten der Catalis SE setzen die Gesellschaft einer Reihe unterschiedlicher Risiken aus, die von den Finanzinstrumenten und Märkten, in denen sie investiert, abhängen. In der Catalis Group werden Finanzinstrumente hauptsächlich dazu genutzt, Währungsrisiken abzusichern. Die Grundsätze des Risikomanagement sind darauf ausgerichtet, Währungseinflüsse auf die Ergebnisse der Gesellschaft möglichst zu minimieren.

Die Investitionen der Catalis Group sind unter anderem, aber nicht auf diese begrenzt, mit folgenden Risiken behaftet.

#### Marktrisiko

Der Marktpreis von Finanzinstrumenten, die von der Catalis Group gehalten werden, kann sich positiv oder negativ, manchmal auch unvorhersehbar, entwickeln. Der Marktwert eines Wertpapiers kann sich aufgrund der allgemeinen Marktbedingungen, wie realen oder erwarteten wirtschaftlichen Schocks oder einer allgemein negativen Grundstimmung der Investoren, verringern. Der Marktwert von Finanzinstrumenten kann auch aufgrund solcher Faktoren fallen, die nur eine bestimmte Industrie oder bestimmte Industrien betreffen, wie Produktionskosten und Wettbewerbsbedingungen innerhalb einer Industrie.

#### Kreditrisiko und Ausfallrisiko

Die Gesellschaft könnte Geld verlieren, wenn ein Vertragspartner die vereinbarten Zahlungen nicht pünktlich leistet oder seinen Verpflichtungen nicht mehr nachkommt.



### Liquidity Risk

For investments that are thinly traded or for which no market exists and / or which are potentially restricted as to their transferability, the sale of any such investment may be possible only at substantial discounts and it may be difficult for the company's directors to accurately value any such investments.

### Exchange Rate Fluctuations

The company's accounts are denominated in Euro. Certain of the investments of the company may be in currencies other than the Euro, such as the GBP. Similarly, certain expenses of the company, including organizational, offering and operating expenses and the fees of directors and service providers, have and will continue to be incurred in currencies other than the Euro. Accordingly, the company is at risk and liable for any gain or loss incurred as a result of exchange rate fluctuation, when such investments are realized or when such expenses are paid. Thus, shareholders – indirectly – bear the risk of exchange rate fluctuations.

### Risk Factors

There are certain risks to be considered that are common to an investment company of this nature. Including but not limited to the following:

#### Markets

There may be no established or recognized market for some of the company's investments. In other cases, any market may be relatively small and/or poorly developed. Not only may this result in illiquidity of investments held by the company, but also in difficulties in ascertaining their value for the purpose of the calculation of the value.

#### Economic Conditions

The success of any investment activity may be affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor's participation in the respective markets.

#### Trading Risks

Substantial risks are involved in the trading of securities. Market movements can be volatile and are difficult to predict. Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have a significant impact on the price of securities.

### Liquiditätsrisiko

Bei Investments, deren Markt nicht sehr liquide ist oder für die kein Markt existiert und / oder die in ihrer Übertragbarkeit potenziell eingeschränkt sind, kann ein Verkauf dieser Investments unter Umständen nur mit erheblichen Wertverlusten möglich sein und es kann auch für das Management der Gesellschaft schwierig sein, diese Investments korrekt zu bewerten.

### Wechselkursänderungen

Die Bücher der Gesellschaft werden in Euro geführt. Einige der Investment der Gesellschaft können auf andere Währungen als den Euro lauten, z.B. das britische Pfund. Gleichermaßen fallen auch Kosten der Gesellschaft, inklusive organisatorischer, operativer und wertpapiertechnischer Kosten sowie der Bezüge der der Verwaltungsratsmitglieder und Dienstleister, in anderen Währungen als dem Euro an und werden dies auch in Zukunft tun. Dementsprechend ist die Gesellschaft einem permanenten Risiko von Gewinnen und Verlusten aus Wechselkursänderungen ausgesetzt, wenn solche Investments eingegangen werden oder solche Kosten gezahlt werden müssen. Damit tragen auch die Aktionäre dieses Risiko der Wechselkursänderung indirekt mit.

### Risikofaktoren

Es sind außerdem bestimmte weitere Risiken zu berücksichtigen, die allen Investmentaktivitäten dieser Art zu Eigen sind. Dies sind unter anderem, aber nicht ausschließlich, die folgenden:

#### Märkte

Es könnte sein, dass es keine bestehenden oder anerkannten Märkte für einige der Investments der Gesellschaft gibt. In anderen Fällen können die Märkte relativ klein oder unzureichend entwickelt sein. Dies kann nicht nur zu Illiquidität der von der Gesellschaft gehaltenen Investments führen, sondern auch zu Schwierigkeiten bei der Bewertung zum Zweck des buchhalterischen Wertansatzes.

#### Wirtschaftliches Umfeld

Der Erfolg aller Investmentaktivitäten kann vom allgemeinen wirtschaftlichen Umfeld beeinflusst werden. Dieses kann sich sowohl auf die Höhe und Volatilität der Zinssätze auswirken wie auch auf den Umfang und den Zeitpunkt in dem sich ein Investor in den entsprechenden Märkten engagiert.

#### Risiko der Handelbarkeit

Wesentliche Risiken sind mit dem Handel von Wertpapieren verbunden. Marktbewegungen können volatil sein und sind schwer vorherzusagen. Politische Einflüsse, Rezession, Inflation, Arbeitslosenzahlen, Handelsbedingungen, internationale Großereignisse, Kriege und andere, unvorhersehbare Ereignisse können ebenfalls starken Einfluss auf die Preisentwicklung von Wertpapieren haben.



## Responsibility Statement

We declare, based on Article 5.25c Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the consolidated financial statements of 2008 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Catalis SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per 31 December 2008 and of the development and performance during 2008 of Catalis SE and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the Catalis Group is being confronted.

Eindhoven, May 2009

The Board of Directors:

**Dr. Jens Bodenkamp** (Chairman, Non-Executive)

**Jeremy Lewis** (Executive), joined Catalis SE on January 12, 2009

**Klaus Nordhoff** (Executive)

**Dr. Michael Hasenstab** (Non-Executive)

**Robert Kaess** (Non-Executive)

**Dominic Wheatley** (Non-Executive)

## Versicherung der gesetzlichen Vertreter

Wir versichern in Übereinstimmung mit Artikel 5.25c des Wet op het financieel toezicht (Wft), dass nach unserem besten Wissen und Gewissen und gemäß den anzuwendenden Rechnungslegungsgrundsätzen:

- der Jahresabschluss der Gesellschaft für das Geschäftsjahr 2008 ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Catalis SE und ihrer Beteiligungen vermittelt; und
- der Lagebericht ein den tatsächlichen Verhältnissen entsprechendes Bild der Lage der Gesellschaft am 31. Dezember 2008 darstellt und den Geschäftsverlauf einschließlich der Geschäftsergebnisse der Catalis SE und ihrer in den Jahresabschluss einbezogenen Beteiligungen im Geschäftsjahr 2008, sowie der Risiken, denen die Catalis Group ausgesetzt ist, wahrheitsgetreu wiedergibt.

Eindhoven, Mai 2009

Der Verwaltungsrat:

**Dr. Jens Bodenkamp** (Chairman, Non-Executive)

**Jeremy Lewis** (Executive), seit 12. Januar 2009 in der Gesellschaft

**Klaus Nordhoff** (Executive)

**Dr. Michael Hasenstab** (Non-Executive)

**Robert Kaess** (Non-Executive)

**Dominic Wheatley** (Non-Executive)



## Forecast Report

While the general economic outlook for the fiscal year 2009 is quite negative, the home entertainment market still shows signs of resilience against the global downturn also in the first months of the new fiscal year.

According to the latest IMF Economic Outlook as of April 2009, the global economy is expected to contract by 1.3% in 2009 after a growth of 3.2% in 2008. Generally, a growth rate of 3% marks the borderline between growth mode and recession on a global basis. Therefore, global economy is currently in a deep recession. All advanced economies are expected to contract significantly, 3.8% on average, and emerging and developing economies will also show only a minor growth of 1.6%.

In order to make an assumption on the effects of the financial crisis and recessionary trends on our business, we need to look at two issues: The ability of our clients to fund developments and marketing projects in film and games and the consumer demand for these products. Both will have an effect on our quality assurance as well as games development divisions.

All in all the final impact, defining our business development in 2009, will be the perceived and anticipated development of consumer demand by the publisher houses.

First figures from the home entertainment market indicate that there is still growth in the market. Data from the U.S. show video games software sales rise over the respective previous year's figures by 10% in January and by 9% in February. In March 2009, software sales were down 17% from the previous year, which is for a big part attributable to the different timing of Easter Season. Thus, in total first quarter development for the video gaming industry in the U.S. was flat.

Positive signs also come from the Blu-ray disc market where sales in the U.S. for the first quarter of 2009 almost doubled from 4.8m units to 9m units and also the spread of Blu-ray hardware has grown significantly.

A survey by NPD Group for the U.S. market indicates that in spite of the economic downturn, home entertainment remains a popular spending category as U.S. consumers even plan to increase their spending on entertainment in 2009.

With the U.S. market being the biggest market for the home entertainment industry in the world, these developments raise hope for stable market conditions in the home entertainment industry for the full fiscal year.

Nevertheless, the market development for service providers might be different from that of consumer markets. Therefore, we still do not expect 2009 to provide favourable market conditions for exceptional growth and have prepared ourselves for a potential downturn in the market, being in a solid position to weather any negative impacts. Yet, although there are some development projects under review or cancelled by the publishers, or the signing of contracts postponed, we currently do not foresee an overall pessimistic trend in the industry.

## Prognosebericht

Während die allgemeinen wirtschaftlichen Aussichten für das Geschäftsjahr 2009 negativ sind, zeigt der Home Entertainment Markt in den ersten Monaten des neuen Geschäftsjahrs weiterhin Zeichen einer gewissen Unabhängigkeit vom weltweiten Konjunkturabschwung.

Nach Informationen des jüngsten Economic Outlook des IWF vom April 2009, wird für 2009 mit einem Schrumpfen der Weltwirtschaft um 1,3% gerechnet, nachdem sie in 2008 noch um 3,2% gewachsen war. Als Faustregel wird im Weltmaßstab eine Wachstumsrate von 3% als Grenze zur Rezession gesehen. Demnach befindet sich die Weltwirtschaft aktuell in einer tiefen Rezession. Alle Industrieländer werden deutlich negative Wachstumsraten aufweisen, im Durchschnitt -3,8%, und für auch die Entwicklungs- und Schwellenländer wird nur mit einem geringen Wachstum von 1,6% gerechnet.

Um die Auswirkungen der Finanzkrise und der wirtschaftlichen Rezession auf unser Geschäft bewerten zu können, müssen zwei Aspekte berücksichtigen: Die Fähigkeit unsere Kunden neue Projekte im Film- und Videospiegelgeschäft zu finanzieren und zu vermarkten und die Nachfrage der Verbraucher nach diesen Produkten. Beides wird die Entwicklung unserer Geschäftsbereiche Qualitätssicherung und Videospiegelentwicklung beeinflussen.

Der Gesamteffekt für unsere Geschäftsentwicklung im Jahr 2009 ergibt sich letztlich aus der von den großen Verlagen erwarteten Entwicklung der Konsumnachfrage.

Erste Zahlen für den Home Entertainment Markt zeigen, dass der Markt noch immer wächst. Daten aus den USA zeigen, dass die Verkäufe von Videospiele im Januar um 10% und im Februar um 9% über den jeweiligen Vorjahreswerten gelegen haben. Im März gab es zwar einen Rückgang um 17% gegenüber dem Vorjahr, dieser ist jedoch wesentlich auf die zeitliche Verschiebung des Osterfestes zurückzuführen. Im ersten Quartal bewegte sich der Videospielemarktes in den USA damit insgesamt auf Vorjahresniveau.

Positive Signale waren auch im Bereich der Blu-ray Discs zu verzeichnen, wo sich die Verkaufszahlen im ersten Quartal 2009 gegenüber dem Vorjahr 4,8 Mio. auf 9 Mio. Einheiten fast verdoppelten. Außerdem hat auch die Verbreitung entsprechender Blu-ray fähiger Hardware deutlich zugenommen.

Eine Umfrage der NPD Group für den US-Markt belegt, dass Home Entertainment trotz des wirtschaftlichen Abschwungs weiterhin zu den Favoriten der US-Verbraucher gehört. Die Konsumenten planen sogar, ihre Ausgaben für Home Entertainment Produkte im Jahr 2009 zu erhöhen.

Da der US-Markt bei weitem der größte Markt für Home Entertainment ist, lassen diese Daten auf eine stabile Entwicklung des Home Entertainment Marktes im gesamten Geschäftsjahr hoffen.

Nichtsdestotrotz kann sich die Marktentwicklung für Service-Anbieter deutlich von der Entwicklung der Absatzmärkte unterscheiden. Daher gehen wir weiterhin nicht davon aus, dass das Jahr 2009 günstige Bedingungen für ein außergewöhnliches Wachstum bieten wird und wir haben uns entsprechend auf einen Marktabschwung vorbereitet, so dass wir in einer guten Position sind, um negative Entwicklungen unbeschadet überstehen zu können. Obwohl bereits einige Entwicklungsprojekte von den großen Verlagen auf den Prüfstand gestellt oder abgesagt sowie Vertragsunterzeichnungen verschoben wurden, können wir derzeit auch noch keine pessimistische Grundstimmung in der Industrie feststellen.



The Catalis Group is continuously analysing the market in line with its business strategy. However, due to the current financial and economic crisis, expectations are that investments in fixed assets or additional staff will be rather limited in the fiscal year 2009. To strengthen its financial position, the group has already completed a capital increase in early 2009 and thus we do not expect further financing requirements from our operating business in the short term.

The development of turnover and profitability in the fiscal year 2009 is highly dependent on the pipeline of projects in which we currently are involved as well as the acquisition of new projects. Due to the uncertain economic environment and its effects on the development of our markets, the acquisition of new projects is difficult to predict and it is also likely that we will see some pressure on margins.

In terms of business units, in our Quality Assurance business we believe that there is growth potential in all areas but the one defining factor as to whether this growth will be realised will very likely be pricing. As this will have a definitely negative bottom line impact, doing business in 2009 requires a strict cost-benefit-analysis. On the other hand, further internal steps to address cost base issues should lead to bottom line improvements.

In our Games Development unit we rely on our strong relationship to key publishers to keep revenues at the previous year's level and we expect substantial bottom line improvements from the already initiated realignment of studios and a strict focus on cost structures.

Im Rahmen ihrer Geschäftsstrategie analysiert die Catalis Group auch laufend die allgemeine Marktlage. Aufgrund der aktuellen Finanzmarkt- und Konjunkturkrise gehen wir davon aus, dass Investitionen in Sachanlagen und neue Mitarbeiter im Geschäftsjahr 2009 nur in sehr geringem Umfang anfallen werden. Um ihre finanzielle Position zu stärken, hat die Catalis SE im ersten Quartal 2009 bereits eine Kapitalerhöhung durchgeführt. Daher erwarten wir kurzfristig keinen weiteren Finanzierungsbedarf aus unserem operativen Geschäft.

Die Entwicklung der Umsätze und Ergebnisse im Geschäftsjahr 2009 ist in hohem Maße abhängig von unserer aktuellen Projektpipeline und der Akquisition neuer Projekte. Aufgrund der unsicheren wirtschaftlichen Aussichten ist die Akquisition neuer Projekte schwer vorherzusagen und es ist außerdem sehr wahrscheinlich, dass es zu stärkerem Druck auf unsere Margen kommen wird.

Für die einzelnen Geschäftsbereiche bedeutet dies, dass wir im Bereich Qualitätssicherung zwar in praktisch allen Geschäftsfeldern weiteres Wachstumspotenzial sehen, der entscheidende Faktor für die Realisierung dieses Wachstums jedoch wahrscheinlich allein der Preis sein wird. Da sich hieraus negative Ergebniseffekte ergeben können, wird die Geschäftstätigkeit im Jahr 2009 auf Basis einer strikten Kosten-Nutzen-Abwägung erfolgen müssen. Auf der anderen Seite werden sich weitere Verbesserungen unserer internen Strukturen und Kostensenkungsmaßnahmen positiv auf die Ergebnisse auswirken.

In unserem Geschäftsbereich Videospieldentwicklung bauen wir darauf, dass die starken Geschäftsbeziehungen zu den wesentlichen Verlagen ein Umsatzvolumen auf Vorjahresniveau ermöglichen werden und erwarten deutliche Ergebnisverbesserungen aufgrund der bereits eingeleiteten Neugliederung unserer Studios und einem strikten Kostensenkungsprogramm.



**Financial Information**

**Finanzinformationen**



## 6. Financial Information

### Consolidated Balance Sheet as at December 31, 2008 and 2007

€k	Notes	2008	2007
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3	197	364
Goodwill	4	13,110	14,950
Property, plant and equipment	5	2,546	1,861
Deferred tax	22	1,714	1,411
<b>Total non-current assets</b>		<b>17,567</b>	<b>18,586</b>
<b>Current assets</b>			
Trade receivables	6	5,489	4,584
Tax and social securities		119	124
Income tax		61	9
Other current assets	7	3,046	3,128
Cash and cash equivalents	8	1,126	2,722
<b>Total current assets</b>		<b>9,841</b>	<b>10,567</b>
<b>Total assets</b>		<b>27,408</b>	<b>29,153</b>
<b>Liabilities and Equity</b>			
<b>Total Equity</b>			
Share capital		2,689	2,689
Share premium		18,540	18,540
Share based payments		779	731
Currency differences		(4,362)	(1,790)
Accumulated deficit		(5,239)	(7,314)
<b>Total equity</b>	<b>9</b>	<b>12,407</b>	<b>12,856</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	22	14	53
Loans	10	6,420	7,300
Finance lease obligation	11	145	-
<b>Total non-current liabilities</b>		<b>6,579</b>	<b>7,353</b>
<b>Current liabilities</b>			
Loans	10	880	880
Finance lease obligation	11	106	-
Bank overdraft	12	948	8
Trade and other payables	13	3,738	5,073
Taxes and social securities		2,455	1,321
Income tax		207	10
Provisions	14	88	1,652
<b>Total current liabilities</b>		<b>8,422</b>	<b>8,944</b>
<b>Total liabilities and equity</b>		<b>27,408</b>	<b>29,153</b>

The accompanying notes to these balance sheets form an integral part of these consolidated financial statements.





## Consolidated Income Statement for the Years ended December 31, 2008 and 2007

€k	Notes	2008	2007
Sales	17	37,891	34,619
Other income	18	172	108
Cost of sales		(3,635)	(5,262)
<b>Gross profit</b>		<b>34,428</b>	<b>29,465</b>
Personnel costs	19	22,565	20,497
Depreciation fixed assets	5	1,176	915
Amortisation intangible assets	3,4	106	126
General and administration	20	7,665	5,251
<b>Profit from operations</b>		<b>2,916</b>	<b>2,676</b>
Interest income		13	28
Interest expense		(543)	(792)
Other financial income		198	-
Currency translation differences		(517)	(247)
<b>Total financial income</b>	<b>21</b>	<b>(849)</b>	<b>(1,011)</b>
<b>Profit before tax</b>		<b>2,067</b>	<b>1,665</b>
Income tax	22	8	165
<b>Profit after tax</b>		<b>2,075</b>	<b>1,830</b>
Earnings per share	28		
Basic		0.08	0.07
Diluted		0.08	0.06

The accompanying notes to these income statements form an integral part of these consolidated financial statements.



## Consolidated Statement of Changes in Equity for the Years ended December 31, 2008 and 2007

€k	Share Capital	Share Premium	Share based payments	Convertible debenture loan reserve	Currency differences	Accumulated profit / (loss)	Total
<b>Balance at January 1, 2007</b>	<b>2,296</b>	<b>15,747</b>	<b>37</b>	<b>521</b>	<b>(147)</b>	<b>(9,144)</b>	<b>9,310</b>
Conversion of bond into shares	393	2,793	-	(521)	-	-	2,665
Share based payment	-	-	694	-	-	-	694
Currency translation differences	-	-	-	-	(1,643)	-	(1,643)
Profit after tax	-	-	-	-	-	1,830	1,830
<b>Balance at December 31, 2007</b>	<b>2,689</b>	<b>18,540</b>	<b>731</b>	<b>-</b>	<b>(1,790)</b>	<b>(7,314)</b>	<b>12,856</b>
Stock option plan			48				48
Currency translation differences					(2,572)		(2,572)
Profit after tax						2,075	2,075
<b>Balance at December 31, 2008</b>	<b>2,689</b>	<b>18,540</b>	<b>779</b>	<b>-</b>	<b>(4,362)</b>	<b>(5,239)</b>	<b>12,407</b>

The total comprehensive income 2008 amounts to (2,524).

The accompanying notes to these equity statements form an integral part of these consolidated financial statements.



## Consolidated Cash Flow Statement for the Years ended December 31, 2008 and 2007

€k	Notes	31 December 2008	31 December 2007
<b>Cash flow from operating activities</b>			
Profit after tax		2,075	1,830
Adjustments to reconcile profit after tax to net cash provided by operating activities			
Depreciation and amortisation	3,5	1,282	1,041
Change in provisions		(1,564)	1,574
Share based payment	15	48	694
Interest expense	21	530	764
Income taxes	22	(8)	(165)
(Increase) / decrease in other current assets		(784)	(446)
Increase / (decrease) in current liabilities		(370)	(2,529)
Cash generated from operations		1,209	2,763
Interest received		13	28
Interest paid		(543)	(641)
Income tax received / (paid)		(189)	(207)
<b>Net cash generated from operating activities</b>		<b>490</b>	<b>1,943</b>
<b>Cash flow from investing activities</b>			
Proceeds from long term assets		0	866
(Purchase)/sale of property, plant and equipment, net	5	(1,854)	(1,069)
Acquisition of subsidiaries net of cash acquired	26	(153)	(7,027)
Net cash used in investing activities		(2,007)	(7,230)
<b>Cash flow from financing activities</b>			
Redemption of long term loans		(629)	0
Net cash funded / used in financing activities		(629)	0
<b>Net effect of currency translation in cash and cash equivalents</b>		<b>(398)</b>	<b>(537)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,544)</b>	<b>(5,824)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,722</b>	<b>8,546</b>
<b>Cash and cash equivalents at end of year</b>		<b>178</b>	<b>2,722</b>

At October 14, 2008 Catalis SE acquired all shares in the Philippines based limited company Matahari Studios PTY Ltd. for an acquisition price of € 194. In 2008 also Kuju SE and Kuju Brno were incorporated for a total amount of € 127. The companies operate all in the segment of games development.

In 2007 Catalis N.V. purchased Kuju Plc. with a purchase consideration of € 7,142, which amount was paid completely at balance sheet date. In 2007 an amount of € 223 acquisition costs were paid for the 2006 acquisition of PMTC N.V. The assets required are further disclosed in note 26 'Business combinations'.

The accompanying notes to these cash flow statements form an integral part of these consolidated financial statements.



## Notes to Consolidated Financial Statements for the years ended December 31, 2008 and 2007 (all amounts are in thousands of euros, unless otherwise indicated)

### 1. General

Catalis S.E. ("the Company") and its wholly owned subsidiaries (together "Catalis" or "the Group") provides testing services for the media industry and through the in 2007 acquired Kuju subsidiaries the design and development of interactive computer games for personal computers and video games consoles. The average number of employees of the Group was 544 and 418 in 2008 and 2007 respectively. The office of Catalis is located at Geldropseweg 26-28, Eindhoven, The Netherlands. Catalis S.E. was incorporated on March 24, 2000.

At January 22, 2008 Catalis was transformed from a public limited company ("N.V.") into a European public limited company ("S.E."). The existing Management Board and Supervisory Board were changed into a one-tier Board of Directors (executive and non-executive).

The consolidated financial statements of Catalis S.E. for the year ended December 31, 2008 were authorized for issue in accordance with a resolution of the (non) executive Board on May 15, 2009.

### 2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are prepared in euros, rounded to the nearest thousand. The financial statements have been drawn up on the basis of historical cost, with the exception of certain financial assets, which are valued at fair value.

#### New accounting Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2008, and have not been applied in preparing these consolidating financial statements:

- IFRS 8: Operating Segments. Introduces the management approach in segment reporting. This amendment will not have any effect on the consolidated financial statements.
- Revised IAS 23: Borrowing Costs. Borrowing costs are directly attributable to the corresponding asset and are not directly expensed as of FY 2009. This amendment will not have any consequences for the Group's financial statements prior to FY 2009.
- IFRIC 13: Customer Loyalty Programmes. This amendment will not have any impact on the Group's figures as of 2009.

- IAS 32 / IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation. Requires equity classification of obligations to deliver certain assets in case of liquidation of the company. This amendment will not have any impact on the consolidated financial statements.
- IFRS 3: Business Combinations. Adjustment of certain definitions in the classification and valuation of new business combinations. This amendment will be introduced as of FY 2010 and will be applied prospectively by the Group.
- IAS 27: Changes in control and ownership of subsidiaries. When control over a subsidiary is maintained every ownership movement is classified as an equity transaction. Loss of control classifies the subsidiary at fair value with valuation through profit and loss. This amendment is not expected to have any impact on the consolidated financial statements of the Group.
- IFRS 2: Share Based Payments (Vesting Conditions and Cancellations). Clarifies the definition of vesting conditions and new introduced non vesting conditions and their impact on the calculation of the fair value of the share based payments. This amendment will be introduced in FY 2009. Catalis SE has not determined yet the potential effect of this amendment.

#### Basis of Consolidation

The financial statements comprise those of the parent company and its subsidiaries. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the parent company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency between the fair values of the net assets acquired and cost is recognised in the income statement. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate. Entities which are acquired and are controlled, but which will be held for a period less than twelve months, are recorded as assets held for sale.

The consolidated financial statements are based on the financial statements of the individual companies which have been drawn up using standardised group accounting policies. All companies in the Group have the same reporting date of 31 December. All significant intercompany transactions and balances between group entities are eliminated on consolidation.



At the end of 2008 Catalis S.E. (ultimate parent company) held the following direct and indirect participations:

Entity	Place of incorporation	Ownership Interest
<b>aeco International GmbH</b>	Germany	100%
<b>Aerostream Inc.</b>	USA	100%
<b>Testronic Laboratories Ltd.</b>	UK	100%
<b>aeco Options B.V.</b>	The Netherlands	100%
<b>Testronic GmbH</b>	Germany	100%
<b>Testronic SpZoo</b>	Poland	100%
<b>International Quality Control Inc.</b>	USA	100%
<b>Testline Ltd.</b>	UK	100%
<b>PMTC N.V.</b>	Belgium	100%
<b>Catalis Development Services Ltd.</b>	UK	100%
<b>Kuju Entertainment Ltd.</b>	UK	100%
<b>Simis Ltd.</b>	UK	100%
<b>Kuju Sheffield Ltd.</b>	UK	100%
<b>Double Six Video Games Ltd.</b>	UK	100%
<b>Nik Nak Games Ltd.</b>	UK	100%
<b>Zoe Mode Entertainment Ltd.</b>	UK	100%
<b>Kuju Plc.</b>	UK	100%
<b>Kuju America Inc.</b>	USA	100%
<b>Kuju Group S.E.</b>	The Netherlands	100%
<b>Kuju Manila Inc.</b>	Philippines	100%
<b>Kuju Brno</b>	Czech Republic	100%

Details of the subsidiaries which have been consolidated in the group financial statements at 31 December 2008 are as follows:

Name of subsidiary	Country of incorporation (registration)	Ownership %	Voting rights %	Principal activity
<b>aeco International GmbH</b>	Germany	100	100	None
<b>Aerostream Inc.</b>	USA	100	100	Testing
<b>Testronic Laboratories Ltd</b>	UK	100	100	Testing
<b>aeco Options B.V.</b>	The Netherlands	100	100	None
<b>Testronic GmbH</b>	Germany	100	100	None
<b>Testronic SpZoo</b>	Poland	100	100	Testing
<b>International Quality Control Inc.</b>	USA	100	100	Testing
<b>Testline Ltd.</b>	UK	100	100	Testing
<b>PMTC N.V.</b>	Belgium	100	100	Testing
<b>Catalis Development Services Ltd.</b>	UK	100	100	Intermediate holding
<b>Kuju Entertainment Ltd.</b>	UK	100	100	Games development
<b>Simis Ltd.</b>	UK	100	100	Dormant
<b>Kuju Sheffield Ltd.</b>	UK	100	100	Dormant
<b>Double Six Video Games Ltd.</b>	UK	100	100	Dormant
<b>Nik Nak Games Ltd.</b>	UK	100	100	Dormant
<b>Zoe Mode Entertainment Ltd.</b>	UK	100	100	Dormant
<b>Kuju Plc.</b>	UK	100	100	Games development
<b>Kuju America Inc.</b>	USA	100	100	Games development
<b>Kuju Group S.E.</b>	The Netherlands	100	100	Games development
<b>Kuju Manila Inc.</b>	Philippines	100	100	Games development
<b>Kuju Brno s.r.o.</b>	Czech Republic	100	100	Games development



## Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

## Foreign Currencies

The group has designated the British Pound sterling as its functional currency, as this is the currency of the economic environment in which the group in majority operates. Nevertheless, Catalis SE has designated the Euro as its reporting currency, due to the fact that the company is listed at the Frankfurt stock market and the majority of its shareholders has its habitat in the Euro region.

Transactions in currencies other than Euros are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

On consolidation the balance sheet of subsidiaries whose functional currency is not the euro are translated into euro at the closing rate. The income statements of these entities are translated into euro at the average rates for the relevant period. Goodwill paid on acquisition is recorded in the functional currency of the acquired entity. Exchange differences from the translation of the net investment in entities with a functional currency other than the euro are recorded in equity (translation reserve). The same applies to exchange differences arising from borrowings and other financial instruments in so far as they hedge the currency risk related to the net investment. On disposal of an entity with a functional currency other than the euro the cumulative exchange differences relating to the translation of the net investment is recognized in the income statement.

The currency exchange rates that were used in drawing up the consolidated statements are listed below for the most important currencies:

1 Euro =	Exchange rate at balance sheet date		Average exchange rate	
	2008	2007	2008	2007
Pound sterling	1.03	1.36	1.26	1.46
US dollar	0.71	0.68	0.68	0.73

## Impairment

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the income statement in the period in which they become known.

## Judgements and Assumptions

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:



### Impairment of Goodwill

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a 'value in use' amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Further details are contained in section Goodwill.

### Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in section Income taxes.

### Income taxes

The company is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide liability for income tax and the valuation of deferred income tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, this will impact the income tax position and deferred income tax assets and liabilities in the applicable period.

### Distinction between Current and Non-current

An asset (liability) is classified as current when it is expected to be realized (settled) within 12 months after the balance sheet date.

### Intangible Assets

Intangible assets are initially measured at cost. After initial recognition the benchmark treatment is that intangible assets should be carried at cost less any amortisation and impairment losses. The amortisation method reflects the pattern of benefits, whereas a time frame of 5 years is used with a discounting WACC interest rate of 11.5% in average. Subsequent expenditure on an intangible asset after its purchase or completion are recognised as an expense when it is incurred, unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably.

Amortisation is computed on a degressive basis (reflects the pattern of benefits) over the following estimated useful life:

Client lists:	5 years
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### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset. Goodwill is tested for impairment on an annual basis in respect of the cash generating unit to which the goodwill attaches. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in the profit and loss account.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The economic life of goodwill has been determined as indefinite.

### Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is computed on a straight-line basis over the estimated useful lives. When assets are sold or retired, their cost and accumulated depreciation are eliminated for the accounts and any gain or loss resulting from their disposal is included in the income statement.

The rates used to write off the cost, less the residual value over useful economic lives of the various categories of tangible fixed assets are as follows:

■ Buildings & Machinery:	1.5% - 60%
■ Fixtures & Fittings:	10% - 33%
■ Other fixed assets:	20% - 33%

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under finance lease are recognised as assets of the Group at their fair value or, if lower the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability of the lessor is included in the balance sheet as finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating lease are not recognised on the groups balance sheet, but are charged to income on a straight-line basis over the term of relevant lease.





## Trade and Other Receivables

Trade receivables are stated at their amortised cost less any provisions for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

As soon as individual trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. They are written off when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors. The allowance for the risk of non-collection of trade accounts receivable takes into account average historical losses.

## Financial Instruments

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transactions costs where applicable). For those financial instruments that are not subsequently held at fair value, the group assesses whether there is any objective evidence of impairment at each balance sheet date. If a market for a financial asset or liability is not active or if equity instruments are not listed, the group establishes fair value by using valuation techniques.

Financial assets are recognised when the group has the rights to future economic benefits. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is a present obligation to deliver cash or other financial assets. Financial liabilities are derecognised when they are extinguished (discharged, cancelled or expired).

All regular way purchases and sales of financial assets are recognised on the trade date, this is the date that the group has a commitment to purchase the asset.

Interest income and expenses are recorded on the effective interest basis. Dividends received for these investments are allocated to the income statement when the Group has the right to receive them.

The classification depends on the purpose of the financial instrument. Management decides on the classification on initial recognition and evaluates this classification on each reporting date. In these financial statements all financial instruments are classified as “loans and receivables”.

Loans and receivables are non-listed financial assets (other than derivatives), with fixed or determinable repayment dates. They are presented as current assets, unless they have a maturity date more than 12 months after the balance sheet date, in which case they are classified as non-current assets.

After initial measurement loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

## Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

## Financial risk management objectives

The management of the company monitors and manages the financial risks relating to the operations of the Group by management reports. These risks mainly include credit risk, price risk, interest risk and currency risk.

The Group uses derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Group's exposure to credit risk and interest risks.

## Interest rate risk

The Group is exposed to interest rate risk on a limited basis. All non-current financial liabilities are outstanding at fixed interest rates. Net profit and equity reserves would not be affected as these liabilities are valued at amortised cost. An increase of the interest rate with 1 percent point would mean a decrease of the profit before tax with euro 75.

## Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counter parties.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed.

The group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. Concentration of credit risk did not exceed 5% of gross monetary assets at balance sheet date.

As of December 31, 2008 and 2007, the Company had accounts receivable from five major customers that accounted for 58% and 28% of total accounts receivable. During the year ended December 31, 2008 and 2007, revenues from five major customers accounted for 53% and 49% of total revenues.

## Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close market positions. Due to the dynamic nature of the business treasury activities require a certain amount of flexibility. Group management monitors the liquidity position on a weekly basis.

## Price risk

The Group does not hold any equity investments at balance date.



### Currency risk

The Group is exposed to currency risks due to exchange rate fluctuations in connection with the activities denominated in foreign currencies and other foreign currency transactions. The currency risks mentioned exist in particular with respect to the exchange rate between the US dollar, British Pound sterling and the Euro. Risks in connection with other foreign currencies are only of minor significance.

During 2008, hedging activities took place to mitigate these risks regarding the operational cash flow. The currency risks are limited by entering into currency forward contracts.

In order to determine the effect of exchange rate changes deemed possible as at the balance sheet date, the effect of a change in the exchange rate of the US dollar and the British Pound sterling by 10% would have an effect of Euro 350 on the operational result of the Group.

### Forward Foreign Exchange Contracts

It is the Policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts and to manage the risk associated with anticipated operational cash flow for a period of 12 months.

The contracts eliminate the currency risks outside a call and put limit. When the exercise rate is between the limits the actual exchange rates are appropriate. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses are recognised in the income statement in the period which the hedged forecast transaction affects the income statement. At year-end the weighted average strike rates are:

Weighted average strike rate at December 31, 2008	Put	Call
US dollar	1.45	1.24
Pound sterling	0.82	0.72

### Bank Balances and Cash

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily available.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

The cash flow statement provides an explanation of the changes in cash and cash equivalents. It is prepared on the basis of a comparison of the balance sheet as at January 1 and December 31. Changes that do not involve cash flows, such as changes in exchange rates, amortization, depreciation, impairment losses and transfers to other balance sheet items, are eliminated.

Changes in working capital due to acquisition or disposal of consolidated companies are included under investing activities.

All changes in the cash flow statement can be tracked back to the detailed statements of changes for the balance sheet items concerned.

### Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortizations.

### Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### Trade Payables

Trade payables are initially stated at fair value and subsequently stated at their amortised cost.

### Provisions

A provision is recognised when, and only when, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### Equity

#### Currency differences

The Currency Reserve is intended for reflection of translation differences arising from the translation of net investments in foreign subsidiaries (including long term monetary items in foreign entities).

#### Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### Share based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').



## Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## Government Grants

Government grants towards research expenditure and training costs are recognised in the income statement over the periods necessary and are matched with the related costs.

## Defined Contribution Plans

The Group sponsors defined contribution plans based on local practices and regulations. The plans cover full-time employees and provide for contributions ranging from 0% to 5% of salary. The Group's contributions relating to defined contribution plans are charged to income in the year to which they relate.

## Share-based Payment Transactions

Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model, further details of which are given in Note 15.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## Income Taxes

### Current income tax

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

### Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Not recognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax authority.



## Segments

The Company's primary segment information is based on geographical segmentation by location of assets. The Company is active in two business segments: testing (quality assurance) and games development. Each geographical segment contains assets and operations that are subject to risks and returns, distinct to the segment. Costs reported in the segments are primarily costs directly attributable to those segments. Non-allocated revenues and costs are shown as a separate segment and contain corporate overheads, corporate project costs and all other items that cannot be allocated.

Segment reporting reflects the company's management and internal reporting structure and the same accounting policies that are applied for these consolidated financial statements are also applied by the operating segments.

## Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

## 3. Intangible Assets

The movements in Intangible assets are as follows:

€k	Dec 31, 2008	Dec 31, 2007
<b>Cost</b>		
Cost at January 1	497	69
Acquired on acquisition of Kuju	-	468
Translation differences	(103)	(40)
Disposals	-	-
<b>Cost at December 31</b>	<b>394</b>	<b>497</b>
<b>Accumulated Amortisation</b>		
Accumulated amortisation at January 1	133	7
Amortisation for the year	106	126
Translation differences	(42)	-
Disposals	-	-
<b>Accumulated amortisation at December 31</b>	<b>197</b>	<b>133</b>
<b>Net book value</b>	<b>197</b>	<b>364</b>

This concerns the recognised part of the acquisition price of subsidiaries which can be referred to the value of the acquired client lists. The value of the client lists is determined as a calculation of the expected benefits over the next five years with a WACC discount of on average 11.5%. The amortisation follows the pattern of expected benefits and is therefore degressive.

## 4. Goodwill

The movements in goodwill are as follows:

€k	Dec 31, 2008	Dec 31, 2007
<b>Cost</b>		
Cost at January 1	16,166	8,115
Purchase goodwill subsidiaries	219	9,119
Currency adjustment acquired goodwill	-	(760)
Currency adjustment goodwill at January 1	(2,059)	(308)
<b>Accumulated cost at December 31</b>	<b>14,326</b>	<b>16,166</b>
<b>Accumulated impairment</b>		
Accumulated at January 1	1,216	1,216
Impairment for the year	-	-
<b>Accumulated impairment at December 31</b>	<b>1,216</b>	<b>1,216</b>
<b>Net book value</b>	<b>13,110</b>	<b>14,950</b>

Goodwill acquired through the acquisition of Kuju Manila Inc. has been allocated to the UK based Kuju unit as a cash generating unit as defined under IAS 36. The carrying amount of goodwill as of December 31, 2008 was € 219. The goodwill of Kuju Manila Inc. completely exists of strategic and geographic advantages.

The recoverable values of the goodwill allocated to cash generating units have been determined based on past experience and on a value in use calculation. Referring the goodwill allocated to the individual cash generating units an impairment test has been performed based on the discounted cash flow method (weighted average cost of capital of 14.21% for 5 useful years). A growth rate of zero has been assumed for the cash flow after the five year period. As a result no impairment turned out to be necessary.

A decrease of corresponding revenues with 10% of the cash generating units doesn't have any impairment consequences. This is the same for an increase of the WACC percentage with an increase of one percent point.

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

€k	Dec 31, 2008	Dec 31, 2007
Kuju	6,272	8,136
Testronic Europe	3,918	4,018
Testronic USA	2,920	2,796
<b>Total</b>	<b>13,110</b>	<b>14,950</b>



## 5. Property, Plant and Equipment

The movement in property, plant and equipment in 2008 is as follows:

€k	Buildings & Machinery	Furniture and fittings	Other fixed assets	Total
<b>Cost</b>				
Cost at January 1	3,524	550	282	4,356
Additions	1,568	220	70	1,858
Acquired on acquisition of a subsidiary	-	42	123	165
Translation differences	(537)	(71)	7	(601)
Disposals	(300)	(5)	(16)	(321)
<b>Cost at December 31</b>	<b>4,255</b>	<b>736</b>	<b>466</b>	<b>5,457</b>
<b>Accumulated Depreciation</b>				
Accumulated depreciation at January 1	2,052	316	127	2,495
Depreciation for the year	992	119	65	1,176
Accumulated depreciation through acquisition of a subsidiary	-	16	78	94
Translation differences	(480)	(60)	3	(537)
Disposals	(305)	(4)	(8)	(317)
<b>Accumulated depreciation at December 31</b>	<b>2,259</b>	<b>387</b>	<b>265</b>	<b>2,911</b>
<b>Net book value</b>	<b>1,996</b>	<b>349</b>	<b>199</b>	<b>2,546</b>

Included within tangible fixed assets are items held under finance leases. These had a net book value of € 284 (2007: € 16) and were depreciated by € 39 (2007: € 20).

The movement in property, plant and equipment in 2007 is as follows:

€k	Buildings & Machinery	Furniture and fittings	Other fixed assets	Total
<b>Cost</b>				
Cost at January 1	1,399	421	226	2,046
Additions	1,190	90	10	1,290
Acquired on acquisition of a subsidiary	3,238	60	54	3,352
Translation differences	(71)	(21)	(8)	(100)
Disposals	(2,232)	-	-	(2,232)
<b>Cost at December 31</b>	<b>3,524</b>	<b>550</b>	<b>282</b>	<b>4,356</b>
<b>Accumulated Depreciation</b>				
Accumulated depreciation at January 1	751	253	76	1,080
Depreciation for the year	784	89	42	915
Accumulated depreciation through acquisition of a subsidiary	2,641	23	11	2,675
Translation differences	(3)	(49)	(2)	(54)
Disposals	(2,121)	-	-	(2,121)
<b>Accumulated depreciation at December 31</b>	<b>2,052</b>	<b>316</b>	<b>127</b>	<b>2,495</b>
<b>Net book value</b>	<b>1,472</b>	<b>234</b>	<b>155</b>	<b>1,861</b>

## 6. Trade Receivables

Trade receivables include the following:

€k	Dec 31, 2008	Dec 31, 2007
Accounts receivable	5,630	4,584
Less: provision for doubtful accounts	141	0
<b>Total trade receivables</b>	<b>5,489</b>	<b>4,584</b>

With respect to trade accounts receivable that are neither impaired or past due, there are no indications that the debtors will not meet their payment obligations. The trade receivables are mainly denominated in Pound sterling and US dollar.

	2008	2007
Neither past due nor impaired	86 %	86 %
1 – 29 days overdue	12 %	12 %
30 or more days overdue	2 %	2 %

## 7. Other Current Assets

Other current assets include the following:

€k	Dec 31, 2008	Dec 31, 2007
Other receivables and prepaid expenses	3,037	3,116
Investments	8	12
<b>Total other current assets</b>	<b>3,045</b>	<b>3,128</b>

## 8. Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances and cash and are immediately available. The carrying amount of these assets approximates their fair value.

## 9. Share Capital

The authorised share capital of the Company amounts to euro 5,000 divided into 50 million common shares each having a nominal value of euro 0.10 per share.

**Common shares**, euro 0.10 par value  
 Authorised 50 million; issued and outstanding  
 26.89 million in 2007 and 2008



Movements in share capital:

	Shares (thousands)		Amount (€k)	
	2008	2007	2008	2007
<b>Common Shares Issued and paid-in</b>				
January 1	26,890	22,959	2,689	2,296
Conversion of bond into shares	0	3,931	0	393
<b>December 31</b>	<b>26,890</b>	<b>26,890</b>	<b>2,689</b>	<b>2,689</b>

Share premium relates to the additional capital paid-in-surplus. Share based payments includes the fair value of vested employee obligations based on equity instruments as explained in Note15.

The currency differences reserve is due to translation of assets, liabilities, income and expenses of subsidiaries with a functional currency which is different from the reporting currency. The currency differences reserve is not distributable.

## 10. Loans

Concerns loans and a bank overdraft at the KBC Bank with a total amount of € 9.460. The average interest rate is the Euribor added with 1,25-1,5%. As of January 30, 2008 the loans have to be repaid in half year instalments of € 440. The loans mature in 2012. To secure the commitments to the bank Catalis has established an equitable mortgage granted by Catalis Development Services Ltd. over 80% of the registered shares of Kuju Plc. and has established a pledge of 80% of the shares of PMTC N.V.

Amounts are due within the following periods:

€k	Dec 31, 2008	Dec 31, 2007
Within one year (Current)	880	880
In the second to fifth years	2,640	3,520
More than five years	3,780	3,780
<b>Total</b>	<b>7,300</b>	<b>8,180</b>

## 11. Finance Lease Obligations

Amounts are due within the following periods:

€k	Dec 31, 2008	Dec 31, 2007
Within one year (Current)	106	-
In the second to fifth years	145	-
<b>Total</b>	<b>251</b>	<b>-</b>

In the table the present value of minimum lease payments are presented. This present value of minimum lease payments is in line with the nominal minimum lease payments. Interest rates are fixed or maximized at the contract date and all leases are on a fixed repayment basis.

## 12. Bank Overdrafts

As per December 31, 2008 and 2007 the Group has provided securities as those mentioned in the item loans.

## 13. Trade and Other Payables

Trade and other payables include the following:

€k	Dec 31, 2008	Dec 31, 2007
Accounts payable trade	1,175	2,012
Loan Navigator Equity Solutions N.V.	79	591
Accrued expenses	2,484	2,470
<b>Total trade and other payables</b>	<b>3,738</b>	<b>5,073</b>

This item includes a loan of Navigator Equity Solutions N.V. of € 79 with an interest rate of 7.5% per annum. This loan will be repaid in May 2009.

## 14. Provisions

Provisions at December 31, 2008 mainly relate to warranty claims on services sold and usually cover a period of 15 months after the moment of delivery.

€k	Kuju	Warranty and other
<b>Balance at 31 December 2007</b>	<b>1,625</b>	<b>27</b>
Provisions made during the year	-	61
Provisions released during the year	( 1,625)	-
<b>Balance at 31 December 2008</b>	<b>-</b>	<b>88</b>
<b>Current</b>	<b>-</b>	<b>70</b>
<b>Non-current</b>	<b>-</b>	<b>18</b>

One of the clients of Kuju Entertainment Ltd. has terminated in December 2008 a large development contract (agreed and started in 2007) due to disagreement with Kuju about the terms and quality of deliverance of the particular project. Although Kuju is of the opinion that the particular client is not entitled to terminate the contract, a provision has been established in the financial year 2007 for expected loss and liability claims in the financial year 2008.



## 15. Employee Benefits Obligations

### Defined Contribution Plan

The Group sponsors defined contribution plans for its employees based on the local practices and regulations in the United States of America, the United Kingdom, Poland and Belgium. These plans require employer contributions ranging from 0% to 5% of annual salary.

Defined contribution obligations were not significant as of December 2008 and 2007, respectively. These obligations are presented under other payables.

### Share Option Plan

Catalis' policy for the remuneration of the key employees has as objective to attract and retain high quality people and motivate them towards excellent performance, in accordance with Catalis' strategic and financial goals. The remuneration package consists of a base salary and a long-term incentive, currently in the form of stock options. Long-term incentives are linked to long-term drivers and sustained shareholders value creation.

In 2006 and 2007 the Group has issued stock options to selected key employees and management personnel. The following stock options are equity-settled share-based payment transactions in accordance with IFRS 2 and comprise three tranches. There have been no cancellations or modifications to the plan during 2007 and 2008.

### Movements in the Year

The following table illustrates the number and exercise prices of, and movements in, share options during the year, as well as the grant date and the term of the option:

	Transaction 1	Transaction 2	Transaction 3
Grant date	October 5, 2006	October 5, 2006	March 1, 2007
Granted stock options	500,000	136,500	351,000
Term of the option	5 years	5 years	3.3 years
Exercise price (€)	1.23	1.23	1.32
Outstanding at 1 January 2008	500,000	90,000	351,000
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Expired during the year	-	-	-
Outstanding at 31 December 2008	500,000	90,000	351,000
Exercisable at 31 December 2008	125,000	60,000	117,000

### Term of the Option

The remaining term of the stock options as of December 31, 2008 is as follows:

	Grant date	End of term	Remaining term (years)
Transaction 1	October 5, 2006	October 5, 2011	2.8
Transaction 2	October 5, 2006	October 5, 2011	2.8
Transaction 3	March 1, 2007	June 1, 2010	1.4

### Vesting Conditions

Any option granted under the stock option plan 2006 and 2007 shall be exercisable and the rights thereunder shall vest at such times and under such conditions as determined by the board at the time of grant, and as shall be permissible under the terms of the plan. For the options granted in 2006 and 2007 different vesting schedules apply:

#### Transaction 1 (October 5, 2006)

- 125,000 options (1/4) are vested, but are not exercised yet,
- 125,000 options (1/4) will vest and become exercisable in the 31 days after 31 December 2008,
- 125,000 options (1/4) will vest and become exercisable in the 31 days after 31 December 2009,
- 125,000 options (1/4) will vest and become exercisable in the 31 days after 31 December 2010.

#### Transaction 2 (October 5, 2006)

- 60,000 options (2/3) are vested, but are not exercised yet,
- 30,000 options (1/3) will vest and become exercisable after two years i.e. 1 November 2009.

After the moment the options have vested and have become exercisable, any option may only be exercised during the month November each calendar year.

#### Transaction 3 (March 1, 2007)

- 117,000 options (1/3) are vested, but not exercised yet,
- 117,000 options (1/3) will vest after the second year,
- 117,000 options (1/3) will vest after three years.

The options can be exercised after they have vested only within 60 days after publication of the interim financial statements or annual statements. The right to exercise these options shall remain intact for the duration of the contract of the option holder and upon fulfilment of the contract plus a period of 3 months.





In the event of termination of an optionee's continuous status as an employee during the first three years of the term of the option agreement running from the date of the grant of the option, any options which have not been exercised at that moment shall terminate. In the event of termination of the continuous status as an employee at a point in time after the first three years, the optionee may exercise the options to the extent exercisable on the date of termination, provided that such exercise must occur within six months after the date of such termination, but no event later than the date of expiration of the terms of this option. To the extent that the optionee was not entitled to exercise the option at the date of such termination, or does not exercise such option, the option shall terminate.

#### Valuation model and Input Parameters

The fair value of the stock options is measured using a binomial option pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the plan for at the measurement date:

	Transaction 1	Transaction 2	Transaction 3
Share price on the measurement date (€)	1.06	1.06	1.32
Life of the option on the grant date (years)	5.00	5.00	3.25
Exercise price (€)	1.23	1.23	1.32
Expected dividend yield (%)	0.00	0.00	0.00
Risk-free interest rate (%)	3.62	3.62	3.87
Expected volatility of the share price (%)	37.84	37.84	36.67
Option value (€)	0.54	0.54	0.41

The risk-free interest rate is the implied yield currently available on German government issues, with a remaining term equal to the term of the options.

The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The expense resulting from the share based payment transactions is recognized during the vesting period on a prorata-basis with a corresponding increase in equity. Furthermore the amount recognized is based on the best available estimate of the number of equity instruments expected to vest and is revised, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The expense recognised during 2006 - 2008 is shown in the following table:

€k	2008	2007	2006
Expense arising from equity-settled share-based payment transactions	48	203	37
Expense arising from cash-settled share-based payment transactions	-	-	-
<b>Total expense arising from share-based payment transactions</b>	<b>48</b>	<b>203</b>	<b>37</b>

#### Bonus Kuju Management

In connection with the offer to acquire the entire issued share capital of Kuju Plc. in December 2006, Catalis agreed to issue a number of Catalis' ordinary shares for the benefit of the key employees of Kuju Plc. The number of Catalis shares to be issued was to be calculated by reference to the consolidated pre tax profits of Kuju Plc. for the 2007 and 2008 financial years. At December 1, 2008 Catalis has reached a written agreement with the particular employees about the fore mentioned bonus share proposal.

	Transaction 2007	Transaction 2008
Grant date	December 1, 2008	December 1, 2008
Granted bonus shares	1,753,081	n.a.
Term of the option	Immediately exercisable	Lapsed
Exercise price (€)	0.00	0.00
Outstanding at 1 January 2008	1,753,081	0
Granted during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 December 2008	1,753,081	0
Exercisable at 31 December 2008	1,753,081	0

The 2007 bonus shares have been exercised in May, 2009

The fair value of the bonus shares is measured at market value which equals the share price at the stock market at grant date. The following table lists the inputs to the model used for the plan for at the measurement date:

€	Transaction 2007
Share price on the measurement date	0.28
Exercise price	0.00

The expense resulting from the share based payment transactions is recognized during the vesting period on a prorata basis with a corresponding increase in equity. Furthermore the amount recognized is based on the best available estimate of the number of equity instruments expected to vest and is revised, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The expense recognised during 2008 is shown in the following table:

€k	2008	2007
Expense arising from equity-settled share-based payment transactions	-	491
Expense arising from cash-settled share-based payment transactions	-	-
<b>Total expense arising from share-based payment transactions</b>	<b>-</b>	<b>491</b>



## 16. Other Options

### Background

In order to improve relationships with suppliers, business partners and clients the Group from time to time enters into option and other agreements which provide certain incentives for such partners and help to strengthen such relationships. There are no other options outstanding at December 31, 2008.

## 17. Segment Reporting

### Geographical Segments

The geographical allocation of financials in 2008 is as follows:

€k	Europe	The Americas	Philippines	Corporate	Total
Sales	31,721	6,198	144	0	38,063
Cost of sales	2,825	810	0	0	3,635
<b>Gross profit</b>	<b>28,896</b>	<b>5,388</b>	<b>144</b>	<b>0</b>	<b>34,428</b>
Personnel costs	18,824	3,326	57	333	22,540
Depreciation	1,130	124	10	18	1,282
General and administration	6,036	1,055	30	569	7,690
<b>Profit from operations</b>	<b>2,906</b>	<b>883</b>	<b>47</b>	<b>(920)</b>	<b>2,916</b>
Segment assets	15,904	3,153	109	8,241	27,407
Segment liabilities	5,931	539	5	8,527	15,002

The geographical allocation of financials in 2007 is as follows:

€k	Europe	The Americas	Corporate	Total
Sales	29,641	5,086	-	34,727
Cost of sales	4,779	483	-	5,262
<b>Gross profit</b>	<b>24,862</b>	<b>4,603</b>	<b>-</b>	<b>29,465</b>
Personnel costs	16,981	2,658	858	20,497
Depreciation	968	51	22	1,041
General and administration	3,960	584	707	5,251
<b>Profit from operations</b>	<b>2,953</b>	<b>1,310</b>	<b>(1,587)</b>	<b>2,676</b>
Segment assets	18,294	2,359	8,500	29,153
Segment liabilities	6,069	255	9,973	16,297

## Business segments

The business allocation of financials in 2008 is as follows:

€k	Testing	Games	Corporate	Total
Sales	15,002	23,061	0	38,063
Cost of sales	2,852	783	0	3,635
<b>Gross profit</b>	<b>12,150</b>	<b>22,278</b>	<b>0</b>	<b>34,428</b>
Personnel costs	6,611	15,596	333	22,540
Depreciation	455	809	18	1,282
General and administration	3,156	3,965	569	7,690
<b>Profit from operations</b>	<b>1,928</b>	<b>1,908</b>	<b>(920)</b>	<b>2,916</b>
Segment assets	6,677	12,489	8,241	27,407
Segment liabilities	1,768	4,707	8,527	15,002

The business allocation of financials in 2007 is as follows:

€k	Testing	Games	Corporate	Total
Sales	13,976	20,751	-	34,727
Cost of sales	1,799	3,463	-	5,262
<b>Gross profit</b>	<b>12,177</b>	<b>17,288</b>	<b>-</b>	<b>29,465</b>
Personnel costs	6,747	12,892	858	20,497
Depreciation	289	730	22	1,041
General and administration	2,335	2,209	707	5,251
<b>Profit from operations</b>	<b>2,806</b>	<b>1,457</b>	<b>(1,587)</b>	<b>2,676</b>
Segment assets	7,494	13,159	8,500	29,153
Segment liabilities	1,735	4,589	9,973	16,297

## 18. Other Income

The other income mainly consists of advisory fees.



## 19. Personnel Costs

Personnel expenses are summarised as follows:

€k	2008	2007
Wages and salaries	20,081	17,362
Share based payments	48	694
Pension costs	269	55
Social expenses	2,037	1,968
Other expenses	130	418
<b>Total personnel expenses</b>	<b>22,565</b>	<b>20,497</b>

The average number of employees for the year was:

€k	2008	2007
The Netherlands	2	1
Germany	-	-
Poland	24	24
Belgium	48	45
United Kingdom	343	270
United States of America	108	78
Czech Republic	14	-
Philippines	5	-
<b>Total average number of employees</b>	<b>544</b>	<b>418</b>

## 20. General and Administration

General and administration expenses can be summarised as follows:

€k	2008	2007
Housing and communication	2,083	1,129
Advisory and legal costs	1,565	901
Sales and marketing	794	316
Other	3,223	2,905
<b>Total G&amp;A expenses</b>	<b>7,665</b>	<b>5,251</b>

## 21. Financial Income

Financial income comprises the following:

€k	2008	2007
Interest convertible loan	-	(151)
Interest expense	(543)	(641)
Interest income	13	28
Other financial income and expenses	198	-
Currency translation differences	(517)	(247)
<b>Total financial income - net</b>	<b>(849)</b>	<b>(1,011)</b>

## 22. Income Taxes

Major components of income tax expense for the years ended December 31, 2008 and 2007 are:

€k	2008	2007
Current income tax	(362)	26
Deferred income tax relating to origination of convertible bond	-	39
Deferred income tax relating to loss compensation	370	-
Recalculation of deferred tax relating to changes in expected tax rates	-	100
Other	-	-
<b>Total</b>	<b>8</b>	<b>165</b>

The deferred tax asset of future loss compensation has been calculated at a discount percentage of 12.5% in 2008 and 2007.

Reconciliation between tax expense and the product of the accounting result multiplied by the statutory tax rate (25.5%) of The Netherlands for the years ended December 31, 2008 and 2007 is as follows:

€k	2008	2007
Accounting result before tax	2,067	1,665
Tax at statutory rate	(527)	(425)
Compensation of losses	190	425
Deferred income tax related to origination of temporary differences	-	39
Recalculation of deferred tax assets and liabilities at expected tax rate	370	100
Lower / (higher) effective tax rates foreign subsidiaries	(25)	26
<b>Income tax in income statement</b>	<b>8</b>	<b>165</b>



Deferred tax assets mainly relate to future benefits from tax loss carry forward in The Netherlands and the United Kingdom, to the extent that it is likely that these benefits will occur. Movements in deferred tax assets are as follows:

€k	2008	2007
Balance as of January 1,	1,411	1,288
Additions to deferred tax assets through Income Statement	533	100
Release for compensating losses	(230)	-
Other	-	23
<b>Balance as of December 31,</b>	<b>1,714</b>	<b>1,411</b>

After the processing of the 2008 tax result, the tax losses currently amount to approximately € 13.5 million, of which € 9.6 million can be allocated to Catalis S.E. (€ 1.3 million expires in 2011 and € 8.3 million expires in 2015). € 3.9 million can be allocated to several UK based companies. These losses have an unlimited time frame of compensation.

Once the liquidation of Aeco International GmbH has been completed for tax purposes in 2009, these tax losses are expected to rise to approximately € 17.4 million.

Movements in deferred tax liabilities are as follows:

€k	2008	2007
Balance as of January 1,	53	240
Release of deferred tax liability through Income Statement	(39)	(39)
Release of deferred tax liability through equity as a consequence of the conversion of the bond in 2007	-	(96)
Other	-	(52)
<b>Balance as of December 31,</b>	<b>14</b>	<b>53</b>

### 23. Leases

The Company and its subsidiaries have various operating lease agreements for machinery, offices and other facilities. Future minimum lease payments as per December 31, 2008 under non-cancellable operating lease are as follows:

€k	2008	2007
Within 1 year	583	611
1 year through 5 years	722	768
After 5 years	350	58
<b>Total future minimum lease payments</b>	<b>1,655</b>	<b>1,437</b>

### 24. Contingent Liabilities

Various legal actions and claims are pending or may be asserted in the future against the Group companies from litigations and claims incident to the ordinary course of business. These mainly include matters relating to warranties and infringement on intellectual property rights. Related risks have been analysed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, management believes that no material liabilities are likely to result.

### 25. Related Party Transactions

The parties affiliated to the group, of which Catalis S.E. is the parent company, may be divided into: group companies, members of the (non) executive Board and other related parties.

A list of the group companies may be found in the note 'Basis of the consolidation'. Transactions among group companies are eliminated in the consolidation and no further notes are provided on them here.

For the remuneration of the members of the (non) executive Board reference is made to note 27.

The following related parties can be identified:

Ascendo Management GmbH:	relative of management
Robert Käß:	member of the board of directors
Ideal Partners Ltd:	relative of management

The following transactions were carried out with related parties:

€k	2008	2007
<b>Purchase of services</b>		
Robert Käß: consultancy fee	-	48
Ascendo Management GmbH: management fee	-	60
Ascendo Management GmbH: consultancy fee	84	242
Ideal partners Ltd.: consultancy fee	28	-

### 26. Business Combinations

At October 14, 2008 Catalis SE acquired all shares in the Philippines based limited company Matahari Studios PTY Ltd. for an acquisition price of euro 194. In 2008 Kuju SE and Kuju Brno were incorporated for a total amount of euro 127. The companies all operate in the segment of games development. When these acquired and incorporated companies had been consolidated as from January 1, 2008 net revenues would have been increased with € 560 and the net operational result would have been increased with € 300.



Through Catalis Development Services Ltd., Catalis SE has acquired in 2007 a 100% participation in the UK base games development services Kuju Entertainment Ltd. and Kuju Plc. Kuju Plc. is acting as a holding company for Kuju Entertainment Ltd. The participations in Kuju were acquired after a public offer, which was pronounced on December 14, 2006. The participation in Kuju has been consolidated as from 1 January 2007.

There are no other unconsolidated companies over which the Group has control.

The acquisitions had the following effect on assets and liabilities on acquisition date:

2008 €k	Carrying amount	Fair value adjustment	Opening balance sheet Catalis
Cash	168	-	168
Intangible assets	-	-	-
Property, plant and equipment	71	-	71
Working capital	(133)	-	(133)
Net acquired assets	102	-	102
Purchase price including costs			321
<b>Goodwill</b>			<b>219</b>
Purchase price including costs			321
Less: cash of acquired companies			168
<b>Net cash flow on acquisitions</b>			<b>153</b>

The goodwill of Kuju Manila completely exists of strategic and geographic advantages. The costs included in the purchase price amount € 30.

2007 €k	Carrying amount	Fair value adjustment	Opening balance sheet Catalis
Cash	338	-	338
Intangible assets	-	468	468
Property, plant and equipment	741	-	741
Working capital	(3,301)	-	(3,301)
Net acquired assets	(2,222)	468	(1,754)
Purchase price including costs			7,365
<b>Goodwill</b>			<b>9,119</b>
Purchase price including costs			7,365
Less: cash of acquired companies			338
<b>Net cash flow on acquisitions</b>			<b>7,027</b>

The fair value adjustment of € 468 relates to the client list of Kuju Plc. that was identified as intangible asset. The included acquisition costs are € 868.

## 27. Emoluments of the (Non) Executive Board

Directors' total remuneration approximated € 204 in 2008 and € 200 in 2007 respectively.

€k	2008		2007	
	Annual fixed fee	Bonus and costs	Annual fixed fee	Bonus and and costs
Klaus Nordhoff	159	-	132	-
Jens Bodenkamp	15	-	-	-
Robert Käß	10	-	-	-
Michael Hasenstab	10	-	-	-
Dominic Wheatley	10	-	-	-
Former Supervisory Board members	-	-	8	-
Ascendo Management GmbH	-	-	60	-

Shares held by members of the Board as at 31 December 2008:

		No. of shares
Jens Bodenkamp	Non executive member	39,167

## 28. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net result attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive common shares from supposed exercise of all "in the money" share options and conversion rights included in the loans. The number of common shares is the weighted average number of common shares plus the weighted average number of common shares which would be issued on the conversion of all the dilutive potential common shares into common shares. Share options are deemed to have been converted into common shares on the date when the options were granted. Conversion rights are deemed to have been converted into common shares at the beginning of the period.



## Earnings per Share for the Year ended 2008

	Income €k	Weighted Average Number of Shares k	Earnings per Share Amount €
<b>Basic earnings per share</b>			
Net profit attributable to common shareholders	2,075	26,890	0.08
Add: Options (share based payment)	-	-	
<b>Diluted earnings per share</b>	2,075	26,890	0.08

## Earnings per Share for the Year ended 2007

	Income €k	Weighted Average Number of Shares k	Earnings per Share Amount €
<b>Basic earnings per share</b>			
Net profit attributable to common shareholders	1,830	26,890	0.07
Add: Options (share based payment)	-	2,740	
<b>Diluted earnings per share</b>	1,830	29,630	0.06

Eindhoven, May 15, 2009.

## Non - Executive Board:

Klaus Nordhoff	Executive member
Jeremy Lewis	Executive member (joined as of January 12, 2009)
Jens Bodenkamp	Non executive member
Michael Hasenstab	Non executive member
Robert Käß	Non executive member
Dominic Wheatley	Non executive member



## Company-only Balance Sheet as at December 31, 2008 and 2007

€k	Notes	2008	2007
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	31	6,838	6,814
Intangible assets		22	40
Investment in group companies	32	2,105	3,818
Non current investments		-	-
Deferred tax	33	1,200	1,363
<b>Total non-current assets</b>		<b>10,165</b>	<b>12,035</b>
<b>Current assets</b>			
Receivables – group	34	10,996	10,921
Other current assets	34	136	156
Cash and cash equivalents	35	-	121
<b>Total current assets</b>		<b>11,132</b>	<b>11,198</b>
<b>Total assets</b>		<b>21,297</b>	<b>23,233</b>
<b>Liabilities and Equity</b>			
<b>Total equity</b>			
	<b>36</b>		
Share capital		2,689	2,689
Share premium		18,540	18,540
Share based payments		779	731
Currency differences		(4,362)	(1,790)
Accumulated deficit		(5,239)	(7,314)
<b>Total equity</b>		<b>12,407</b>	<b>12,856</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Loans	37	6,420	7,300
<b>Total non current liabilities</b>		<b>6,420</b>	<b>7,300</b>
<b>Current liabilities</b>			
Bank overdrafts		674	-
Loans	37	880	880
Liabilities-group	38	368	382
Trade and other payables	39	548	1,815
<b>Total current liabilities</b>		<b>2,470</b>	<b>3,077</b>
<b>Total liabilities and equity</b>		<b>21,297</b>	<b>23,233</b>





### Company-only Income Statement for the Years ended December 31, 2008 and 2007

€k	2008	2007
Profit after taxes	1,423	1,274
Profit from subsidiaries	652	556
<b>Net Profit</b>	<b>2,075</b>	<b>1,830</b>

### Notes to Company-only Financial Statements for the Years ended December 31, 2008 and 2007 (in thousands of euros)

#### 29. General

The description of the Company's activities and the Group structure, as included in the notes to the consolidated financial statements, also apply to the Company-only financial statements. The company only financial statements form part of the financial statements 2008 of Catalis S.E. With respect to the company profit and loss account of Catalis S.E. use has been made of the exemption under Article 2:402 of Book 2 of the Netherlands Civil Code.

#### 30. Summary of Significant Accounting Policies

In order to determine the accounting policies for its company-only financial statements, Catalis S.E. makes use of the option offered in Article 2:362 (8) of the Netherlands Civil Code. This means that the principles for the valuation of assets and liabilities and the determination of the result of the company-only financial statements of Catalis S.E. are equal to those of the consolidated financial statements. Under these principles, participations over which significant influence is exerted are valued according to the net asset value method. This means that both the consolidated and the company financial statements have been drawn up in conformity with the International Financial Reporting Standards (IFRS) as adopted within the European Union. A description of those principles may be found in the notes to the consolidated financial statements.

#### 31. Goodwill

The movements in goodwill are solely involved with the acquisition of Kuju Manila through the intermediate holding company Kuju SE and currency differences involved in goodwill with non euro origin.

As at balance sheet date, the company assessed the recoverable amount of goodwill, and determined that goodwill was not subject to impairment. The recoverable amount of the cash generating unit (Kuju respective Testronic) is determined based on a value in use calculations which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (including a terminal value), and a discount rate of 14.21% per annum.

The Board believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Further information regarding goodwill may be found in note 4 to the consolidated financial statements.

#### 32. Investment in Group Companies

The movement in the investment in group companies as follows:

€k	2008	2007
<b>Book value at January 1</b>	<b>3,818</b>	<b>3,770</b>
Income from subsidiaries	652	556
Incorporation Kuju SE	120	-
Reclassification	-	(44)
Share based payments	48	491
Currency translation differences	(2,533)	(955)
<b>Book value at December 31</b>	<b>2,105</b>	<b>3,818</b>

The reclassification is due to the negative net asset value of Catalis Development Services Ltd. A list of major subsidiaries as required by articles 379 and 414 of Part 9, Book 2 of the Netherlands Civil Code is included in section 2 of the notes to the consolidated financial statements.



### 33. Deferred Tax

Deferred tax assets mainly relate to future benefits from tax loss carry forward in The Netherlands, to the extent that it is likely that these benefits will occur. Movements in deferred tax assets are as follows:

€k	2008	2007
Balance as of January 1,	1,363	1,263
Movements in deferred tax assets through Income Statement	(163)	100
Remeasurement of deferred tax relating to changes in enacted tax rates	-	-
<b>Balance as of December 31,</b>	<b>1,200</b>	<b>1,363</b>

Notes on the deferred tax assets may be found in section 22 of the notes to the consolidated financial statements.

### 34. Other Current Assets

Other current assets mainly consist of prepaid costs.

### 35. Cash and Cash Equivalents

Cash and cash equivalents comprise of several bank balances. The carrying amount of these assets approximates their fair value.

### 36. Equity

Notes on the equity may be found in note 9 of the notes to the consolidated financial statements.

### 37. Loans

Notes on the long term debt may be found in section 10 of the notes to the consolidated financial statements.

### 38. Liabilities – Group

Intercompany group liabilities comprise of several current accounts.

### 39. Trade and Other Payables

Trade and other payables relate to several accrued costs.

### 40. Personnel

During the reporting year, the company employed 2 employees (2007: 2).

### 41. Audit Fees

Included are audit fees for Mazars (2007: DRV) of € 40 (2007: € 42) for the audit of the financial statements.

### 42. Related Parties

Included in the profit after taxes is an amount of € 2.4 million regarding charged licence fees and management fees to subsidiaries.

### 43. Emoluments of the (Non) Executive Board

Directors' total remuneration approximated € 204 in 2008 and € 200 in 2007 respectively.

€k	2008		2007	
	Annual fixed fee	Bonus and costs	Annual fixed fee	Bonus and costs
Klaus Nordhoff	159	-	132	-
Jens Bodenkamp	15	-	-	-
Robert Käß	10	-	-	-
Michael Hasenstab	10	-	-	-
Dominic Wheatley	10	-	-	-
Former Supervisory Board members	-	-	8	-
Ascendo Management GmbH	-	-	60	-



## Other Information

### Appropriation of Net Profit after Taxes

The Articles of Association of the company provide that the appropriation of the profit after taxes for the year is decided upon at the Annual General Meeting of Shareholders. Awaiting the decision by the shareholders, the net profit for the year is added to the accumulated profit.

### Events after the balance date

At January 19, 2009 a European public company, Testronic Laboratories S.E. was incorporated. The company's authorised capital amounts to six hundred thousand euro. Catalis S.E. has a 100% interest in this company.

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Catalis S.E. announced on January 7, 2009 a review of its global operations.

While both, the DVD film market and the market for computer games have performed reasonably well in the current downturn and have been less affected by the credit crunch than other markets, Catalis was still unable to withdraw itself entirely from the effects of the downturn. As part of the global slowdown Catalis' subsidiary Kuju, which produces state of the art computer games, was unable to sign some of the projects which it had planned to sign particularly during the months of November and December 2008. While most of the key projects have been signed and most of the unsigned projects have been delayed rather than cancelled, it is currently unclear when Kuju will be able to sign the projects or find alternatives. On that basis, Kuju is taking a more cautious approach compared to its recent rapid growth and is expecting to reduce its overall headcount by approximately 10% to better match staffing levels with the current and expected volume of projects. Kuju will continue to seek optimal use of its newly acquired cooperative development facility in Manila, the Philippines.

Testronic Laboratories, the digital media testing business has performed reasonably well in the current conditions and is currently reviewing whether specific measures need to be undertaken. Catalis expects that costs of the reorganisation will not exceed EUR 1 million.

Catalis SE will announce revised guidance for 2008 and its full guidance for 2009 shortly and is confident that the effects for 2008 will be less than 15% below to existing guidance.

Catalis SE, announced at January 12, 2009 that it has appointed Jeremy Lewis as an executive Member of the Board of Directors. Mr. Lewis will focus on operations, strategy and corporate development including the execution of the group restructuring program which was announced last week. Mr. Nordhoff, previously the sole executive director, will focus on finance, M&A and investor relations.

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Catalis also announced at January 12, 2009 that, in order to strengthen its capital base ahead of uncertain times and to fund a planned restructuring, it will increase its existing capital of EUR 2,689,077.50, consisting of 26,890,775 shares with a nominal value of EUR 0.10 each by up to EUR 896,359.20 or up to 8,963,592 shares. Shares will be issued with pre-emptive rights for existing shareholders allowing existing shareholders to subscribe for one new share in Catalis for each three existing shares in Catalis held. No pre-emptive rights trading will take place.

The issue price per share will be EUR 0.15 reflecting funds raised of up to approx. EUR 1.3 million. Any shares which are not subscribed for by existing shareholders will be offered to institutional investors as part of a private placement. Further details regarding the capital increase will be announced in due course.

In addition to the capital increase, a payout of maximum 2.4 million shares to the Kuju Management, in line with the Kuju acquisition, will take place in May 2009.



**Additional Information**

**Weitere Informationen**



## 7. Additional Information

### Auditors Report

#### To the Supervisory Board and Shareholders of Catalis S.E.

##### Report on the financial statements

We have audited the accompanying financial statements 2008 of Catalis SE, Amsterdam. The financial statements consist of the consolidated financial statements and the company-only financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December, 2008, the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company-only financial statements comprise the company-only balance sheet as at 31 December 2008, the company-only income statement for the year then ended and the notes.

##### Management's responsibility

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Board of Directors report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Catalis SE as at December 31, 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

##### Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Catalis SE as at December 31, 2008, and of its result and its cash flow for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

##### Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Board Directors is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 15 May, 2009

#### MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

drs. R.C.H.M. Horstmann RA RV

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