

The background of the entire page is a complex, light gray circuit board pattern. It features numerous lines of varying thicknesses, some straight and some at right angles, with small circular nodes at various points. The pattern is dense and covers the entire surface.

ANNUAL REPORT 2011  
EXCEET GROUP SE

The logo consists of two small, overlapping squares. The top square is a light green color, and the bottom square is a slightly darker shade of green. They are positioned such that they appear to be stacked or interlocking.

exceet



## INTRODUCTION

Preface	004
Members of the Management Board	006
Members of the Board of Directors	008
Our business segments	010
Applications	016

## MANAGEMENT REPORT

A strong group	042
Fundamentals of exceed shares	044
Business development	046
Net assets, financial position and results of operations	047
Employees	051
Opportunities and risk report	051
Corporate governance	057

## FINANCIAL APPENDIX

Consolidated balance sheet	062
Consolidated income statement	063
Consolidated statement of comprehensive income	064
Consolidated cash flow statement	065
Consolidated statement of changes in equity	066
Notes to the consolidated financial statements	070

DEAR SHAREHOLDERS,  
COLLEAGUES,  
CUSTOMERS AND  
BUSINESS PARTNERS.



2011 was a milestone year in the history of exceet Group SE. At the end of July, we were one of the last companies to go public on the Frankfurt Stock Exchange in this particular year – a period of significant economic uncertainty.

The path taken was as innovative as we are. We made use of the SPAC (Special Purpose Acquisition Company), Helikos SE, which was floated on the stock exchange back in 2010. Helikos' objective was to find a 'hidden champion' within two years. They chose the exceet Group, of which we are extremely proud.

From a business perspective, 2011 was another record year for exceet Group SE. We generated sales of EUR 170.5 million, up 42.8 % compared to the previous year (EUR 119.4 million). Just as positive was the development of our operating results. Adjusted for the IPO/SPAC one-off costs, which had a negative impact on EBITDA of EUR 3.4 million and restructuring provisions of EUR 1.0 million, the recurring EBITDA rose 62.7 % to EUR 28.8 million thus reflecting our dynamic business performance. This result was achieved through organic growth to which the positive developments in the areas of medical technology and industrial automation made particularly notable contributions as well as strategic acquisitions.

Over the past years, the exceet Group has developed into one of Europe's leading providers of embedded electronics and security solutions. We expect to continue on this successful path in the coming years in order to expand our market position as a premium supplier with excellent reputation in our markets. exceet is confident about the new financial year 2012. Even if the economic environment proves to be more challenging and develops with a high degree of uncertainty, exceet Group will continue to focus on implementing its growth strategy.

The year 2012 offers numerous opportunities for our company in its core markets. Owing to its high-quality products and solutions, sophisticated innovations, efficient production facilities and strong customer relationships, the exceet Group enjoys good growth potential, particularly in the areas of medical technology and

industrial automation, as well as in security solutions. In the area of medical technology exceet caters for the growing demand for continuously smaller designs with its vast experience in the field of highly miniaturised printed circuit boards and electronic microsystems. exceet expects increasing growth in the area of Cloud Security where we are already well positioned through the acquisition of Authentidate. As one of the most significant innovations in the area of mobile communication of recent years, the near field communication (NFC) transmission standard opens up completely new fields of application for mobile phones. We are one of the few companies in this market segment to already lay claim to corresponding developments and project experience. At the same time exceet will continue its geographic expansion in order to further bolster its strong position, especially in Europe.

The exceet Group management is highly motivated in pursuing these goals, together with its equally committed and creative workforce, to whom I would also like to extend my special thanks for their outstanding commitment over the past years.

On behalf of the Management Board and the Board of Directors, I would also like to thank you, our shareholders, for your confidence and trust. We look forward to your continued support for the exceet Group and assure you that we will make every effort to ensure that exceet shares remain an attractive investment in the future.

Yours sincerely,



Ulrich Reutner  
CEO

# MEMBERS OF THE MANAGEMENT BOARD





## ROBERT WOLNY

Chief Operating Officer – IDMS

## ULRICH FEISST

Chief Financial Officer

## ULRICH REUTNER

Chief Executive Officer

## JAN TROMMERSHAUSEN

Chief Operating Officer – ECMS

# MEMBERS OF THE BOARD OF DIRECTORS







HANS HOFSTETTER

Chairman of the Board

THOMAS BRAUCHLI

ULRICH REUTNER


ROLAND LIENAU


DIRK-JAN VAN OMMEREN

DR. HAGEN HULTZSCH

# OUR BUSINESS SEGMENTS

ELECTRONIC  
COMPONENTS  
MODULES  
& SYSTEMS  
(ECMS)

A series of five horizontal gray lines of varying lengths, extending from the right edge of the page towards the center, positioned to the right of the ECMS box.



## AEMtec GmbH

### ACTIVITIES/PRODUCTS/MARKETS

Design, development, industrialization and series production for high-end complex electronic and electro-optical systems. High-precision products are manufactured under cleanroom conditions. The core markets are medical technology and industrial automation.

## Contec GmbH

### ACTIVITIES/PRODUCTS/MARKETS

Development, qualification and series production of medical devices. Development and manufacturing of control units for energy management, harsh environments, naval applications and robotics.

## ECR AG

### ACTIVITIES/PRODUCTS/MARKETS

Development and production of medical equipment units, such as blood analysis devices and high-end vibration sensing systems. Development and manufacturing specialist for products used in explosion-sensitive environments. Key competence is in lifecycle management to ensure long-term availability of components.

## GS Swiss PCB AG

### ACTIVITIES/PRODUCTS/MARKETS

The company excels in manufacturing extremely reliable, highly miniaturized HDI flex, rigid-flex and rigid printed circuit boards for the medical and aviation industries in small to medium volumes. Processes and systems are suitable for the most demanding applications, such as implantable defibrillators or hearing instruments.

## Mikrap AG

### ACTIVITIES/PRODUCTS/MARKETS

Customer-specific solution provider based on modular platforms of industrial-grade embedded computers, including context-sensitive touch-screen menus. The state-of-the-art platforms use Microsoft Embedded Standard, Microsoft Embedded Compact and Linux operating systems. The company ensures long-term availability of its systems.

# OUR BUSINESS SEGMENTS



ID  
MANAGEMENT  
& SYSTEMS  
(IDMS)

## idVation GmbH

### ACTIVITIES/PRODUCTS/MARKETS

idVation distributes card readers and develops security solutions including cards, readers and middleware. The solutions are tailor-made for the government, security and financial sectors.

## Inplastor GmbH (since January 2012)

### ACTIVITIES/PRODUCTS/MARKETS

Inplastor is a full-service provider of card-based loyalty and ID-security solutions. The company offers all types of cards as well as services for loyalty programs and access solutions. Customers from the retail and leisure industries in particular benefit from the company's services and products.

## PPC CardSystems GmbH PPC CardSystems B.V.

### ACTIVITIES/PRODUCTS/MARKETS

The companies develop and produce debit and credit cards as well as loyalty cards. Manufacturing takes place in a secure environment, compliant with the high standards set by the credit card industry. PPC CardSystems serves mostly saving banks and other financial institutions.

## NovaCard Informationssysteme GmbH

### ACTIVITIES/PRODUCTS/MARKETS

NovaCard specializes in the development and distribution of contact and contactless smart cards. The company is one of the pioneers in the RFID card market. NovaCard is well established in the areas of access and member cards, card-based transportation solutions, driver's licenses and ID cards.

## the Art of packaging

### ACTIVITIES/PRODUCTS/MARKETS

The Czech subsidiary is the competence center for prelamines used for RFID card components. The state-of-the-art facility primarily produces component for loyalty and leisure cards. In addition, the high-tech facility carries out all labor-intensive production for our Group.

## VisionCard Kunststoffkartenproduktions GmbH

### ACTIVITIES/PRODUCTS/MARKETS

VisionCard is a leading European producer of RFID and plastic cards. The high-volume production facility produces the whole range of cards from plastic cards to high-end smart cards. Its services include personalization, lettershop and mailing. Its core markets are leisure and loyalty.

## Winter AG

### ACTIVITIES/PRODUCTS/MARKETS

Winter AG develops and manufactures advanced technologies and systems solutions in the areas of IT security, payment systems and Near Field Communication (NFC). This leading smart card provider offers data verification, personalization and mailing services. The core markets served are health, IT access, banking & financial transactions, corporate security and government.

# OUR BUSINESS SEGMENTS



EMBEDDED  
SECURITY  
SOLUTIONS  
(ESS)



## AuthentiDate International AG

### ACTIVITIES/PRODUCTS/MARKETS

The company is one of the leading providers of secure data-exchange and secure e-health solutions. AuthentiDate offers innovative e-invoicing business process solutions, software, cloud services and consulting services using electronic signatures and timestamps. Companies from all sectors benefit from AuthentiDate products and cloud services. AuthentiDate is accredited by the Federal Network Agency as a service provider and runs a trust center according to the strict regulations of the German Signature Law and EU Signature Directive.

WE  
ARE  
AT  
YOUR  
SIDE.



EVEN  
WHEN  
YOU  
CAN'T  
SEE  
US.

**Our mission statement**

We develop and produce customized products and solutions for mission-critical applications. To make our products as safe as possible, we embed security at the earliest possible stage of the individual product's lifecycle.

WE  
MAKE  
SURE YOU  
CAN HEAR  
THE MOST  
PRECIOUS  
SOUNDS.

**Medical technology – cochlear implants**

By directly stimulating the auditory nerve, cochlear implants enable the profoundly or partially deaf to hear. This is made possible by complex electronic devices for which exceet manufactures high-end, flexible PCBs.



WE  
HELP YOU  
REACH YOUR  
DREAM  
DESTINATION  
EVEN  
WITHOUT  
A TICKET.

#### **Transportation – contactless cards**

Contactless smart cards have become widely used by public transit operators around the world. The offering of excelet includes consultancy, development, design, production, personalization and lettershop for hi-tech chip cards. As a result, we are one of the leading full-service providers in the transportation market.





WE  
TAKE  
THE  
LOVELIEST  
SNAPSHOTS  
FOR YOU.

#### **Medical technology – ultrasonic systems**

Seeing high-resolution images of your unborn child is one of the highlights during pregnancy for both parents-to-be. This is made possible by excelet's sophisticated, high-quality electronics that are unrivalled in today's global market. excelet develops and manufactures internationally acclaimed ultrasound devices that are compliant with the most recent standards. From the initial idea through to the finished product, excelet provides its customers with consulting, qualified development and engineering expertise as well as innovative electronics using state-of-the-art production facilities.



WE  
CONVERT  
YOUR  
FINGER  
INTO A  
UNIQUE  
KEY.

**High security – a card with an integrated fingerprint sensor**

Smart cards are widely acknowledged as one of the most secure and reliable forms of electronic identification and authentication. With our profound expertise, we combine smart card technology with biometric technologies to achieve modern secure identification and authentication systems.





WE  
SUPPORT  
YOUR  
FAVORITE  
TEAM.

**Access and leisure – stadium cards**

You can use our stadium cards to pay for admission and many services at almost all German premier league stadiums. As a product and service provider, exceet supplies its customers with the full range of contactless chip cards for all sorts of payments. exceet's contactless cards are used for access control, paying for food and beverages, making purchases in the fan shop and settling parking fees.



WE  
SECURE  
YOUR  
DATA —  
WHEREVER  
YOU ARE.

**Security all along the value chain — secure cloud services & consulting**

We secure and optimize infrastructures and business processes, reduce transaction costs substantially and increase the compliance level of our clients using a unique combination of embedded, high-quality, innovative and proprietary products, solutions and services.



WE  
PROVIDE  
A FILE  
CABINET  
YOU CAN  
EASILY  
CARRY  
ALONG.



#### **Healthcare – German Health Card**

A card that's small enough to fit in your wallet but with room for a wealth of information is revolutionizing healthcare. Electronic health cards allow doctors to review patient data and exchange it among themselves in a secure manner. The card enables the storing of information such as lab results, radiographs, as well as information about allergies or medications. Our cards provide quick access to all key data thereby allowing the best possible treatment.





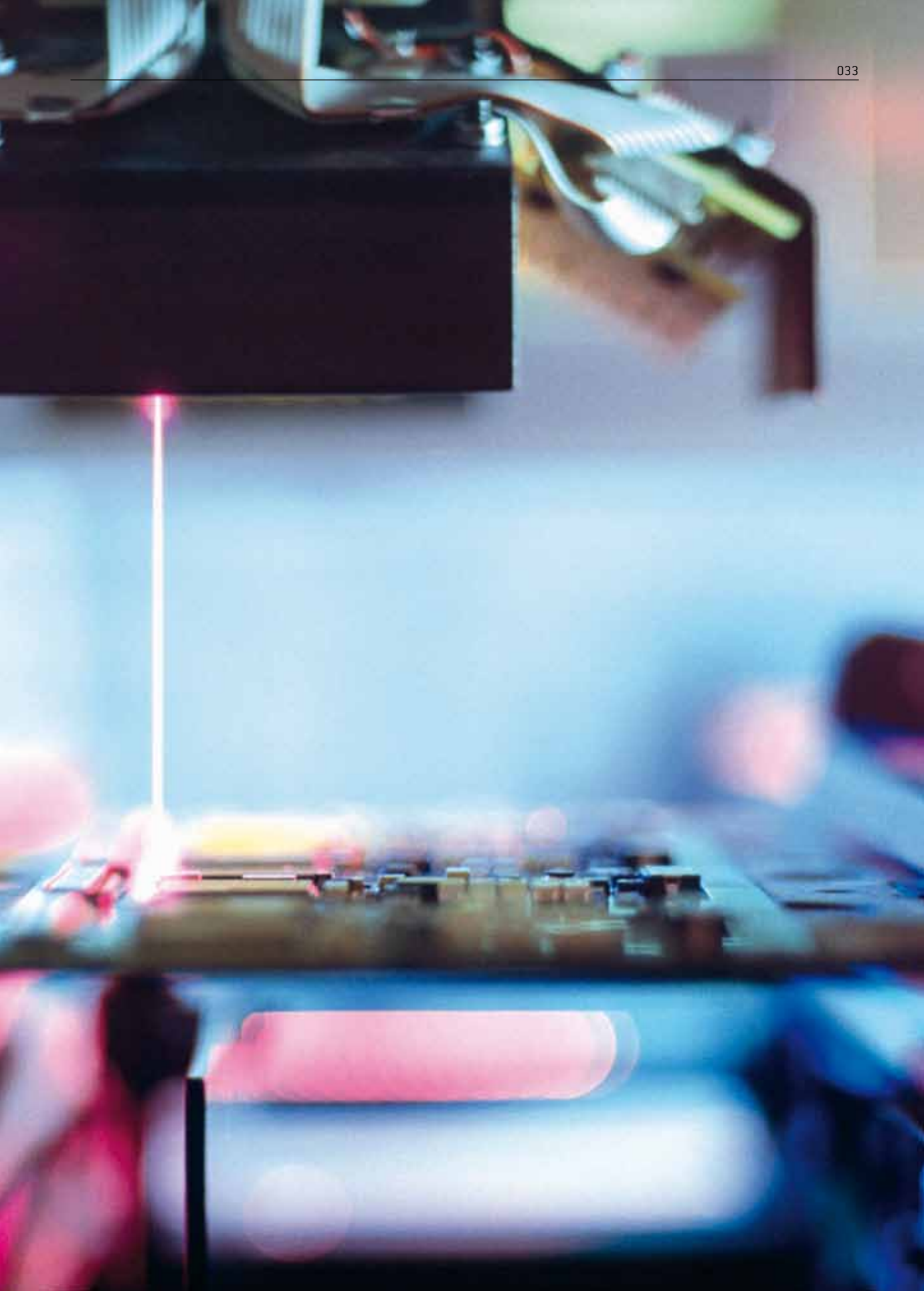


WE  
FOCUS  
LIGHT  
WHERE  
IT IS  
NEEDED.

**Optoelectronic components – focused light where it is needed**

Imagining life today without electronics would be quite challenging. The manufacturing of electronic components uses focused beams of high-intensity light. This is essential, especially for the production of very small components that can be found in devices such as smart phones and implanted medical products.





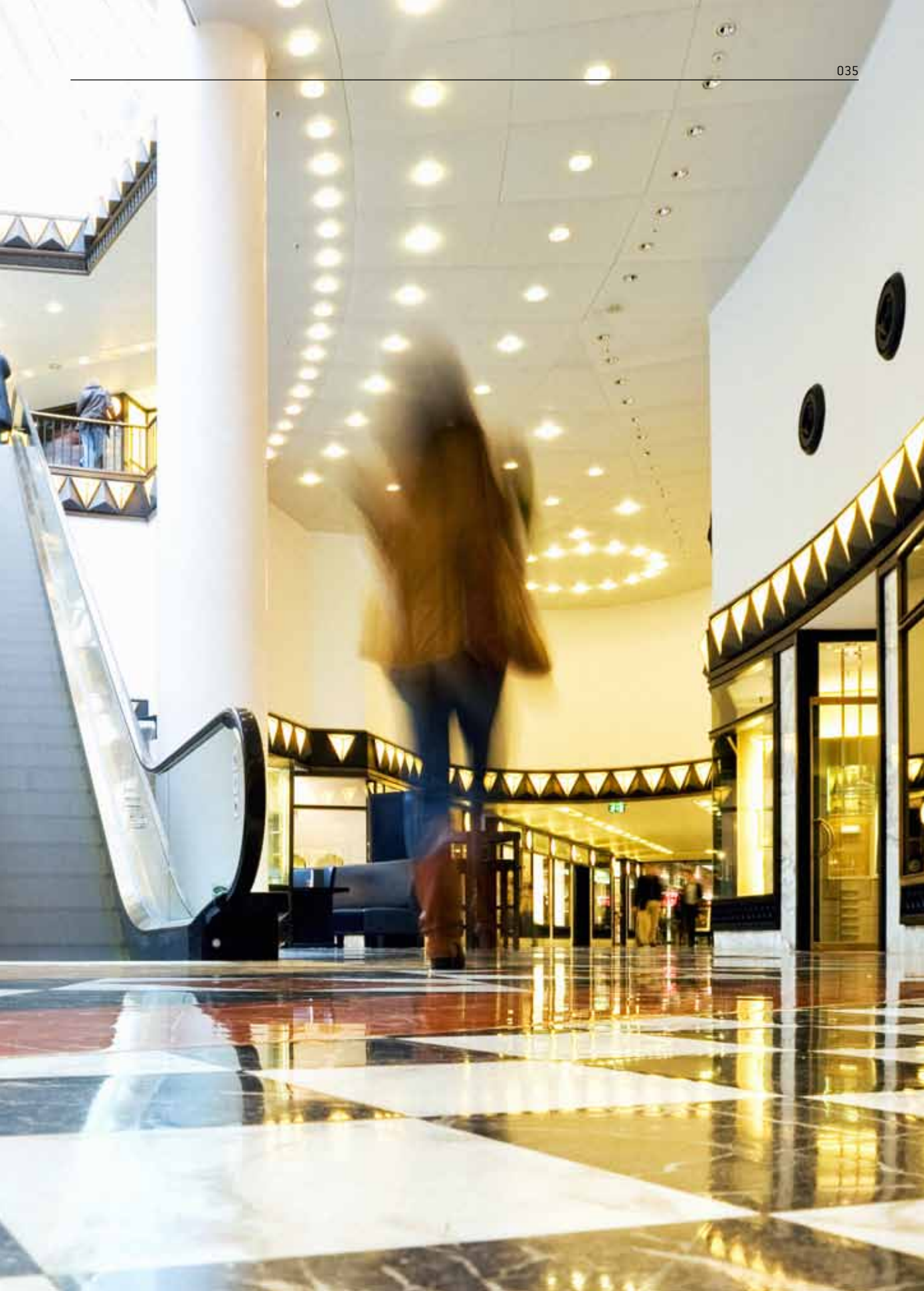


WE  
ARE  
YOUR  
SHOPPING  
BONUS.

#### **Financial services – loyalty cards**

Because of the ever-growing competition amongst retailers, there is an increased demand for customer loyalty solutions. Our loyalty cards based on the latest technologies are tailored to suit our customers' needs to attract new business and increase customer loyalty. We offer all services that our customers require to implement a successful loyalty program, including personalization, lettershop and mailing.









WE  
MAKE THE  
CONTROL  
OF COMPLICATED  
PROCESSES  
EASY.

**Industrial automation – embedded systems**

Machines are nothing without control. Our custom-specific control panels allow the management of industrial equipment in an easy and secure manner. By combining the widespread Windows Embedded functionality with custom-designed applications, we ensure ease of use and simple integration into complex systems.





WE  
LET  
YOU SKI,  
NOT  
QUEUE.

**Access and leisure – contactless cards**

Whether your preference is for downhill or cross-country skiing, you will find our cards being used on your favorite slopes and routes. As the pioneer in the development and manufacture of cards for ski access systems, we have set industry benchmarks over the years and consider ourselves as the market leader. With our flexible production we can meet short-run and high-volume needs while respecting stringent quality requirements.



---

# MANAGEMENT REPORT



€ 170.5

million group revenue

# A STRONG GROUP

## EXCEET GROUP'S BUSINESS MODEL

exceet is specialized in customized solutions for safety-critical applications and one of the leading providers of integrated intelligent electronics, card-based security technologies and integrated security solutions. The Group designs, develops and produces essential components and solutions for blue chip customers in the fields of medical technology and healthcare, industrial automation, financial services, security, avionics, transportation, government and retail. Over the last years, the Group's 'buy and build' M&A strategy has allowed it to build a group that is well positioned to serve its clients along the entire value chain from design, development and production to after-sales and lifecycle management services.

The product range extends from complex, embedded, electronic systems through to smart cards and security solutions tailored to the individual customer's requirements for the respective sector. The Group's legal parent company is exceet Group SE, a company incorporated as a Société Européenne under the law of Luxembourg. The Group has twelve sites in Germany, Switzerland, Austria, the Czech Republic and the Netherlands.

exceet Group's business activities are divided into three business segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Embedded Security Solutions (ESS).

In the ECMS segment, exceet develops and produces complex, integrated, electronic products focusing on miniaturization, cost optimization and product life cycle management. The segment is distinguished by its broad portfolio of innovative, integrated, electronic solutions. The products and services are primarily directed at customers in the areas of medical technology and healthcare, industrial automation, as well as in the security and avionics sectors.

The IDMS segment offers the design, development and production of contact-based and contactless smart cards, multifunction cards, card reader devices and associated services. With its tailored and innovative solutions and highest quality and safety standards, exceet is Europe's leading provider of comprehensive solutions in the area of high-tech smart cards and corresponding card reader devices. IDMS solutions are primarily used in financial services, transportation, medical technology and healthcare, in the public sector as well as in retail.

In the new ESS segment, exceet combines its ECMS and IDMS experience in the development of innovative solutions for fully integrated security solutions for selected markets. These solutions are primarily supplied to customers in the areas of medical technology and healthcare, industrial automation, financial services, avionics and in the public sector.

## COMPANY OBJECTIVES AND STRATEGY

One of the most important strategic objectives of the exceet Group is to increase its market share in growth markets in which the company is already well established with the ECMS and IDMS segments. The business activities in these markets and segments will be expanded to include new customer groups in order to continue to reinforce the strong position of the Group in Europe. In addition, the exceet Group expects to enhance its vertical market penetration by expanding the product offer to other attractive subsectors. Furthermore, cross-selling opportunities will be identified and used systematically throughout the entire Group.

The market for comprehensive and integrated high-security products has grown significantly over the past few years. An offer that meets the specific demands and considers the requirements for these products is necessary in many sectors and market segments. To cater for these requirements exceet established its ESS segment, which offers innovative, integrated security solutions, in the past financial year. The successful and proven activities in the ECMS and IDMS segments ensure that exceet has the extensive knowledge required with regard to integrated electronics and card-based security solutions, as well as the respective end markets and their special dynamics and business processes. It is therefore possible to offer individual, industry-specific security solutions adapted to the infrastructure in place. Using our first mover advantage, exceet will be able to benefit from the excellent growth opportunities in the ESS segment in future.

The Group expects further growth from selected strategic acquisitions as part of its 'buy & build' strategy, which will continue to be executed. The most recent acquisitions include the take-over of the security services provider AuthentiDate International AG completed in April 2011 and the acquisition of Contec Steuerungstechnik und Automation Gesellschaft m.b.H., a development and manufacturing specialist in the field of electronic components and systems, which took place in May 2011. The acquisition of Inplastor GmbH, the Austrian full-service provider for card-based loyalty and ID security solutions was completed as of January 23, 2012.

exceet is planning to continue expanding the technological leadership position of the ECMS, IDMS and ESS segments in the respective markets through permanent

and extensive development activities which will lead to innovative products.

## MAJOR EVENTS IN THE REPORTING PERIOD

### INITIAL PUBLIC OFFERING

At the end of July 2011, exceet was one of the few companies to go public on the Frankfurt Stock Exchange [Prime Standard]. The path taken was innovative as exceet made use of a Special Purpose Acquisition Company (SPAC), Helikos SE, which was floated on the stock exchange back in 2010. exceet Group SE is the successor company of a reverse asset acquisition of exceet Group AG and Helikos SE. This step was one of the most significant milestones in the history of the exceet Group.

### WITHDRAWAL OF TREASURY SHARES

The withdrawal of a total of 4,651,305 Class A shares was approved at the extraordinary shareholders' meeting on November 21, 2011 and the Group's share capital was reduced by EUR 70,699.83 to EUR 527,960.16 accordingly. The share capital is now divided into 34,734,221 Class A, B and C voting shares. The withdrawn shares were shares that were issued on July 26, 2011 as part of the merger of the exceet Group AG.

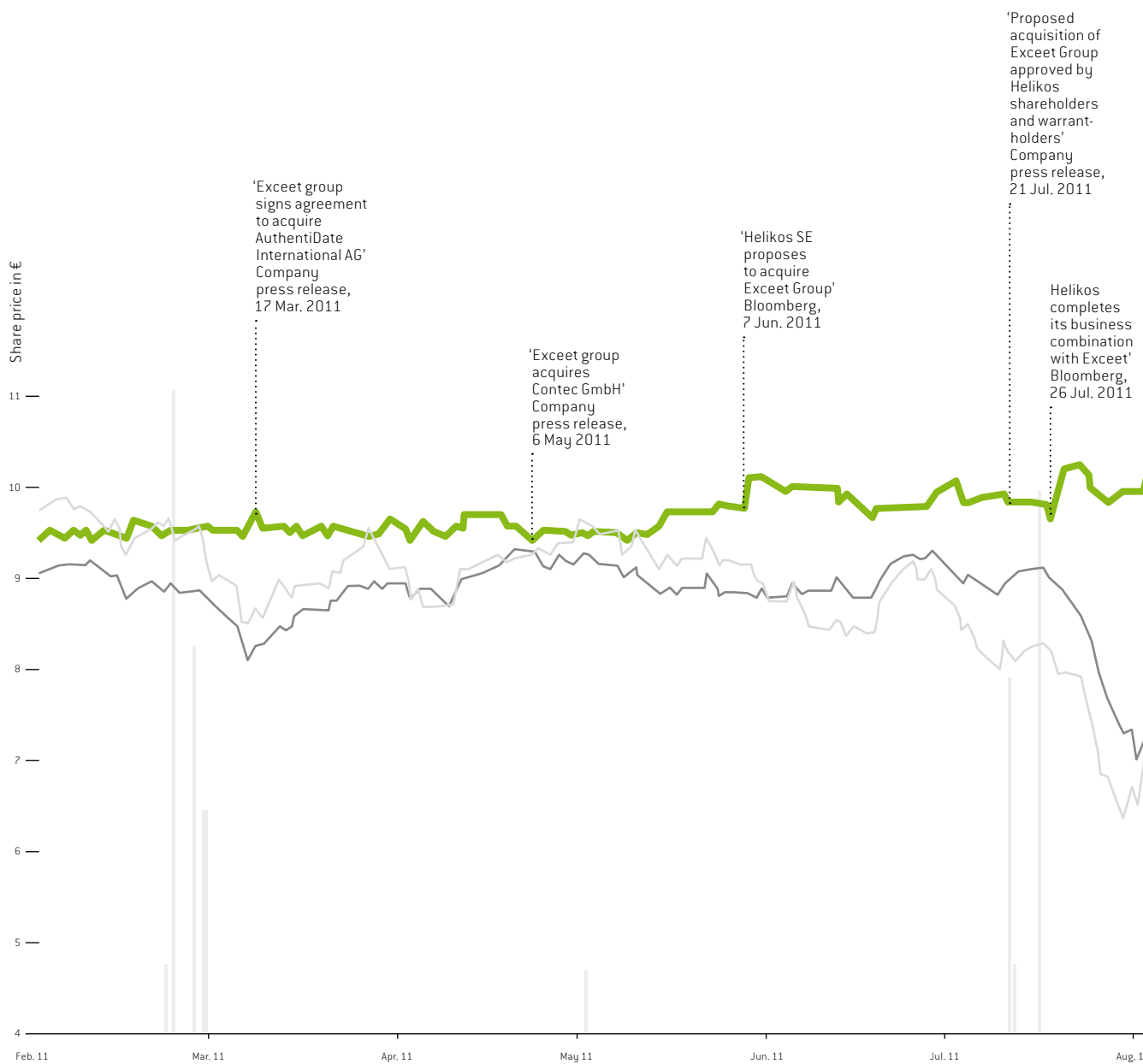
### SHARE OPTION PROGRAM

Also adopted at the extraordinary shareholders' meeting on November 21, 2011, were the cornerstones of a new share option program for current and future selected managers of the Group and its Group companies. For more information, we refer to the remarks in the notes to the financial statements.

### ACQUISITIONS

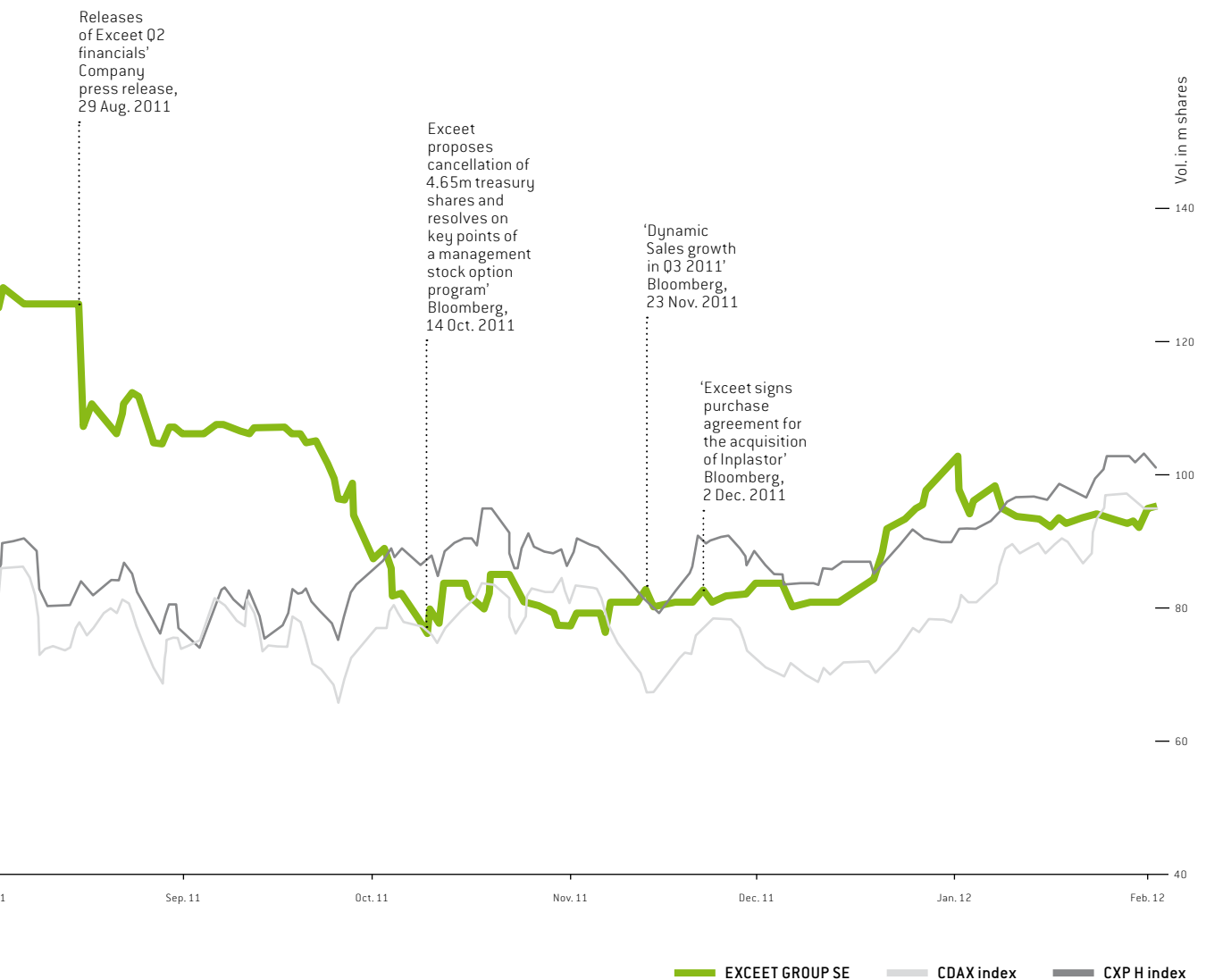
On April 1, 2011, the Group acquired all of the issued shares in AuthentiDate International AG, Düsseldorf, Germany. On May 4, 2011, the Group acquired all shares in Contec Steuerungstechnik & Automation Gesellschaft m.b.H., Ebbs, Austria.

# FUNDAMENTALS OF EXCEET SHARES



SHARE PRICE: € 7.85 (Feb. 2012)  
 SHARES OUTSTANDING: 20.52 m  
 MARKET CAP CLASS A SHARES: € 161.16 m  
 FREE FLOAT: 6.28 m Class A shares (30.61%)  
 FREE FLOAT MARKET CAP: € 49.30 m  
 52-WK LOW – HIGH: € 6.20 – € 10.30  
 Ø DAILY TRADING VOLUME: 4,622 (12 m) | 3,270 (1 m)

VOLATILITY: 30-d vol.: 24% | 60-d vol.: 22% | 90-d vol.: 30% | 260-d vol.: 27%  
 CONSENSUS (09 FEB.): Buy 100%; Hold 0%; Sell 0%  
 CONSENSUS TARGET PRICE: € 11.90  
 FINANCIAL CALENDAR 2012: Mar. 30: Annual report 2011 |  
 May 15: Q1 report | May 31: AGM | Aug. 10: Q2 report | Nov. 20: Q3 report  
 WARRANTS: Price: € 0.25 | Warrants outstanding: 20 m | Strike price: € 12 |  
 Expiry date: 27/07/2016



## BUSINESS DEVELOPMENT

### OVERALL ECONOMIC ENVIRONMENT

---

Despite a severe weakening of global growth during the second half of 2011, the International Monetary Fund (IMF) raised its forecast for global economic growth from 4.0% (September 2011) to 4.4% for the full year 2011 (2010: plus 4.0%). The upwards correction for the global economy is primarily due to the most recent stimulus measures in the USA. However, for a robust recovery, comprehensive and rapid measures must still be implemented in order to overcome the household and financial problems in the euro zone. Subdued growth with high unemployment and recurring crises, such as those in the euro zone, characterize the position of the industrialized countries. Emerging and developing country economies are continuing to grow very strongly, with growth of 6.5% estimated for 2011.

### SECTOR-SPECIFIC ENVIRONMENT

---

The potential overall volume of the markets relevant for the excee Group depends heavily on the respective sectors. A general statement in this respect can therefore not be made; rather, the individual sectors and market segments must be separately examined.

With a volume of 2.8 trillion euros, the global market for electrical and electronic products is one of the largest

product markets in the world. At more than 100 billion euros, the German market is the largest market in Europe and the fifth-largest in the world. In Germany alone, 12 billion euros are spent on research and development (R&D) in this field every year. This is equal to one-fifth of total R&D expenditure in the German economy. The highest sector expenditure occurs in industrial automation and in medical technology, both being core markets for excee.

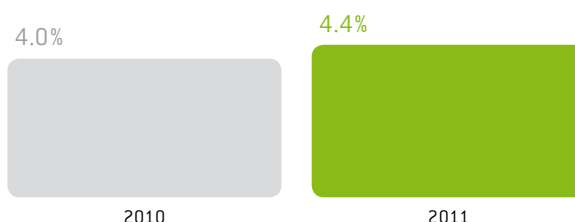
[Source: ZVEI – Zentralverband Elektrotechnik- und Elektronikindustrie e.V. [Central Association of the German Electrical and Electronics Industry]]

The medical technology market, which is an important market for excee, grew enormously over the past few years. The improvement in the technology used by physicians such as ultrasound devices, and the development of new methods such as laser technology allow to better and more quickly recognize and treat diseases. This presents particular challenges in the development and manufacture of complex and intelligent electronic solutions. According to the ZVEI, medical technology is therefore one of the most innovative industries worldwide.

Another important market for excee is the ID management and security solutions area. The need for corresponding solutions that ensure the protection of digital identities and online transactions has been on the increase for many years. The total volume of the global market for security technologies and services is estimated at about 100 billion euros. Industry analysts expect an annual growth of 31% for security cards in Europe.

[Source: Study by VDI/VDE Innovation + Technik GmbH and the German Association for Security in Industry and Commerce on behalf of the Federal Ministry of Economics and Technology].

## INTERNATIONAL MONETARY FUND (IMF)



Data security is extremely important for governments, companies and private individuals. Given the increasing frequency of identity theft, fraud and loss of data, secure solutions that remain easy to use are required for everyday life. The subsidiaries of the exceed Group offer their customers these types of solutions in the ID Management and Systems segment. The offer ranges from mobile systems to platforms and services for identification, authentication and encoding, through to a wide portfolio of applications and services for various customer groups. The Group expects increasing growth especially in the area of cloud security, part of the Embedded Security Solutions (ESS) segment. Cloud security is a field of rising importance due to the increasing use of cloud computing where even most sensitive data and applications are hosted externally.

## NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

Despite a slowdown in global economic growth and a deepening of the euro crisis in the fourth quarter of last year, 2011 was a very successful business year in exceed's history, continuing the previous year's trend. Both Group sales as well as earnings before interest, taxes and depreciation (EBITDA) increased significantly.

Group sales rose by 42.7% and reached EUR 170.5 million compared to EUR 119.4 million for the same period the previous year. A considerable proportion of this sales increase resulted from organic growth of 10.8%. The development of business in the areas of medical technology and industrial automation was particularly positive.

The positive development of the Group in the previous financial year underlines the strategy of growing our share in the niche markets addressed by exceed.

As of December 31, 2011, the order backlog in the Group amounted to EUR 101.3 million; this is 45.3%, or EUR 31.6 million higher than the previous year (2010: EUR 69.8 million). The development of incoming orders in the markets for medical technology, industrial automation and security solutions was particularly positive.

EARNINGS PER SHARE		2011	2010
Profit for the year attributable to equity holders of the Company	Class A shares	14,746	9,054
	Class B/C shares	112	90
Weighted average number of ordinary shares outstanding	Class A shares	10,154,719	3,069,736
	Class B/C shares	11,171,053	9,000,000
Basic earnings per share [EUR/share]	Class A shares	1.45	2.95
	Class B/C shares	0.01	0.01

The gross profit margin represents an increase from 21.4% to 22.9%, which means an increase from EUR 25.6 million to EUR 39.0 million. The improvement was primarily the result of an improved product mix and an enhanced product portfolio.

Administrative costs increased from EUR 7.7 million to EUR 15.9 million. This was mainly the result of expenses incurred as part of the IPO/SPAC of EUR 3.4 million and restructuring provisions of EUR 1.0 million (to be utilized in the first half 2012) for streamlining exceet's production and improving cost efficiency. Without these one-off effects, exceet's administrative costs amount to EUR 11.5 million. With an increase in EBITDA from EUR 17.7 million to EUR 24.5 million (+38.2%) exceet was once again able to increase its profitability. This corresponds to an EBITDA margin of 14.3% (2010: 14.8%). Adjusted for the one-off effects the recurring EBITDA rose by 62.9% to EUR 28.8 million reflecting our business performance with an adjusted EBITDA margin of 16.9% (2010: EUR 17.7 million/14.8%).

Depreciation and amortization of EUR 8.1 million was EUR 2.3 million higher compared to previous year (2010: EUR 5.8 million). EUR 5.1 million (2010: EUR 3.9 million) relate to depreciation of tangible assets and EUR 3.0 million (2010: EUR 1.9 million) to amortization of intangible assets. The overall increase is mainly driven by amortizations following the Group's growth objective to invest in strategic acquisitions.

The net financial gain of EUR 3.2 million (2010: EUR 1.3 million loss) was primarily influenced by the revaluation

of the warrants of EUR 4.0 million and the net effect for foreign currencies of EUR 0.5 million.

The overall result for the year under review was EUR 14.7 million compared to EUR 9.1 million for the previous year (+ 62.4%).

The calculation of basic earnings per share (EPS) at December 31, 2011, was based on the profit of EUR 14.9 million attributable to the owners of the parent company (2010: EUR 9.1 million) and the weighted average number of ordinary shares outstanding of 10,154,719 Class A shares and 11,171,053 Class B/C shares respectively. For the previous year, the notional weighted average numbers of ordinary shares outstanding are 3,069,736 Class A shares and 9,000,000 Class C shares respectively.

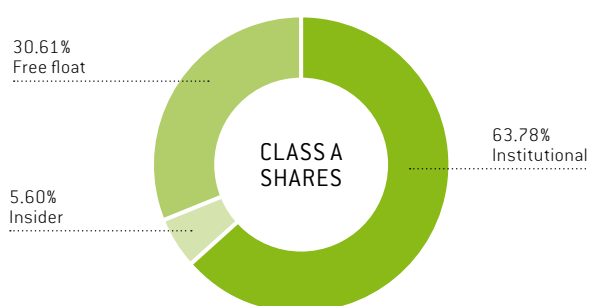
Table: Earnings per share (basic/dilutive)

## SEGMENT REPORTING

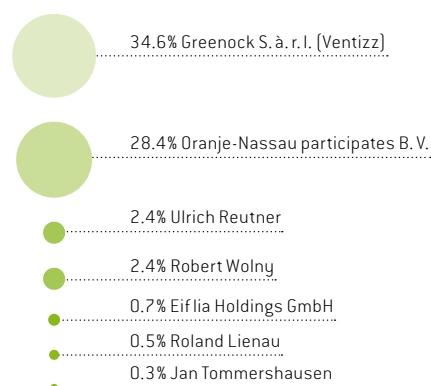
In its segment reporting, exceet divides the segments according to the internal reporting system of the three operational segments of Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Embedded Security Solutions (ESS).

One of the important growth drivers for the exceet Group is the ECMS segment, which also made a significant contribution to the increase in sales in 2011. Sales in this segment increased by 52.9% to EUR 121.4 million compared to EUR 79.4 million in the same period of





#### TOP SHAREHOLDERS – CLASS A SHARES



the previous year. The positive sales development and a stable cost basis let to an increase in EBITDA of 55.1% from EUR 17.1 million to EUR 26.5 million.

In the IDMS segment, sales amounted to EUR 45.7 million compared to EUR 40.0 million the previous year (+14.1%). EBITDA decreased by 14.0% from EUR 3.4 million to EUR 2.9 million in 2011. The reason for the decrease are the restructuring provisions of EUR 1.0 million for streamlining the production and cost efficiency. Excluding this one-off effect, EBITDA for the IDMS segment would have reached EUR 3.9 million, representing an increase of 15.0%.

The ESS segment, which was initially consolidated the first time as an independent segment in the second quarter of 2011, achieved sales of EUR 4.0 million in the year under review, with an EBITDA of EUR 0.3 million.

#### BALANCE SHEET POSITIONS

As of December 31, 2011, the exceet Group's balance sheet revealed total assets of EUR 171.1 million, compared with EUR 127.8 million at the end of the previous year. This rise was primarily the result of the acquisitions transacted in the year under review.

Non-current assets amounting to EUR 79.1 million, compared to EUR 68.4 million the previous year, include tangible assets of EUR 27.1 million (2010: EUR 21.0 million) as well as intangible assets of EUR 51.7 million (2010: EUR 47.2 million). The goodwill position increased

from EUR 30.3 million to EUR 31.9 million, related to the goodwill of the new acquired companies. In the reporting year as in the previous years, no impairment was recorded against goodwill.

Current assets amount to EUR 91.9 million compared to EUR 59.4 million in 2010. The changes to inventories, which rose by EUR 8.8 million to EUR 31.1 million (2010: EUR 22.3 million), of which EUR 4.4 million was as a result of the acquisition of Contec GmbH. Receivables increased from EUR 17.3 million to EUR 19.7 million. Cash and cash equivalents finished with a balance of EUR 21.2 million higher at the end of the financial year with EUR 40.1 million (2010: EUR 18.9 million).

Non-current liabilities increased by EUR 10.8 million (EUR 6.7 thereof relating to acquisitions) from EUR 30.3 million as of December 31, 2010, to EUR 41.1 million as of December 31, 2011. The remaining increase of EUR 4.0 million was caused mainly by the increase in pension liabilities of EUR 2.5 million and the transfer of borrowings from current to non-current.

Current liabilities amounted to EUR 44.3 million as of December 31, 2010, compared to EUR 41.5 million as of December 31, 2010. Not considering the effect of acquisitions of EUR 5.3 million, current liabilities were reduced by EUR 2.5 million, an effect caused mainly by the transfer of short-term loans and impacted by the increase in tax liabilities. Total current and non-current borrowings were reduced in 2011 by EUR 1.0 million from EUR 36.5 million to EUR 35.5 million.

As at December 31, 2011, equity representing excecet Group SE (after the reverse asset acquisition) amounts to EUR 85.6 million. When compared to the equity of excecet Group AG of EUR 56.0 million (before the reverse asset acquisition), equity shows an increase of EUR 29.6 million – EUR 17.0 million of which can be attributed to the effect of the reverse asset acquisition – and thereby an improvement in the reported equity ratio from 43.8% in 2010 to 50.0% in 2011.

The net debt based on IFRS reporting (excluding subordinated shareholder loans) of EUR 6.6 million as of December 31, 2010, fell by EUR 17.9 million, now representing a net cash position of EUR 11.3 million as of December 31, 2011. This significant reduction was due to a high free cash flow conversion of the Group and cash inflow on group recapitalization due to the reverse asset acquisition.

## FINANCIAL SITUATION

---

Non-recurring effects related to IPO/SPAC resulted in a charge of EUR 3.4 million and restructuring provisions of EUR 1.0 million against earnings in financial year 2011.

Operative cash flow developed positively and amounted to EUR 18.9 million in financial year 2011, compared to a value of EUR 13.3 million in 2010.

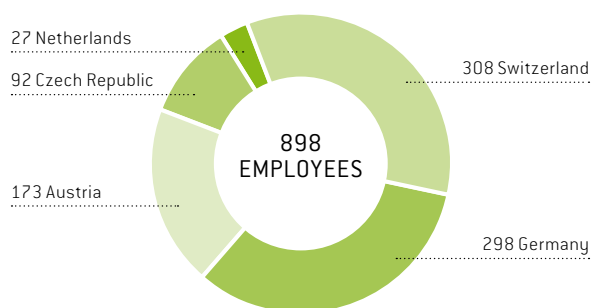
The cash flow from investment activity of EUR 120.6 million (2010: EUR –1.2 million) was positively influenced primarily by the cash acquired of EUR 131.1 million from the reverse asset acquisition in the year under review. Cash outflows from the strategic acquisitions of Contec GmbH and AuthentiDate International AG amount to EUR 5.6 million in the first half of 2011.

The cash flow from financing activity reached a value of EUR –117.6 million, compared with EUR –5.6 million the previous year. The primary reason for this development was the distribution of EUR 110.5 million to the acquirers' shareholders, in connection with the reverse asset acquisition.

## CAPITAL EXPENDITURES

---

Capital expenditures were focused mainly on production and equipment as well as the purchase of land in connection with the acquisition of Contec GmbH in Austria. Capital expenditures of EUR 6.4 million representing 3.7% of revenues were invested in property, plant and equipment in the financial year 2011. Nearly two-thirds of total capital expenditures applied to the ECMS segment (EUR 3.9 million).



## EMPLOYEES

As of December 31, 2011, the Group employed 898 employees, converted into full-time equivalents (2010: 645 employees). This corresponds to an increase of 253 employees or 39.2% compared to the previous year's reference date. The increase in employees during the year under review resulted primarily from the companies acquired in 2011 (193 employees). As of the reference date, 298 employees (2010: 204) were employed in Germany, 173 (2010: 60) in Austria, 308 (2010: 288) in Switzerland, 92 (2010: 64) in the Czech Republic and 27 (2010: 29) in the Netherlands.

exceet employees are the Group's most important success factor. Thanks to their commitment and motivation, exceet is one of the leading providers in its industry. The Group will continue to rely on committed, enthusiastic and efficient employees for its ongoing expansion. Therefore, it supports its employees in their individual career objectives with various training and development measures.

## OPPORTUNITIES AND RISK REPORT

exceet is exposed to numerous risks and opportunities as part of its business activity; these are invariably linked with commercial activities. exceet operates a comprehensive risk management strategy through the Group for the early detection and control of risks and to benefit from opportunities resulting from operating activities or improved market conditions. A balanced risk profile is observed for every decision. The risk policy is oriented towards the objective of securing and enhancing exceet's position in the markets in order to increase the Group's value in the long term. The Board of Directors and the Management Board have established an internal control system for the diverse organizational, technical and commercial processes in the Group.

### OPPORTUNITY MANAGEMENT

The Board of Directors and the Management Board of the exceet Group regularly debate the Group's strategic opportunities. The task of the Group companies is to identify opportunities at an operational level and attain a better-than-expected earnings performance if possible.

## RISK MANAGEMENT

---

exceet handles company risks with a Group-wide risk management system, which is an integral component of the business processes and a significant element of company decision-making. This permits potential risks arising in connection with the business activity to be identified in a timely manner, monitored and limited using suitable control measures. At the same time, the risk management system serves to take advantage of the opportunities in the best possible manner in terms of the company strategy. The risks relevant for the exceet Group can be divided into external, i.e. market- and sector-specific risks, as well as internal risks. The latter include strategic, financial, operational and company-related risks.

## SECTOR- AND MARKET-RELATED RISKS

---

In the financial year 2011, exceet achieved the highest sales and earnings growth in the Group's history. However, sustained weak economic development or a deterioration of the economy, particularly in Europe, could have a negative impact on the demand for exceet products. This would result in decreasing sales and margin pressure. exceet counters these risks with a growth-oriented company strategy. The objective is to continue to grow profitably both organically and through strategic acquisitions in the niche markets targeted by exceet. In addition, the technological leadership position in all segments will continue to be enhanced by permanent and comprehensive development activities, as well as innovative product offerings.

## STRATEGIC RISKS

---

exceet pursues part of the growth strategy through strategic acquisitions in the sectors and markets relevant for exceet. If the Group is not able to locate suitable companies in the future or not able to successfully integrate the acquired companies into the Group, this could have a negative impact on the Group's competitive position, growth opportunities and profitability. However, these risks are considered to be minimal, given the long-term experience of management and the conservative acquisition policy.

## INTEREST RATE, LIQUIDITY AND CURRENCY RISKS

---

exceet is exposed to interest rate, liquidity and currency risks as part of its business activity. Derivative financial instruments are used in order to limit interest rate (Interest caps/swaps). This relates to specific hedging of the risks arising from the operational business. Financial instruments entered into and those yet to be entered into are continually monitored with the aid of the implemented risk management system.

Liquidity risks are mitigated by the help of revolving liquidity planning. The Group also has adequate lines of credit.

## CREDIT RISKS

Credit risks exist with respect to financial institutions and customers. The credit risk with respect to financial institutions, which has become more important in light of the global banking crisis, predominantly arises from the investment of liquid funds. In order to minimize a possible risk of default, financial instruments are only entered into with counterparties with good credit ratings. The credit risk with respect to customers consists of granting terms of credit and the associated risk of default. Receivables are centrally and constantly monitored in order to minimize this default risk. The Group only concludes transactions with creditworthy third parties.

## QUALITY RISKS

Ensuring high and consistent quality of all exceet products requires close collaboration with all contract partners. Procurement, production and logistics risks all arise in this context. One risk factor is the potential loss of product quality. exceet counters these risks with numerous regular audits and quality tests by independent testers and customer quality assurance measures.

## LEGAL RISKS

Legal risks in connection with product liability, warranties or employment law are, if required, comprehensively analyzed with the involvement of the legal department

and also by consulting external specialists. exceet is thus in a position to adequately counter potential risks in a timely manner. Despite these measures, the outcome of current or future actions cannot be predicted with certainty. No Group companies are currently affected by ongoing court proceedings.

## PERSONNEL RISKS

exceet places great value on the proper and respectful treatment of all employees. However, the company also depends heavily on the Board of Directors, the Management Board and other managers. A loss of managers could have a negative impact on the development of the company. exceet counters this risk by creating a good work environment as well as attractive remuneration agreements, taking the long-term objectives of the company into consideration.

## IT RISKS

The availability and efficiency of IT infrastructure and applications is crucial for the economic performance of the exceet Group. IT risks consist of the possible failure of operational and administrative IT systems which could impair business transactions. A longer-term failure of the IT systems could entail existential risks for the company. exceet, therefore, specifically invests in the extension and development of modern IT systems in order to ensure functionality at all times and increase the effectiveness of

processes. Although all IT systems have multiple safeguards, it cannot be ruled out that data may be lost, for example as a result of fire, power failures, system errors, hacker attacks, fraud or terrorism.

#### EVALUATION OF THE OVERALL RISK SITUATION

---

No risks that could threaten the continued existence of the exceed Group are currently present. Overall, there have been no significant changes with regard to the Group compared to the end of financial year 2010. The initial public offering, in particular, reduced the financing and liquidity risks.

## REPORT ON EXPECTED DEVELOPMENTS

#### FUTURE ECONOMIC CONDITIONS

---

In February 2012, the IMF drastically reduced its growth forecast for 2012 due to the government debt crisis in the euro zone and global economic weakness on a broad front. An economic slowdown of 0.5% is expected for the euro zone, while experts have predicted growth of only 0.3% for Germany itself. Emerging and developing countries are expected to continue to grow strongly at a predicted rate of 5.4%. However, the Fund expects growth in the USA to remain unchanged at plus 1.8%. Overall, the IMF has drastically reduced its growth expectation for

the global economy from its September outlook. Experts are predicting economic growth of only 3.3% for 2012 and 3.9% for 2013.

#### FUTURE COMPANY DEVELOPMENT

---

Despite the slowdown in global economic activity and the ongoing government debt crisis in the euro zone, the Group expects the company to continue to develop positively. The objective is to grow profitably in all segments.

Apart from card and electronics areas, the Group also offers its customers comprehensive solution and advisory packages for integrated security solutions. This comprehensive product portfolio gives exceed a unique position in the competitive environment. With its special know-how and comprehensive value proposition in medical technology, exceed is excellently positioned to meet the substantial increase in market demands for end-of-life management solutions for complex medical devices. The outsourcing of the entire manufacturing and testing of medical devices represents another core competency, and will also make a positive contribution to the Group's sales growth in the future. The constant focus on individual niche solutions in the markets relevant for exceed, including medical & healthcare, industrial automation, financial services, security, avionics, loyalty, transportation, government and public services will continue to have a positive effect on the Group's sales and earnings situation in the future.

## OUTLOOK 2012

For exceet, 2012 offers numerous opportunities in its core markets. Owing to its high-quality products and solutions, sophisticated innovations, efficient production facilities and strong customer relationships, the Group enjoys good growth potential, particularly in the areas of medical technology and industrial automation, as well as in security solutions.

exceet is confident about the new financial year 2012. Despite the challenging economic environment that has led to a slight slowdown in Q4 2011, exceet has seen a strong start to the year in 2012. We expect the Q1 trend to continue into the rest of the year. exceet anticipates revenue growth rate in line with the group's medium term targets, with a recurring EBITDA margin of at least the level achieved in FY2011 (excluding one-offs). exceet plans to take opportunity of the dynamics in its relevant markets to increase the volume of built-on M&A in order to create further shareholder value.

The Group intends to continue its geographic expansion in order to further bolster its strong position, especially in Europe. Furthermore, existing cross-selling opportunities within the exceet Group will continue to be used systematically. By streamlining production facilities, merging production sites, the cost base will be further optimized. In 2012, the Group will again strengthen its existing development capacities and invest in new technologies, products and solutions.

With a comfortable net cash position of EUR 11.3 million, exceet is operating from a sound financing base. The outlook takes the uncertain international economic environment into account, despite the fact that some of exceet's core business segments are probably not affected by business cycle fluctuations.

One of the Group's key strategic goals is to increase its market share in growth markets while focusing on those markets in which the Electronic Components Modules & Systems (ECMS) and ID Management & Systems (IDMS) segments are already firmly established. The aim is to expand business activities in these markets and industry sectors in order to serve new customer groups.

Trends are identified early and new ground-breaking solutions for these are seized immediately. For example, the demand for ever-smaller, lighter and more efficient products coupled with increased functionality will enable exceet to serve its customers using its know-how and many years of experience with highly miniaturized printed circuit boards and electronic microsystems. Customers benefit from high quality standards, the latest high-end technologies and innovative manufacturing processes.

Within the ECMS segment, the development and manufacturing of medical devices such as implants, hearing instruments, insulin pumps, defibrillators or medical diagnostic equipment such as computer tomographs are constantly enhanced.

In the area of industrial automation for example in the field of vibration measurement technology, mini motors, semiconductor lithography, sensors systems and high energy equipment.

In the IDMS segment, except expects a rising demand for Near Field Communication (NFC) solutions. In the market for high security applications, except benefits from the growing need for smartcard-based healthcare solutions, payment functions, access solutions, ticketing and loyalty programs. Furthermore, biometric technology will be an essential component of modern secure identification systems, assuring the highest degree of confidence in verification. Thanks to profound expertise in research and development, except is already combining smart card technology with biometric solutions.

In the Embedded Security Solutions (ESS) segment, the company expects increasing growth especially in the area of cloud security. Cloud security is a field of rising importance due to the increasing use of cloud computing where even most sensitive data and applications are hosted externally.

Given the outstanding products and solutions already offered today and its capacity for innovation, except is well positioned for sustainable and profitable future growth.

## SUPPLEMENTARY REPORT

No noteworthy operational and structural changes or business transactions had occurred up to March 2012, which significantly changed the net assets, financial position and results of operations of the Group compared to December 31, 2011.

The acquisition of Inplator GmbH, the Austrian complete provider of card-based loyalty and ID security solutions, was completed, effective as of January 23, 2012. Inplator has many years of experience in the manufacture of plastic and chip cards and provides a multitude of services linked to the cards. This step sees the Group expand its portfolio by adding another innovative provider specifically serving the Austrian market and strengthens its leading role in card-based loyalty and ID security solutions in German-speaking countries.



## DECLARATION BY LEGAL REPRESENTATIVES

We hereby declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group and that the business performance, including the business results and the position of the Group in the report of the Board of Directors, also represents a true and fair view of the situation and that the significant opportunities and risks to the future development of the Group have been described.

Luxembourg, March 2012

exceet Group SE  
The Board of Directors

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE CHAPTER

Corporate governance describes the management and control of companies. It includes all the values and principles for proper and responsible company management that apply to both employees as well as for the committees of the company. Good corporate governance ensures transparent and responsible company management that focuses on long-term success and therefore also reinforces the confidence of customers, shareholders and investors. The Board of Directors and the Board of Directors are naturally committed to the principles of proper and responsible company management.

The Company follows the ten principles of corporate governance of the Luxembourg Stock Exchange (the 'Ten Principles of corporate governance'), which came into effect on January 1, 2007.

This corporate governance Charter aims to describe the main aspects of the Company's corporate governance policy.

The Ten Principles of corporate governance and their recommendations became an integral part of exceet's business practice, contributing to the quality of our management and thereby building investor confidence.

exceet's corporate governance covers the organization of the control and management of the Group. The term is also used in a narrower sense, to refer to the relationship between shareholders and management, and in particular the operation of the company's board. It is important for exceet to develop an effective model of corporate governance that will enable the company to take advantage of opportunities that may arise, whilst at the same time instituting the necessary controls over the associated risks. The rules and standards of corporate governance are considered to be important factors in the creation of prosperous market economies.

A good corporate governance framework should create a balance between a performance-orientated strategy on the one hand, and adherence to reliable risk management systems and internal controls on the other. The latter requires responsibility, integrity and transparency; a high-performance strategy requires entrepreneurial leadership.

The internal control process is defined and implemented by the company's board, management and personnel, with the aim of demonstrating that the following objectives have been reached:

#### THE TEN PRINCIPLES OF CORPORATE GOVERNANCE OF THE LUXEMBOURG STOCK EXCHANGE

- > reliability of financial and accounting information;
- > effectiveness and efficiency in the company's operations;
- > compliance with applicable laws and regulations.

Our corporate governance framework based on transparency and responsibility

- > will strengthen investors' confidence in exceet;
- > will benefit the other interested parties;
- > will give exceet access to lower-cost external financing;
- > will bring macro-economic advantages, such as an improvement in economic efficiency and growth.

For exceet, it is important to ensure that its principles of corporate governance are regularly reviewed and the recommendations adapted.

## FORWARD-LOOKING STATEMENTS

This annual report contains statements that refer to the future. Forward-looking statements are generally characterized by terms such as 'could', 'will', 'should', 'potential', 'intend', 'expect', 'seek', 'attempt', 'predict', 'estimate', 'overestimate', 'underestimate', 'believe', 'may', 'forecast', 'continue', 'plan', 'project' or similar terms and formulations. Forward-looking statements are based on certain assumptions, outline future expectations, describe future plans and strategies, contain predictions on the earnings and financial position or express other forward-looking information. The possibilities of predicting results or the actual effects of forward-looking plans and strategies are limited. Even though except Group SE assumes that the expectations expressed by the forward-looking statements are based on appropriate assumptions, the actual results and developments may deviate significantly from the information presented in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties and depend on other factors, based on which the actual results in the future periods may deviate significantly from the forecast results or communicated expectations. except Group SE does not intend, nor shall it undertake, to update the forward-looking statements on a regular basis as these are based solely on the conditions present at the date of publication.

## FINANCIAL CALENDAR

April 20, 2012  
Announcement of the preliminary unaudited sales figures Q1/2012

May 15, 2012  
Publication of the consolidated financial statements Q1/2012

May 31, 2012  
Ordinary shareholders' meeting, Luxembourg (12 p.m.)

July 20, 2012  
Announcement of the preliminary unaudited sales figures 6m/Q2/2012

August 10, 2012  
Publication of the semi-annual group financial statements 6m/Q2/2012

October 22, 2012  
Announcement of the preliminary unaudited sales figures 9m/Q3/2012

November 12 – 14, 2012  
German Equity Forum 2012, Frankfurt

November 20, 2012  
Publication of the consolidated financial statements 9m/Q3/2012

---

# FINANCIAL APPENDIX

SALES REVENUE  
UP 42.7%  
to € 170.5 million  
ORGANIC GROWTH  
10.8%  
RECURRING  
EBITDA  
UP 62.9%  
to € 28.8 million  
FREE CASH FLOW  
UP 37.2%  
of € 12.5 million

## CONSOLIDATED BALANCE SHEET

TEUR	Note	December 31, 2011	December 31, 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	9	27,101	20,981
Intangible assets	10	51,746	47,183
Other financial investments		26	0
Other non-current receivables	14	265	279
<b>Total non-current assets</b>		<b>79,138</b>	<b>68,443</b>
<b>Current assets</b>			
Inventories	12	31,122	22,275
Trade receivables, net	13	17,916	16,324
Other current receivables	14	1,768	1,031
Current income tax receivable		220	274
Accrued income and prepaid expenses	15	755	539
Cash and cash equivalents	16	40,132	18,911
<b>Total current assets</b>		<b>91,913</b>	<b>59,354</b>
<b>Total assets</b>		<b>171,051</b>	<b>127,797</b>
<b>EQUITY</b>			
Share capital	17	528	14,063
Reserves	17	85,073	39,297
<b>Equity attributable to owners of the parent company</b>		<b>85,601</b>	<b>53,360</b>
<b>Non-controlling interests</b>		<b>0</b>	<b>2,614</b>
<b>Total equity</b>		<b>85,601</b>	<b>55,974</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	25,718	18,761
Retirement benefit obligations	19	6,651	4,120
Deferred tax liabilities	11	6,674	6,519
Provisions for other liabilities and charges	23	556	404
Other non-current liabilities	22	1,535	501
<b>Total non-current liabilities</b>		<b>41,134</b>	<b>30,305</b>
<b>Current liabilities</b>			
Trade payables		10,838	9,131
Other current liabilities	22	5,308	5,462
Accrued expenses and deferred income	20	7,136	6,002
Current income tax liabilities		6,157	2,015
Borrowings	18	9,786	17,772
Other financial liabilities	21	3,000	0
Provisions for other liabilities and charges	23	2,091	1,136
<b>Total current liabilities</b>		<b>44,316</b>	<b>41,518</b>
<b>Total liabilities</b>		<b>85,450</b>	<b>71,823</b>
<b>Total equity and liabilities</b>		<b>171,051</b>	<b>127,797</b>

## CONSOLIDATED INCOME STATEMENT

TEUR	Note	2011	2010
Revenue		170,476	119,435
Cost of sales	24 ff.	-131,428	-93,871
<b>Gross profit</b>		<b>39,048</b>	<b>25,564</b>
<i>Gross profit margin</i>		22.9%	21.4%
Distribution costs	24 ff.	-10,360	-7,719
Administrative expenses	24 ff.	-15,909	-7,704
Other operating income	26	3,557	1,737
<b>Operating result (EBIT<sup>1</sup>)</b>		<b>16,336</b>	<b>11,878</b>
<i>EBIT margin</i>		9.6%	9.9%
Financial income		8,340	1,288
Financial expense		-5,119	-2,607
<b>Financial result, net</b>	28	<b>3,221</b>	<b>-1,319</b>
<b>Profit before income tax</b>		<b>19,557</b>	<b>10,559</b>
Income tax expense	11	-4,851	-1,506
<b>Profit for the period</b>		<b>14,706</b>	<b>9,053</b>
<i>Profit margin</i>		8.6%	7.6%
<b>PROFIT ATTRIBUTABLE TO:</b>			
Owners of the parent company		14,858	9,144
Non-controlling interests		-152	-91
<b>EARNINGS PER SHARE (BASIC/DILUTIVE) EUR</b>	29		
Class A shares		1.45	2.95
Class B/C shares		0.01	0.01

The accompanying notes are an integral part of the consolidated financial statements.

<sup>1</sup> Earnings Before Interest and Taxes

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Note	2011	2010
<b>Profit for the period</b>		<b>14,706</b>	<b>9,053</b>
<b>Other comprehensive income:</b>			
Actuarial gains/(losses) and adjustments under IAS 19.58b	19	-2,740	-147
Deferred tax effect on actuarial (gains)/losses	11	422	29
Currency translation differences		366	6,409
<b>Other comprehensive income for the period</b>		<b>-1,952</b>	<b>6,291</b>
<b>Total comprehensive income for the period</b>		<b>12,754</b>	<b>15,344</b>
<b>Attributable to:</b>			
Owners of the parent company		<b>12,906</b>	<b>15,435</b>
Non-controlling interests		<b>-152</b>	<b>-91</b>



## CONSOLIDATED CASH FLOW STATEMENT

TEUR	Note	2011	2010
<b>Profit before income tax</b>		<b>19,557</b>	<b>10,559</b>
Adjustments for non-cash transactions			
Amortization on intangible assets	10	2,990	1,872
Depreciation on tangible assets	9	5,129	3,947
Gains on disposal of assets	26/27	-232	-133
Financial (income)/expense, net	28	-2,739	1,085
Other non-cash (income)/expenses		-1,151	-50
Gain from reverse asset acquisition		47	0
Adjustments to retirement benefit obligation/prepaid cost	19	-337	-144
<b>Operating results before changes in net working capital</b>		<b>23,264</b>	<b>17,136</b>
Changes to net working capital			
Changes to inventories		-668	-2,313
Changes to receivables		1,498	-3,195
Changes to accrued income and prepaid expenses		13	-106
Changes to liabilities		-1,813	2,562
Changes to provisions for other liabilities and charges		0	60
Changes to accrued expenses and deferred income		-1,249	1,381
Tax received		172	46
Tax paid		-1,397	-1,460
Interest received		55	12
Interest paid		-985	-794
<b>Cashflows from operating activities</b>		<b>18,890</b>	<b>13,329</b>
Reverse asset acquisition, net of cash acquired	17	131,062	0
Acquisition of subsidiaries, net of cash acquired	32	-6,344	288
Acquisition of tangible assets		-4,238	-2,007
Sale of tangible assets		232	764
Acquisition of intangible assets		-155	-231
Sale of intangible assets		21	0
<b>Cashflows from investing activities</b>		<b>120,578</b>	<b>- 1,186</b>
Acquisition of non-controlling interests	32	-52	0
Distribution of profits to shareholder	17	-110,500	0
Repayments of borrowings		-4,567	-3,755
Repayments of other non-current liabilities		-24	0
Proceeds in finance lease		521	726
Repayment in finance lease		-3,027	-2,574
<b>Cashflows from financing activities</b>		<b>-117,649</b>	<b>-5,603</b>
<b>Net changes in cash and cash equivalents</b>		<b>21,819</b>	<b>6,540</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>18,911</b>	<b>10,894</b>
Effect of exchange rate gains/ (losses)		-598	1,477
<b>Cash and cash equivalents at the end of the period</b>		<b>40,132</b>	<b>18,911</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Note	Issued and paid-in share capital	Capital reserves	Treasury shares
<b>BALANCES AT JANUARY 1, 2011</b>	17	14,063	18,721	0
Profit for the period				
Other comprehensive income:				
Actuarial gains/(losses) and adjustments under IAS 19.58b	19			
Deferred tax effect on actuarial (gain)/loss	11			
Currency translation differences				
Total other comprehensive income for the period		0	0	0
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
Acquisition of non-controlling interests				
Winter AG				
except Card Group AG		2,807	9,705	
Total acquisition of non-controlling interests	32	2,807	9,705	0
Equity effect from reverse asset acquisition:				
As-if capital increase			178,750	
Distribution of profits to shareholder			-110,500	
Purchase of treasury shares				-51,300
Existing shares except Group SE		400	-400	
Capital increase from issuance of Class B shares in exchange for Class B warrants (except Group SE)		15	-15	
Capital increase from issuance of Class A shares (except Group SE)		47	-47	
Capital increase from issuance of Class C shares (except Group SE)		137	-137	
Reclassification balance of except Group AG at January 1, 2011		-14,063	14,063	
Reclassification capital increase acquisition of non controlling interests except Card Group in except Group AG		-2,807	2,807	
Capital restructuring		-71	-46,704	46,775
<b>Total equity effect from reverse asset acquisition</b>	17	<b>-16,342</b>	<b>37,817</b>	<b>-4,525</b>
Transfers within group (Helikos GmbH / Helikos GmbH & Co KG)			-758	
Elimination of loss on transfer of Helikos GmbH				
SORIE adjustment prior year				
Total other equity effects		0	-758	0
<b>BALANCES AT DECEMBER 31, 2011</b>		<b>528</b>	<b>65,485</b>	<b>-4,525</b>

Retained earnings	Foreign currency transl. diff.	Total owners of the parent company	Non-controlling interests	Total
12,092	8,484	53,360	2,614	55,974
14,858		14,858	-152	14,706
-2,740		-2,740		-2,740
422		422		422
	366	366		366
-2,318	366	-1,952	0	-1,952
12,540	366	12,906	-152	12,754
14		14	-66	-52
-10,116		2,396	-2,396	0
-10,102	0	2,410	-2,462	-52
		178,750		178,750
		-110,500		-110,500
		-51,300		-51,300
		0		0
		0		0
		0		0
		0		0
		0		0
		0		0
0	0	16,950	0	16,950
758		0		0
-46		-46		-46
21		21		21
733	0	-25	0	-25
15,263	8,850	85,601	0	85,601

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Note	Issued and paid-in share capital	Capital reserves	Treasury shares
<b>BALANCES AT JANUARY 1, 2010</b>	17	14,063	18,721	0
Profit for the period				
<b>Other comprehensive income:</b>				
Actuarial gains/(losses) and adjustments under IAS 19.58b	19			
Deferred tax effect on actuarial (gain)/loss	11			
Currency translation differences				
Total other comprehensive income for the period		0	0	0
<b>Total comprehensive income for the period</b>		0	0	0
Minority interests from acquisition				
<b>BALANCES AT DECEMBER 31, 2010</b>		14,063	18,721	0

	Retained earnings	Foreign currency transl. diff.	Total owners of the parent company	Non-controlling interests	Total
	3,066	2,074	37,924	2,641	40,565
	9,144		9,144	-91	9,053
	-147		-147		-147
	29		29		29
		6,410	6,410		6,410
	-118	6,410	6,292	0	6,292
	9,026	6,410	15,436	-91	15,345
				64	64
	12,092	8,484	53,360	2,614	55,974

The acquisitions of non-controlling interests are related to the acquisition of 4.88% of the shares of Winter AG in February 2011 and the acquisition of the remaining 30.44% shares of exceet Card Group AG in July 2011 (please see note 32 for further details).

The equity effect from the reverse asset acquisition is related to the acquisition of exceet Group AG by exceet Group SE in June 2011 (please see note 17 for further details).

Other equity effects are related to the merger of Helikos Acquisition GmbH & Co. KG with exceet Group SE and to the transfer and subsequent merger of Helikos Management GmbH with AEMtec GmbH eliminating the resulting loss of TEUR 46 reported in the P&L.

The accompanying notes are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



# 1. GENERAL INFORMATION CONCERNING THE COMPANY

exceet Group SE (the 'Company' or the 'Group') – collectively with its subsidiaries – is the successor company of a reverse asset acquisition of exceet Group SE (formerly named Helikos SE) and exceet Group AG with effect from July 26, 2011. The reverse asset acquisition was the result of a plan of arrangement whereby exceet Group AG was acquired by exceet Group SE with former exceet Group AG shareholders receiving de facto control of exceet Group SE and with the management and Board of Directors of exceet Group AG becoming the management and Board of Directors of exceet Group SE.

exceet Group SE is an integrated international embedded solutions technology group specialized in embedded intelligent electronics, card-based security technology and embedded security solutions. The product range extends from complex embedded electronic systems to smart cards and security solutions, all of which are tailor-made to meet specific requirements of customers and of specific sectors.

The exceet Group SE differentiates three operating segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Embedded Security Solutions (ESS).

In the ECMS segment, the Group develops and produces complex, integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of customers. This segment offers a wide portfolio of innovative, integrated

electronic solutions. The products and services of the ECMS segment are aimed primarily at customers in the sectors of medical and healthcare, industrial automation, security and avionics.

The IDMS segment is engaged in design, development and production of contact and contactless smart cards, multi-function cards, card-reading units and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the company considers itself as one of the leading providers of comprehensive solutions for high-tech smart cards and the corresponding card-reading units in Europe. IDMS security solutions are used primarily in the sectors of financial services, security, public sector, transportation, and healthcare as well as retail.

The ESS segment combines the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected markets. The ESS segment focuses on security solutions for customers in the sectors of medical and healthcare, industrial automation, financial services, security, avionics and the public sector.

exceet Group SE operates in European countries as well as in the US and Asia-Pacific and consists of a total of 18 direct and indirect subsidiaries with 12 sites located in five European countries (the Republic of Austria ('Austria'), the Czech Republic, Germany, the Kingdom of the Netherlands (the 'Netherlands') and Switzerland), allowing the company to benefit from specific local

advantages (e.g. customer proximity) and to apply a flexible production process necessary to fulfill the specific requirements of customers.

The Group's legal parent company is exceet Group SE, a company incorporated as a Société Européenne under the law of Luxembourg. exceet Group SE was incorporated on October 9, 2009 as Helikos SE and renamed exceet Group SE on July 27, 2011. exceet Group SE has its registered office at 115 avenue Gaston Diderich, L-1420 Luxembourg. exceet Group SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapier-börse) on February 4, 2010.

On July 26, 2011, exceet Group AG completed its reverse asset acquisition of exceet Group SE pursuant to the terms and conditions of the share purchase and acquisition agreement. Further to detailed analysis in respect to the terms and conditions of the transaction between Helikos SE and exceet Group AG, management has determined the transaction as a reverse asset acquisition rather than a business combination. The acquisition did not meet the definition of a business combination in accordance with IFRS 3 'business combinations'. Instead, the acquisition has been treated as a group recapitalization, using the principles of reverse acquisition accounting in IFRS 3 'business combinations', since the substance of the transaction is that exceet Group AG has effectively been recapitalized. The consolidated financial statements have been prepared as if exceet Group AG had acquired exceet Group SE and its controlled entities, not vice versa as represented by the legal position. Due to the reverse acquisition treatment, the prior period figures of the presented consolidated financial statements will not match with those of former Helikos SE because the numbers represent the financial consolidated statement of exceet Group AG. Further information on the reverse asset acquisition is presented in notes 5 and 17.

The Group includes all relevant companies in which exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. In consequence of the acquisition of exceet Group AG on July 26, 2011, the basis of consolidation as at December 31, 2011 was extended to include exceet Group AG and its controlled entities. All companies consolidated can be seen in the list of consolidated subsidiaries of the Group (note 34).

The consolidated financial statements as of and for the year ended December 31, 2011 were approved by exceet Group SE's Board of Directors on March 29, 2012.

## 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

### (A) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS EFFECTIVE IN 2011, BUT NOT IMPACTING THE GROUP'S RESULT AND FINANCIAL POSITION.

The following new standards or amendments to existing standards have been applied since the year end 2010, which did not impact the Group's result and financial position:

IAS 24 – Related party disclosures

IAS 32 – Financial instruments: Presentation

IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions

IFRIC 19 – Extinguishing financial liabilities with equity instruments

### (B) THE FOLLOWING NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS HAVE BEEN ISSUED BUT ARE NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING JANUARY 1, 2011 AND HAVE NOT BEEN EARLY ADOPTED:

IAS 1 (revised 2011) 'Presentation of items of other comprehensive income' requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on PP&E or remeasurements of net pension assets or liabilities will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to

present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Group is yet to assess the full impact of the amendments. The amendment is effective for annual periods beginning on or after July 1, 2012, retrospective application, earlier application permitted.

IFRS 9 'Financial instruments' is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is yet to assess IFRS 9 full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2013.

IFRS 10 'Consolidated financial statements' the objective is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities, defines the principle of control, and establishes controls as the basis for consolidation. Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. Sets out the accounting requirements for the preparation of consolidated financial statements. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after January 1, 2013.

IFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after January 1, 2013.

IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after January 1, 2013.

IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after January 1, 2013.

IAS 19 (revised 2011) 'Employee benefits' requires the annual costs for defined benefit plans to comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and defined benefit obligation. Actuarial gains and losses (renamed 'remeasurements') will be recognized immediately in other comprehensive income. The corridor approach or recognition immediately in profit or loss will no longer be permissible. Additional disclosures are proposed regarding the characteristics of an entity's benefit plans, amounts recognized in the financial statements, impacts on future cash flows and risks arising from defined

benefit and multi-employer plans. Finally, the definition of a termination benefit is amended: any benefit that has a future service obligation is not a termination benefit. This will reduce the number of arrangements that meet the definition of termination benefits. The Group is yet to assess the full impact of the amendments. The amendment is effective for annual periods beginning on or after January 1, 2013, retrospective application, earlier application permitted.

IAS 27 (revised 2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Group is yet to assess the full impact of the amendments.

IAS 28 (revised 2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Group is yet to assess the full impact of the amendments.

# 3. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group are based on the financial statements of the individual Group companies at December 31 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets at market value, in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB).

The consolidated financial statements include the financial statements of except Group SE as well as the subsidiaries over which except Group SE exercises control. A list of the significant companies which are consolidated is given in note 34.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities and contingent assets and liabilities at the date of the financial statements as well as revenue and expenses reported for the financial year. Actual results could differ from these estimates.

## 3.1 PRINCIPLES OF CONSOLIDATION

### 3.1.1 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which except Group SE directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than 50% of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. For the consolidated entities, 100% of assets, liabilities, income and expenses are included.

Group companies acquired during the year are included in the consolidation from the date on which control over the company is transferred to the Group, and are excluded from the consolidation as of the date the Group ceases to have control over the company. Intercompany balances and transactions (including unrealized profit on intercompany inventories) are eliminated in full.

### 3.1.2 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition. See note 3.4.13 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

## 3.2 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services. The operating business segments are based on management's internal reporting. The Group has three main business segments, representing different subsidiaries. The management board's decisions are based on the management reporting.

## 3.3 CURRENCY TRANSLATION

### 3.3.1 REPORTING CURRENCY AND FUNCTIONAL CURRENCY

Items contained in the subsidiaries' financial statements are recognized in the currency of the primary economic environment in which the respective subsidiary operates ('Functional Currency'). Each entity within the Group determines its own functional currency. In principle, the functional currencies of the subsidiaries included in the consolidated financial statements are their respective local currencies.

The consolidated financial statements of the Group are prepared in euros (EUR), the presentation currency of the Group. The presentation currency of the except Group AG has been changed from CHF to EUR as per September 30, 2011.

### 3.3.2 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction between the functional currency and the foreign currency. All resulting foreign exchange differences are recognized in the subsidiaries' income statement for a given period and are included in the consolidated net income.

In the financial statements of the Group companies, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate differences are recorded in the income statement. Non-monetary assets and liabilities are translated at the historical rate.

### 3.3.3 GROUP COMPANIES

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- > Assets and liabilities for balance sheet are translated at the closing rate at the balance sheet date
- > Income and expenses for income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)
- > All resulting exchange differences are recognized in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 3.4 ACCOUNTING AND VALUATION PRINCIPLES

### 3.4.1 CASH AND CASH EQUIVALENTS

This item includes cash in hand and cash at banks, time deposits and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The cash flow statement summarizes the movements on cash and cash equivalents.

The investments in government bonds were designated as financial assets at fair value through profit or loss (fair value option) upon initial recognition. Determination of fair value is based on quoted market prices.

### 3.4.2 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables are recorded at original invoice amount, which is considered to be at fair value, less provision made for impairment of these receivables. A provision for impairment of trade and other 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 invoice. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

### 3.4.3 INVENTORIES

Purchased raw materials, components and finished goods are valued at the lower of cost or net realizable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

To evaluate cost, the standard cost method is applied, which approximates historical cost determined on an average basis. Standard costs take into account normal levels of materials, supplies, labor, efficiency and capacity utilization. Standard costs are regularly reviewed and, if necessary, revised in the light of current conditions. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Manufactured finished goods and work in progress are valued at the lower of production cost or net realizable value. Provisions are established for slow-moving, obsolete and phase-out inventory.

### 3.4.4 TANGIBLE ASSETS

Tangible assets are valued at purchase cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the expected useful lives of the individual assets or asset categories. Where an asset comprises several parts with different useful lives, each part of the asset is depreciated separately over its applicable useful life.

Land is not depreciated. The applicable useful lives are:

> Buildings	30 – 50 years
> Machinery & production facilities	5 – 10 years
> Equipment	5 – 8 years
> Vehicles	4 years
> IT hardware	3 years



The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy for assets that are owned. If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure on an item of tangible assets is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures for repair and maintenance which do not increase the estimated useful lives of the related assets are recognized as an expense in the period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other (losses)/gains – net in the income statement.

### 3.4.5 LEASING

---

Assets that are held under leases which effectively transfer to the Group the risks and rewards of ownership (finance leases) are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Minimum lease payments are the payments over the lease term that the Group is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by the Group and reimbursed from the lessor, together with any amounts guaranteed by the Group or by a party related to the Group. Assets under financial leasing are depreciated over their estimated useful life. The corresponding financial obligations are classified as 'current borrowings' or 'non-current borrowings', depending on whether they are payable within or after 12 months.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group's benefit.

### 3.4.6 INTANGIBLE ASSETS

---

Purchased intangible assets are measured initially at cost. Intangible assets are recognized when they are identifiable and controlled by the Group, when it is probable that future economic benefits to the Group can be expected from the asset and when cost can be measured reliably. With respect to intangible assets, it must first of all be determined whether they have finite or indefinite useful lives. Intangible assets with a finite useful life are amortized over their useful life and shall be tested for possible impairment whenever an indication exists that such intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each financial year. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category that corresponds to the intangible asset's function.

Purchased client base is amortized over a useful life of 15 – 20 years and purchased technology over a period of 5 years. Software is amortized over a useful life of 3 – 5 years, unless the software is part of a machine. In this case the useful life could depend on the machine or the technical equipment. Brands are amortized over 10 – 15 years. For amortization the Group applies the straight-line method. Except for goodwill, the Group has no intangible asset with an indefinite useful life.

### 3.4.7 BUSINESS COMBINATIONS AND GOODWILL

---

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as

incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred the amount on non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested at least annually for impairment and carried at cost, less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

For business combinations under common control, the Group has chosen to apply the predecessor values method. The assets and liabilities of the acquiree are recorded using IFRS book values and the difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity has to be recorded as an adjustment to equity. No additional goodwill is created by the transaction.

### 3.4.8 BORROWINGS

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### 3.4.9 OTHER FINANCIAL LIABILITIES

Public warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore, they are classified as financial liabilities at fair value through profit or loss. The fair value is determined by the rating of the warrants on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) at the reporting date.

Other financial liabilities such as trade and other payables as well as accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 3.4.10 PROVISIONS

A provision is only recorded if the Company has a present (legal or constructive) obligation arising from a past event, if it is probable 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. If a provision could not be recorded because not all of the aforementioned criteria were fulfilled, the relevant obligation is then disclosed as a contingent liability.

Provisions are reviewed at each balance sheet date and adjusted to the currently available best estimate. If the resulting interest rate effect is material, the provision is discounted to the present value of the estimated cash outflows necessary to settle the obligation. For provisions that are discounted, the increase in the provisions that reflect the time lapsed is recorded as interest expense. Where it is expected that another party will partly or fully settle the obligation that has been provided for, the reimbursement will only be recognized once it is virtually certain that the Group will receive the reimbursement.

### 3.4.11 INCOME TAXES / DEFERRED INCOME TAXES

---

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 3.4.12 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 and discounts and after eliminating sales within the Group. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

The revenue of the Group largely comprises revenues for the sale of goods. In addition, the Group generates some revenues from the sale of services.

#### Revenue from the sale of goods

Revenue from the sale of produced goods and prototypes is recorded as income at the time of delivery. Trade discounts and returns are deducted. The Group typically sells its products through purchase orders under contracts that include fixed or determinable prices and that generally do not include a right of return or similar provisions or other significant post-delivery obligations. Delivery does not occur until products have been shipped to the specified location and the risks of obsolescence and loss have been transferred to the customer.

#### Revenue from sale of services

Sales of services are recognized in the accounting period in which the services are rendered.

### 3.4.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

---

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or, where it is not possible to estimate the recoverable amount of an individual asset, a cash-generating unit, is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment of financial assets is described under the section on financial instruments.

### 3.4.14 RELATED PARTIES

A party is related to an entity if the party directly or indirectly controls, is controlled by, or is under common control of the entity, has an interest in the entity that gives it significant influence over the entity, has joint control over the entity or is an associate or a joint venture of the entity. In addition, members of key management personnel of the entity or close members of their family are also considered related parties as are post-employment benefit plans for the benefit of employees of the entity.

### 3.4.15 EMPLOYEE BENEFITS (IAS 19) / RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit pension plans. A defined benefit plan is a pension plan which defines the pension obligation amount that the employee will receive at retirement age; the amount usually depends on one or more factors, such as age, period of service and salary.

Accounting and reporting of these plans are based on annual actuarial valuations. Defined benefit obligations and service costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees participating in these plans. The pension obligation is measured as the present value of the estimated future outflows using interest rates of high-quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses, resulting from changes in actuarial assumptions and differences between assumptions and actual experiences, are recognized in the period in which they occur outside the income statement directly in the consolidated statement of comprehensive income.

### 3.4.16 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.4.17 DEFINITION OF NON-GAAP MEASURES

Earnings before interest and taxes (EBIT) are a subtotal which includes all operating income and expenses before addition/deduction of financial income and expenses and income taxes.

Earnings before depreciation, amortization, interest and taxes (EBITDA) are a subtotal which includes all operating income and expenses before addition/deduction of depreciation of fixed assets, amortization of intangibles, financial income and expenses and income taxes.

### 3.4.18 GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

## 4. FINANCIAL ASSETS

except Group SE classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever their intention or ability changes. All purchases and sales are recognized on the trade date.

› Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

› Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (note 3.4.2).

› Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are

included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The Group does not hold any financial assets of the category 'held-to-maturity investments'.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed as translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in the consolidated statement of comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in the consolidated statement of comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in the consolidated statement of comprehensive income are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 3.4.2.

The fair value hierarchy has the following levels:

- a) Level 1: quoted prices in active markets for identical assets or liabilities
- b) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices)
- c) Level 3: inputs for the asset or liability that are not based on observable market data

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 5.1 CRITICAL JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

#### 5.1.1 SHARE-BASED PAYMENTS

---

Founders have subscribed founding warrants and founding shares that were exercisable/convertible into public shares depending on various conditions, including occurrence of an acquisition. The corresponding equity effect was recognized in equity at date of acquisition, which took place on July 26, 2011.

#### 5.1.2 REVERSE ASSET ACQUISITION

---

The legal acquisition of exceet Group AG by exceet Group SE has been classified as a reverse asset acquisition with former exceet Group AG shareholders receiving de facto control of exceet Group SE. Because exceet Group SE does not meet the definition of a business in terms of IFRS 3, management concluded to account for the acquisition as a capital transaction of exceet Group AG (so-called reverse asset acquisition) and is the equivalent to the issuance of shares by exceet Group AG in

exchange for the net assets of exceet Group SE (as-if capital increase). The deemed cost of the shares issued is TEUR 178,750, which represents the fair value of shares that exceet Group AG would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of exceet Group AG acquiring 100% of the shares in exceet Group SE.

The fair value of shares of exceet Group AG has been determined by reference to quoted market prices. Management is of the opinion that the quoted market price as of July 26, 2011 (closing date) of exceet Group SE is not fully representative for the fair value of the shares of exceet Group AG because of the fact, that the quoted market price represents the fair value of exceet Group SE (the SPAC) and is not necessarily identical with the fair value of the shares of exceet Group AG. According to fair value hierarchy, management of exceet decided to make adjustments to the quoted market price (fair value level 2) including reliable evidence validating the fair value used. Other fair values used would have led to different results.

#### 5.1.3 DEFERRED TAX

---

For exceet Group SE (formerly Helikos SE) deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

#### 5.1.4 INVENTORIES

For the valuation adjustment of inventories, management uses judgment which is based on past experience. To determine the inventory provision, the past experience turnover of the inventory is used as the basis for the calculation. For the determination of the net realizable value of the inventories, management uses methods that require estimates.

#### 5.1.5 INTANGIBLE AND TANGIBLE ASSETS

The Group regularly assesses the useful life of its intangible assets with definite useful life such as customer base, technology, brand or software. Such assessment is based on estimates which are substantially based on the continued benefit of the intangible asset for the Group.

The Group also regularly assesses the useful life of its tangible assets. Such assessment is made on estimates which are based on the technical efficiency, the applicability and the continued use of tangible assets.

The Group regularly assesses the useful life of its intangible assets with definite useful life if there are trigger events for a potential impairment. Such trigger events could be a change of the customer base, of the technology or reputation damage of the brand or the software not to be useful anymore. Such assessment is based on estimates which are substantially based on the continued benefit of the intangible asset for the Group.

The Group also regularly assesses the useful life of its tangible assets life if there are trigger events for a potential impairment. Such assessment is made on estimates which are based on the technical efficiency, the applicability and the continued use of the tangible assets.

## 5.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### 5.2.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.4.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The Group has performed a sensitivity analysis based on reasonable possible shift:

- > If the estimated gross margin at December 31, 2011 had been 2% lower than management's estimates at December 31, 2011 (for example, 32.34% instead of 33%), the estimated recoverable amount still exceeds the carrying amount.
- > If the estimated pretax discount rate applied to the discounted cash flows had been 10% higher than management's estimates (for example, 11.33% instead of 10.3%), the estimated recoverable amount still exceeds the recoverable amount.

#### 5.2.2 PROVISIONS

The Group is exposed to different risks. Management assumes at the current time that the provisions cover the different risks of the Group. However it is possible that the situation will change and the costs are not covered with the existing provisions or the costs are lower than expected. Any arising changes can have effects on future periods. For details refer to note 23.



### 5.2.3 RETIREMENT BENEFIT OBLIGATION

---

Actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. The actuary also uses statistical data such as mortality tables and staff turnover rates in the actuarial calculations he performs with a view to determining employee benefit obligations. If these parameters change due to a change in economic or market conditions, the subsequent result can deviate considerably from the actuarial report and calculation.

Over the medium term, this deviation can have a significant effect on income and expenses arising from employee benefits plans. The carrying amounts of the plan assets and liabilities carried in the balance sheet are set out in note 19.

### 5.2.4 INCOME TAXES

---

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues on the basis of estimates of whether additional taxes are due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 5.2.5 EARN-OUT PAYMENT RELATED TO ACQUISITION

---

The basis for the calculation of potential earn-out payments are the agreed medium term plans. If the plan is not met, the earn-out payment will differ from the estimated payment. Such adjustment will be recognized in the income statement.

## 6. FINANCIAL RISK MANAGEMENT

### 6.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and public warrant fair value risk), credit risk and liquidity risk. The Group's overall risk management system aims to identify key financial risks at an early juncture, both within the companies and at the Group level, and to implement appropriate countermeasures to minimize potential adverse effects on the Group's financial performance.

#### 6.1.1 MARKET RISK

##### Foreign exchange risk

The Group companies generate revenue mostly in euros, Swiss francs and to a smaller extent in US dollars. Most of the equipment and the raw materials are purchased from European manufacturers or distributors in euros. Concerning the Swiss companies, the revenues generated do not fully cover the Company's demand for euros. Management has instructed the sales team to price goods in euros where possible.

The revenue generated in US dollars is generally used for the procurement of equipment, services or raw material and has usually balanced out in the past thus providing a natural hedge. Management has instructed the sales team to either price the products in euros and Swiss francs, to include exchange rate adjustments

in framework contracts or to include an adequate foreign exchange margin in the pricing.

Generally foreign currencies are only kept if future payments are expected to be made in a particular currency. Foreign currency exposure is optimized by balancing the currency needs among the Group companies. With the addition of the new companies into the Group, the possibility of interexchanging foreign currencies has improved within the Group and natural hedging procedures cover extensively the risks that occur. The Group does not enter into any hedging transactions.

The Group is exposed to foreign exchange risks especially with regards to the Swiss francs and US dollars.

As of December 31, 2011, the profits for the period would have been TEUR 271 higher (2010: TEUR 313) if the Swiss francs had weakened 10% against the euros ceteris paribus. With a stronger Swiss francs to the euros exchange rate, profits would have been reduced by similar amounts. This effect is caused by foreign exchange gains/losses of euro-denominated trade account receivables and trade account payables.

Similarly, as of December 31, 2011, the profits for the period would have been TEUR 30 lower (2010: TEUR 8) if the US dollar had weakened by 10% against the euros ceteris paribus. With a stronger dollar, profits would have increased by the same extent, mainly due to foreign exchange gains/losses of US dollar-denominated trade account receivables and trade account payables.

### Foreign exchange rates

The exchange rates relevant to the annual financial statements were:

	December 31, 2011	Average 2011	December 31, 2010	Average 2010
CHF 1	0.82	0.81	0.80	0.72
USD 1	0.77	0.72	0.75	0.75

### Price risk

The Group is not exposed to investment price risk; however, there is a material and raw material price risk for the production of electronic applications and smart cards.

### ECMS segment

With a high value-add, the PCB factory has low exposure to raw material prices. Raw material prices for epoxy and polyimide are mildly driven by the oil price, whereas copper, nickel and gold are purchased at spot rates. However, the total cost component of copper is less than 4% of the average selling price and hence the influence on the margin is limited. In extreme cases, the subsidiary is able to renegotiate selling prices with the clients to adjust for raw material price hikes.

Material content in electronic modules and systems can be high and this implies an associated price risk. The electronic component market is characterized by supply and demand. Following the component market in 2010, which was characterized by shortages and long lead times for electronic components, the market stabilized in 2011.

The Group, in close cooperation with its customers, guarded effectively against these risks with long-term supplier contracts, increased inventory levels and the storage of discontinued parts. Higher component costs and the cost of increased inventories were shared with the clients whenever possible. Inventories are at all times covered by open purchase orders from customers. As a result it was possible to largely satisfy deliveries to customers over the past financial year.

### IDMS segment

Most of the products produced and sold in the IDMS segment are highly customized. There are hardly any comparable products available from potential competitors; the price risks are therefore minor. As most of the products are produced using standard components, price increases for these components can be either avoided by changing to another supplier or they can be passed on to customers.

### ESS segment

Most of the revenues within the ESS segment are generated through software, cloud services and professional services. The software and cloud services are helping organizations to optimize their business processes as well as to comply with international and national legal environments. If legal environments are changing or may become obsolete, customers may demand changes of the software and services or may terminate related agreements. The ESS segment monitors precautionary legal environments in many countries directly or through partners and customers, enabling the ESS segment to adapt quickly to future legal and other changes which might be requested by ESS's customers.

### Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The duration for which the Group has fixed the interest rates depends on the current interest conditions in the market.

For most of the long-term borrowings, the Group has capped LIBOR or EURIBOR based variable interest rates thus limiting the interest rate risk.

Covenants, as agreed with the lending banks, determine the interest rate margin over the LIBOR or EURIBOR. This margin largely depends on business performance of the Group (leverage ratio). Compliance with the financial covenants means that the Group has good credit standing with banks and access to further financing resources. In addition, banks provide credit lines that also create scope for short-term financial maneuver.

*Sensitivity analysis*

If the interest rates of the different long-term borrowings would have been higher/lower by one percentage point, with all other variables held constant, the Group would have had higher/lower interest expenses in 2011 of TEUR 222 (2010: TEUR 131). The Group's borrowings at variable and fixed rates are denominated in EUR and CHF.

**Public warrant fair value risk**

except Group SE's public warrants are accounted for as financial liability recognized at fair value through profit or loss. The fair value is based on the quoted market price of the public warrants. A change in the market price of the public warrants will impact the profit and loss and the equity as well as the amount of the liability. An increasing market price for the public warrants would result in a higher liability and a loss in the comprehensive income of except Group SE.

*Sensitivity analysis*

The closing price for the public warrants for the year ended December 31, 2011 was quoted at EUR 0.15. An increase in the market price of 10% would result in a loss and a negative equity impact of TEUR 300 whereas a decrease of 10% in the market price would result in a gain and a positive equity impact of the TEUR 300.

## 6.1.2 CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted for all significant relationships. Furthermore the risk on cash and cash equivalents is minimized by the consideration of different financial institutions. For the risk control assessment of customers, the credit quality of the customer takes into account its financial position, past experience and other factors. Based on the varying customer structure within the Group, no specific individual credit limits are defined by the Group. Accounts

receivables are regularly monitored and supported by an effective accounts receivables management method in close cooperation with key account managers.

The table below shows the trade receivables balances of the five major counterparties of each subsidiary as per the balance sheet date. Management does not expect any losses from non-performance by these counterparties.

TRADE RECEIVABLES TEUR	2011	2010
<b>MAJOR COUNTERPARTIES WITH EXTERNAL CREDIT RATING</b>		
AA+	33	54
AA–	1,088	1,429
A+	1,921	0
BBB	1,879	1,865
<b>Total major counterparties with external credit rating</b>	<b>4,921</b>	<b>3,348</b>
<b>MAJOR COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING</b>		
Group 1	60	0
Group 2	7,007	7,066
Group 3	2,325	2,077
<b>Total major counterparties without external credit rating</b>	<b>9,392</b>	<b>9,143</b>

Group 1 – new customers/related parties less than 6 months.

Group 2 – existing customers/related parties for more than 6 months with no defaults in the past.

Group 3 – existing customers/related parties for more than 6 months with some defaults in the past. All defaults were fully recovered.

Source for external credit rating: Standard & Poor's

The table below shows the bank balances rated:

CASH AT BANK AND SHORT-TERM BANK DEPOSITS TEUR	2011	2010
<b>BANKS WITH EXTERNAL CREDIT RATING</b>		
AAA	13,105	7,267
AA+	30	0
AA	0	1,543
AA–	667	1,371
A+	19,613	933
A	5,977	7,304
A–	350	0
C	0	69
D	140	0
Not rated	250	424
<b>Total cash at bank and short-term bank deposits</b>	<b>40,132</b>	<b>18,911</b>

### 6.1.3 LIQUIDITY RISK

Cash flow risk is categorized as very low as a result of the Company's good liquidity position and strong cash flow generation.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group monitors its risk of suffering a shortage of funds on a monthly basis. In addition, management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

TEUR	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>AT DECEMBER 31, 2011</b>				
Bank borrowings	6,583	5,960	9,174	2,436
Other borrowings	3,917	6,404	2,808	4
Trade payables	10,838	0	0	0
Other payables	5,308	0	0	0
<b>AT DECEMBER 31, 2010</b>				
Bank borrowings	4,768	7,541	7,133	516
Other borrowings	13,891	2,117	2,259	97
Trade payables	9,131	0	0	0
Other payables	5,304	0	0	0

The financial liability resulting from public warrants with a carrying amount of TEUR 3,000 as at December 31, 2011, is not subject to liquidity risk. public warrants will be settled net in shares; therefore, the exercising of public warrants will not trigger any cash outflows.

## 6.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide added value to our shareholders and benefits for other stakeholders; to maintain an optimum capital structure to reduce the cost of capital and to enable the Group to continue to focus on growth.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. During the last few years, the Group's strategy was to maintain a gearing ratio of a maximum of 30%. The gearing ratios at December 31, 2011 and 2010 were as follows:

TEUR	2011	2010
Bank borrowings	22,954	18,865
Finance lease	5,853	6,621
Total borrowings	28,807	25,486
Less: cash and cash equivalents (note 16)	-40,132	-18,911
<b>Net (cash)/debt</b>	<b>-11,325</b>	<b>6,575</b>
Equity	85,601	55,974
Loan due to shareholder subordinated	6,697	11,047
Total equity and equity equivalents	92,298	67,021
<b>Total capital</b>	<b>80,973</b>	<b>73,596</b>
Gearing ratio	-14%	9%

The decrease in gearing ratio in 2011 resulted mainly from the cash inflow related to reverse asset acquisition.

## 6.3 FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market condi-

tions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2011, respectively at December 31, 2010.

TEUR	Level 1	Level 2	Level 3	Total
<b>DECEMBER 31, 2011</b>				
<b>Assets as per balance sheet</b>				
Financial assets at fair value through profit or loss				
Interest cap		15		15
<b>Total</b>		<b>15</b>		<b>15</b>
<b>Liabilities as per balance sheet</b>				
Financial liabilities at fair value through profit or loss				
Interest cap		73		73
Public warrants	3,000			3,000
Earn-out liability			1,476	1,476
<b>Total</b>	<b>3,000</b>	<b>73</b>	<b>1,476</b>	<b>4,549</b>
<b>DECEMBER 31, 2010</b>				
<b>Assets as per balance sheet</b>				
Financial assets at fair value through profit or loss				
Interest cap		20		20
<b>Total</b>		<b>20</b>		<b>20</b>
<b>Liabilities as per balance sheet</b>				
Financial liabilities at fair value through profit or loss				
Interest cap		72		72
Earn-out liability			658	658
<b>Total</b>		<b>72</b>	<b>658</b>	<b>730</b>

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



## 7. SEGMENT INFORMATION

The Group has three main business segments, Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and Electronic Security Solutions (ESS), representing different subsidiaries. The segment information is presented on the same basis as for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Management Board. In addition,

the Group has a fourth segment 'Corporate and others' for reporting purposes, which only includes the investment companies. Companies of excecet Group SE (formerly Helikos SE), which have been subject of reverse asset acquisition, have been assigned to the segment 'Corporate and others'.

The segment results are as follows:

TEUR	ECMS		IDMS	
	2011	2010	2011	2010
External revenue	121,401	79,418	45,094	40,017
Inter-segment revenue	0	2	576	2
<b>Total revenue</b>	<b>121,401</b>	<b>79,420</b>	<b>45,670</b>	<b>40,019</b>
<b>Operating result (EBITDA)</b>	<b>26,510</b>	<b>17,097</b>	<b>2,925</b>	<b>3,400</b>
EBITDA margin	21.8%	21.5%	6.4%	8.5%
Depreciation and amortization	-5,578	-4,259	-2,205	-1,531
<b>Operating result (EBIT)</b>	<b>20,932</b>	<b>12,838</b>	<b>720</b>	<b>1,869</b>
EBIT margin	17.2%	16.2%	1.6%	4.7%
Financial income				
Financial expense				
<b>Financial result – net</b>				
<b>Profit before income tax</b>				
Income tax expense				
<b>Profit for the period</b>				
Non-current assets	54,791	45,911	22,405	22,476
Current assets	61,824	39,733	13,720	16,422
Liabilities	41,124	26,649	15,841	17,773
Capital expenditure – tangible assets	3,923	3,767	2,178	1,002
Capital expenditure – intangible assets	200	151	77	45
Depreciation – tangible assets	-3,148	-2,497	-1,847	-1,386
Impairment – tangible assets	0	0	-104	-60
Amortization – intangible assets	-2,430	-1,762	-254	-85
Impairment of goodwill	0	0	0	0

ESS		Corporate and others		Inter-segment elimination		Group consolidated	
2011	2010	2011	2010	2011	2010	2011	2010
3,981	0	0	0			170,476	119,435
0	0	419	302	-995	-306	0	0
3,981	0	419	302	-995	-306	170,476	119,435
285	0	-5,265	-2,800			24,455	17,697
7.2%	0.0%					14.3%	14.8%
-294	0	-42	-29			-8,119	-5,819
-9	0	-5,307	-2,829			16,336	11,878
-0.2%	0.0%					9.6%	9.9%
						8,340	1,288
						-5,119	-2,607
						3,221	-1,319
						19,557	10,559
						-4,851	-1,506
						14,706	9,053
1,745	0	197	56			79,138	68,443
877	0	15,492	3,199			91,913	59,354
1,227	0	27,258	27,401			85,450	71,823
90	0	163	3			6,354	4,772
2	0	4	13			283	209
-17	0	-13	-4			-5,025	-3,887
0	0	0	0			-104	-60
-277	0	-29	-25			-2,990	-1,872
0	0	0	0			0	0

In 2011, 11.7% (2010: 9.8%) the Group's total revenue was generated with one client from the ECMS segment. The Group does not generate more than 10% of its revenue with any other client.

In addition, a breakdown of sales is presented by country of end customer, which shows the geographic segments according to the country in which the products are used.

	Revenue 2011 TEUR	in %	Revenue 2010 TEUR	in %
Europe (excl. Switzerland)	122,654	72.0	76,245	63.8
Switzerland	40,470	23.7	36,412	30.5
USA/Asia	5,129	3.0	5,879	4.9
Rest of the World	2,223	1.3	899	0.8
<b>Total</b>	<b>170,476</b>	<b>100.0</b>	<b>119,435</b>	<b>100.0</b>

Germany accounts for 37% of the revenue attributed to Europe (2010: 43%). The rest stems from a variety of different countries in Europe.

The assets and capital expenditure is allocated based on where the assets are located. The non-current assets can geographically be allocated to Switzerland TEUR 42,669 (2010: TEUR 44,007), Germany TEUR 13,765 (2010: TEUR 11,023), Netherlands TEUR 546 (2010: TEUR 622), Austria TEUR 20,362 (2010: TEUR 11,351) and Czech Republic TEUR 1,796 (2010: TEUR 1,440).

## 8. FINANCIAL INSTRUMENTS BY CATEGORY

DECEMBER 31, 2011 TEUR	Loans and receivables	Asset at fair value through profit and loss	Total
<b>ASSETS AS PER BALANCE SHEET</b>			
Derivative financial instruments		15	15
Trade and other receivables excluding prepayments	20,141		20,141
Cash and cash equivalents	40,132		40,132
<b>Total</b>	<b>60,273</b>	<b>15</b>	<b>60,288</b>

DECEMBER 31, 2011 TEUR	Other financial liabilities at amortized cost	Liabilities at fair value through profit and loss	Total
<b>LIABILITIES AS PER BALANCE SHEET</b>			
Borrowings (excluding finance lease liabilities)	29,651		29,651
Finance lease liabilities	5,853		5,853
Derivative financial instruments		73	73
Public warrants		3,000	3,000
Trade and other payables excluding statutory liabilities	19,108		19,108
<b>Total</b>	<b>54,612</b>	<b>3,073</b>	<b>57,685</b>

DECEMBER 31, 2010 TEUR	Loans and receivables	Asset at fair value through profit and loss	Total
<b>ASSETS AS PER BALANCE SHEET</b>			
Derivative financial instruments		20	20
Trade and other receivables excluding prepayments	17,888		17,888
Cash and cash equivalents	18,911		18,911
<b>Total</b>	<b>36,799</b>	<b>20</b>	<b>36,819</b>

DECEMBER 31, 2011 TEUR	Other financial liabilities at amortized cost	Liabilities at fair value through profit and loss	Total
<b>LIABILITIES AS PER BALANCE SHEET</b>			
Borrowings (excluding finance lease liabilities)	29,913		29,913
Finance lease liabilities	6,620		6,620
Derivative financial instruments		72	72
Trade and other payables excluding statutory liabilities	15,022		15,022
<b>Total</b>	<b>51,555</b>	<b>72</b>	<b>51,627</b>

# 9. TANGIBLE ASSETS

2011 TEUR	Land & buildings	Production facilities & machinery	Equipment	Vehicles	IT hardware	Assets under cons- truction	Total
<b>ACQUISITION COSTS</b>							
As of January 1, 2011	9,211	37,435	2,483	212	1,420	219	50,980
Acquisition of subsidiaries (note 32)	3,011	1,694	72	16	17	0	4,810
Additions	1,367	3,627	604	91	289	376	6,354
Disposals	0	-823	-14	0	-12	-109	-958
Transfer to other category	0	9	135	0	0	-144	0
Currency translation differences	125	340	51	4	9	2	531
<b>As of December 31, 2011</b>	<b>13,714</b>	<b>42,282</b>	<b>3,331</b>	<b>323</b>	<b>1,723</b>	<b>344</b>	<b>61,717</b>
<b>ACCUMULATED DEPRECIATION</b>							
As of January 1, 2011	-3,566	-23,990	-1,161	-150	-1,132	0	-29,999
Additions	-552	-3,812	-416	-46	-199	0	-5,025
Disposals	0	698	13	0	12	0	723
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	-17	-165	-17	-2	-10	0	-211
<b>As of December 31, 2011</b>	<b>-4,135</b>	<b>-27,269</b>	<b>-1,581</b>	<b>-198</b>	<b>-1,329</b>	<b>0</b>	<b>-34,512</b>
<b>ACCUMULATED IMPAIRMENT</b>							
As of January 1, 2011	0	0	0	0	0	0	0
Additions	0	-104	0	0	0	0	-104
Disposals	0	0	0	0	0	0	0
<b>As of December 31, 2011</b>	<b>0</b>	<b>-104</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-104</b>
<b>Net book value as of January 1, 2011</b>	<b>5,645</b>	<b>13,445</b>	<b>1,322</b>	<b>62</b>	<b>288</b>	<b>219</b>	<b>20,981</b>
<b>Net book value as of December 31, 2011</b>	<b>9,579</b>	<b>14,909</b>	<b>1,750</b>	<b>125</b>	<b>394</b>	<b>344</b>	<b>27,101</b>

2010 TEUR	Land & building	Production facilities & machinery	Equipment	Vehicles	IT hardware	Assets under cons- truction	Total
<b>ACQUISITION COSTS</b>							
As of January 1, 2010	8,840	32,678	1,886	156	1,197	284	45,041
Acquisition of subsidiaries (note 32)	419	780	43	3	1	0	1,246
Additions	133	3,849	332	37	223	198	4,772
Disposals	-970	-2,061	-31	-2	-54	0	-3,118
Transfer to other category	0	303	2	0	0	-305	0
Currency translation differences	789	1,886	251	18	53	42	3,039
As of December 31, 2010	9,211	37,435	2,483	212	1,420	219	50,980
<b>ACCUMULATED DEPRECIATION</b>							
As of January 1, 2010	-3,618	-21,984	-807	-107	-990	0	-27,506
Additions	-393	-3,000	-300	-35	-159	0	-3,887
Disposals	537	1,817	22	2	52	0	2,430
Transfer to other category	0	1	-1	0	0	0	0
Currency translation differences	-92	-824	-75	-10	-35	0	-1,036
As of December 31, 2010	-3,566	-23,990	-1,161	-150	-1,132	0	-29,999
<b>ACCUMULATED IMPAIRMENT</b>							
As of January 1, 2010	0	0	0	0	0	0	0
Additions	0	-51	-9	0	0	0	-60
Disposals	0	51	9	0	0	0	60
As of December 31, 2010	0	0	0	0	0	0	0
Net book value as of January 1, 2010	5,222	10,694	1,079	49	207	284	17,535
Net book value as of December 31, 2010	5,645	13,445	1,322	62	288	219	20,981

Production facilities and machinery includes the following amounts where the Group is a lessee under a finance lease:

<b>PRODUCTION FACILITIES AND MACHINERY</b> <b>TEUR</b>	<b>2011</b>	<b>2010</b>
Cost-capitalized finance leases	13,131	11,267
Accumulated depreciation	-4,663	-2,904
<b>Net book amount</b>	<b>8,468</b>	<b>8,363</b>

The Group leases various production facilities and machinery under non-cancellable finance lease agreements. The lease terms are four to five years. The Group purchased fixed assets through finance lease arrangements of TEUR 1,653 (2010: TEUR 2,619).

Depreciation expense of TEUR 4,124 (2010: TEUR 3,251) has been charged in 'cost of sales', TEUR 790 (2010: TEUR 149) in 'administrative expenses' and TEUR 215 (2010: TEUR 547) in 'distribution costs'.

<b>FIRE INSURANCE VALUES</b> <b>TEUR</b>	<b>2011</b>	<b>2010</b>
Buildings, machinery and equipment	108,020	95,010
<b>Total</b>	<b>108,020</b>	<b>95,010</b>

Bank borrowings (note 18) are secured on land and buildings for the value of TEUR 6,879 (2010: TEUR 4,295). Furthermore, TEUR 2,811 (2010: TEUR 1,631) for machinery and equipment are pledged for borrowing facilities.

# 10. INTANGIBLE ASSETS

2011 TEUR	Goodwill	Customer base	Technology	Brand	Software	Other intangible assets	Total
<b>ACQUISITION COSTS</b>							
As of January 1, 2011	30,315	16,444	3,824	1,493	2,502	0	54,578
Acquisition of subsidiaries (note 32)	1,173	3,790	1,300	8	214	10	6,495
Additions	0	0	0	18	265	0	283
Disposals	0	0	0	0	0	0	0
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	419	389	98	31	27	0	964
As of December 31, 2011	31,907	20,623	5,222	1,550	3,008	10	62,320
<b>ACCUMULATED AMORTIZATION</b>							
As of January 1, 2011	0	-3,563	-1,830	-378	-1,624	0	-7,395
Additions	0	-1,763	-604	-154	-469	0	-2,990
Disposals	0	0	0	0	0	0	0
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	0	-106	-55	-10	-18	0	-189
As of December 31, 2011	0	-5,432	-2,489	-542	-2,111	0	-10,574
Net book value as of January 1, 2011	30,315	12,881	1,994	1,115	878	0	47,183
Net book value as of December 31, 2011	31,907	15,191	2,733	1,008	897	10	51,746

2010 TEUR	Goodwill	Customer base	Technology	Brand	Software	Other intangible assets	Total
<b>ACQUISITION COSTS</b>							
As of January 1, 2010	26,167	12,700	3,205	1,057	2,060	0	45,189
Acquisition of subsidiaries (note 32)	1,731	1,293	0	239	76	0	3,339
Additions	0	0	0	2	207	0	209
Disposals	-233	0	0	0	-8	0	-241
Currency translation differences	2,650	2,451	619	195	167	0	6,082
As of December 31, 2010	30,315	16,444	3,824	1,493	2,502	0	54,578
<b>ACCUMULATED AMORTIZATION</b>							
As of January 1, 2010	0	-2,140	-1,095	-216	-1,163	0	-4,614
Additions	0	-910	-472	-114	-376	0	-1,872
Disposals	0	0	0	0	5	0	5
Currency translation differences	0	-513	-263	-48	-90	0	-914
As of December 31, 2010	0	-3,563	-1,830	-378	-1,624	0	-7,395
Net book value as of January 1, 2010	26,167	10,560	2,110	841	897	0	40,575
Net book value as of December 31, 2010	30,315	12,881	1,994	1,115	878	0	47,183

The amortization expense of TEUR 2,990 (2010: TEUR 1,872) has been charged in 'cost of sales'.



### Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which belong to the three business segments. A summary of the goodwill allocation is presented below:

GOODWILL TEUR	December 31, 2011	December 31, 2010
ECR	3,349	3,265
GS	4,209	4,103
Mikrap	9,147	8,918
PPC	2,825	2,825
NovaCard	880	880
VisionCard	8,593	8,593
Winter	378	378
The Art of Packaging	1,353	1,353
AuthentiDate	380	0
Contec	793	0
<b>Total</b>	<b>31,907</b>	<b>30,315</b>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rate of 1% (2010: 1%).

The estimated recoverable amount for ECR, GS, Mikrap, PPC, NovaCard, VisionCard, Winter, The Art of Packaging, AuthentiDate and Contec exceeds the carrying amount of the unit. Management considers that it is not reasonably possible for the assumed gross margin to change so significantly as to eliminate this excess.

The following discount rates are used for value-in-use calculations for each CGU:

- > Switzerland: ECR, GS, Mikrap: 9%
- > Europe: PPC, NovaCard, VisionCard, Winter, The Art of Packaging, AuthentiDate, Contec: 9.55%

See also note 5.1 for the impact of changes in estimates. These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development (Management medium-term planning). The compounded average growth rates (CAGR) used is consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. To meet the requirements of the region of the CGUs, two different discount rates have been selected (2010: Switzerland 9.16%; Europe 9.95%). The gross margin varies depending on the operating function of the companies.

# 11. DEFERRED TAXES / INCOME TAXES

INCOME TAXES TEUR	2011	2010
Total current income tax	-5,532	-2,102
Total deferred tax	681	596
<b>Total income tax recognized in income statement</b>	<b>-4,851</b>	<b>-1,506</b>
Total deferred tax directly recognized in other comprehensive income	422	29
<b>Total income tax (expense)/income</b>	<b>-4,429</b>	<b>-1,477</b>

RECONCILIATION OF TAX EXPENSE TEUR	2011	2010
Profit before tax	19,557	10,559
<b>Average of domestic tax rates</b>	<b>20.68%</b>	<b>21.38%</b>
Tax calculated at average domestic tax rates applicable to profits in the respective jurisdictions	-4,044	-2,257
Non-taxable income and expenses	1,570	4
Non-deductible expenses	30	-19
Unrecognized tax loss carryforwards	-2,328	-151
Used unrecognized tax loss carryforwards	77	479
Effect of changes in local tax rates	0	426
Tax effect from prior years	-156	12
<b>Total income tax (current &amp; deferred)</b>	<b>-4,851</b>	<b>-1,506</b>
<i>in % of earnings before tax</i>	<i>24.80%</i>	<i>14.26%</i>

In the current year, the decrease of the average of domestic tax rates was the result of the change in the mix of the profit and loss of the different Group companies.

### Tax provisions

The gross movement on the deferred income tax accounts is as follows:

TEUR	2011	2010
<b>At January 1</b>	<b>-6,519</b>	<b>-4,187</b>
Acquisition of subsidiaries (note 32)	-782	-2,251
Income statement charge	307	596
Directly recognized in other comprehensive income	422	29
Currency translation difference	-102	-706
<b>At December 31</b>	<b>-6,674</b>	<b>-6,519</b>

### Composition of deferred taxes in the balance sheet

Deferred tax assets and liabilities are presented on a net basis if a legally enforceable right exists to offset current tax receivables against tax payables and if the deferred taxes exist in the same tax jurisdiction. The following amounts were offset:

TEUR	2011	2010
<b>DEFERRED TAX LIABILITIES</b>		
Deferred tax liabilities, realized after 12 months	-7,274	-5,950
Deferred tax liabilities, realized within 12 months	-1,965	-1,862
<b>Total deferred tax liabilities</b>	<b>-9,239</b>	<b>-7,812</b>
<b>DEFERRED TAX ASSETS</b>		
Deferred tax assets, realized after 12 months	2,326	1,196
Deferred tax assets, realized within 12 months	239	97
<b>Total deferred tax assets</b>	<b>2,565</b>	<b>1,293</b>
<b>Total deferred tax</b>	<b>-6,674</b>	<b>-6,519</b>

The changes in deferred tax assets and liabilities in the current year, without taking into account the netting of open items within the same tax jurisdiction, are determined as follows:

2011 TEUR	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Others	Total
<b>DEFERRED TAX LIABILITIES</b>							
<b>January 1, 2011</b>	<b>-2,739</b>	<b>-1,264</b>	<b>-1,671</b>	<b>-122</b>	<b>-2</b>	<b>-2,014</b>	<b>-7,812</b>
Acquisition of subsidiaries (note 32)	-1,368	-222	-39	0	0	-18	-1,647
Movements via income statement	510	77	82	1	0	-323	347
Movements via equity	0	0	0	0	0	-8	-8
Result of changed tax rate	0	0	0	0	0	0	0
Currency translation differences	-53	-13	-49	-2	2	-4	-119
<b>December 31, 2011</b>	<b>-3,650</b>	<b>-1,422</b>	<b>-1,677</b>	<b>-123</b>	<b>0</b>	<b>-2,367</b>	<b>-9,239</b>

<b>DEFERRED TAX ASSETS</b>							
<b>January 1, 2011</b>	<b>0</b>	<b>91</b>	<b>0</b>	<b>15</b>	<b>566</b>	<b>621</b>	<b>1,293</b>
Acquisition of subsidiaries (note 32)	50	0	68	7	0	740	865
Movements via income statement	-50	-36	70	-14	-40	30	-40
Movements via equity	0	0	0	0	430	0	430
Result of changed tax rate	0	0	0	0	0	0	0
Currency translation differences	0	1	0	0	16	0	17
<b>December 31, 2011</b>	<b>0</b>	<b>56</b>	<b>138</b>	<b>8</b>	<b>972</b>	<b>1,391</b>	<b>2,565</b>

2010 TEUR	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Others	Total
<b>DEFERRED TAX LIABILITIES</b>							
<b>January 1, 2010</b>	<b>-2,452</b>	<b>-1,278</b>	<b>-1,411</b>	<b>-117</b>	<b>-6</b>	<b>-89</b>	<b>-5,353</b>
Acquisition of subsidiaries (note 32)	-414	0	0	0	0	-1,909	-2,323
Movements via income statement	258	119	-92	-1	4	-6	282
Movements via equity	0	0	0	0	0	0	0
Result of changed tax rate	284	49	85	10	0	5	433
Currency translation differences	-415	-154	-253	-14	0	-15	-851
<b>December 31, 2010</b>	<b>-2,739</b>	<b>-1,264</b>	<b>-1,671</b>	<b>-122</b>	<b>-2</b>	<b>-2,014</b>	<b>-7,812</b>

<b>DEFERRED TAX ASSETS</b>							
<b>January 1, 2010</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>13</b>	<b>455</b>	<b>669</b>	<b>1,163</b>
Acquisition of subsidiaries (note 32)	0	72	0	0	0	0	72
Movements via income statement	0	-6	0	-2	12	-105	-101
Movements via equity	0	0	0	0	30	0	30
Result of changed tax rate	0	-5	0	4	-13	0	-14
Currency translation differences	0	4	0	0	82	57	143
<b>December 31, 2010</b>	<b>0</b>	<b>91</b>	<b>0</b>	<b>15</b>	<b>566</b>	<b>621</b>	<b>1,293</b>

Group companies have uncanceled tax losses of TEUR 19,634 (2010: TEUR 960) as it is uncertain that the companies can utilize them (unlimited expiry).

## 12. INVENTORIES

TEUR	2011	2010
Raw materials	18,716	13,422
Work in progress and semi-finished products	8,340	6,931
Finished goods	7,418	4,926
Inventory provision	–3,352	–3,004
<b>Total</b>	<b>31,122</b>	<b>22,275</b>

The cost of inventories recognized as expenses and included in 'cost of sales' amounted to TEUR 84,414 (2010: TEUR 58,850).

The inventory includes no pledged inventories.

# 13. TRADE RECEIVABLES, NET

TEUR	2011	2010
Trade accounts receivable, gross – due to third parties	18,299	16,596
Provision for impairment	–383	–272
<b>Total</b>	<b>17,916</b>	<b>16,324</b>

As of December 31, 2011, trade receivables of TEUR 883 (2010: TEUR 294) were impaired and provided for. The total provision for these receivables amounts to TEUR 383 as of December 31, 2011 (2010: TEUR 272). In total there are TEUR 5,843 (2010: TEUR: 227) insured, thereof TEUR 1,557 (2010: TEUR 209) receivables which are not due.

The ageing of the impaired receivables (referred to the due date of the receivables) is as follows:

TEUR	2011	2010
Not due	0	10
Past due by 3 to 6 months	676	26
Past due by over 6 to 12 months	30	44
Past due by over 12 months	177	214
<b>Total</b>	<b>883</b>	<b>294</b>

As of December 31, 2011, trade receivables of TEUR 4,142 (2010: TEUR 3,249) were past due up to 3 months but were not impaired.

The following table shows the movements of the provision for impairment for trade receivables:

TEUR	2011	2010
<b>At January 1</b>	<b>272</b>	<b>250</b>
Acquisition of subsidiaries (note 32)	30	9
Charged/(credited) to the income statement		
– additional provisions	307	107
– unused amounts reversed	–71	–48
Used during year	–156	–16
Currency translation differences	1	–30
<b>At December 31</b>	<b>383</b>	<b>272</b>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

TEUR	2011	2010
EUR	11,933	9,744
CHF	5,491	5,813
USD	875	951
GBP	0	71
PLN	0	17
<b>Total</b>	<b>18,299</b>	<b>16,596</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Accounts receivables in the amount of TEUR 11,514 (2010: TEUR 7,843) are pledged (note 31).

## 14. OTHER RECEIVABLES

TEUR	2011	2010
Short-term deposit	123	98
Social securities	1	72
Payables with debit balances	49	260
Interest	7	7
Interest cap	15	20
Value added tax/withholding tax	466	291
Payments in advance	13	20
Others	1,094	263
<b>Total other current receivables</b>	<b>1,768</b>	<b>1,031</b>
Long-term deposit	265	279
<b>Total other non-current receivables</b>	<b>265</b>	<b>279</b>

Interest cap: the positive replacement value is recorded as financial assets at fair value through profit and loss (notes 22/28). Other receivables in the amount of TEUR 200 (2010: TEUR 344) are pledged (note 31).



## 15. ACCRUED INCOME AND PREPAID EXPENSES

TEUR	2011	2010
Insurance companies	121	136
Social costs	0	99
Rents	37	48
Maintenance contracts	355	69
Exhibition	19	0
Credit note for goods	110	82
Others	113	105
<b>Total</b>	<b>755</b>	<b>539</b>

Accrued income and prepaid expenses primarily comprise prepaid expenses which will be reflected in expenses.

## 16. CASH AND CASH EQUIVALENTS

TEUR	2011	2010
Cash at bank and on hand	34,120	18,307
Short-term bank deposits	6,012	604
<b>Total</b>	<b>40,132</b>	<b>18,911</b>

The risk that these assets will be subject to changes in value is minimal. Short-term bank deposits of TEUR 4,012 (2010: TEUR 604) are time deposits available within 48 hours.

## 17. EQUITY

On June 7, 2011, as subsequently amended on June 28 and on July 21, 2011, exceet Group SE (previously named Helikos SE), and previous shareholder of exceet Group AG signed a share purchase and acquisition agreement in connection with the acquisition of exceet Group AG in consideration for

- > the payment of TEUR 110,500 in cash,
- > the transfer of 3,069,736 new Class A shares and
- > 9,000,000 new Class C shares of Helikos SE.

exceet Group SE is a publicly listed company having no operating business prior to the closing of the acquisition. The entity comprises mainly cash positions which were collected from investors with the objective of investing in an operating non-listed company. Therefore, exceet Group SE does not meet the definition of a business in terms of IFRS 3.

The transaction is deemed to be a capital transaction on the part of exceet Group AG and is the equivalent to the issuance of shares by exceet Group AG in exchange for the net assets of exceet Group SE (as-if capital increase). The deemed new shares are virtually allocated to exceet Group SE's pre-deal shareholders in relation to the economically acquired significant holding interest in exceet Group AG.

Basically the reverse asset acquisition is accounted for similarly to accounting for a reverse acquisition of a business combination under IFRS 3. However, in the absence of a business combination, recognition of goodwill and

intangible assets does not apply. To the extent that there is a difference between the fair value of net assets of exceet Group SE before the acquisition and the fair value of the equity instruments held by its former owners after the acquisition, there will be a listing fee that is expensed on the date of the reverse acquisition.

The deemed cost of the shares issued is TEUR 178,750. This represents the fair value of shares that exceet Group AG would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of exceet Group AG acquiring 100% of the shares in exceet Group SE.

Fair value of net assets of exceet Group SE:

FAIR VALUE	TEUR
Cash and cash equivalents	131,062
Financial assets	51,300
Short-term financial assets	4,554
Other receivables	83
Accrued income and deferred expenses	32
Trade payables	-186
Other liabilities	-16
Accrued expenses and deferred income	-752
Short-term financial liabilities	-7,000
Tax liabilities	-280
<b>Net assets acquired</b>	<b>178,797</b>
Cash and cash equivalents in subsidiary acquired	131,062
Distribution of profits to shareholder	-110,500
<b>Cash inflow on group recapitalization after distribution</b>	<b>20,562</b>

Since the carrying amount of exceet Group SE's net assets adds up to TEUR 178,797, the remaining difference of TEUR 47 is considered as other income in profit and loss.

As the consolidation is prepared on the basis of exceet Group AG's financial statements, the consolidated financial statements are presented as a continuation of exceet Group AG's financial statements added by the reverse asset acquisition. Although equity in total comprises exceet Group AG's equity after the 'as-if-capital-increase' (former capital plus value of reverse asset acquisition), the legal capital has to show exceet Group SE's subscribed capital. From a legal perspective, the subscribed capital of a listed entity reflects the shareholder's par value.

The cash consideration of TEUR 110,500 paid by exceet Group SE (the accounting acquiree) has been accounted for as a distribution from the consolidated Group to the acquirer's (exceet Group AG's) shareholders.

## Share capital of exceet SE

Share capital of exceet SE has developed as follows:

	EUR
<b>Balance at January 1, 2010</b>	<b>144,000.00</b>
Capital increase from IPO (Class A shares)	304,000.00
Share capital restructuring	-48,000.00
<b>Balance at December 31, 2010</b>	<b>400,000.00</b>
<b>Balance at January 1, 2011</b>	<b>400,000.00</b>
Capital increase from issuance of Class B shares	15,200.00
Capital increase from issuance of new Class A shares	46,659.99
Capital increase from issuance of new Class C shares	136,800.00
Share capital restructuring	-70,699.83
<b>Balance at December 31, 2011</b>	<b>527,960.16</b>

	Total shares	Class A shares	Class B shares	Class C shares
<b>Number of shares as at January 1, 2010</b>	<b>9,473,685</b>	<b>0</b>	<b>9,473,685</b>	<b>0</b>
Issuance of Shares IPO (Class A Shares)	20,000,000	20,000,000		
Share capital restructuring	-3,157,895		-3,157,895	
<b>Number of shares as at December 31, 2010</b>	<b>26,315,790</b>	<b>20,000,000</b>	<b>6,315,790</b>	<b>0</b>
<b>Number of shares as at January 1, 2011</b>	<b>26,315,790</b>	<b>20,000,000</b>	<b>6,315,790</b>	<b>0</b>
Issuance of Class B Shares	1,000,000		1,000,000	
Issuance of new Class A Shares	3,069,736	3,069,736		
Issuance of new Class C Shares	9,000,000			9,000,000
Conversion of Class B1 shares into Class A Shares	0	2,105,264	-2,105,264	
Share capital restructuring	-4,651,305	-4,651,305		
<b>Number of shares as at December 31, 2011</b>	<b>34,734,221</b>	<b>20,523,695</b>	<b>5,210,526</b>	<b>9,000,000</b>

For further information on share capital please refer to equity table.

The share capital as per December 31, 2011, consists of 34,734,221 shares and can be divided into 20,523,695 Class A shares ('public shares'), thereof 20,073,695 Class A shares listed on the stock exchange and 450,000 unlisted own Class A shares held by the Company in treasury (treasury shares), 5,210,526 Class B shares (founding shares) and 9,000,000 Class C shares (earn-out shares) with a par value of EUR 0.0152 each.

In the course of the acquisition of exceet Group AG, 5,101,305 Class A shares, which have been validly redeemed for a price of EUR 10.05625 per Class A share, have been transferred to the Company as treasury shares. Furthermore, 10,000,000 founder warrants

have been redeemed for a price of EUR 1 per warrant and the founders have subscribed 1,000,000 new Class B4 shares for EUR 10 per share.

Additionally, the Company was obligated by the share purchase agreement to issue 3,069,736 new Class A shares and 9,000,000 Class C shares (3,000,000 Class C1, Class C1 and Class C3 shares each) and transfer them to the previous shareholders of exceet Group AG.

Furthermore, as a consequence of the consummation of the reverse asset acquisition, all 2,105,264 Class B1 shares automatically have been converted into Class A shares of the Company at a ratio of one Class B1 Share for one Class A Share.

By resolution of the extraordinary General Meeting on November 21, 2011 the redeemed 5,101,305 listed Class A shares held in treasury were exchanged against 5,101,305 unlisted Class A shares issued by the Company to the shareholders on July 26, 2011 (issuance of 3,069,736 new Class A shares and conversion of 2,105,264 Class B1 shares into Class A shares). In addition the General Meeting approved the cancellation of 4,651,305 unlisted Class A shares held in treasury by the Company after the exchange. As a consequence, the Company's issued share capital was reduced by EUR 70,699.83 whereas the other reserves were reduced by the residual share premium of EUR 46,703,986.08. The residual 450,000 unlisted Class A shares are held in treasury by the Company and were deducted from equity according to IAS 32 [see 'Other reserves' in this note].

The Class B and Class C shares are redeemable shares in the sense of the Luxembourg Company Law and are split into six separate classes of shares, with rights identical to those of the public shares, except as described below:

#### *Conversion into public shares*

The remaining Class B and Class C shares will be automatically converted into public shares, at a ratio of one public share for each founding share as follows:

- > 2,105,263 Class B2 shares will be converted into public shares if the daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive trading days following consummation of a business combination is at least equal to EUR 14.00.
- > 2,105,263 Class B3 shares will be converted into public shares if the daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive trading days following consummation of a business combination is at least equal to EUR 16.00.
- > 1,000,000 Class B4 shares will be converted into public shares if the daily VWAP (as defined hereafter) on any 20 out of 30 consecutive trading days following consummation of a business combination is at least equal to EUR 12.00
- > 3,000,000 Class C1 shares will be converted into public shares if the daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive trading days following consummation of a business combination is at least equal to EUR 12.00.
- > 3,000,000 Class C2 shares will be converted into public shares if the daily VWAP (as defined hereafter)

on any 20 out of any 30 consecutive trading days following consummation of a business combination is at least equal to EUR 13.00.

- > 3,000,000 Class C3 shares will be converted into public shares if the daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive trading days following consummation of a business combination is at least equal to EUR 15.00.

For this purpose, the 'daily VWAP' means, for any trading day, the per public share volume-weighted average price on Xetra as reported by Bloomberg for such trading day (or if such volume-weighted average price is unavailable from Bloomberg, the volume weighted average share price of the public shares on such trading day determined by an internationally recognized investment bank selected by the Company).

In connection with the aforementioned conversion, the Board of Directors shall be given all powers to implement the conversion of Class B shares and Class C shares into public shares and to make any statement, cast votes, sign all minutes of meetings and other documents, appear in front of a Luxembourg notary to state the occurrence of the conversion and make relevant amendments to the Articles of Association, and do everything which is lawful, necessary or simply useful in view of the accomplishment and fulfillment of such conversion.

Any Class B or Class C shares that are not converted to public shares on or prior to the fifth anniversary of the consummation of the reverse asset acquisition will no longer be convertible into public shares and will be redeemed within six months of such date at a redemption price per Class B shares and Class C shares corresponding to the accounting par value of such Class B shares and Class C shares (subject to availability of sufficient funds).

#### *Dividend rights*

In the event that distributions are made after the date of consummation of the acquisition, (i) each founding share and public share shall be entitled to receive the same amount to the extent such amount does not exceed one eurocent (EUR 0.01) per Share, and (ii) each public share shall be entitled to the same fraction of (and the Class B and the Class C shares shall be entitled to none of) any distribution in excess of one eurocent (EUR 0.01). In terms of calculation of earnings per share for the different share classes (note 29).

*Voting rights*

All shares are entitled to one vote at any ordinary or extraordinary general meeting of shareholders. Any Class B share and any Class C share that is not converted to public shares on or prior to the fifth anniversary of the acquisition will no longer be convertible into public shares and will be redeemed within six months of that date at a redemption price per Class B shares and Class C Share corresponding to the accounting par value of such Class B shares and Class C shares (subject to availability of sufficient funds).

*Transfer restrictions*

The shares are freely transferable, subject to the provisions of the law and these articles of association. All rights and obligations attached to any share are passed to any transferee thereof. Until (and including) the last day of a sixty-six-month (66) period beginning with the date of consummation of a business combination,

- › Class B shares may be transferred only to existing holders of Class B shares and their affiliates (as defined hereafter)
- › Class B shares may be transferred only in the event of death of a B shareholder, to the successors of such B shareholder;
- › Class C shares may be transferred only to members of management of excecet Group AG and/or members of management of affiliates of excecet Group AG,
- › Class C shares may be transferred as in-kind distributions to direct shareholders of those C shareholders who held Class C shares on the date of consummation of the business combination, but only after (and including) the last day of a twenty-four-month (24) period beginning with the date of consummation of the business combination, or
- › Class C shares may be transferred in the event of death of a C shareholder, to the successors of such C shareholder.

‘Affiliate’ of, or person ‘affiliated’ with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified and the term ‘control’ means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of shares, by contract, or otherwise.

*Listing*

The Class B and Class C shares are not listed on a stock exchange.

## Other reserves

	TEUR
<b>Balance at January 1, 2010</b>	<b>23,861</b>
Total comprehensive income for the period	15,436
<b>Balance at December 31, 2010</b>	<b>39,297</b>
<b>Balance at January 1, 2011</b>	<b>39,297</b>
Total comprehensive income for the period	12,906
Acquisition of non-controlling interests	-397
As-if capital increase	178,750
Distribution of profits to shareholder	-110,500
Purchase of treasury shares	-51,300
Reclassification share capital of excecet Group SE	16,271
Capital restructuring	71
Elimination of loss on merger of Helikos companies	-46
SORIE adjustment, prior year	21
<b>Balance at December 31, 2011</b>	<b>85,073</b>

As the consolidated financial statements represent a continuation of the financial statements of excecet Group AG, the equity recognized in the consolidated financial statements as if it is that of excecet Group AG (the accounting acquirer). Although equity in total comprises excecet Group AG's equity after the 'as-if capital increase' (former capital plus value of reverse asset acquisition), the legal capital has to show the legal parent companys (excecet Group SE) share capital. This is required because, from a legal perspective, the share capital of a listed entity reflects the shareholder's par value. As a result, TEUR 16,271 have been reallocated from share capital to reserves in order to reflect the legal parent companys share capital of TEUR 528.

In the course of the acquisition, 5,101,305 Class A shares have been validly redeemed for a price of EUR 10.05625 per Class A share and are transferred to the Company. On November 21, 2011, the extraordinary General Meeting decided to cancel 4,651,305 non-listed Class A shares held in treasury by the Company. The other reserves were reduced by the amount of the share premium of the cancelled Class A shares, amounting to 46,703,986.08. The book value of the residual 450,000 treasury shares of EUR 4,525,312.50 was deducted from equity in accordance with IAS 32.33.

For further details on the acquisition of non-controlling interests we refer to note 32.



## 18. BORROWINGS

TEUR	2011	2010
<b>NON-CURRENT</b>		
Bank borrowings	16,754	14,533
Finance lease liabilities (note 30)	3,538	4,228
Other loans	5,426	0
Total non-current borrowings	25,718	18,761
<b>CURRENT</b>		
Bank borrowings	6,200	4,332
Finance lease liabilities (note 30)	2,315	2,393
Other loans	1,271	11,047
Total current borrowings	9,786	17,772
<b>Total borrowings</b>	<b>35,504</b>	<b>36,533</b>

Bank borrowings do not mature until 2023. Bank borrowings are denominated to 70% in Swiss francs (2010: 90%) and 30% (2010: 10%) in euros. Under the main facility agreement, the bank has the right to an extraordinary termination with the consequence of immediate repayment of outstanding debt thereunder and payment of a prepayment penalty, if, inter alia, a certain leverage ratio (defined as net debt divided by EBITDA) is exceeded or certain operation measures are not met. The bank covenants were maintained. The nominal value of the bank borrowings is TEUR 22,954 (2010: TEUR 18,865).

The total bank borrowings are secured liabilities. Bank borrowings in the amount of TEUR 21,119 (2010: TEUR 15,481) are secured by land and buildings of the Group (note 9). Bank borrowings of TEUR 13,162 (2010: TEUR 12,833) are additionally secured by shares of some

subsidiaries (GS Swiss PCB AG, ECR AG, Mikrap AG, AEMtec GmbH) of excecet Group AG and by assigned accounts receivables (note 31).

'Other loans' contains loans due to the shareholder of TEUR 6,697 (2010: TEUR 6,548) which are subordinated. In 2010 there was a loan to related parties in the amount of TEUR 4,498 which has been repaid in 2011.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

TEUR	2011	2010
6 months or less	28,352	17,480
6 – 12 months	831	12,905
1 – 2 years	1,097	1,740
2 – 5 years	4,974	4,116
Over 5 years	250	292
<b>Total</b>	<b>35,504</b>	<b>36,533</b>

The carrying amounts and fair value of the non-current borrowings are as follows:

TEUR	2011	2010
<b>CARRYING AMOUNT</b>		
Bank borrowings	16,754	14,533
Finance lease liabilities	3,538	4,228
Other loans	5,426	0
<b>Total</b>	<b>25,718</b>	<b>18,761</b>
<b>FAIR VALUE</b>		
Bank borrowings	16,825	14,586
Finance lease liabilities	3,538	4,228
Other loans	5,426	0
<b>Total</b>	<b>25,789</b>	<b>18,814</b>

The interest rates for the non-current borrowings as per December 31, 2011 are floating. Therefore the carrying amount equals approximately the fair value. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The Group has the following undrawn borrowing facilities:

TEUR	2011	2010
Floating rate:		
– Expiring within one year	6,494	1,275
– Expiring beyond one year	1,000	1,000
Fixed rate:		
– Expiring within one year	0	0
– Expiring beyond one year	0	0
<b>Total</b>	<b>7,494</b>	<b>2,275</b>

The facilities have been arranged to help finance the operational activities if required. The granted current account lines are normally not fully utilized.

## 19. RETIREMENT BENEFIT OBLIGATIONS

Contributions to retirement benefit plans are generally calculated based on the salary of the insured employees. In Switzerland, pension obligations are covered by legally segregated assets. The retirement benefit scheme of the Group's subsidiaries located in Switzerland is organized as a legally independent pension fund according to Swiss Law (BVG). The pension fund provides benefits in the event of retirement, death, or disability. The plan's benefits are based on age, years of service, salary and on an individual old age account. The plan is financed by contributions paid by the employees and by the employer.

The retirement benefit obligation for the German subsidiary AEMtec, Berlin, is an obligation due to the former employees of Infineon Technologies AG (predecessor of AEMtec GmbH). Employees of Infineon Technologies AG

were transferred to newly founded AEMtec GmbH. For these employees the retirement benefit obligation went over to AEMtec GmbH as of March 31, 2000. The amount of the obligation depends on different factors such as staff membership, age and salary.

The calculated retirement benefit obligation for the German subsidiary PPC Card Systems GmbH, Paderborn, comprises two persons who receive benefits in the event of retirement, death or disability.

The net periodic pension cost and the defined benefit obligations have been calculated using the projected unit credit method.

The amount recognized in the balance sheet is composed as follows:

TEUR	2011	2010
Present value of funded obligation	-31,069	-25,900
Fair value of plan asset	25,141	22,420
	-5,928	-3,480
Present value of unfunded obligation	-723	-640
<b>Liability in the balance sheet</b>	<b>-6,651</b>	<b>-4,120</b>

Changes in the defined benefit obligation:

TEUR	2011	2010
Present value of obligation at January 1	-26,540	-19,324
Current service cost	-977	-889
Interest on obligation	-789	-697
Contributions by plan participants	-928	-790
Actuarial gains / losses	-1,925	-672
Benefits paid through pension assets, net	69	-271
Benefits paid by employer	15	0
Liabilities extinguished on settlements	-21	0
Foreign currency translation differences	-696	-3,897
<b>Present value of obligation at December 31</b>	<b>-31,792</b>	<b>-26,540</b>

Changes in the fair value of plan assets:

TEUR	2011	2010
Fair value of plan assets at January 1	22,419	15,700
Expected returns on plan assets	960	778
Actuarial gains / (losses) on assets	-815	526
Plan participants' contribution	928	790
Company contributions	1,115	967
Benefits paid through pension assets, net	-69	271
Currency translation differences	603	3,388
<b>Fair value of plan assets at December 31</b>	<b>25,141</b>	<b>22,420</b>

Amounts recognized in the income statement:

TEUR	2011	2010
Current service cost	-977	-889
Interest on obligation	-789	-697
Expected returns on plan assets	960	778
<b>Total amount recorded in the income statement</b>	<b>-806</b>	<b>-808</b>

Of the total charge of TEUR 806 (2010: TEUR 808), TEUR 605 (2010: TEUR 606) were included in 'cost of sales', TEUR 89 (2010: TEUR 89) in 'administrative expenses' and TEUR 112 (2010: TEUR 113) in 'distribution costs'.

The actual return on plan assets amounted to a loss of TEUR 804 (2010: gain of TEUR 1,304).

Actuarial gains and losses recognized directly in the statement of comprehensive income (recognized directly in equity):

TEUR	2011	2010
Cumulative amount at January 1	-1,967	-1,820
Actuarial gains/(losses): Change in assumptions	-944	-863
Actuarial gains/(losses): Experiences	-981	190
Gains/(losses) on assets	-815	526
<b>Total recognized actuarial gains/(losses) in the SORIE</b>	<b>-2,740</b>	<b>-147</b>
<b>Cumulative amount at December 31</b>	<b>-4,707</b>	<b>-1,967</b>

Components of the defined benefit obligation:

TEUR	2011	2010
Defined benefit obligation for active employees	-27,286	-22,757
Defined benefit obligation for pensioners	-4,506	-3,783
<b>Total defined benefit obligation</b>	<b>-31,792</b>	<b>-26,540</b>

Actuarial assumptions for the Swiss pension plan:

	2011	2010
Discount rate	2.40%	2.85%
Expected return on plan assets	4.05%	4.35%
Future salary increases	2.00%	2.00%
Labor turnover rate	6.47%	6.27%
Future pension increases	0.00%	0.00%

The average life expectancy for Swiss pension plans was calculated on the basis of BVG 2010 projected 2011 (2010: BVG 2005 plus 2.50%). The disability rates were also calculated on the basis of BVG 2010 projected 2011 (2010: BVG 2005 plus 2.50%). The retirement age used for the calculation is 65 years for men and 64 years for women.

Actuarial assumptions for the German pension plan of AEMtec GmbH, Berlin:

	2011	2010
Discount rate	4.90%	5.40%
Future salary increases	0.00%	0.00%
Labor turnover rate until age 30	5.00%	5.00%
Labor turnover rate until age 40	3.00%	3.00%
Labor turnover rate until age 50	1.00%	1.00%
Labor turnover rate until age 51 and older	0.00%	0.00%
Future pension increases	1.75%	1.75%

Actuarial assumptions for the German pension plan of  
PPC Card Systems GmbH, Paderborn:

	2011	2010
Discount rate	4.90%	5.40%
Expected return on plan assets	4.00%	4.00%
Future salary increases	0.00%	0.00%
Labor turnover rate	0.00%	0.00%
Future pension increases	1.75%	1.75%

The average life expectancy for the German pension plans is based on the biometric basis values by Prof. Dr. Klaus Heubeck, according to German law.

As of the balance sheet date, the plan assets comprise the following items:

	2011 TEUR	2011 in %	2010 TEUR	2010 in %
Equities	8,629	34.3	7,633	33.4
Bonds	9,876	39.3	9,021	39.5
Real estate	3,523	14.0	3,334	14.6
Qualified insurance policies	799	3.2	791	3.5
Other	2,314	9.2	2,061	9.0
<b>Total</b>	<b>25,141</b>	<b>100.0</b>	<b>22,840</b>	<b>100.0</b>

The expected long-term return is based on past experience and on expected future returns.

The Group expects TEUR 1,255 (2011: TEUR 1,015) in contributions to be paid to the defined benefits plans in 2012.

TEUR	2011	2010	2009	2008	2007
Present value of defined benefit obligation	-31,792	-26,540	-23,053	-21,900	-18,659
Fair value of plan assets	25,141	22,420	18,730	17,782	17,420
<b>Deficit in the plan at December 31</b>	<b>-6,651</b>	<b>-4,120</b>	<b>-4,324</b>	<b>-4,119</b>	<b>-1,239</b>
Experience adjustments on plan liabilities	-981	190	10	-10	-589
Experience adjustments on plan assets	-815	526	40	-1,888	537

## 20. ACCRUED EXPENSES AND DEFERRED INCOME

TEUR	2011	2010
Incentives for staff	2,724	2,579
Holiday and overtime	1,282	1,021
Social securities	184	105
Salaries	201	140
Audit and consulting fees	911	551
Goods received without credit note	358	322
Provisions, third party	79	388
Acquisition costs	0	220
Accrued outstanding bills	61	108
Cost of shipment	78	2
Accrued license cost	616	0
Credit note for client	179	90
Others	463	476
<b>Total accrued expenses and deferred income</b>	<b>7,136</b>	<b>6,002</b>

## 21. OTHER FINANCIAL LIABILITIES

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of TEUR 3,000.

### Public warrants

exceet Group SE completed its initial public offering of 20,000,000 units consisting each of one share and one warrant, both traded on the Frankfurt Stock Exchange, at an initial price of EUR 10.00 raising hence a total of TEUR 200,000.

With consummation of the acquisition on July 26, 2011, the terms and conditions of the Class A warrant were amended, notably;

- (i) to provide for the payment in cash of EUR 0.625 per Class A warrant upon consummation of the business combination; (amount to TEUR 12,500 for all public warrants);
- (ii) to amend the exercise formula for the Class A warrants to provide that the number of Class A shares received upon exercise of each Class A warrant is reduced by 50%;
- (iii) to increase the warrant exercise price per Class A share from EUR 9 per Class A share to EUR 12 per Class A share;
- (iv) to increase the redemption trigger from EUR 14 to EUR 17; and
- (v) to extend the term of the Class A warrants from five years from the date of Helikos SE's IPO to five years from the consummation of the business combination.

Public warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore they are classified as financial liabilities at fair value through profit or loss. As at the date of the consummation of the reverse asset acquisition, the financial liability resulting from public warrants amounted to TEUR 7,000 (please refer to the fair value table for exceet Group SE as shown in note 17). As at December 31, 2011, the rating of one public warrant on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) was at EUR 0.15, hence a fair value adjustment of TEUR 4,000 was recorded at December 31, 2011.



## 22. OTHER LIABILITIES

TEUR	2011	2010
Prepayments	901	707
Value-added tax	1,268	1,150
Other taxes payable	366	216
Social securities	1,024	527
Government grants	23	74
Interest cap	73	73
Liabilities from acquisition	267	156
Grant for purchase of equipment from customer	194	823
Others	375	164
<b>Total other current liabilities, third parties</b>	<b>4,491</b>	<b>3,890</b>
Other current liabilities, related parties	817	1,572
<b>Total other current liabilities</b>	<b>5,308</b>	<b>5,462</b>

Interest cap: the negative replacement value is recorded as financial liability at fair value through profit and loss (note 28). The Group has the following contracts:

Instrument	2011 Contract amount	2010 Contract amount	Contract period	Instrument rate	Index Tenor
	TEUR	TEUR			
Interest Cap	n/a	3,208	30.03.2007 – 31.03.2011	3.00%	LIBOR
Interest Cap	6,170	7,780	30.09.2008 – 28.03.2013	3.00%	LIBOR
Interest Cap	2,632	2,639	30.06.2011 – 30.06.2015	2.30%	LIBOR
Interest Swap	1,235	1,425	03.01.2011 – 30.06.2018	3.30%	EURIBOR
Interest Cap	3,500	3,500	26.10.2006 – 31.10.2013	4.00%	EURIBOR

The position 'others' contains liabilities to consultants and other 3rd parties.

Other liabilities to related parties include mainly the purchase price of the acquisition of The Art of Packaging s.r.o. TEUR 724 (2010: TEUR 1,480) owed to Members of Management Board and legal fees of TEUR 93 (2010: TEUR 92 owed to the Board of Directors (notes 32.2/35)).

The position 'Liabilities from acquisition' contains the current part of the earn-out of Winter AG amounting to TEUR 267 (2010: TEUR 156).

The position 'Other non-current liabilities EUR 1,535 thousand' in the balance sheet contains the long-term part of the earn-out of Winter AG of approximately TEUR 260 (2010: TEUR 501), TEUR 982 for the long-term part of the earn-out of Contec AG and TEUR 293 representing a government subsidized loan.

## 23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

TEUR	Guarantee	Legal claims	Recons- truction obligations	Social provisions	Restruc- turing	Others	Total
<b>2011</b>							
At January 1, 2011	339	0	231	115	364	491	1,540
Acquisition of subsidiaries	5	0	0	116	0	0	121
Charged/(credited) to the income statement							
– Additional provisions	385	500	6	20	985	106	2,002
– Unused amounts reversed	–339	0	–9	0	–225	–239	–812
Used during year	0	0	0	0	–139	–66	–205
Currency translation differences	0	0	0	0	0	1	1
At December 31, 2011	390	500	228	251	985	293	2,647

TEUR	Guarantee	Legal claims	Recons- truction obligations	Social provisions	Restruc- turing	Others	Total
<b>2010</b>							
At January 1, 2010	162	218	80	119	0	229	808
Acquisition of subsidiaries	0	0	66	0	364	228	658
Charged/(credited) to the income statement							
– Additional provisions	339	40	85	7	0	78	549
– Unused amounts reversed	–72	–80	0	–12	0	–7	–171
Used during year	–90	–185	0	0	0	–43	–318
Currency translation differences	0	7	0	1	0	6	14
At December 31, 2010	339	0	231	115	364	491	1,540

TEUR	2011	2010
<b>ANALYSIS OF TOTAL PROVISIONS</b>		
Non-current	556	404
Current	2,091	1,136
<b>Total provisions</b>	<b>2,647</b>	<b>1,540</b>

### Guarantees

The Group recognizes guarantee provision to cover warranty claims. The calculation of this provision is based on past experience of warranty claims and returns. The actual costs for warranty and returns may differ from these estimates.

### Legal claims

The amounts represents a provision for a legal claim brought against the Group by customers. The provision charge is recognized within 'other operating expenses' in the profit and loss statement. It is expected that the claim will be resolved in 2012. In the management's opinion, after taking appropriate legal advice, the outcome of this claim will not give rise to any significant loss beyond the amounts provided at December 31, 2011.

### Restructuring

The restructuring provisions are related to IDMS segment in order to streamline production including termination costs of employees. The restructuring provisions will be utilized in the first half of 2012.

### Others

Other provisions predominantly include provisions of TEUR 170 (2010: TEUR 229) related to unoccupied offices. The provision related to unoccupied offices will be utilized over the remaining term of the lease contract, which expires in 2014.

## 24. EXPENSES BY NATURE

TEUR	2011	2010
Changes in inventories of finished goods and work in progress	-1,089	-792
Raw materials and consumables used	84,901	59,642
Personnel cost (note 25)	46,456	33,126
Depreciation, amortization and impairment charges (notes 9/10)	8,119	5,818
Repair and maintenance expense	2,847	2,191
Leasing expense (note 30)	458	236
Rental expense (note 30)	2,441	1,614
Administrative expense	8,290	3,388
Marketing and acquisition expense	1,285	757
Other operating expense (note 27)	3,989	3,314
<b>Total cost of sales, distribution costs &amp; admin., expenses</b>	<b>157,697</b>	<b>109,294</b>

Development costs of TEUR 6,800 (2010: TEUR 5,626) are included in above expenses by nature. Administrative expenses include TEUR 3,387 of one-off costs for IPO and SPAC purposes.

## 25. PERSONNEL COSTS

Personnel costs comprise the following cost items:

TEUR	2011	2010
Salaries	38,617	27,340
Social contributions	5,757	3,479
Defined benefit plan expenses	806	808
Other personnel expenses	1,276	1,499
<b>Total</b>	<b>46,456</b>	<b>33,126</b>

## 26. OTHER OPERATING INCOME

Other operating income includes the following items:

TEUR	2011	2010
Income from earn-out release	1,650	0
Income from insurance company	129	0
Government benefits	292	453
Gain on sale of tangible assets	236	318
Rental income	24	87
Income from shipment	282	403
Income from release of other liabilities	344	0
Income from services	152	0
Others	448	476
<b>Total other operating income</b>	<b>3,557</b>	<b>1,737</b>

Income from earn-out release contain release of earn-out liability for Winter AG (TEUR 150) and Contec GmbH (TEUR 1,500). Others include the gain from the reverse asset acquisition (TEUR 47).

## 27. OTHER OPERATING EXPENSES

Other operating expenses result from the following items:

TEUR	2011	2010
Energy costs	1,427	906
Freight costs	729	787
Waste disposal and cleaning costs	549	380
Insurance costs	602	433
Expenses for guarantees	38	9
Book loss of sales of equipment	4	185
Security	46	0
Costs of change location	170	30
Other tax and government requirements	60	19
Costs for claims	279	213
Others	79	340
<b>Total other operating expenses</b>	<b>3,983</b>	<b>3,302</b>



## 28. FINANCIAL RESULT

The financial results are derived as follows:

TEUR	2011	2010
Interest income	110	40
Fair value gains on other financial liabilities (note 21)	4,000	0
Fair value gains on the interest cap	42	33
Foreign currency exchange gains	4,180	1,215
Other financial income	8	0
<b>Financial income</b>	<b>8,340</b>	<b>1,288</b>
Interest expenses	-855	-623
Financial leasing expense	-134	-158
Fair value loss on the interest cap	-71	-94
Foreign currency exchange losses	-3,698	-1,406
Financial expenses, related parties	-226	-226
Other financial expenses	-135	-100
<b>Financial expenses</b>	<b>-5,119</b>	<b>-2,607</b>
<b>Total financial result</b>	<b>3,221</b>	<b>-1,319</b>

## 29. EARNINGS PER SHARE

Earnings per shares (EPS) are calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

For the present financial statements of exceet Group SE the earnings per share are calculated according to the rules applicable for a reverse acquisition.

Profits represent those of exceet Group AG (legal subsidiary) for the periods presented plus profits of exceet Group SE (legal acquirer) from the date of the reverse asset acquisition.

IFRS 3 B26 required that the weighted average number of shares outstanding during the period the reverse asset acquisition took place is calculated as follows:

(i) from the beginning of the period to the acquisition date, the number of shares used to calculate the EPS is based on the number of shares issued by the legal parent company to acquire the legal subsidiary (exceet Group AG), and

(ii) for the period after the acquisition, the actual number of shares issued by the legal parent company (exceet Group SE), which comprises the original number of shares plus the shares issued as a result of the reverse asset acquisition, shall be considered for calculating the EPS.

Due to different rights to receive dividends (note 17), exceet Group SE has two classes of ordinary shares. Disclosure of EPS amounts is required for both classes of ordinary shares.

### a) Basic

The calculation of basic EPS at December 31, 2011, is based on the profit attributable to the owners of the parent of TEUR 14,858 (previous year: TEUR 9,144) and the weighted average number of ordinary shares outstanding of 10,154,719 Class A shares and 11,171,053 Class B/C shares respectively. For the previous year the notional weighted average numbers of ordinary shares outstanding are 3,069,736 Class A shares and 9,000,000 Class C shares respectively.

		2011	2010
Profit for the year (TEUR) attributable to equity holders of the Company	Class A shares	14,746	9,054
	Class B/C shares	112	90
Weighted average number of ordinary shares outstanding	Class A shares	10,154,719	3,069,736
	Class B/C shares	11,171,053	9,000,000
Basic earnings per share (EUR/share)	Class A shares	1.45	2.95
	Class B/C shares	0.01	0.01

**b) Diluted**

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group has 20,000,000 outstanding public warrants. The warrants are not dilutive as the average market price of the ordinary shares is below the exercise price of the warrants.

Additionally, as described under note 17 Equity, Class B and C shares that are not converted to public shares on or prior to the fifth anniversary of the consummation of the reverse asset acquisition will no longer be convertible into public shares and will be redeemed. A redemption would reduce the numbers of ordinary shares outstanding, which would then impact the EPS. In the period presented it would lead to higher earnings per share for the other class of shares and consequently has not been considered as dilutive.

As a result, the basic earnings per share equal the dilutive EPS.

## 30. OTHER FINANCIAL OBLIGATIONS / COMMITMENTS AND CONTINGENCIES

### 30.1 RENTAL AND LEASE CONTRACTS

Description of rental and lease contracts:

TEUR	2011	2010
<b>OPERATING LEASE OBLIGATIONS (RENTAL) AS OF DECEMBER 31</b>		
< 1 year	3,072	2,430
> 1 – 5 years	4,504	4,062
More than 5 years	918	1,171
<b>Total</b>	<b>8,494</b>	<b>7,663</b>

TEUR	2011	2010
<b>FINANCE LEASE OBLIGATIONS AS OF DECEMBER 31</b>		
< 1 year	2,315	2,393
> 1 – 5 years	3,534	4,131
More than 5 years	4	97
<b>Total</b>	<b>5,853</b>	<b>6,621</b>
Future finance charges on finance leases	450	412
<b>Gross finance lease obligation</b>	<b>6,303</b>	<b>7,033</b>

In financial year 2011, the rental and leasing expenses amounted to TEUR 2,899 (2010: TEUR 1,850).

### 30.2 CONTINGENT LIABILITIES

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 23).

## 31. PLEDGED ASSETS

The company has the following pledged assets:

TEUR	2011	2010
Land and building	6,879	4,295
Pledged accounts receivables	11,514	7,843
Pledged other receivables	200	344
Pledged machinery and equipment	2,811	1,631
<b>Total pledged assets</b>	<b>21,404</b>	<b>14,113</b>

Bank borrowings are secured by land and buildings, receivables and machines and equipment (note 18).

## 32. BUSINESS COMBINATIONS

### 32.1 ACQUISITION OF NON-CONTROLLING INTERESTS

#### exceet Card Group AG

On July 15, 2011, the general shareholders' meeting of exceet Group AG resolved to increase the share capital of exceet Group AG by TEUR 2,807 to TEUR 16,870 (in Swiss francs: CHF 3,241,040 to CHF 25,528,040) against contribution in kind of 1,800,500 registered shares in exceet Card Group AG by Ulrich Reutner, Robert Wolny and Jan Trommershausen. By way of a contribution agreement of the same date, Mr. Reutner, Mr. Wolny and Mr. Trommershausen transferred their 1,800,500 shares in exceet Card Group AG to exceet Group AG against subscription of 3,241,040 new shares at a nominal value of CHF 1 each at a price of CHF 4.53 per share. The agio (from the difference of nominal value to price) of TEUR 9,705 was booked as an increase in capital reserves. The difference between the non-controlling interests of TEUR 2,396 and the increase in share capital and capital reserves is shown as a decrease in retained earnings of TEUR 10,116 (see consolidated statement of changes in equity). The share capital increase was entered into the commercial register on July 25, 2011.

#### Winter AG

On February 15, 2011, the Group acquired an additional 4.88% of the issued share capital of Winter AG and increased its interest in the subsidiary to 100%. The purchase of additional subsidiary shares once control is obtained by the parent entity is accounted for as an equity transaction and no gain or loss was recorded. The purchase price was TEUR 52.

### 32.2. ACQUISITION OF SUBSIDIARIES

#### Helikos AG

Helikos AG was incorporated at May 27, 2011, and is a 100% subsidiary of exceet Group SE.

#### Contec Steuerungstechnik & Automation Gesellschaft m.b.H.

On May 2, 2011, the Group (exceet Austria GmbH 99.01%, exceet Group AG 0.99%) acquired all of the issued shares in Contec Steuerungstechnik & Automation Gesellschaft m.b.H.

#### AuthentiDate AG

On April 1, 2011, the Group acquired all of the issued shares in AuthentiDate AG, Düsseldorf, for a cash consideration of TEUR 1,031 (TUSD 1,530).

#### exceet Austria GmbH

On March 1, 2011, the Group acquired exceet Austria GmbH, an inactive holding company, which was purchased for TEUR 40. At the date of acquisition, the acquired asset contains only cash positions. In June 2011, the Group made a capital contribution into exceet Austria GmbH.

#### Winter AG

As per December 29, 2010, the Group acquired 95.12% of Winter AG, a company based in Unterschleissheim in Germany. Subsequently the Group acquired the remaining interests on February 16, 2011, for TEUR 52. Because the effects on the income statement from December 29 to 31, 2010, were immaterial for the Group, Winter AG was consolidated as if it was acquired on December 31, 2010.

**The Art of Packaging s.r.o.**

Furthermore, the Group acquired 100% of the interests of The Art of Packaging s.r.o. on December 31, 2010.

The following table shows the cash flows of the acquisitions made in 2011 and 2010, and the transaction costs which were directly recognized in the income statement:

TEUR	2011	2010	Date of consolidation
<b>CASH FLOW ON ACQUISITION OF INVESTMENTS</b>			
Cash outflow on acquisition of exceet Austria GmbH	-9		March 1, 2011
Cash outflow on acquisition of The Art of Packaging s.r.o.	-780		December 31, 2010
Cash outflow on acquisition of AuthentiDate AG	-946		April 1, 2011
Cash outflow on acquisition of Contec GmbH	-4,609		May 1, 2011
Cash outflow on acquisition of Winter AG		-5	December 31, 2010
Cash inflow on acquisition of The Art of Packaging s.r.o.		50	December 31, 2010
Cash inflow on purchase price repayment of Mikrap AG		243	June 30, 2010
<b>Total</b>	<b>-6,344</b>	<b>288</b>	
<b>TRANSACTION COST DIRECTLY RECOGNIZED IN THE INCOME STATEMENT</b>			
AuthentiDate AG	255	61	
Contec GmbH	253	54	
exceet Austria GmbH	4		
The Art of Packaging s.r.o.		24	
Winter AG	1	281	
<b>Total</b>	<b>513</b>	<b>420</b>	

The cash outflow on acquisition of The Art of Packaging s.r.o. is related to the acquisition in 2010, with delayed payment into 2011 and 2012.

The cash inflow 2010 on purchase price repayment of Mikrap AG was based on the purchase agreement and is related to a purchase price adjustment.

The transaction costs are included in the administrative expenses.

All goodwill items are not tax deductible.

### 32.2.1 ACQUISITION 2011 – CONTEC STEUERUNGSTECHNIK & AUTOMATION GESELLSCHAFT M.B.H.

Contec Steuerungstechnik & Automation Gesellschaft m.b.H. contributed revenue of TEUR 18,078 and a net loss of TEUR 208 to the Group for the period of May 1,

2011, to December 31, 2011. If the acquisition had occurred on January 1, 2011, Contec GmbH would have contributed revenue of TEUR 27,418 and a net loss of TEUR 281 to the Group.

Details of net assets acquired and goodwill are as follows:

	TEUR
<b>PURCHASE CONSIDERATION AT MAY 1, 2011</b>	
Purchase consideration settled in cash until December 31, 2011	4,745
Contingent consideration	2,445
<b>Total purchase consideration</b>	<b>7,190</b>
Fair value of net assets acquired	-6,397
<b>Goodwill (note 10)</b>	<b>793</b>

The contingent consideration arrangement required the Group to pay, over the next two years (2012 – 2013), up to TEUR 3,000 (undiscounted amount) depending on defined results. The management expects a revised earn-out payment of TEUR 1,000 (discounted amount: TEUR 982) based on best estimate.

The goodwill is attributable mainly to expected synergies, labor force and the favorable sales growth opportunities. The goodwill is not tax deductible.

The assets and liabilities arising from the acquisition are as follows:

	TEUR
<b>FAIR VALUE</b>	
Cash and cash equivalents	136
Tangible assets (note 9)	4,769
Software and other intangible assets (note 10)	206
Customer base and technology (note 10)	3,590
Other financial assets	27
Inventory	7,440
Trade receivables (including allowance)	1,972
Other receivables	804
Accrued income and deferred expenses	152
Trade payables	-2,244
Other liabilities	-1,394
Accrued expenses and deferred income	-508
Provisions	-116
Long-term financial liabilities	-7,763
Deferred tax, net	-674
<b>Net assets acquired</b>	<b>6,397</b>
Purchase consideration settled in cash until December 31, 2011	-4,745
Cash and cash equivalents in subsidiary acquired	136
<b>Cash outflow on acquisition</b>	<b>-4,609</b>



### 32.2.2 ACQUISITION 2011 – AUTHENTICDATE AG

AuthentiDate AG contributed revenue of TEUR 3,981 and a net profit of TEUR 209 to the Group for the period of April 1, 2011, to December 31, 2011. If the acquisition had occurred on January 1, 2011, AuthentiDate AG would have contributed revenue of TEUR 4,931 and a net gain of TEUR 121 to the Group.

Details of net assets acquired and goodwill are as follows:

	TEUR
<b>PURCHASE CONSIDERATION AT APRIL 1, 2011</b>	
Purchase consideration settled in cash until December 31, 2011	1,031
<b>Total purchase consideration</b>	<b>1,031</b>
Fair value of net assets acquired	–651
<b>Goodwill (note 10)</b>	<b>380</b>

The goodwill is mainly attributable to expected synergies and labor force. The goodwill is not tax deductible.

The assets and liabilities arising from the acquisition are as follows:

	TEUR
<b>FAIR VALUE</b>	
Cash and cash equivalents	85
Tangible assets (note 9)	41
Software and other intangible assets (note 10)	26
Customer base (note 10)	1,500
Inventory	6
Trade receivables (including allowance)	455
Other receivables	360
Accrued income and deferred expenses	43
Trade payables	–106
Other liabilities	–517
Accrued expenses and deferred income	–1,059
Provisions	–5
Loan from shareholder	–70
Deferred tax, net	–108
<b>Net assets acquired</b>	<b>651</b>
Purchase consideration settled in cash until December 31, 2011	–1,031
Cash and cash equivalents in subsidiary acquired	85
<b>Cash outflow on acquisition</b>	<b>–946</b>

### 32.2.3 ACQUISITION 2011 – EXCEET AUSTRIA GMBH

On March 1, 2011, the Group acquired exceet Austria GmbH, an inactive holding company, which was purchased for TEUR 40. At the date of acquisition, the acquired asset contains only cash positions. In June 2011, the Group made a capital contribution into exceet Austria GmbH.

The contingent consideration arrangement requires the Group to pay, over the next three years (2011 – 2013), up to TEUR 750 (undiscounted amount) depending on defined results. The management expected an earn-out payment of TEUR 650 based on best estimate (note 21).

The fair value of trade and other receivable is TEUR 700. The gross contractual amount for trade receivables due is TEUR 611, of which TEUR 10 is expected to be uncollectible.

### 32.2.4 ACQUISITION 2010 – WINTER AG, UNTERSCHLEISSHEIM

Winter AG contributed no revenue and no income for 2010 because the date of consolidation was the December 31, 2010. If the acquisition had occurred on January 1, 2010, Winter AG would have contributed revenue of TEUR 11,383 and a net loss of TEUR 2,050 to the Group.

The goodwill is attributed mainly to expected synergies, the labor force and the favorable sales growth potential.

	TEUR
<b>PURCHASE CONSIDERATION AT DECEMBER 31, 2010</b>	
Purchase price paid in 2010	992
Contingent consideration	639
<b>Total purchase consideration</b>	<b>1,631</b>
Fair value of net assets acquired	-1,317
Non-controlling	64
<b>Goodwill (note 10)</b>	<b>378</b>

	TEUR
<b>FAIR VALUE</b>	
Cash and cash equivalents	987
Tangible assets (note 9)	1,163
Software (note 10)	71
Customer base (note 10)	1,293
Brand (note 10)	239
Other financial assets	165
Inventory	935
Trade receivables (including allowance)	585
Other receivables	96
Accrued income and deferred expenses	7
Trade payables	-427
Other liabilities	-380
Accrued expenses and deferred income	-508
Provisions	-658
Deferred tax, net	-2,251
<b>Net assets acquired</b>	<b>1,317</b>
Purchase consideration settled in cash in 2010	-992
Cash and cash equivalents in subsidiary acquired	987
<b>Cash outflow on acquisition</b>	<b>-5</b>

### 32.2.5 ACQUISITION 2010 – THE ART OF PACKAGING S.R.O., PRACHATICE

The Art of Packaging s.r.o., Prachatice, contributed no revenue and no income for 2010 because the date of consolidation was December 31, 2010. If the acquisition had occurred on January 1, 2010, The Art of Packaging would have contributed revenue of TEUR 1,159 and a net gain of TEUR 74 to the Group.

Details of net assets acquired and goodwill are as follows:

	TEUR
<b>PURCHASE CONSIDERATION AT DECEMBER 31, 2010</b>	
Purchase price paid in 2010	20
Purchase price to be paid in 2011 and 2012	1,480
<b>Total purchase consideration</b>	<b>1,500</b>
Fair value of net assets acquired	-148
<b>Goodwill (note 10)</b>	<b>1,352</b>

The assets and liabilities arising from the acquisition are as follows:

	TEUR
<b>FAIR VALUE</b>	
Cash and cash equivalents	70
Tangible assets (note 9)	83
Intangible assets (note 10)	5
Inventory	4
Trade receivables (including allowance)	79
Other receivables	24
Accrued income and deferred expenses	5
Trade payables	-36
Other liabilities	-16
Accrued expenses and deferred income	-70
<b>Net assets acquired</b>	<b>148</b>
Purchase consideration settled in cash in 2010	-20
Cash and cash equivalents in subsidiary acquired	70
<b>Cash inflow on acquisition in 2010</b>	<b>50</b>

The Group acquired this company from related parties (note 35). The Art of Packaging is a near-shore production location in the Czech Republic. This takeover will allow the Group to continue to realize its costoptimized production concept and will increase production flexibility within the Group. The goodwill resulting from the

acquisition is attributable to know-how and skills of the acquired business workforce, the infrastructure of the site and the synergies that the Group can realize.

The accounts receivable and other receivable are valued at fair value; there are no uncollectible receivables.

## 33. INVESTMENT IN ASSOCIATE

IEE Opto Sense GmbH, Berlin, which is a 20% equity investment, was immaterial for group purposes and carried at cost less impairment. By December 31, 2010, it was written down to EUR 1 because the investment was sold in February 2011 for EUR 1. The loss of TEUR 6 is recognized in other financial expenses.

## 34. LIST OF CONSOLIDATED SUBSIDIARIES OF EXCEET GROUP SE

Company	Year of acquisition <sup>1</sup>	Activity
exceet Group SE	2011	Investments in subsidiaries
– Helikos AG	2011	Investments in subsidiaries
– exceet Group AG	2006	Investments in subsidiaries
– ECR AG	2006	Manufacturing of electronic components for industrial and med-tech application
– GS Swiss PCB AG	2006	Manufacturing of flexible, semi-flexible and HDI printed circuit boards
– Mikrap AG	2008	Development and distribution of software and hardware for instrumentation and control technology
– AEMtec GmbH	2008	Manufacturing of multi-chip modules
– Winter AG <sup>6</sup>	2010	Production of smart cards and card personalization
– exceet Austria GmbH <sup>7</sup>	2011	Investments in subsidiaries
– Contec Steuerungstechnik & Automation Gesellschaft m.b.H.	2011	Manufacturing of electronic components for industrial and med-tech application
– AuthentiDate International AG	2011	Digital signatures and trust center
– AuthentiDate Deutschland GmbH <sup>8</sup>	2011	Digital signatures and trust center
– exceet Card Group AG <sup>9</sup>	2009	Investments in subsidiaries
– VisionCard Kunststoffkartenproduktions GmbH <sup>2</sup>	2009	Manufacturing of plastic card for loyalty schemes, access, events and transportation
– idVation GmbH <sup>3</sup>	2009	Customizing solutions for RFID area and logical access
– The Art of Packaging s.r.o. <sup>4</sup>	2010	Production of prelaminate for RFID card components' packaging services
– PPC Card Systems GmbH <sup>2</sup>	2009	Manufacturing of bank and credit cards w/o chips for banking, loyalty schemes, medical & transportation
– PPC Card Systems B.V. <sup>5</sup>	2009	Personalization and mailing of all types of cards
– NovaCard Informationssysteme GmbH <sup>2</sup>	2009	Development and marketing of contact and contactless smart cards

- 1 Year of acquisition refers to exceet Group AG point of view  
2 exceet Card Group AG holds 100% of the share capital of these subsidiaries  
3 VisionCard Kunststoffkartenproduktions GmbH holds 100% of the share capital of idVation GmbH  
4 VisionCard Kunststoffkartenproduktions GmbH holds 98.67% of the share capital of TAoP s.r.o. idVation GmbH holds 1.33% of the share capital of TAoP s.r.o.  
5 PPC Card Systems GmbH holds 100% of the share capital of PPC Card Systems B.V.  
6 4.88% of the share in the capital and in the votes were held by the public and purchased by exceet Group AG on February 16, 2011  
7 exceet Austria GmbH holds 99.01% of the share capital of Contec GmbH, and exceet Group AG 0.99% of the share capital of Contec GmbH  
8 AuthentiDate International AG holds 100% of the share capital of AuthentiDate Deutschland GmbH  
9 exceet Card Group AG holds 100% of the share capital of NovaCard Systems Inc., USA, which is an inactive company and therefore not consolidated.

Country	Share capital	Share in the capital	Share of the votes
LUX	EUR 527,960	100%	100%
SUI	CHF 100,000	100%	100%
SUI	CHF 25,528,040	100%	100%
SUI	CHF 500,000	100%	100%
SUI	CHF 1,350,000	100%	100%
SUI	CHF 1,000,000	100%	100%
GER	EUR 2,250,000	100%	100%
GER	EUR 5,292,000	100%	100%
AUT	EUR 35,000	100%	100%
AUT	EUR 36,000	100%	100%
GER	EUR 1,000,000	100%	100%
GER	EUR 25,000	100%	100%
GER	EUR 5,915,500	100%	100%
AUT	EUR 35,000	100%	100%
GER	EUR 25,000	100%	100%
CZE	CZK 1,500,000	100%	100%
GER	EUR 1,023,584	100%	100%
NED	EUR 226,900	100%	100%
GER	EUR 1,022,584	100%	100%

As a result of the restructuring of the Group, the two subsidiary companies Helikos Management GmbH, Frankfurt am Main, Germany ('Helikos GmbH') and the Helikos Acquisition GmbH & Co. KG, Frankfurt am Main, Germany ('Helikos KG') are not consolidated as at December 31, 2011. Helikos GmbH was merged by means of acquisition into AEMtec GmbH, Berlin, Germany as at September 30, 2011, whereas Helikos KG was merged into excecet Group SE as at December 5, 2011. Due to the fact that the restructuring was executed within the Group, no gain or loss was realized at group level.

## 35. ULTIMATE CONTROLLING PARTIES AND RELATED-PARTY TRANSACTIONS

The Company has no ultimate controlling party.

Entities and natural persons (and their families) are considered related parties if they are in a position to control the exceet Group SE or to exert a significant influence on its financial and business policies. For the purpose of assessing the significant influence exercised by related parties on the financial or business policies of the exceet Group SE, the existence of fiduciary relationships is taken into account in addition to the existing control relationships.

### RELATED ENTITIES

The following entities are to be considered related parties:

- > Greenock S.à.r.l. (Ventizz) New York, USA (shareholder)
- > Oranje-Nassau Participaties B.V., Amsterdam, Netherlands (shareholder)
- > Eiflia Holding GmbH, Bonn, Germany (shareholder)
- > ICID Handels GmbH, Kematen, Austria (entity controlled by related person)

### RELATED PERSONS

#### Board of Directors

- > Hans Hofstetter, President of the Board of Directors
- > Thomas Brauchli
- > Dr. Hagen Hultzsch
- > Roland Lienau
- > Dirk-Jan Van Ommeren
- > Ulrich Reutner

### MEMBERS OF THE MANAGEMENT BOARD OF EXCEET GROUP SE

Ulrich Reutner, Chief Executive Officer  
 Ulrich Feisst, Chief Financial Officer  
 Robert Wolny, Chief Operating Officer – IDMS  
 Jan Trommershausen, Chief Operating Officer – ECMS

The remuneration of members of the Management Board and the Board of Directors is disclosed in note 36.

### TRANSACTIONS WITH RELATED PARTIES RELATED TO THE CONSUMMATION OF THE ACQUISITION

In October 2009, the founding shareholders (Wendel Group, Prof. Dr. Dr. h.c. Hermann Simon and Mr. Roland Lienau) acquired an aggregate of 9,473,684 founding shares at a price of EUR 0.0152 per founding share or an aggregate purchase price of TEUR 144. Subsequently and after successful completion of the IPO, the amount of founding shares has been reduced in order to cap the maximum ownership of founding shareholders to 24% via share capital decrease by means of a reimbursement in cash at the nominal acquisition value. Immediately prior to the IPO closing date, the founding shareholders purchased 10,000,000 founding warrants at a purchase price of EUR 1.00 per founding warrant (aggregate price of TEUR 10,000). Wendel Group subscribed for TEUR 8,800 and each of Prof. Dr. Dr. h.c. Hermann Simon and Mr. Roland Lienau subscribed for TEUR 600. The terms and conditions of the founding shares and warrants are



described in note 17 and note 21 respectively. With consummation of the acquisition, the 10,000,000 founding warrants have been redeemed for a price of EUR 1 per warrant and the founders have subscribed 1,000,000 new Class B4 shares for EUR 10 per share. Furthermore, the Class B1 shares automatically have been converted into Class A shares. As at December 31, 2011, 5,210,526 Class B shares are outstanding.

On July 21, 2011, Greenock S.à r.l., Oranje-Nassau Participaties B.V., Ulrich Reutner, Robert Wolny, Eiflia Holding GmbH, Roland Lienau and Jan Trommershausen concluded a shareholders' agreement, committing themselves to a common, long-term strategy regarding the management of exceet Group SE according to article 9(a) of the Luxembourg law of transparency. The parties of this shareholders' agreement have controlled 71.34% of the total voting rights since July 29, 2011.

One shareholder loan of TEUR 4,350 (with additional interest and any other amounts accrued) granted to exceet Card Group AG was prepaid in full with consummation of the acquisition. All other shareholder loans remain unchanged since year-end (interest charge for the period 2011 – TEUR 183 (2010: TEUR 307)). In addition, the Group had legal charges in the first six months of 2011 of TEUR 215 (2010: TEUR 174). For the acquisition of The Art of Packaging s.r.o. at December 31, 2010, TEUR 780 was paid to Members of Management Board of exceet Group AG (note 32) by the end of the third quarter of 2011.

## OTHER TRANSACTIONS WITH RELATED PARTIES

A number of Board Members or related entities transacted with the Group in the reporting period. The terms and conditions of the transactions with related entities were no more favorable than those available on similar transactions to non-related parties. The interest of the shareholder's loans is in line with the guideline of the Swiss Federal tax authority.

The aggregate value of transactions and outstanding balances relating to transactions with related parties were as follows:

TEUR		2011	2010
<b>TRANSACTION VALUE YEAR ENDED DECEMBER 31</b>			
Related party	Transaction		
Entity controlled by Members of the Board of Directors and Management Board	Legal service	-208	-205
Associate	Sale of goods/other income	0	16
Entity controlled by Members of the Board of Directors and Management Board	Purchase of goods	0	-1,135
Ultimate parent company	Loans interest charged	-204	-140
Board of Directors and Management Board	Loan interest charged	0	-123
Associate	Loan interest charged	-22	0
Entity controlled by Members of the Board of Directors and Management Board	Other administration costs	-178	0
Associate	Other administration costs	-7	0
Board of Directors and Management Board	Other administration costs	-57	0
<b>BALANCE OUTSTANDING AT DECEMBER 31</b>			
Related party	Balance outstanding		
Entity controlled by Members of the Board of Directors and Management Board	Trade payables and other liabilities	-93	-92
Associate	Trade payables and other liabilities	0	-8
Board of Directors and Management Board	Trade payables and other liabilities	-3	0
Ultimate parent company	Borrowings and other liabilities	-6,761	-6,549
Board of Directors and Management Board	Borrowings and other liabilities	-779	-5,981

The conditions of the loan to shareholders are described in note 18.

## CONTINGENT LIABILITIES TOWARDS RELATED PARTIES

No contingent liabilities towards related parties.

## 36. REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The following remuneration has been paid:

TEUR	2011	2010
Remuneration for meetings	24	23
<b>Total payments to the Board of Directors</b>	<b>24</b>	<b>23</b>
Salaries and social cost payments to Management Board	1,516	1,197
Post-employment benefits payments to Management Board	81	64
<b>Total payments to Management Board</b>	<b>1,597</b>	<b>1,261</b>

In 2011, eight (2010: ten) meetings took place, of which three meetings concerned the former excecet Group AG and another five meetings concerned excecet Group SE after the reverse asset acquisition. Furthermore the directors receive a fee on an hourly basis for additional services rendered.

The remuneration of the Management Board comprises a fixed and a variable component.

The members of the Management Board and the Board of Directors hold the following shares:

MANAGEMENT BOARD	Total shares	Class A shares	Class B shares	2011 Class C shares	2010 Number of shares
Ulrich Reutner	1,029,054	484,689	0	544,365	0
Ulrich Feisst	0	0	0	0	0
Robert Wolny	1,025,854	481,489	0	544,365	0
Jan Trommershausen	101,593	47,683	0	53,910	0
<b>Total</b>	<b>2,156,501</b>	<b>1,013,861</b>	<b>0</b>	<b>1,142,640</b>	<b>0</b>

BOARD OF DIRECTORS	Total shares	Class A shares	Class B shares	2011 Class C shares	2010 Number of shares
Hans Hofstetter, President of the Board of Directors	0	0	0	0	0
Thomas Brauchli	0	0	0	0	0
Dr. Hagen Hultzsich	0	0	0	0	n/a
Roland Lienau	395,668	108,829	286,839	0	n/a
Dirk-Jan Van Ommeren	0	0	0	0	n/a
Ulrich Reutner	1,029,054	484,689	0	544,365	0
<b>Total</b>	<b>1,424,722</b>	<b>593,518</b>	<b>286,839</b>	<b>544,365</b>	<b>0</b>

## 37. EVENTS AFTER THE BALANCE SHEET DATE

### MANAGEMENT STOCK OPTION PROGRAM

In January 2012, the Company announced the implementation of a management stock option program, pursuant to which up to 450,000 options for the acquisition of Class A shares can be granted to selected current and future executives of the Company and its affiliated enterprises. The key points of the management stock option program are:

- i) the total number of 450,000 options is divided into four equal tranches of 112,500 options, each tranche characterized by a different strike price of EUR 9.00, EUR 12.00, EUR 13.00 and EUR 16.00;
- ii) each beneficiary has to pay an option premium of EUR 1.50 to the Company for each stock option received;
- iii) the options can be exercised in predefined periods if the volume-weighted average share price, as defined in the articles of the Company, rises above the strike price of the option;
- iv) Options not exercised within five years from issuance date expire without any compensation;
- v) the beneficiary receives a Class A share of the Company for each option exercised without further payment. Those Class A shares are subject to a 12-month trade restriction.

For the purpose of the settlement of the options, the general meeting approved the reservation of 450,000 unlisted Class A shares held in treasury by the Company on November 21, 2011.

### ACQUISITION 2012 – INPLASTOR AG, VIENNA

On January 23, 2012, the Group acquired by way of a share purchase agreement all of the shares of Inplastor graphische Produkte GmbH (Inplastor GmbH), an Austrian full-line provider of card-based Loyalty- and ID-Security-Solutions. The rationale for the acquisition was to strengthen except Group SE's market leader position in the card-based Loyalty- and ID-Security-Solution market in the DACH-Region (Germany, Austria and Switzerland). The aggregate consideration amounts to TEUR 2,700, which consists of TEUR 2,200 paid in cash, a contingent consideration of TEUR 300 payable with the submission of the final Financial Statements as of December 31, 2011 of Inplastor GmbH, and EUR 200 thousand payable one year after the effective date of the acquisition provided that except Group SE does not submit a warranty claim. Inplastor GmbH was acquired through an intermediate Austrian holding company.

Inplastor GmbH prepared its financial statements according to Austrian GAAP (UBG). A conversion to IFRS has not taken place yet. Due to this fact, a final purchase price allocation could not be performed. Therefore, the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed, as well as the net assets acquired and the resulting goodwill, could not be provided. Furthermore, the contingent component final amount of the consideration payable could not be determined to date.

Due to the fact that the acquisition occurred after the reporting date, Inplastor GmbH did not contribute revenues or net profits to the Group for the reporting period. If the acquisition had occurred on January 1, 2011, Inplastor GmbH would have contributed, according to Austrian GAAP (UBG), revenues of TEUR 8,880 and a net gain of TEUR 306 to the Group.

## 38. REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of  
exceet Group SE  
Société Européenne  
115, avenue Gaston Diderich  
L-1420 Luxembourg

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of exceet Group SE, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### RESPONSIBILITY OF THE 'RÉVISEUR D'ENTREPRISES AGRÉÉ'

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the 'réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

---

In our opinion, the consolidated financial statements give a true and fair view of the financial position of exceet Group SE as of December 31, 2011, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

## OTHER MATTERS

---

Further to the reverse asset acquisition of exceet Group SE described in the notes 1, 5 and 17 to the accompanying consolidated financial statements, the comparative figures of exceet Group SE, consisting of the consolidated statement of financial position as at December 31, 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year ended on December 31, 2010, correspond to those of exceet Group AG. The consolidated annual accounts of exceet Group AG for the year ended December 31, 2010 were audited by another auditor who expressed an unmodified opinion on those consolidated annual accounts on April 11, 2011.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

---

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

ERNST & YOUNG

Société Anonyme de révision agréé



Jeannot WEYER

Luxembourg, March 29, 2012

# IMPRINT

## PUBLISHER / LEGAL NOTICE

---

exceet Group SE  
115 avenue Gaston Diderich  
L-1420 Luxembourg  
Grand Duchy of Luxembourg

## RESPONSIBLE FOR THE CONTENTS

---

exceet Group SE

## CONCEPTION & DESIGN

---

BOROS

## PRINTED BY

---

VisionCard Kunststoffkartenproduktions GmbH  
Kematen in Tyrol, Austria

## CONTACT

---

exceet Group SE  
Fabian Rau  
Vice President Marketing/Investor Relations  
[f.rau@exceet.ch](mailto:f.rau@exceet.ch)