FINANCIAL REPORT 2012

NOVAVISIONS AG

LETTER TO SHAREHOLDERS

Novavisions with great debt financing reduction and balance sheet adjustment in 2012

Dear Shareholders

Small investment companies on the stock market are in a difficult position. In order to be open for other options, the past year marked a massive simplification of the structure and the reduction of debt and loans granted to portfolio companies.

Particularly large impact on the balance sheet had the full deconcentration of the NovaStor companies. At the occasion of the management buy-out in 2009 Novavisions placed a high vendor loans. As part of the balance sheet adjustment NovaStor settled all debts with Novavisions and took over the bonds in 2012. These transactions contributed significantly to the large reduction of Novavisions' debt. Novavisions still holds 16.6% of NovaStor AG.

Furthermore, shortly before the transaction with NovaStor, a final solution for an old debt was found with a creditor, net of all claims including an appropriate discount. This transaction was very short notice and possible to be financed through a capital increase subscribed by strategic investors.

The effects of all these transactions to the income statement and balance sheet were significant. The liabilities decreased from € 2.225 million at the end of 2011 to € 0.355 million. Despite the net income of -€ 0.449 million, the equity ratio (last year: 55.8%) increased to an impressive 88%. Although we made hardly no adjustments on the investment values, total assets in the books are of € 2.948 million or about €0.1 per share. In addition, the administrative burden can be further reduced by simplifying the balance sheet structure and management tasks.

At the net income of -€0.449 million we want to point out the fact that the interest cost was €92 thousand and the cost of the stock exchange listing (includes costs for auditing, stock exchange listing fees, investor relations, etc.) was about €125 thousand. Through the debt relief, the majority of the capital costs will not apply for 2013.

Conversion of GDRs to shares

On 14 November 2012 the conversion of the complex GDR structure (10 GDRs corresponded to 1 share) to shares took place. After the capital measures of reduction to par value and a stock split a total of 29,077,470 shares with a nominal value of CHF 0.05 are listed on the German stock exchange as of 31.12.2012.

Investment Portfolio

In 2012 NovaStor developed very successful and performed the best result in company history. This made it possible by borrowing capital to repay the outstanding loans to Novavisions and to take on loans which were transferred to NovaStor AG in agreement with the creditors of Novavisions AG. The excellent results of NovaStor, which are constantly positive since the management buyout, have greatly contributed to improve the situation at Novavisions AG. Multicom finished the year 2012 also very successful and confirmed the pleasant results from the previous year in full. For petshop.de the financial year 2012 was not satisfactory. The growth flattened further and the company recorded no profit. We continue to be positive for this segment and see various options, the management of Petshop.de must better respond to the difficult market situation.

Outlook 2013

Based on the new, simpler structure, we will continue to examine how Novavisions can work more effectively and successfully for the shareholders. In our opinion, the share price does not reflect the intrinsic value of the company. This imbalance needs to be corrected.

The sustained increase in value of investments, while keeping management costs low, is the core of current fiscal year's work. Alternative solutions for the realization of better profitability are examined.

Thanks

Our thanks are due for the confidence placed in us. We thank the staff of the various portfolio companies for their great commitment and their professionalism.

Yours sincerely,

Novavisions AG

Adrian Knapp	Jean-Christophe Probst
CEO/Chairman	Chief Financial Officer

THE COMPANY

Novavisions AG is an investment company specialised in consulting and investments in the technology sector. In addition to the overall idea and the sustainable potential of the technology, the decision to invest will depend primarily on the management and the people involved. Novavisions takes an active role in the investment but does not aim for holding majority stakes.

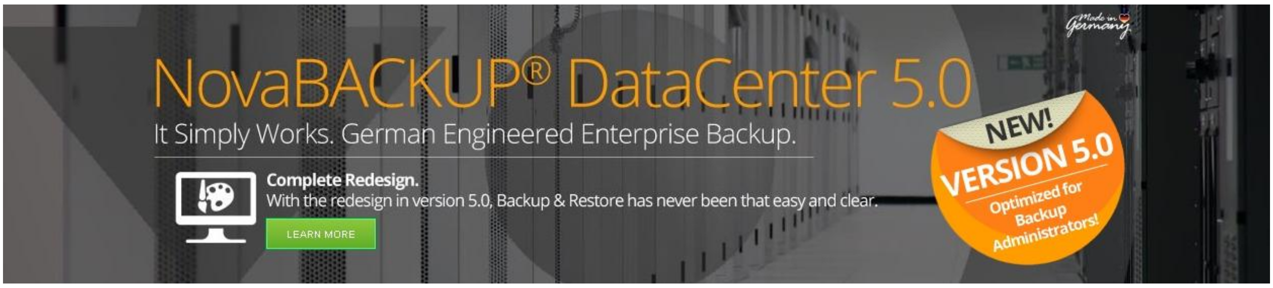
NOVAVISIONS AG, OVERVIEW

In thousand EUR

	01.-12.12	01.-12.11
	EUR	EUR
Net operating income	-41	-3'339
General & administrating expenses	-435	-413
EBTDA	-476	-3'752
Depreciation	-1	-2
Operating result (EBT)	-477	-3'754
Profit/Loss for Period	**-449**	**-3'700**
Earnings per GDR, diluted and undiluted	-0.017	-0.154
GDR, diluted and undiluted		
- average in circulation	25'883'026	24'077'470
- in circulation as per spot date	29'077'470	24'077'470
	31.12.12	**31.12.11**
Equity capital	2'593	2'812
Equity ratio	***88.0%***	***55.8%***
Balance sheet total	2'948	5'037

MAJOR INVESTMENTS

NovaStor is headquartered in Switzerland but it also owns offices/operations in the United States and in Germany. NovaStor is a leading provider of award winning software solutions for data availability and protection. NovaStor‘s products, which comprises online/offline data protection, data recovery and the long-term, legally-compliant storage meet the requirements of different end-users starting from individuals over small and medium-sized business users to large enterprises.



Powerful Protection for Heterogeneous Networks with Exceptional Design

NovaBACKUP DataCenter 5.0 revolutionizes the protection of networks and distributed IT environments with a clear direction of performance and manageability for administrators. NovaBACKUP DataCenter has been used for years by international service providers, and corporations. Version 5.0 creates a new standard for NovaStor’s data center technology. Despite the professional scope of features the straightforward installation process requires only a matter of minutes. With this release NovaBACKUP DataCenter has been completely revised to increase stability, scalability and speed. All features and infrastructure are accessible through convenient centralized management. Classic table views boost functionality and work to provide fast and comprehensive overviews.

Selected Awards and Certifications

Selected References

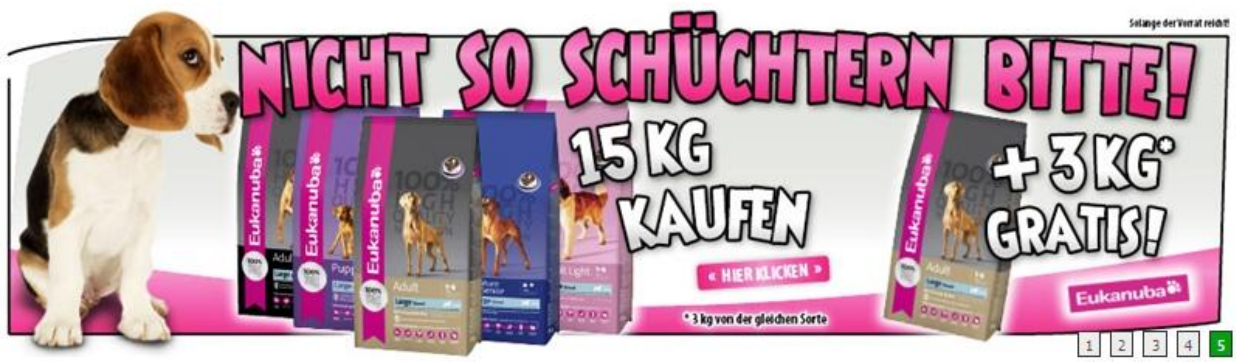
MultiCom Software Oy improves and integrates software technologies (from NovaStor amongst others) for important Finnish companies such as TietoEnator and Cap Gemini. The company is based in Lappeenranta in Eastern Finland, near St. Petersburg and constitutes an important hub in the innovative Finnish mobile market, which continues to set global trends. MultiCom Software Oy has been profitable for years. MultiCom can be reached at www.multicom.fi.

Ausgewählte Referenzen

Capgemini | DataInfo | sonera | Crescom | TietoEnator | UPM

With more than 10,000 articles for dogs, cats, birds, small animals, horse-riding, aquariums and terrariums, **Petshop.de** is one of the largest German online shops for pet supplies. Petshop.de GmbH can draw on logistics support from BTG Systemlogistik Group, the largest wholesale purchasing alliance for pet supplies in Germany and Austria, giving the company considerable strategic advantages.

Petshop.de can be found at www.petshop.de.



MANAGEMENT AND BOARD OF DIRECTORS

As of December 31, 2012, the Management and the Board of Directors at Novavisions' Group comprised the following persons:

Board of Directors

Adrian Knapp, Chairman is a seasoned entrepreneur. He has a degree in Business Economics from GSBA Zurich. He has been involved in the launch of several companies. In 1991 he was one of the founders of Dicom AG (Kofax plc today), an international Swiss VAD (value added distributor) for imaging products. Dicom had its IPO at AIM London in 1995. He was also a co-founder of COPE AG, the first fully data storage focused system integrator in Central Europe. COPE had a Nasdaq IPO in 1998. Later Adrian was involved in Mount10, a Swiss based managed service firm. Mount10 went public on Frankfurt Neuer Markt in 2000 and bought the American NovaStor in 2005. 2006 he was the initiator of Novavisions, a Holding firm that is investing in technology firms.

Markus Bernhard, Member of the Board of Directors graduated from the University of St. Gallen (HSG) as a licensed Business Economist HSG. He worked for Revisuisse Pricewaterhouse between 1991 and 1997. During this period, he became a Certified Public Accountant. in September 1997 he became Chief Financial Officer of COPE, Inc. and was the main driver in the IPO processes of COPE (Nasdaq 1998) and Mount10 (Neuer Markt Frankfurt, 2001). He served as CFO for Novavisions till March 2007. In April 2007 he became CFO of mobilezone holding ag, the leading Swiss based independent mobile phone provider.

Peter Urs Naef, Member of the Board of Directors is the owner and partner of Naef Partners AG in Zurich, Switzerland. He is also a member of the board of directors of Engelberg Titlis Tourismus AG in Engelberg, Switzerland, of Swiss Equity Medien AG in Bern, Switzerland of the Willisauer Bote in Willisau, Switzerland and a member of the Advisory Board of the Swiss Economic Forum. Peter Urs Naef joined the Board of Directors of today's Novavisions AG in 2002.

Sascha Magsamen, Member of the Board of Directors holds a Master of Science in Economics (FH). After graduating he worked as business editor for print magazines such as “Euro am Sonntag”, “Die Telebörse” as well as the business newspaper “Börsen-Zeitung”. 2004 he moved from Economic Journalism to Investment Banking. At Dresdner Kleinwort Wasserstein he was in the bank's own share trading with focus on second-line stocks in the DACH region. At the function of a director he left the institution end of 2009. Sascha Magsamen is member of the management board of Impera Total Return AG in Frankfurt since 2010. Sascha Magsamen started his activities as an entrepreneur in the media sector in 1995. As from 2001 he co-founded and financed more than a dozen SMBs. He serves in several Boards of Directors.

Management

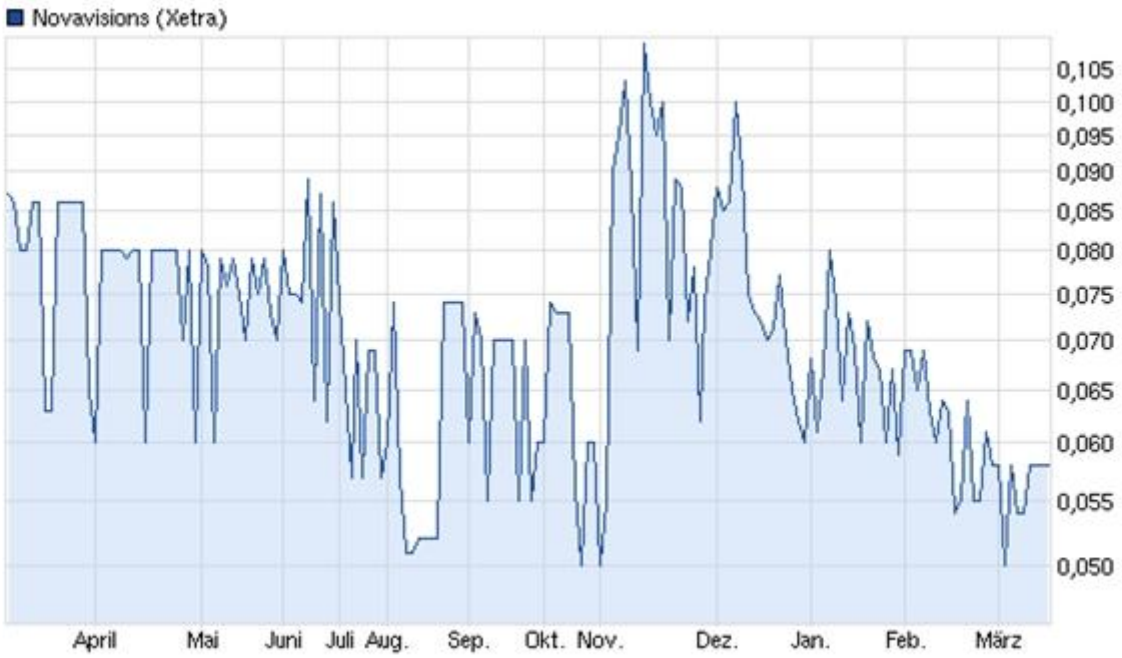
Adrian Knapp, Chief Executive Officer
Jean-Christophe Probst, Chief Financial Officer

NOVAVISIONS SHARE

The share price of Novavisions has developed as follows:

Highest price (Xetra) 15.11.12: EUR 0.11
Lowest price (Xetra) 07.02.13: EUR 0.04

General Standard (12 Monate)



Investor Relations:

Would you like to receive Novavisions‘ newsletter? Get in contact with us:

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Financial Report according to IFRS 2012

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BILANZ (IFRS)

ASSETS		31.12.12 EUR	31.12.11 EUR
Long-term assets			
Tangible fixed assets	D 3	1'099	2'535
Investments	D 4	1'641'829	1'605'823
Investments in associated companies	D 5	1'176'146	1'085'384
Long-term loans		0	1'912'428
Long-term assets, total		**2'819'074**	**4'606'170**
Short-term asets			
Short-term part of long-term assets		0	410'341
Predpaid expenses		8'878	7'970
Other short-term current assets	D 2	4'367	2'572
Cash and cash equivalents	D 1	115'814	9'783
Short-term asets, total		**129'059**	**430'666**
Assets, total		**2'948'133**	**5'036'836**

EQUITY & LIABILITIES		31.12.12 EUR	31.12.11 EUR
Equity capital			
Subscribed capital	D 13	1'140'732	5'472'299
Capital reserve		2'131'561	2'131'561
Retained earnings		-2'163'244	-6'252'853
Cumulative exchange rate difference		1'484'367	1'460'585
Equity capital, shareholders of Novavisions AG		**2'593'416**	**2'811'592**
Bonds	D 10	0	1'512'649
Loans		153'247	0
Other long-term liabilities		0	97'664
Deferred tax liabilities	D 6	3'073	30'567
Long-term liabilities, total		**156'320**	**1'640'880**
Short-term bonds	D 10	118'822	0
Short-term loans		0	151'826
Short-term provisions	D 7	0	73'705
Other short-term liabilities	D 8	23'169	290'402
Deferred revenue	D 9	56'406	68'431
Short-term liabilities, total		**198'397**	**584'364**
Liabilities, total		**354'717**	**2'225'244**
Equity and Liabilities, total		**2'948'133**	**5'036'836**

The Notes to the Financial Statements are part of the IFRS Financial Report.

INCOME STATEMENT (IFRS)

		01.-12.12	01.-12.11
		EUR	EUR
Net result from investment	E 1	0	-3'714'077
Revaluation at fair value	E 1	16'508	193'322
Net result from associated companies	D 5	83'812	63'552
Dividend income	D 5, E 1	34'693	58'103
Interest income	E 1	35'872	30'211
Other income	E 1	186'017	109'442
Interest expense	E 1	-73'789	-122'892
Other financial expenses	E 1	-339'462	0
Net foreign exchange gain/loss	E 1	14'898	43'653
Net operating income		**-41'451**	**-3'338'686**
General and administrative expenses	E 2	-434'403	-413'188
Earnings before taxes, depreciation and amortization		**-475'854**	**-3'751'874**
Depreciation	D 3	-1'463	-1'872
Earnings before taxes		**-477'317**	**-3'753'746**
Income taxes	E 3	27'838	53'506
Net result		**-449'479**	**-3'700'240**
of which attributable:			
to shareholders		-449'479	-3'700'240
to holders of minority stakes		0	0
Earnings per GDR			
undiluted	E 4	-0.017	-0.154
diluted		-0.017	-0.154
Average of GDRs in circulation			
undiluted		25'883'026	24'077'470
diluted		25'883'026	24'077'470

The Notes to the Financial Statements are part of the IFRS Financial Report.

Comprehensive Income (IFRS)

	01.-12.12	01.-12.11
	EUR	EUR
Net result	**-449'479**	**-3'700'240**
Other comprehensive income:		
Currency translation differences	23'782	124'366
Other comprehensive income:	**23'782**	**124'366**
Total comprehensive income	**-425'697**	**-3'575'874**
of which attributable:		
to shareholders	-425'697	-3'575'874
to holders of minority interests	0	0

Statement of Changes in Equity (IFRS)

EUR	Subscribed capital	Capital reserves	Net profit/loss	Cumulative exchange rate difference	TOTAL
Balance 31.12.10	**5'472'299**	**2'131'561**	**-2'552'613**	**1'336'219**	**6'387'466**
Net result	0	0	-3'700'240	124'366	-3'575'874
Balance 31.12.11	**5'472'299**	**2'131'561**	**-6'252'853**	**1'460'585**	**2'811'592**
Capital increas	207'521	0	0	0	207'521
Application of accumulated los	-4'539'088	0	4'539'088	0	0
Net result	0	0	-449'479	23'782	-425'697
Balance 31.12.12	**1'140'732**	**2'131'561**	**-2'163'244**	**1'484'367**	**2'593'416**

The share capital as of December 31, 2012 is CHF 1‘453‘873.50 (31.12.11: CHF 8‘427‘114.50) divided into 29‘077‘470 bearer shares (31.12.11: 2‘407‘747 bearer shares) of CHF 0.05 each (31.12.11: CHF 3.50) which is converted at historical cost.

For further information see appendix pos. D13.

CASH FLOW STATEMENT (IFRS)

		01.-12.12	01.-12.11
		EUR	EUR
Profit/Loss before taxes		-477'317	-3'753'746
Depreciation of fixed assets and amortization of intangible assets		1'463	1'873
Net result investments		0	3'714'077
Revaluation at fair value		-16'508	-193'322
Financial revenue from associated companies		-83'812	-63'552
Financial result		327'785	-9'075
Change in other current assets		-11'884	33'134
Change in other short-term liabilities		-367'276	-308'181
Change in provisions		-74'550	73'705
CASH FLOW FROM OPERATING ACTIVITIES		**-702'099**	**-505'087**
Purchase/disposal of fixed assets and intangible assets		0	-1'727
Purchase of investments		-5'535	0
Disposal of investments		0	132'959
Repayment of loans	D 14	1'458'262	171'820
Interests received		35'872	36'084
Dividend received		34'693	58'103
CASH FLOW FROM INVESTMENT ACTIVITIES		**1'523'292**	**397'239**
Capital increase		207'521	0
Loans receivend		0	150'053
Net expenditures/payments from bonds		-840'657	0
Interests paid		-74'696	-44'680
CASH FLOW FROM FINANCING ACTIVITIES		**-707'832**	**105'373**
Foreign exchange differences		-7'330	297
CHANGE IN CASH AND CASH EQUIVALENTS		**106'031**	**-2'178**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**9'783**	**11'961**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**115'814**	**9'783**

The Notes to the Financial Statements are part of the IFRS Financial Report..

Notes to the Financial Statements

A Corporate Data

General

The headquarters of Novavisions AG (Novavisions for short) is located at Grundstrasse 12 in Rotkreuz / Kanton Zug (Switzerland). The company was established on entry into the commercial register on 16 December 1999.

Novavisions AG is an investment company, which seeks to play active role in their investments but not to hold majority stakes nor to control the companies.

The reporting date is 31 December and the accounting period starts on 1 January and ends on 31 December.

B Reporting Standards

The annual financial report is prepared in accordance with International Financial Reporting Standards (IFRS).

As of January 1, 2012 the following new or revised IFRS or IAS standards apply:

The implementation and adaption of these standards had no significant effects on the financial statements of Novavisions:

IAS 12 Income Taxes — limited amendment regarding recovery of the underlying assets (concerning investment property measured at fair value and assets measured using the revaluation method) .

IFRS 7 Financial Instruments: Disclosures
Amendments to improve disclosures regarding transfer transactions of financial assets.

IAS 1 Presentation of Financial Statements
Amendments regarding the way other comprehensive income is presented.

Amendments to published standards that are not yet mandatory to apply: (IFRS)

The following amendments will have no impact on future annual financial reports of Novavisions but as applicable for Novavisions lead to further or adapted disclosures in the following years:

IAS 27 Consolidated and Separate Financial Statements
As a consequence of the newly introduced standards IFRS 10 and IFRS 12, the consolidation requirements previously included in IAS 27 were revised and are now included in IFRS 10. IAS 27 is now limited to accounting for investments in subsidiaries, jointly controlled entities, and associates in separate (non-consolidated) financial statements (January 1, 2013).

IAS 28 Investments in Associates and Joint Ventures
In consequence of the newly introduced standards IFRS 11 and IFRS 12, IAS 28 has been renamed Investments in Associates and Joint Ventures

and describes the application of the equity method to investments in associates and joint ventures (January 1, 2013).

IFRS 10 Consolidated Financial Statements – new (January 1, 2013)

IFRS 11 Joint Arrangements – new (January 1, 2013)

IFRS 12 Disclosure of Interests in Other Entities – new (January 1, 2013)

IAS 19 Employee Benefits

Amendments resulting from projects regarding employee benefits and termination benefits (January 1, 2013)

From the following standards no significant impact on future annual financial reports of Novavisions are expected:

IFRS 9 Financial Instruments Part 1: Classification and Measurement (1 January 2013)

IFRS 13 Fair Value Measurement – new (January 1, 2013)

IFRS 7/IAS 32 Financial Instruments: Disclosures and Presentation

Amendments to improve disclosures regarding offsetting financial assets and financial liabilities (January 1, 2013 / January 1, 2014)

C ACCOUNTING PRINCIPLES

1. Segment reporting

The activities of Novavisions are investment activities only. Therefore a segment reporting under IFRS does not apply.

2. Historical cost concept

The annual financial statement is based on the historical cost concept. Unless otherwise indicated, assets and liabilities are posted at their nominal value minus any necessary adjustments. For selected assets Fair Value (Market Value) applies a priori.

3. Currency translation

The company prepares its financial statement in its functional currency, Swiss Francs. Monetary assets and liabilities held in foreign currencies are translated at the reporting date. Exchange rate gains and losses resulting from transactions and from the translation of balance sheet items are recognized in the income statement.

The financial reports are prepared and presented in Euros. The translation is as follows: balance sheet at spot rates on the reporting date, income statement and cash flow statement at average rates for the financial year. Translation differences resulting from differing translation of balance sheets and income statements are recognized directly in the company's reserves without effect on profit or loss – the cumulative amount is shown separately

The exchange rate tables are used for foreign currency translations.

1 EUR equals	ISO-Code	Unit	**2012**		**2011**	
			31.12.	Average	31.12.	Average
Swiss Francs	**CHF**	1	1.2072	1.2047	1.2185	1.2329

4. Cash and cash equivalents

Cash and cash equivalents are posted at their nominal value. They include cash in hand and bank accounts.

5. Financial investments

Financial investments are divided into financial assets and liabilities held at fair value through profit and loss, financial investments held to maturity, loans and receivables and financial assets available for sale.

The assets and liabilities held at fair value through profit and loss are either held for trading or explicitly classified as such. The financial investments held for trading are purchased with the aim of earning a profit on short-term price fluctuations. The financial investments held to maturity are financial assets with a fixed term which the Group is able and willing to hold to maturity.

The available-for-sale financial assets are non-derivative financial instruments which are either assigned to this category or do not belong to another category. Following initial recognition, financial investments and loans and receivables held to maturity are carried at amortised cost using the effective interest method. The available-for-sale financial investments are carried at fair value following initial recognition and changes recognised in equity. Permanent and ongoing impairments are recognised in profit and loss.

All financial instruments are initially recognised at fair value including transaction costs. All purchases and sales are recognised on the settlement date (i.e. the date on which the asset is transferred) as realised net gains or losses on assets. Following initial recognition the financial assets and liabilities at fair value through profit and loss are carried at fair value and changes are shown as unrealised net gains or losses in the appropriate reporting period.

The fair value of publicly listed financial instruments is based on available listed prices. If financial instruments are not traded on an active market alternative valuation methods are used. These refer to recent transactions between willing and independent third parties or cash flow valuations or similar. Minority interests are carried at fair value if they have not historically been accounted for under the equity method as associated companies.

All gains and losses on the purchase and disposal of securities are recognised in the income statement as realised net gains and/or losses on securities as of the settlement date. Changes in the fair value of securities are recognised in the income statement as unrealised net gains and/or losses on securities in the period they arise. Securities are no longer recognised when the rights and obligations have been transferred to the counterparty.

Dividends are recognised when Novavisions becomes legally entitled to receive the dividend.

6. Investment portfolio

Equity interests in companies in which Novavisions AG can exercise a significant influence on operating and financial decisions (associated companies) are accounted for using the equity method. The acquisition costs are offset by changes in equity attributable to the share of capital in the company (see IFRS income statement). Changes are recorded in the income statement except those which result from the conversion of companies from foreign currencies into the functional currency. Those are directly stated in the cumulative exchange rate difference.
Significant influence normally exists when an investor holds a voting share of at least 20%.

All other investments are stated at Fair Value.

Investment portfolio as of 31.12.

Name / Headquarters	*Country*	*Stake 2012*	*Stake 2011*	*Share capital*		*valuation*
NovaStor AG, Zug	Schweiz	16.6%	16.6%	CHF	100'000	Fair Value
Petshop.de, Viersen	Deutschland	30%	30%	EUR	81'428	Fair Value
Multicom Software Oy, Lappeenranta	Finland	40%	40%	EUR	166'912	Equity method
Mount10 PCM GmbH, Rotkreuz	Switzerland	0%	24%	CHF	55'000	Equity method

7. Recording and depreciation of tangible and intangible assets

7.1 Leased items

A lease arrangement is classified as an operating lease if all the risks and benefits associated with proprietorship predominantly remain with the lessor. Lease payments under operating lease arrangements are recognised as expenses in a straight line over the term of the lease contract.

Novavisions' leasing arrangements mainly involve vehicles. The terms of these operating lease contracts are generally between three and five years. Novavisions has not entered into any obligation to take over the lease items at the end of the term. The lease payments are recognised as costs in the income statement.

7.2 Tangible fixed assets

Tangible fixed assets are valued at purchase or production costs minus scheduled and non-scheduled depreciation. The costs of borrowed capital are not applied in determining the purchase or production costs, because they cannot be directly assigned to the respective assets. Depreciation is basically linear over the expected effective life.

The following depreciation periods apply:

Tangible assets	3 to 5 years
Leasehold improvements	10 years, but at most the period of the tenancy agreements

Tangible assets include computing systems, movable property, furnishings, office equipment, communication equipment, and system software.

Low-value property items with purchase costs of EUR 500 or less are debited directly from the income statement in the purchase year. Maintenance costs are recorded directly as expenses.

8. Liabilities

Liabilities are initially recognised at market value and subsequently at amortised cost. Liabilities in foreign currencies are translated at the rate on the reporting date and difference due to exchange rate movements recognised in profit and loss.

For the purposes of subsequent measurement the following categories of financial instruments as liabilities are distinguished:

Financial liabilities at fair value through profit and loss
These include financial liabilities designated as at fair value through profit and loss on initial recognition. Changes in fair value in the reporting period are recognised in the financial result.

Liabilities held at amortised cost
These are measured at amortised cost using the effective interest method.

Financial liabilities designated as hedged items
If the conditions for using hedge accounting are met, hedged items and hedging instruments are accounted for so that changes in their respective fair values offset one another. The Group does not use hedge accounting.
On recognition financial liabilities are fundamentally held at fair value (plus direct transaction costs if applicable - except for items held at fair value through profit and loss).

The Group currently only holds the following categories:

Loans and receivables
To the extent that the consolidated financial statements include partnerships under German law the partners' termination rights under statute and the partnership agreement do not allow for equity to be recognised in line with IAS 32. In this case the Group recognises the net asset value attributable to the partners as measured at fair value within liabilities.

Liabilities measured at amortised cost
These correspond to accounts payable and other liabilities in the balance sheet. Accounts payable and other liabilities are always current liabilities. The classification as current or non-current liabilities depends on whether they are payable within one year or longer. Nominal values are equivalent to amortised cost. Fair values are roughly equivalent to the carrying amounts as they largely correspond to the estimated outflow of resources (apart from the effect of discounting), the terms are market standard and the Group is capable of making interest and principal repayments as agreed.

9. Instruments of credit/loans

When instruments of credit with options are issued, the loan portion is calculated on the basis of the market interest rate of comparable instruments of credit without options. After initial posting, the loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion and an equity portion at the same ratio as the credit instrument. The amortization of the discount and issue cost share is debited from the result over the term of the credit instrument. The value assigned to exchange options on initial posting as equity capital remains unchanged during the subsequent reporting periods.

10. Provisions

Provisions are posted at their nominal value. The value that appears most probable on careful consideration of the factual frame is set aside. Discounting is only performed if the time of outflow can be reliably determined and the effect is substantial. Currently there are short-term provisions only.

NOVAVISIONS AG

11. Pension obligations

The Novavisions AG provides pension schemes for employees in accordance with national legislation. They are outsourced to establishments and foundations that are financially independent of Novavisions AG.

Novavisions AG bears the costs of benefits for all employees and their surviving dependents in accordance with legal requirements. The benefit obligations and the assets used to cover them are held by legally independent collective foundations of insurance companies. The organization, management and financing of the benefit schemes are based on Swiss insurance law (BVG), the foundation instruments and the applicable pension regulations.

In the case of schemes with defined benefit plans, the present value of expectancy based on seniority, expected salary and pension development, and expected return on the capital investment is periodically calculated by independent insurance experts according to the projected unit credit method.

The differences in comparison between the benefit obligations and benefit assets, as well as between the employer contributions paid and the net pension expenses are insignificant. Employer's contributions have been recorded as expenditure.

12. Management of capital

The capital managed by the group corresponds to the consolidated equity. The objectives pursued by Novavisions in the management of capital are as follows:

- to safeguard a healthy and solid balance sheet structure on the basis of going concern values;
- to secure the requisite financial leeway for future investments and acquisitions;
- to achieve an appropriate return on investment.

Novavisions monitors equity on the basis of the equity ratio. It corresponds to equity expressed as a percentage of the balance sheet total.

As per 31.12.2012 the equity ratio is 88.0% (per 31.12.2011: 55.8%)

13. Affiliated persons and companies

Transactions with affiliated persons and companies (related parties) are handled on terms that conform to the market. “Related persons” is understood to mean the members of the entity’s board of directors as well as the member of group management. “Related companies” is understood to mean entities where members of the board of directors have a significant influence. Further disclosures on related parties are given in the notes D 4, D 5, D 14 and F 5.

14. Ordinary taxes and deferred taxes

Ordinary taxes are calculated on taxable earnings using the applicable tax rate. Deferred taxes are calculated for temporary differences between the financial statements for tax purposes and the consolidated financial statements. In so doing the group applies the ‘liability method’ by which deferred taxes are calculated using the tax rates applicable at the time the taxes are likely to be due. Deferred tax assets are only recognised when their recovery can be expected.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognised unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not be reversed in the foreseeable future.

15. Earnings per share (GDR)

The earnings per GDR has been determined as the quotient of the net profit for the period and the weighted average of GDRs in circulation. The diluted earnings per GDR are determined in the same way as the earnings per GDR, but the weighted average of GDRs in circulation is increased by the number of GDRs that would have to be issued if the exercisable options were to be exercised whose exercise price is below the GDR's market value. (see E 4)

16. Estimates

The preparation of financial statements in accordance with IFRS requires estimates. Furthermore, the application of account standards requires management's assessments. The effective amounts may differ from those estimates. Estimates with a significant risk for a restatement within twelve months as well as far-reaching discretionary decisions are listed below:

Going concern:
The financial statements 2011 have been established based on the principle of going concern. The going concern is widely depending on the covering of the liquidity needs (notes D 12.1).

Wide-ranging uncertainty with estimates:
Quantifying the effects of uncertainty (sensitivity analysis) for the following estimates is barely feasible. However, it cannot be ruled out that adjustments made in response to actual events will have a material effect at short notice on the balance sheet items affected.

Measurement of equity investments:
The fair value of non-quoted equity investments is measured by the Board of Directors using standard valuation methods (discounted cash flow, multiple analysis etc) based on market data as of the measurement date.
Every company valuation based on future cash flows requires various estimates to be made (see D 4). Expectations of future performance and changes in individual parameters have an effect on the result: this alone can in certain circumstances lead to a write-down or a write-up.

Impairment of intangible assets equity interests in associated companies:
A judgement must be made as of the reporting date as to whether there is an indication of impairment. If this is the case, the higher of fair value less costs to sell and value in use is to be compared to the carrying amount in the consolidated financial statements. To estimate value in use - on the basis of future cash flows - estimates must be made. Under certain circumstances changes in these alone can result in impairment.

Current and deferred income taxes:
The amount and existence of postponed and deferred taxes depends on legal interpretations, the estimate of taxable profit in the reporting year, the tax rate (e.g. progressive rates), assessment procedures, future taxable profits and future legal changes. For deferred tax assets the future taxable profit also has to be estimated. If things turn out differently, this has an effect on future tax expenses.

Share-options:
The fair value of share options issued to employees and executives are recognised as payment on the date of distribution. During the financial reporting period 2012 no options were issued and the maturity of all previous share options ended on 31.12.2011.

Miscellaneous:
Elsewhere too, accounting is often dependent on estimates (e.g. the course of business in investee companies, useful life of intangible assets and items of property, plant and equipment, amounts of provisions or contingent liabilities.

17. Financial risks

17.1 Liquidity risk

The liquidity risk is that Novavisions is unable to satisfy its financial obligations when they fall due. Liquidity is monitored on a continuous basis (notes D 12).

Farsighted liquidity control comprises the guarantee of adequate liquidity reserves and usable financial assets as well as the possibility to make use of credit facilities.
As of 31 December 2011 no credit lines existed.

17.2 Interest risk

The interest change risk pertains primarily to long-term, interest-bearing loans. Novavisions used no financial instruments to protect against the interest change risk in the year under review.

17.3 Measurement risk

Novavisions holds equity investments in companies and accordingly is exposed to measurement risk. The development of the companies is monitored continuously (see D 12.2).

17.4 Default risk

Financial instruments which may possibly expose Novavisions to a concentration of loss risks are primarily cash and cash equivalents and trade receivables. Banking relationships exist only with first class financial institutions. Novavisions monitors the credit standing of its customers on a continuous basis.

17.5 Foreign currency risk

The foreign currency risks arise from financial instruments whose currency deviates from the functional currency of the respective group company (see D 12.4)
.
Novavisions did not deploy any financial instruments to hedge the foreign currency risk in the reporting period.

D NOTES TO THE BALANCE SHEET

1. Cash and cash equivalents

	31.12.12 EUR	*31.12.11 EUR*
Cash and cash equivalents	115‘814	9‘783
Total	115‘814	9‘783

Average interest of CHF bank current accounts was 0.055% (2011: 0.125%). EUR bank current accounts had an average interest of 0.119% (2011: 0.25 %).

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2. Accruals and other current assets

Receivables other taxes	210	196
Receivables from social establishments	1‘213	0
Other receivables	2‘944	2‘376
Total	4‘367	2‘572

3. Tangible assets

Acquisition costs in EUR	**Furnishings**	**IT equipment**	**Total Tang.assets**
January 1,2011	**300'684**	**347'043**	**647'727**
Additions	0	1'727	1'727
Currency difference	8'217	9'505	17'722
December 31, 2011	**308'901**	**358'275**	**667'176**
Currency difference	2'892	3'354	6'246
December 31, 2012	**311'793**	**361'629**	**673'422**

Depreciations in EUR	**Furnishings 0**	**IT equipment**	**Total Tang.assets**
January 1,2011	**299'860**	**345'256**	**645'116**
Annual depreciation	324	1'548	1'872
Curreny difference	8'199	9'454	17'653
December 31, 2011	**308'383**	**356'258**	**664'641**
Annual depreciation	332	1'131	1'463
Curreny difference	2'886	3'333	6'219
December 31, 2012	**311'601**	**360'722**	**672'323**

Book value in EUR	**Furnishings 0**	**IT equipment**	**Total Tang.assets**
January 1,2011	**824**	**1'787**	**2'611**
December 31, 2011	**518**	**2'017**	**2'535**
December 31, 2012	**192**	**907**	**1'099**

4. Equity investments

	31.12.12 EUR	***31.12.11 EUR***
Equity investments third party	1‘641‘829	1‘605‘823
Total	1‘641‘829	1‘605‘823

Measurement of equity investments (apart from associated companies) at fair value

Measurement was made at the end of the reporting year using the DCF method and based on the companies, five-year financial planning. For the period from year 5 the nominal amount in year 4 was extrapolated using a conservative estimate of the growth rate. For the 2012 measurement these growth rates were 1% (2011: 0,5% to 1%). The cash flow forecasts are based on the relevant revenue expectations and the operating earnings in the 5-year budgets approved by the Board of Directors.
The parameters on which measurements are based come from publicly available financial databases. Sensitivity analyses were carried out for changes in these assumptions of +/- 1% and did not result in any impairment.

The following assumptions were used for the measurements:

in EUR	Growth rate	WACC	**Fair Value 31.12.12**	**Fair Value 31.12.11**
Germany	1.0%	9.7%	625'427	809'763
Switzerland	1.0%	5.3%	1'016'402	796'060
Total equity investments			1'641'829	1'605'823

5. Associates

	31.12.12 EUR	***31.12.11 EUR***
Beginning of period	1‘085‘383	1‘000‘214
Exchange rate difference	6‘951	21‘617
Additions	0	0
Disposals	0	0
Dividends	-34‘693	-58‘103
Financial result from associated companies	118‘505	121‘655
End of period	1‘176‘146	1‘085‘383

Financial information Multicom Software Oy:

Assets	1‘601‘253	1‘586‘456
Liabilities	429‘212	624‘924
Equity	1‘172‘041	961‘532

Financial information Mount10 PCM GmbH:

As per 31.12.2011 this equity investment was inactive and held at EUR 0. It was disposed in 2012.

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	31.12.12 EUR	***31.12.11 EUR***

6. Deferred taxes

Beginning of period	30'567	82'452
Currency difference	-344	1'621
Current period	-27'838	-53'506
End of period	3'073	30'567
Deferred tax assets	1'002'753	967'597
Revaluation of deferred tax assets	-1'002'753	-967'597
Deferred tax liabilities	3'073	30'567
Total	3'073	30'567

The deferred taxes relate to the following balance sheet items:

Long-term loans	0	-18'303
Other current liabilities	0	-88
Other long-term liabilities	0	12'706
Bonds	3'073	36'252
Total	3'073	30'567

Loss carry-forwards exist for EUR 11 million (2011: EUR 11 million) from the years 2006 – 2012. The loss carry-forwards are re-calculated from Swiss Francs into euros at the closing rate of December 31. Therefore they are subject to exchange rate differences of the reporting currency euro.

For those carry-forward no deferred tax assets are recognised as assets, since from today's perspective their use appears unlikely. The loss carry-forwards begin to expire for tax purposes in 2013.

2013	2'648'470
2014	2'674'826
2015	1'593'738
2016	0
2017	1'388'173
2018	3'130'328
2019	251'560
Total loss carry-foward	11'687'095

Tax rate	8.58%
Not balanced deferred taxes	1'002'753

(see E 3)

	31.12.12 EUR	31.12.11 EUR

7. Current provisions

Provision for value added tax	0	73'705
Total	0	73'705

Development:

Beginning of period	73'705	95'745
Currency difference	845	2'327
Addition	0	0
Utilisation	-58'978	-19'466
Reversal	-15'572	-4'901
End of period	0	73'705

The utilisation of provisions in the amount of EUR 58'978 in the period (2011: EUR 19'466) relats to payments for the readjustment of value added tax from 2004 to 2008 including late payment interest.

8. Other current liabilities

Social security obligations	256	23'099
Liabilities against employees	0	35'331
Out-of-court settlement of a liability	0	150'000
Liability from convertible rights	0	1'026
Other liabilities	22'913	80'946
Total	23'169	290'402

9. Accrued expenses

Wages and salaries, Social costs	15'915	16'020
Audit & Advisory Services	24'850	20'517
Interests bonds	15'641	31'894
Total	56'406	68'431

Accrued expenses (wages, social security, outstanding invoices, auditing of financial statements etc) cover all identifiable obligatons to third parties. They have been recognised for their likely settlement amount.

	31.12.12 EUR	31.12.11 EUR

10. Bonds

Convertible bond 7% (nominal: TEUR 99)	98‘822	98‘110
Bond 4% with Performance Tracker	20‘000	1‘090‘000
Convertible bond 0% (nominal: TEUR 400)	0	324‘539
Total	118‘822	1‘512‘649

Of the convertible bonds with a nominal value of EUR 99‘000 and an interest of 7%and a maturity term till 31.12.2013, EUR 380’770 GDRs are issued, this right can be exercised until the end of the maturity term. The exercise price is EUR 0,26 per GDR.

The on 17.06.2008 issued bond with a nominal value of EUR 1’090’000 was – despite of EUR 20’000 – repaid. This bond pays interest at 4% and was restated to short-term liabilities in the reporting year.

On January 14, 2010 a privately placed bond with a nominal value of EUR 400’000 was issued. It was issued at 73% of the nominal value. This bond pays interest at 0% and has a strike price of EUR 0,23 per GDR. The bond has a maturity until December 31, 2014.Through the assumption of debt by NovaStor AG, this bond was set-off against the loan dept of NovaStor. A total of 1‘714‘000 options for co-ownership shares (GDRs) were issued in connection with this convertible bond. The options can be exercised up to the end of the maturity. The strike price is EUR 0,23 per GDR.

The recorded values are partly discounted. The effective interest rate is between 4% and 7,8 (2011: between 7,8% and 8,1%).

		31.12.12 EUR	31.12.11 EUR

11. Financial instruments

The following table shows the carrying amounts of all financial instruments by category. They are roughly equivalent to fair value in accordance with IFRS.

	31.12.12 EUR	31.12.11 EUR
Cash and cash equivalents	115‘814	9‘783
Total cash and cash equivalents	115‘814	9‘783
Loans	0	2‘322‘769
Other current assets and prepaid expenses *)	11‘822	10‘346
Total loans and receivables	11‘822	2‘333‘115
Equity investments **)	1‘641‘829	1‘605‘823
Assets held at fair value through profit or loss	1‘641‘829	1‘605‘823
Other current liabilities ***)	0	1‘026
Financial liabilities at fair value through profit or loss	0	1‘026
Loan	153‘247	151‘826
Bond	119‘000	1‘524‘200
Other current / non-current liabilities	79‘575	529‘176
Liabilities held at amortised cost	351‘822	2‘205‘202

*) The balance sheet items prepaid expenses and other current assets include receivables from tax and social security authorities of EUR 1’423 (2011: EUR 196), that do not fall within the scope of IAS 39 and are therefore not included in this table (D 2).

**) All equity investments with the exception of associated companies are designated as at fair value through profit or loss.

***) The liability from the measurement of the call options included in other current liabilities has been designated as a liability at fair value through profit and loss.

Fair value hierarchy

As of 31 December 2012 Novavisions AG held the following financial instruments measured at fair value:

Assets measured at fair value

	31.12.2012	Stufe 1	Stufe 2	Stufe 3
Equity investments	1‘641‘829	0	0	1‘641‘829
Assets held at fair value through profit or loss	1‘641‘829	0	0	1‘641‘829

Level 1: Quoted (unadjusted) prices on active markets for assets or liabilities of the same type.

Level 2: Methods for which all input parameters with a significant effect on the fair values measured can be observed either directly or indirectly.

Level 3: Methods using input parameters that have a significant effect on the fair values measured and are not based on observable market data.

During the reporting period to 31 December 2011 there were no reclassifications between measurements of fair value in levels 1 and 2 and no reclassifications from or to measurements of fair value in level 3.

12. Financial risk

12.1 Liquidity risk

The following table shows the contractual terms (including interest) of the financial liabilities:

31 December 2012

	Total	Up to 1 Jahr	1 to 3 years	over 3 years
Bonds	126‘297	126‘297	0	0
Other current / non-current liabilities	314‘068	138‘833	183‘735	0
Liabilities held at amortised cost	440‘365	265‘130	183‘735	0

31 December 2011

	Total	Up to 1 year	1 to 3 years	over 3 years
Bonds	1‘690‘060	50‘530	1‘639‘530	0
Other current / non-current liabilities	731‘591	554‘918	162‘056	14‘617
Liabilities held at amortised cost	2‘421‘651	605‘448	1‘801‘586	14‘617

The banks at which the credit balances are held have a good rating (Moody’s long-term credit rating: A2).

Securing the required liquidity depends on exit opportunities for equity investments, the capability of portfolio companies to distribute dividends and/or raising new cash funding.

Since such inflows are in time and in amount only partly predictable, we point out, that a material uncertainty exists in the future to ensure liquidity. Should this – contrary to expectations - not be possible, Novavisions could not continue its activities.

12.2 Measurement risk

The equity investments and the loan are subject to measurement risk. Most of the portfolio investments are not listed on a stock exchange. Their current market values are therefore uncertain.

If it should become necessary to sell this investment quickly in order to secure liquidity or due to other unforeseeable constraints, this could lead to considerable write-downs and/or losses on disposal.

The following table shows the maximum measurement risk for the balance sheet:

	31.12.12 EUR	***31.12.11 EUR***
Current assets	129‘059	430‘666
Long-term loans	0	1‘912‘428
Property, plant and equipment	1‘099	2‘535
Equity investments	1‘641‘829	1‘605‘823
Associated companies	1‘176‘146	1‘085‘384
Total	2‘948‘133	5‘036‘836

12.3 Default risk

The maximum default risk on financial instruments is equal to the carrying amounts of the individual financial assets. No guarantees or similar obligations exist which could increase the risk above the carrying amounts. The maximum default risk as of the reporting date was as follows:

Loans	0	2‘322‘769
Other receivables *)	127‘636	10‘346
Total loans and receivables	127‘636	2‘333‘115

*) Not including receivables from tax and social security authorities (see D 11).

12.4 Foreign exchange risk

Foreign exchange risk relates primarily to provisions, group loans and bonds not held in the functional currency.
As of 31 December changes in balance sheet items translated from foreign currencies due to a movement of +/- 5 per cent in exchange rates would have increased or decreased net income as shown in the following table:

Effect on net income/loss before taxes in

2012

Exchange rate movement on balance sheet items in:	**EUR**
5%	-7‘082
-5%	7‘082

2011

Exchange rate movement on balance sheet items in:	**EUR**
5%	-88‘903
-5%	88‘903

The following table shows the sensitivity of shareholders' equity. A change in shareholders' equity invested in Swiss francs due to exchange rate movements of +/- 5 per cent would have increased or decreased as shown. This analysis assumes that all other variables, in particular interest rates, remain unchanged.

Effect on equity in

2012

Exchange rate movement on equity invested in:	**EUR**
5%	-7'082
-5%	7'082

2011

Exchange rate movement on equity invested in:	**EUR**
5%	-88'903
-5%	88'903

13. Eigenkapital

Share capital

As of 31 December 2012 the share capital of CHF 1'453'873.30 is divided into 29'077'470 bearer shares of CHF 0.05 (2011: 2,407,747 bearer shares of CHF 3.50). Translating this amount at historic exchange rates gives a figure of EUR 1'140'734 as of 31 December 2012.
The bearer shares of the company are listed on the Frankfurt stock exchange. Until November 14 2012 GDRs were listed. Before the share split on May 29, 2012 10 GDR corresponded to 1 bearer share. The trading changeover was on November 15, 2012.

Authorised capital

The Board of Directors is entitled to increase share capital by a maximum of CHF 351,936.75 by issuing up to 7,038,735 bearer shares at any time up to 28 May 2014.

Contingent capital

Share capital can be increased by a maximum of CHF 601,936.75 by issuing up to 12,038,735 bearer shares. The contingent capital ensures that conversion and/or option rights can be exercised for bearer shares in Novavisions AG.
A maximum of 12,000,000 bearer shares with a nominal value of CHF 0.05 are available for holders of convertible bonds. A maximum of 38,735 bearer shares with a nominal value of CHF 0.05 are available for Board of Directors, employees and consultants of the company.

14. Related parties

Of the loan granted to NovaStor AG EUR 1'458'262 was re-paid in 2012 (2010: EUR 171'820). The interest revenue in the reporting period was EUR 35'836 (2011: EUR 30'163). Interest of EUR 35'836 (2011: EUR 36'036) were paid by NovaStor AG in the reporting period.
Otherwise, there no transactions involving related parties in 2012 as well as in 2011.

Total remuneration of management:

	Salaries incl. Social security	Expenses for staff benefits	Total
2012:	EUR 155‘002	EUR 12’663	EUR 167‘665
2011:	EUR 164‘700	EUR 12‘382	EUR 177‘082

Total remuneration of Board of Directors:

	Salaries incl. Social security	Expenses for staff benefits	Total
2012:	EUR 18‘159	EUR 0	EUR 18‘159
2011:	EUR 21’178	EUR 0	EUR 21’178

No share-based payments were made in the reporting period 2012 or in the previous year.

15. Risk assessment

The Board of Directors discussed the topic of risk assessment and appointed company management to implement it accordingly. The objective is not to avoid all risks, but to create room for manoeuvre that should contribute to making consistent use of existing opportunities and increasing the performance of the business. Risk management helps to achieve the company’s goals by creating transparency about the risk situation (as the basis for strategic and operating decisions), by identifying possible threats to the company’s assets, earnings and financial position and by taking steps to keep risks within acceptable limits.

Regular reports on the risks and opportunities identified are made to the Board of Directors of Novavisions AG as part of this risk assessment process.

16. Events after the reporting date

The Board of Directors of Novavisions AG has approved this financial report on March 28, 2013. It will be submitted to the Shareholders Meeting for approval. Between the reporting date and March 28, 2013 there have been no events that have a significant impact on the next annual financial report.

E NOTES ON THE INCOME STATEMENT

	2012 EUR	2011 EUR

1. Net income/loss

Net income from equity investments
Net income is made up as follows:

	2012	2011
Net loss on the disposal of securities	0	-3‘501‘518
Expenses bank/stock exchange	0	-1‘674
Markdown	0	-210‘885
Net income from assets	0	-3‘714‘077

In prior year's period the loss on disposal of investments is attributable to the sale of NovaStor subsidiaries. The price cut was due to the early acquisition of the remaining NovaStor shares by NovaStor AG and was charged to the long-term loan.

Measurement at fair value through profit or loss
The valuation of investments resulted in an adjustment to the fair value of EUR 15’483 (2011: EUR 0). The valuation of conversion rights in connection with the convertible bond contributed to the profit with EUR 1’025 (2011: EUR 13’050). Thus the result for the reporting year was a gain of EUR 16’508 (2011: EUR 193’322).

Dividend income
A dividend of EUR 34‘693 (2011: EUR 58‘103) was paid by MultiCom Software Oy in the reporting period. (see D 5)

Interest income
In 2012 interest income from banks come to EUR 36 (2011: EUR 49), and from related parties EUR 35‘836 (2011: EUR 30‘163). (see D 14)

Other income
Other income of EUR 186‘017 (2011: EUR 109‘442) come from services EUR 73‘982 (2011: EUR 109‘442), market profit from the repurchase of listed bonds of EUR 21’555 and cancellation of the remaining liability of EUR 90’480 after the last down-payment from a out-of-court agreement made in 2007.

Interest expense

	2012	2011
Banks & other	9‘780	6‘979
Bonds (incl. Discounting)	64‘009	115‘913
Total	73‘789	122‘892

Interest expenses result from the use of credit lines and interest for outstanding bonds. Average interest on bank overdrafts in Swiss francs was 8.25% (2011: 9%).

Other financial expenses
The other financial expenses of EUR 339’462 consists of the waiver of EUR 630’862 fro the early repayment of the loan by NovaStor AG, reduced by the gain of EUR 291’400 for the offset of part of the loan with bond debt which NovaStor took over.

Foreign exchange

In 2012 exchange rate book gains totalling EUR 14'898 were recognised in profit and loss (2011: EUR 43'653). Foreign exchange gains/losses reflect the effect of exchange rate movements on the loans and bonds not held in the functional currency of Novavisions AG.

2. Administrative expenses

	2012 EUR	2011 EUR
Staff expenses	221'327	224'742
Office space	46'680	45'705
Marketing and Public Relations	51'483	38'252
Other administrative expenses	114'913	104'489
Total General & Administrative expenses	434'403	413'188

Staff expenses include salaries, profit-sharing payments, provisions for holiday entitlement, outside staff, training and other personnel expenses.

Pension contribution expenses in the financial year 2012 came to EUR 15'827 (2011: EUR 15'120).

Other administrative expenses include costs of business travel, vehicles, telecommunication, leasing, consultancy and others.

3. Income taxes

Current taxes	0	0
Deferred taxes	-27'838	-53'506
Total	-27'838	-53'506

The following table shows the difference between effective income taxes and expected income taxes, derived by multiplying net income before taxes by the expected tax rate:

Income tax analysis

Profit/loss before taxes	-477'317	-3'753'746
Expected tax income	40'943	321'989
Tax rate	*8.58%*	*8.6%*
Tax effects of:		
Unrecognised deferred taxes	-21'623	-262'916
Non-taxable income	8'518	-40'565
Change in tax rate	0	34'998
Tax income / expense	27'838	53'506

(see D 6)

The applicable tax rate in reporting period 2012 is the one of a pure Holding.

4. Earnings per share

The outstanding options for shares in Novavisions AG do not dilute earnings per share as the strike prices are well above the current share price.

The outstanding options were not taken into account when calculating the average number of co-ownership shares in circulation. The relevant earnings are those shown in the income statement, as no further components need to be added. These have been divided by the number of shares.

F OTHER NOES

1. Other financial obligations

Leasing and rental obligations

The company especially rents and leases office space and plant. The contracts have varying terms of validity. In some cases there are extension options. In various contracts rent increases are dependent on the consumer price trend and the mortgage interest rates. Rental is treated as operating expense.

On the balance sheet date the following minimum rental payments resulted from non-terminable, non-balanced rental and leasing contracts:

	2013	2014	2015	2016	2017
Leasing obligations	6‘782	0	0	0	0
Rent obligations	43‘976	21‘988	0	0	0
Total	50‘758	21‘988	0	0	0

In the reporting year EUR 49‘819 (2011: EUR 52‘907) were recorded as expense for leasing and rental in the annual report.

2. Pledged assets

There were no pledged assets as of 31 December of the reporting period.

3. Securities

As of December 31, 2010 the company had no outstanding securities.

4. Major shareholders

According §26 of the German Securities Trading Act WpHG obliges the company to publish the attainment or crossing of threshold values for voting interests of 3%, 5%, 10%, 20%, 25%, 30%, 50% or 75% immediately, at the latest within 4 calendar days, in a national newspaper authorized by the stock exchanges. The time limit begins when the company becomes aware that the voting interest of the respective shareholder has reached or crossed the threshold value in either direction.

The following summary reflects the shareholder structure (>3.0%) known to the company as per 31 December:

	2012		***2011***	
Name	**shares (pcs)**	**%**	**GDR (pcs)**	**%**
Adrian Knapp	2'180’422	7.50	2'180’422	9.06
M.M. Warburg	1‘811‘510	6.23	1‘211‘510	5.03

5. Security holding of executive organs

The following table provides information on the security holdings and options on of members of executive management and the board of directors of Novavisions AG on 31 December 201:

Name	**Position**	**Wertpapiergattung**	**Stück**
Knapp Adrian	Chairman of the board and CEO	Shares Options on shares	2‘180’422 0
Bernhard Markus	Member of the board	Shares	221’231
		Options on shares	0
Naef Peter Urs	Member of the board	Shares	0
		Options on shares	0
Sascha Magsamen	Member of the board	Shares	0
		Options on shares	0
Jean-Christophe Probst	Management	Shares	0
		Options on shares	0

6. Board of Directors and Executive Management

Board of Directors:	Adrian Knapp	Chairman
	Markus Bernhard	Member
	Peter Urs Naef	Member
	Sascha Magsamen	Member
Executive Management:	Adrian Knapp	Chief Executive Officer
	Jean-Christophe Probst	Chief Financial Officer