

Balance Sheet as of December 31, 2012

| Assets   |               |                            | Liabilities  |                    |                            |
|--|---------------|----------------------------|--|--------------------|----------------------------|
|  | EUR           | as of<br>31.12.2011<br>EUR |  | EUR                | as of<br>31.12.2011<br>EUR |
| <b>A. Capital Assets</b>   |               |                            | <b>A. Shareholders' Equity</b>   |                    |                            |
| <b>I. Intangible Assets</b>  |               |                            | <b>I. Subscribed Capital Stock</b>   | 5.154.600,00       | 4.686.000,00               |
| Purchased Concessions, Industrial Property and similar Rights and Assets, and Licenses in such Rights and Assets | 14.759,00     | 0,00                       | - <i>Conditional Capital:</i>  | 1.521.250,00 EUR   |                            |
|  |               |                            | ( <i>Prior Year:</i>   | 1.521.250,00 EUR ) |                            |
|  | 14.759,00     | 0,00                       | <b>II. Capital Reserve</b>   | 9.015.725,37       | 8.144.129,37               |
| <b>II. Tangible Assets</b>   |               |                            | <b>III. Accumulated Profits</b>  | 17.897.499,61      | 13.983.605,45              |
| Other Equipment, Factory and Office Equipment  | 31.140,00     | 33.598,00                  |  | 32.067.824,98      | 26.813.734,82              |
|  | 31.140,00     | 33.598,00                  |  |                    |                            |
| <b>III. Financial Assets</b>   |               |                            | <b>B. Accrued Liabilities</b>  |                    |                            |
| 1. Shares in Affiliated Companies  | 29.001.102,75 | 19.817.094,40              | 1. Tax Accruals  | 0,00               | 17.516,92                  |
| 2. Loans to Affiliated Companies   | 4.514.668,00  | 2.598.363,64               | 2. Other Accruals  | 51.450,02          | 47.859,00                  |
| 3. Participating Interests   | 2.416.541,75  | 2.116.541,75               |  | 51.450,02          | 65.375,92                  |
| 4. Loans to Companies in which the Company has a Participating Interest  | 347.061,72    | 138.496,72                 |  |                    |                            |
| 5. Securities  | 14.980,68     | 14.980,68                  | <b>C. Liabilities</b>  |                    |                            |
| 6. Other Loans   | 50.000,00     | 50.000,00                  | 1. Bank Loans and Overdrafts   | 0,00               | 48.714,83                  |
|  | 36.344.354,90 | 24.735.477,19              | 2. Trade payables  | 59.454,27          | 86.779,55                  |
|  | 36.390.253,90 | 24.769.075,19              | 3. Payables to Affiliated Companies  | 578.071,01         | 667.275,10                 |
| <b>B. Current Assets</b>   |               |                            | 4. Payables to Companies in which the Company has a Participating Interest | 241.071,00         | 0,00                       |
| <b>I. Receivables and Other Assets</b>   |               |                            | 5. Other Liabilities   | 4.713.657,73       | 1.437.714,18               |
| 1. Trade Receivables   | 25.682,77     | 54.841,05                  |  | 5.592.254,01       | 2.240.483,66               |
| 2. Receivables from Affiliated Companies   | 175.490,00    | 4.180.923,09               |  |                    |                            |
| 3. Receivables from Companies in which the Company has a Participating Interest                                  | 11.463,38     | 259,77                     |  |                    |                            |
| 4. Other Assets  | 40.283,84     | 28.106,82                  |  |                    |                            |
|  | 252.919,99    | 4.264.130,73               |  |                    |                            |
| <b>II. Checks, Cash on Hand and Bank Balances</b>  | 1.046.488,40  | 66.473,73                  |  |                    |                            |
|  | 1.299.408,39  | 4.330.604,46               |  |                    |                            |
| <b>C. Prepaid Expenses and Deferred Charges</b>  | 21.866,72     | 19.914,75                  |  |                    |                            |
|  |               |                            |  |                    |                            |
|  | 37.711.529,01 | 29.119.594,40              |  | 37.711.529,01      | 29.119.594,40              |

**Income Statement for the Period from January 1, 2012 to December 31, 2012**

|   | <u>EUR</u>   | <u>EUR</u>                  | <u>31.12.2011</u><br><u>EUR</u> |
|---|--------------|-----------------------------|---------------------------------|
| 1. Sales Revenues   |              | 6.302.346,70                | 7.224.228,98                    |
| 2. Other Operating Income                                     |              | 66.088,86                   | 112.091,73                      |
| - of which Income from Currency Conversion                    | 22,06        |                             |                                 |
| ( Prior Year:   | 0,00 )       |                             |                                 |
| 3. Material Costs   |              |                             |                                 |
| Book value of financial assets at time of disposal            |              | 525.504,26                  | 2.223.743,70                    |
| 4. Personnel Costs  |              |                             |                                 |
| a) Wages and Salaries   |              | 930.084,53                  | 747.250,13                      |
| b) Social security, pension and other benefit costs           |              | 121.359,35                  | 99.720,15                       |
| 5. Amortization and Depreciation of Tangible Assets           |              | 15.256,54                   | 11.387,77                       |
| 6. Other Operating Expenses                                   |              | 958.217,07                  | 929.272,95                      |
| - of which Expenses from Currency Conversion                  | 6,97         |                             |                                 |
| ( Prior Year:   | 1.195,79 )   |                             |                                 |
| 7. Income from other securities and loan receivables          |              | 288.623,51                  | 274.366,92                      |
| - of which from affiliated companies                          | 265.314,51   |                             |                                 |
| (Prior Year:  | 268.976,87 ) |                             |                                 |
| 8. Interest receivables and other income                      |              | 182,33                      | 165,37                          |
| 9. Depreciation of financial assets and marketable securities |              | 2.987,39                    | 0,00                            |
| 10. Interest payable and similar expenses                     |              | 240.989,20                  | 81.859,07                       |
| - of which to affiliated companies                            | 27.401,43    |                             |                                 |
| (Prior Year:  | 10.946,84 )  |                             |                                 |
| 11. Result of ordinary activities                             |              | <u>3.862.843,06</u>         | <u>3.517.619,23</u>             |
| 12. Extraordinary Income                                      |              | 52.496,10                   | 0,00                            |
| 13. Other taxes   |              | 1.445,00                    | 1.176,00                        |
| 14. Annual Net Profit   |              | <u>3.913.894,16</u>         | <u>3.516.443,23</u>             |
| 15. Accumulated Income from Previous Year                     |              | 13.983.605,45               | 10.467.162,22                   |
| 16. Accumulated Profits                                       |              | <u><u>17.897.499,61</u></u> | <u><u>13.983.605,45</u></u>     |

## mic AG, Munich

### Explanatory Notes for 2012

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#### General Comments

These annual financial statements were prepared in accordance with sections 242 et seq. and 264 et seq. HGB (*Handelsgesetzbuch* - German Commercial Code) and in accordance with the relevant provisions of the AktG (*Aktiengesetz* - Public Companies Act) and the Constitution. The applicable provisions are those for companies limited by shares. As the company is listed on the open market and the open market is not an organised market within the meaning of § 2 para. 5 WpHG (*Wertpapierhandelsgesetz* - German Securities Trading Act), mic AG is to be classified as a small company limited by shares. In the preparation of the explanatory notes, use was made in part of the relief provided under §§ 274a, 288 HGB for small companies limited by shares. The profit and loss statement is structured in accordance with the aggregate cost method.

#### Recording and Evaluation Methodologies

The following recording and evaluation methodologies were once again employed in the preparation of the annual financial statements.

Acquired **intangible assets** that form part of the capital assets are recorded at their acquisition cost or cost of production and are depreciated, to the extent subject to deterioration, in accordance with their useful life by systematic write-downs.

**Tangible fixed assets** are recorded at their acquisition cost or cost of production, and are depreciated, to the extent depreciable, by systematic write-downs.

The tangible fixed assets are written down in accordance with their foreseeable useful life. Low-value assets up to a net individual value of EUR 410.00 have been fully written off in the year of entry or captured as an expense. For assets acquired in the 2008 and 2009 business years with a net individual value of more than EUR 150.00 up to EUR 1,000.00, the pooling of assets used for tax purposes is also used in the balance sheet. The pooled assets are depreciated at a blanket rate of 20 per cent p.a. in the year of entry and the four following years. The write-downs for additions to tangible fixed assets are otherwise made pro rata temporis.

For the **financial assets** the shares and securities are recorded at their acquisition cost or lower fair value and loans in principle at their face value.

When valuing the shares in Aifotec AG, Jena, an unscheduled write-down was ignored with reference to the right to choose in § 253 para. 3 sentence 4 HGB, because it is assumed that this is simply a temporary decrease in value. On the basis of Aifotec AG's current business plan, as at 31 December 2012 a value of EUR 2,817,000 can be assigned to the company, as ascertained by a valuation undertaken by mic AG. The book value of the shares is EUR 6,862,000. The temporary decrease in value can be attributed to the delays in the development of a large project. It can be assumed that these delays will be remedied in the 2013 business year and the company will thus once again return to its growth path, which set the groundwork for the previous valuation. Taking this large project into account, the business is valued at EUR 13,500,000 according to a valuation undertaken by mic AG, of which 56.45% falls to mic AG.

**Receivables and other assets** are recorded at face value.

The **other liabilities** take all unknown liabilities into account. They are recorded, in accordance with reasonable commercial judgement, at the level of the necessary settlement amount (i.e. including future costs and price increases). Liabilities with a remaining term of more than a year were discounted.

**Liabilities** are recorded at the settlement amount.

**Assets and liabilities in foreign currencies**, to the extent present, are essentially converted at the spot foreign exchange rate as at the balance date.

## Notes Regarding the Balance Sheet

### Capital Assets

The development of the individual asset entries is represented specifying the write-downs for the business year in the assets analysis.

## Information regarding the Shareholdings

|  | Currency | Shareholding<br>% | Equity<br>in '000 local<br>currency | Result<br>in '000 local<br>currency |
|--|----------|-------------------|-------------------------------------|-------------------------------------|
| <b><u>Domestic (direct)</u></b>                                  |          |                   |                                     |                                     |
| μ-GPS Optics GmbH,<br>Meiningen                                  | EUR      | 72.54             | -776                                | -339                                |
| 3-EDGE GmbH, Asch-<br>heim                                       | EUR      | 80.00             | 348                                 | 101                                 |
| Aifotec AG,<br>Jena**  | EUR      | 56.34             | 9,368                               | -123                                |
| ficonTEC GmbH i. L.,<br>Bremen*                                  | EUR      | 38.84             | NC                                  | NC                                  |
| mic clean AG,<br>Munich  | EUR      | 100.00            | 4,521                               | -218                                |
| mic IT GmbH,<br>Munich   | EUR      | 100.00            | 5,707                               | -15                                 |
| mic sense AG,<br>Munich  | EUR      | 87.82             | 5,983                               | -5                                  |
| neuroConn GmbH,<br>Ilmenau                                       | EUR      | 51.06             | 1,341                               | 175                                 |
| ProximusDA GmbH,<br>Munich                                       | EUR      | 41.81             | -845                                | -729                                |
| Wearable Technologies<br>AG, Munich                              | EUR      | 66.67             | 5,826                               | -175                                |
| * Company in liquidation, thus no comment                        |          |                   |                                     |                                     |
| ** Statements based on the financial statements as at 31.12.2011 |          |                   |                                     |                                     |
| <b><u>Domestic (indirect)</u></b>                                |          |                   |                                     |                                     |
| 4DForce GmbH,<br>Meiningen                                       | EUR      | 87.50             | -950                                | -100                                |
| Exergy GmbH,<br>Munich   | EUR      | 95.00             | -79                                 | -102                                |
| FIBOTEC FIBEROP-<br>TICS GmbH, Meiningen                         | EUR      | 80.00             | -425                                | -64                                 |
| FiSec GmbH,<br>Meiningen   | EUR      | 50.00             | -2,192                              | -864                                |
| Flores Solar Water<br>GmbH, Munich                               | EUR      | 49.00             | -653                                | -235                                |
| PiMON GmbH,<br>Munich  | EUR      | 93.00             | -333                                | -288                                |
| SportsCurve GmbH,<br>Gilching                                    | EUR      | 80.00             | -52                                 | -34                                 |
| Wearable Technologies<br>Service GmbH,<br>Herrsching             | EUR      | 100.00            | -73                                 | -21                                 |

### Receivables and Other Assets

The other assets include receivables of EUR 1,000 (previous year: EUR 1,000) with a remaining term of more than a year.

### Equity

The subscribed capital is comprised as follows:

The holders of ordinary shares

5,154,600 shares á EUR 1.00 = EUR 5,154,600.00

The capital reserve has developed as follows:

|                                   | EUR                 |
|-----------------------------------|---------------------|
| Capital reserve as at 1.1.2012:   | <u>8,144,129.37</u> |
| Adjustment in the capital reserve | <u>871,596.00</u>   |
| Capital reserve as at 31.12.2012: | <u>9,015,725.37</u> |

On the basis of the authority granted by the general meeting on 18 July 2011, the increase in the share capital of EUR 468,600.00 to EUR 5,154,500.00 has been implemented. The new shares were issued at a price of EUR 2.86, with a total issue price of EUR 1,340,196.00. This increase occurred by partially exhausting the approved capital 2011/I of EUR 2,343,000.00. By resolution of the Supervisory Board of 12 December 2012, § 3 of the Constitution was amended (share capital, approved capital).

In addition, the general meeting of 18 July 2011 resolved to create new contingent capital and to amend the Constitution. The contingent capital recorded in the Company Registry amounts to EUR 1,521,250.00 at the Balance Date.

The approved capital from 18 July 2011 (approved capital 2011/I), following partial exhaustion, amounts to EUR 1,874,400.00.

### Liabilities

The remaining term of the liabilities is detailed in the liabilities analysis.

| in '000 EUR   | 31.12.2012      |                 |       | 31.12.2011     |       |
|---|-----------------|-----------------|-------|----------------|-------|
|   | Remaining term  |                 | total | Remaining term | total |
|   | up to<br>1 Year | over<br>5 Years |       |                |       |
| Type of liability                                     |                 |                 |       |                |       |
| 1. Liabilities to credit institutes                   | 0               | 0               | 0     | 49             | 49    |
| 2. Liabilities from goods and services                | 59              | 0               | 59    | 87             | 87    |
| 3. Liabilities to associated companies                | 578             | 0               | 578   | 667            | 667   |
| 4. Liabilities to companies, in which shares are held | 241             | 0               | 241   | 0              | 0     |
| 5. Other liabilities                                  | 4.714           | 0               | 4.714 | 1.438          | 1.438 |
| - of them from taxes                                  |                 |                 | 13    |                | 36    |

### Other Statements

The management of mic AG was undertaken by both Boards in the business year:

Mr Claus-Georg Müller, Munich, Chair of the Board, responsible for the areas:

- Sales & Marketing,
- Business Development,
- Strategy,
- Investor Relations.

Mr Manuel Reitmeier, Munich, responsible for the areas:

- Finance/Accounting,
- Taxes,
- Administration,
- Staff,
- Legal and patent matters,
- Public relations.

**Supervisory Board**

|                                 |   |
|---------------------------------|---|
| Mr Reiner Fischer, Munich       | Chair, Manager of a business consultancy.   |
| Ms Sabine Westerfeld, Freiburg  | Vice-Chair, self-employed psychologist and graduate business economist (IHK/EMA)                                      |
| Mr Martin Weigert, Etterzhausen | Manager with a manufacturer of analogue interface components for communications, industrial and consumer applications |

**Appropriation of Earnings/Suggested Appropriation of Earnings**

The balance sheet profit has developed as follows:

|  | EUR                  |
|--|----------------------|
| Annual surplus:  | <u>3,913,894.16</u>  |
| Balance sheet profit on 1.1.2012 (profit carried forward): | <u>13,983,605.45</u> |
| Balance sheet profit on 31.12.2012:                        | <u>17,897,499.61</u> |

The management suggests that the balance sheet profit of EUR 17,897,499.61 be carried forward.

Further, reference is made to the fact that mic Holding GmbH granted mic AG debt relief with debtor warrant of EUR 775,657.49 in 2007.

Munich, 24th of May 2013

mic AG

- Board -

(Claus-Georg Müller)

(Manuel Reitmeier)



Fixed Schedule 2012

|  | Acquisition & Manufacturing Costs |                 |                 |                    | Accumulated Depreciation |                   |                 |                 | Book Value        |                   |                   |
|--|-----------------------------------|-----------------|-----------------|--------------------|--------------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|
|  | 01.01.2012<br>EUR                 | Increase<br>EUR | Decrease<br>EUR | Adjustments<br>EUR | 31.12.2012<br>EUR        | 01.01.2012<br>EUR | Increase<br>EUR | Decrease<br>EUR | 31.12.2012<br>EUR | 31.12.2012<br>EUR | 31.12.2011<br>EUR |
| <b>I. Intangible Assets</b>  |                                   |                 |                 |                    |                          |                   |                 |                 |                   |                   |                   |
| Purchased Concessions, Industrial Property and Similar Rights and Assets, and Licenses in such Rights and Assets | 0,00                              | 16.048,50       | 0,00            | 0,00               | 16.048,50                | 0,00              | 1.289,50        | 0,00            | 1.289,50          | 14.759,00         | 0,00              |
|  | 0,00                              | 16.048,50       | 0,00            | 0,00               | 16.048,50                | 0,00              | 1.289,50        | 0,00            | 1.289,50          | 14.759,00         | 0,00              |
| <b>II. Tangible Assets</b>   |                                   |                 |                 |                    |                          |                   |                 |                 |                   |                   |                   |
| Other Equipment, Factory and Office Equipment  | 64.038,16                         | 11.509,04       | 0,00            | 0,00               | 75.547,20                | 30.440,16         | 13.967,04       | 0,00            | 44.407,20         | 31.140,00         | 33.598,00         |
|  | 64.038,16                         | 11.509,04       | 0,00            | 0,00               | 75.547,20                | 30.440,16         | 13.967,04       | 0,00            | 44.407,20         | 31.140,00         | 33.598,00         |
| <b>III. Financial Assets</b>   |                                   |                 |                 |                    |                          |                   |                 |                 |                   |                   |                   |
| 1. Shares in Affiliated Companies  | 19.817.094,40                     | 9.712.500,00    | 525.504,26      | 0,00               | 29.004.090,14            | 0,00              | 2.987,39        | 0,00            | 2.987,39          | 29.001.102,75     | 19.817.094,40     |
| 2. Loans to Affiliated Companies   | 2.598.363,64                      | 1.933.352,25    | 17.047,89       | 0,00               | 4.514.668,00             | 0,00              | 0,00            | 0,00            | 0,00              | 4.514.668,00      | 2.598.363,64      |
| 3. Participating Interests   | 2.157.240,75                      | 240.000,00      | 0,00            | 60.000,00          | 2.457.240,75             | 40.699,00         | 0,00            | 0,00            | 40.699,00         | 2.416.541,75      | 2.116.541,75      |
| 4. Loans to Companies in which the Company has a Participating Interests   | 0,00                              | 0,00            | 0,00            | 0,00               | 0,00                     | 0,00              | 0,00            | 0,00            | 0,00              | 0,00              | 0,00              |
| 5. Securities  | 429.596,87                        | 268.565,00      | 0,00            | -60.000,00         | 638.161,87               | 291.100,15        | 0,00            | 0,00            | 291.100,15        | 347.061,72        | 138.496,72        |
| 6. Other Loans   | 14.980,68                         | 0,00            | 0,00            | 0,00               | 14.980,68                | 0,00              | 0,00            | 0,00            | 0,00              | 14.980,68         | 14.980,68         |
|  | 50.000,00                         | 0,00            | 0,00            | 0,00               | 50.000,00                | 0,00              | 0,00            | 0,00            | 0,00              | 50.000,00         | 50.000,00         |
|  | 25.067.276,34                     | 12.154.417,25   | 542.552,15      | 0,00               | 36.679.141,44            | 331.799,15        | 2.987,39        | 0,00            | 334.786,54        | 36.344.354,90     | 24.735.477,19     |
|  | 25.131.314,50                     | 12.181.974,79   | 542.552,15      | 0,00               | 36.770.737,14            | 362.239,31        | 18.243,93       | 0,00            | 380.483,24        | 36.390.253,90     | 24.769.075,19     |

## **Auditor's Report**

To mic AG

We have audited the annual financial statement, comprising the balance sheet, the income statement and the notes to the annual financial statement, together with the bookkeeping system of mic AG for the business year from January 1, 2012, to December 31, 2012. The maintenance of the books and records as well as the preparation of the annual financial statement in accordance with German commercial law, are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statement, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statement in accordance with the article 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statement in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statement are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statement. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statement complies with the legal requirements and supplementary provisions of the articles of incorporation and gives a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting.

Without limiting this estimation we refer to the company's statement embodied in the attachment, article "Notes to the Accounting Policy". It explains that due to the merely temporary impairment of value of a portfolio company mic AG called upon the right to vote in § 253 paragraph 3 sentence 4 of the German Commercial Code. Thus no extraordinary depreciation has been deducted on December 31, 2012."

Dusseldorf, Mai 24, 2013

Verhülsdonk & Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Grote  
German CPA

Weyers  
German CPA

