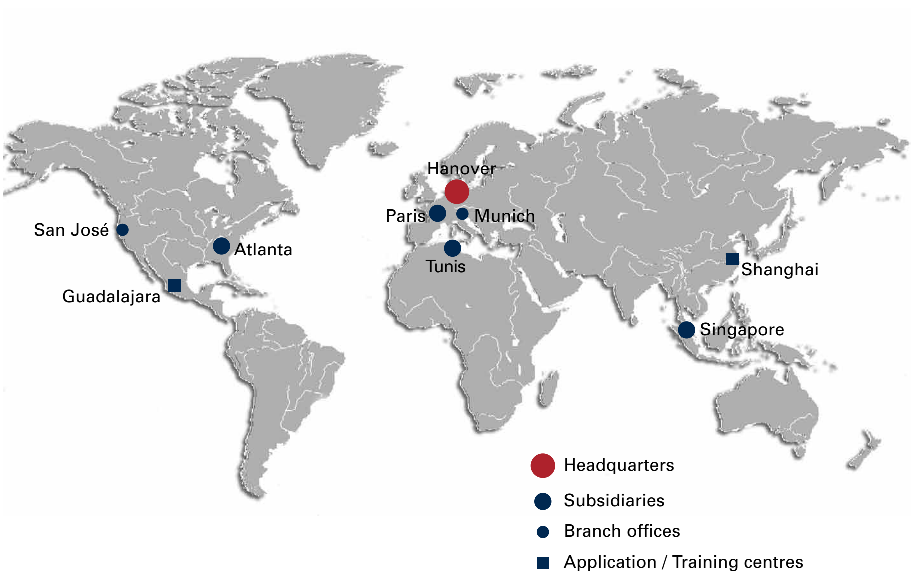
ANNUAL REPORT 2012

CONTENTS

OPERATING FIGURES

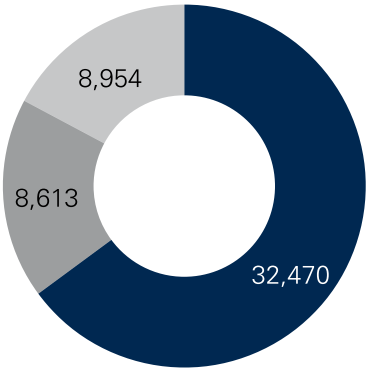
		2012	2011
Profit and loss			
Revenues	K€	50,037	53,499
EBIT	K€	9,248	12,014
Annual profit	K€	6,638	8,496
Balance sheet and cashflow statement figures			
Total assets	K€	72,505	72,480
Equity ratio	%	85,9	86,0
CF from current business	K€	9,520	11,535
CF from investment	K€	-1,594	-8,814
CF from financing	K€	-6,665	86
End of period capital	K€	30,014	28,810
Shares			
Result per share	€	0.75	0.96
Dividend per share*	€	0.60	0.75
Employees			
Employees at year-end		286	273
Employees in annual average		285	270

*Dividend proposal 0.60 € per share for the financial year 2012

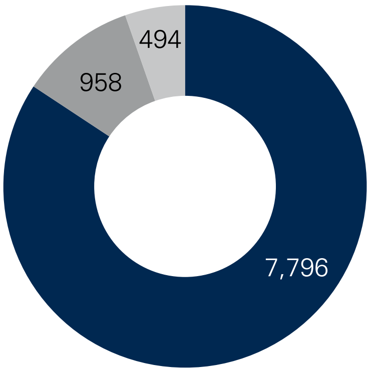


SEGMENT INFORMATION

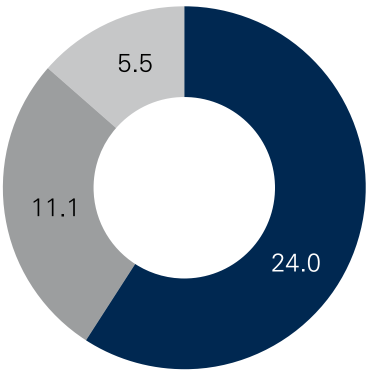
REVENUE
in K€



EBIT
in K€



EBIT-Margin
in %



Europe Asia Americas

FIGURES 2012

50,037
Revenue
in K€

9,248
EBIT
in K€

18.5
EBIT-Margin
in %

85.9
Equity Ratio
in %

7.9
Dividend Yield
in %

VISION TECHNOLOGY.

Viscom Systems are far more reliable than humans, detecting defects that are invisible to the naked eye.

We develop, manufacture and sell automated optical and X-ray inspection systems for use in industrial electronics production. Highly qualified employees, a strong customer focus and market-leading technological expertise help us along the road to success. We develop inspection solutions for companies around the world. A crucial factor in this is remaining user-focused and close to the customer and to the market.

expert.

Viscom has top-level expertise in industrial image processing. All of the company's products are made at our Hanover site. Construction and manufacturing take place exclusively in-house, including for major projects, to ensure maximum flexibility. At the forefront of this is a consistent focus on research and development. The results are customised solutions using state-of-the-art technology.

innovative.

Viscom's success is built on technological leadership. We have proven this year after year since 1984 with our impressive innovations. Our systems are used wherever a sharp eye is essential: in the production of automotive electronics, in aviation and aerospace engineering and in the manufacture of industrial electronics. With a forward-looking attitude, we are constantly exploring new possibilities for applications in which the quality requirements are just about always in the high-end segment.

global.

Viscom is a global player. We are represented around the world by our subsidiaries, application centres and service centres, as well as regional representatives. This allows us to guarantee direct contact, first-class service and a close, comprehensive support network. Viscom engineers develop inspection solutions in constructive co-operation with the customer. We also go above and beyond this by offering our customers on-site support and assistance – whether on technical details, system integration, applications or workflow optimisation. We intend to continue with the targeted expansion of our strong position and to sustainably increase our presence in growth markets.

motivated.

As an attractive employer with a company culture that places high value on teamwork, Viscom can count on its employees showing excellent motivation. Their qualifications and their creativity make them the keystone of our business performance. Our clearly defined goals are the continued expansion of our excellent competitive position and a sustained and sustainable increase in the value of our company; these are goals with which our employees identify.

FOREWORD FROM THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

In 2012 Viscom again managed to attain an above-average profit margin for the industry. We successfully impressed numerous new customers with the excellent performance of Viscom technology. Growth in revenue in the Americas market in particular was above average, at about 29 %.

We did not achieve every item on our long list of objectives, however, which meant that the revenue figure of € 50.0 million fell slightly short of expectations. The reason for this was a weak second quarter last year, not compensated for even by strong results for the second half of the year and positive year-end business figures. This provides us with a number of tasks for this financial year, with new product developments and increased sales efforts aimed at strengthening revenue.

Viscom has considerable earnings potential. Efficient production, strict cost controls and optimised work processes enabled us to attain an EBIT margin of 18.5 % last year.

Viscom asserted its strong position in Europe once again, successfully responding to emerging competition from challengers in Asia. Innovative technologies, user-friendly systems and top-quality service once again gave us a high market share in this region, particularly in the automotive industry.

The US economy experienced only moderate recovery in 2012 – it was only during the course of last year that economic production there gradually managed to crawl out of the trough it had been in. In the face of this inalterable fact, our very positive figures in this area of the world reinforce the Viscom Group’s excellent position on the world stage.

The Asian market was weak, with a major economic downturn in 2012. Domestic problems, particularly in China due to a restrictive economic policy, had a negative effect on the demand curve. This scenario was reflected, although somewhat less forcibly, in the revenue and earnings of the Viscom Group throughout the region of Asia.

However, on a global level Viscom acquitted itself well in the market. We can be satisfied with the overall development of our Company in the 2012 financial year against the backdrop of the erratic economic climate.

The Viscom share price enjoyed positive growth: It rose from € 6.20 at the start of the year to € 7.60 at the end of the year, an increase of approximately 23 %. We, the Executive Board and Supervisory Board, would like you as shareholders to benefit proportionately from this positive performance, so at the Annual General Meeting for financial year 2012 we will propose a dividend of € 0.60 per share.

Awards also give an idea of the technological position of a company. Among other awards, Viscom received a “Global Technology Award 2012” in the “Best Product – Europe” category. The S3088SPI inspection system, with its unique process uplink feature that is clearly an exclusive selling point for Viscom over the competition, was distinguished as best European product innovation. This award once again emphasises the technological leadership of our systems.

We believe that our market-focused new products and further developments will continue to form a strong foundation for continuous profitable growth.

Dirk Schwingel, Volker Pape, Dr. Martin Heuser
Executive Board

We have adapted our product portfolio to the specific markets in the different regions. For 2013, we anticipate an increase in revenue of around 10 % on the previous year. The EBIT margin presumably will be somewhere between 13 and 17 %.

In an industrial branch with extremely exacting technical requirements, well-trained, highly motivated employees are our most important resource. We are very much aware of this and want to thank our employees for their loyalty, their commitment and their superb performance.

Our achievements to date and the course we have set for the long term mean that we can look to the future with optimism. We will continue on course for success and growth, and we look forward to reaching further milestones with the support of your trust in the Company.

The Executive Board

Dr. Martin Heuser Volker Pape Dirk Schwingel

REPORT OF THE SUPERVISORY BOARD

Bernd Hackmann
Chairman of the Supervisory Board

Prof. Dr. Claus-Eberhard Liedtke

Klaus Friedland
Deputy Chairman of the Supervisory Board

The section that follows comprises the Supervisory Board's report on its activities in the past 2012 financial year – its meetings and discussions, its compliance with the Corporate Governance Code, and the audit of the Viscom AG and consolidated financial statements.

Dear ladies and gentlemen,

Viscom AG has successfully managed to continue building on the successful progress of the past two years. The EBIT margin for last financial year was higher than planned for the year, although the forecast level of revenue was not achieved.

In sales, the focus was again on the Company's profitable serial products, which were the main contributors to Viscom's positive results. The Company continued to concentrate on Asia, particularly in strategic terms. There was particular emphasis in our sales activities on companies that are active throughout the electronics industry with the aim of limiting dependency on the economic cycles of the automotive industry.

The Supervisory Board encouraged the Executive Board to continue to base the key development areas on the Company's core expertise. This should enable the Company to continue selling high-margin products in international markets in the future.

MONITORING MANAGEMENT

In the financial year 2012, the Supervisory Board carried out the duties and obligations required of it by law and its Articles of Association, monitoring the Executive Board's management of the Company and regularly acting in an advisory capacity on corporate management issues. It also obtained regular, prompt, comprehensive information on the progress of business, the Company strategy and its implementation, planning, the risk situation, risk management measures and compliance. The Supervisory Board constantly monitored management on the basis of written and verbal Executive Board Reports and joint meetings, expecting explanations from the Executive Board of any deviations from plans and objectives for business developments, and the reasons for these. The Supervisory Board carefully examined transactions that were important for the business and that required its approval, and discussed each of them with the Executive Board. The Supervisory Board also ascertained that the Executive Board implemented and developed an effective and efficient corporate compliance system, and an internal risk management and control system for the Viscom Group.

STRUCTURE OF THE SUPERVISORY BOARD

In compliance with Section 11, Paragraph 1 of the Articles of Association in conjunction with Section 95, Sentences 1 to 4, Section 96 Paragraph 1, Section 101, Paragraph 1 of the German Stock Corporation Act (AktG), the Supervisory Board of the Group consists of three members who are elected by the Annual General Meeting without it being bound by any proposals for suitable candidates. In the 2012 financial year, the three members of the Supervisory Board of Viscom AG were Mr. Bernd Hackmann (Chairman of the Supervisory Board), Mr. Klaus Friedland (Deputy Chairman of the Supervisory Board) and Professor Dr. Claus-Eberhard Liedtke. Their terms of office are identical and will end at the close of the Annual General Meeting which will approve the actions of the members of the Supervisory Board for financial year 2013.

MEETINGS OF THE SUPERVISORY BOARD

In the 2012 financial year, the Supervisory Board held seven regular meetings, including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. These meetings took place on 1 March, 21 March, 8 May, 14 June, 21 August, 6 November and 4 December 2012. At the meetings, the Supervisory Board was given prompt and comprehensive information on current business policies, relevant aspects of Company planning including financial, investment and personnel planning, the course of business, the Company's current revenue, earnings and liquidity position, budget planning, the economic situation of the Company and Group including risk factors and risk management as well as compliance within the Group, strategic objectives and all major organisational and personnel changes. All meetings were held in person. Resolutions on urgent matters were also passed outside of meetings, both in conference calls and in writing.

The Supervisory Board was involved in all decisions of fundamental importance to the Company at an appropriately early stage. In addition, the Supervisory Board was presented with transactions requiring its approval. These were approved following detailed examination and discussion with the Executive Board. The Executive Board provided the Supervisory Board with the key figures required to assess business developments, in each case including comparisons to the current budget and to figures for the previous year, as part of monthly reporting. Reporting by the Executive Board took place on request respectively in response to specific enquiries by the Supervisory Board, and periodically according to the standing rules for the Executive Board established by the Supervisory Board. Additionally, the Chairman of the Supervisory Board was in regular contact with the Executive Board, which informed him of current business events.

FOCUS OF SUPERVISORY BOARD ADVICE AND SUPERVISION ACTIVITIES

Information passed from the Executive Board to the Supervisory Board focused on the revenue situation as well as its effects on the business operations of Viscom AG. The Supervisory Board discussed the organisation, including risk management, and the economic, financial and strategic situation of both the Company and each of its business areas, as well as key questions of corporate policy and strategy, with the Executive Board. Further, the Executive and Supervisory Boards discussed developments on the international markets and at the sites of the Company's subsidiaries in the US, Asia and France, as well as the general global competitive structure.

Key topics discussed in meetings of the Supervisory Board during the 2012 financial year included the strategic direction of the Company and its further development, its development strategy, and the sales and marketing approach of the Company in the Asian and American markets. In addition, the Supervisory Board was provided with information on the expansion of the Company's service organisation and the current sales organisation. In the course of its meetings, the Supervisory Board also dealt with the analysis of efficiency, the risk management system and the Company compliance guidelines. In its last meeting of the year, on 4 December 2012, the Supervisory board made a thorough examination of the businessplan for the 2013 financial year presented to it by the Executive Board. Specifically, the Supervisory Board discussed the Company's financial, investment and personnel planning, and gave its approval to the budget and investment plans.

The interim financial reports were also discussed with the Executive Board prior to their publication.

The Supervisory Board supported the Executive Board in preparing and staging the 2012 Annual General Meeting and at its meeting on 21 March 2012, attended by the auditors of the annual financial statements, discussed the annual financial statements, the consolidated financial statements and the management reports as of 31 December 2011, as well as the Executive Board report on the relationships of Viscom AG to affiliated companies.

In its meeting on 21 August 2012, the Supervisory Board was informed of the strategy of the technical service, and of the structures and routine processes in this department. The meeting on 6 November 2012 focused on sales strategies and the sales processes based on them. The current situation of the compliance system and its implementation were also an important point of discussion.

Each Supervisory Board member attended all Supervisory Board meetings.

COMMITTEES

The Supervisory Board has not formed any committees.

CORPORATE GOVERNANCE

Information on the aspects of the Company's corporate governance related to the Supervisory Board can be found in the Declaration of Compliance in accordance with Section 289a of the German Commercial Code (HGB) which is part of this Annual Report. Remuneration of the individual Supervisory Board members is reported in the Corporate Governance Declaration printed in this Annual Report. There were no indications of conflicts of interest among the Executive Board or Supervisory Board members that must be declared to the Supervisory Board immediately and information of which must be provided at the Annual General Meeting. During the 2012 financial year, the Supervisory Board assessed the efficiency of its activities in line with the requirements of the German Corporate Governance Code. This took place on 1 March 2012. The meeting was conducted partially on the basis of checklists. In addition to the long-term assessment of past resolutions, the focus was on efficient cooperation within the Supervisory Board, between the Chairman of the Supervisory Board and the other Supervisory Board members, and between the Supervisory Board and the Executive Board. No essential points were identified that required improvement.

Moreover, the Executive and Supervisory Boards submitted the annual Compliance Statement confirming compliance with the German Corporate Governance Code on 22 February 2013. It has been made permanently accessible to the public on the Viscom AG website. The Executive Board, also on behalf of the Supervisory Board, reports on the Company's Corporate Governance in the Declaration of Compliance published by Viscom AG, in accordance with Section 289a of the German Commercial Code (HGB).

ACCOUNTING

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover, branch office, was elected by the Annual General Meeting of the Company on 14 June 2012 as auditor for the annual and consolidated financial statements of Viscom AG as of 31 December 2012. It was agreed that the auditors should promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they appear during the audit. Furthermore, it was agreed that the auditors are to inform the Supervisory Board respectively include a comment in the audit report if, in conducting the audit, the auditors become aware of any information indicating an inaccuracy in the Declaration of Compliance on the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The 2012 annual financial statements of Viscom AG prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS) as of 31 December 2012, as well as the management and Group management reports together with accounting, were audited by the auditor who issued an unqualified audit opinion.

The audit focused especially on the allocation of revenue to the appropriate accounting period, the valuation of inventories and the impairment test of investments in the annual financial statements and cash generating units in the consolidated financial statements. In addition, the auditor inspected Viscom AG's existing early risk detection system in accordance with Section 317 Paragraph 4 of the German Commercial Code (HGB) and, as a result of this assessment, came to the conclusion that the statutory obligations of management in monitoring and transparency were complied with. The report on the relationships of Viscom AG to affiliated companies prepared by the Executive Board of Viscom AG in accordance with Section 312 of the German Stock Corporation Act (AktG) was also examined by the auditor PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft. The auditor issued the following audit opinion:

"Following our mandatory audit and examination, we confirm that

1. the factual information contained in the report is accurate,

2. payments made by the Company were not unreasonable for the transactions listed in the report,

3. the measures included in this report do not give cause for a materially different assessment from that of the Executive Board."

On 19 March 2013, the Supervisory Board meeting dealing with accounts took place. The annual financial statements, consolidated financial statements and audit reports, Executive Board report on the relationships of Viscom AG to affiliated companies, the Executive Board suggested resolution on the use of retained earnings, and all other documents and meeting reports were provided to the members of the Supervisory Board in a timely manner prior to this meeting. This documentation was discussed in detail during the Supervisory Board meeting dealing with accounts. The auditor was present at the meeting, reported on the audit and audit results and was available to answer questions, provide additional information and discuss the documents.

Following a detailed discussion of the audit and audit results with the auditor, a thorough examination of the audit reports provided by the auditor, its own examination and discussion of the annual financial statements, consolidated financial statements, management report, Group management report and suggestion by the Executive Board on the use of retained earnings, the Supervisory Board consented to the results of the audit. The Supervisory Board determined that no objections were to be raised following the final results of its examination. In the Supervisory Board meeting concerning the accounts on 19 March 2013, the Supervisory Board approved the annual financial statements as well as the management report and Group management report for the 2012 financial year (Section 172 Paragraph 1 of the German Stock Corporation Act (AktG). The Supervisory Board approved the proposal from the Executive Board on the appropriation of net retained profits.

The Supervisory Board also examined the report of the Executive Board on the relationships of Viscom AG to affiliated companies and, based on its own examination and discussion of the report, agreed with the audit results of the auditor. In its meeting on 19 March 2013, it determined that as the final result of its review, there are no objections against the declarations of the Executive Board at the end of the report on relationships with affiliated companies.

The Supervisory Board would like to thank the members of the Executive Board, the management of the subsidiaries, the works council as well as all employees of the Company for their very hard work, their achievements and their impressive commitment to the interests of the Company.

Hanover, 19 March 2013

For the Supervisory Board

Bernd Hackmann
Chairman of the Supervisory Board

VISCOM SHARES

Basic information on Viscom shares

ISIN	DE 000 7846867
WKN	784686
Abbreviation	V6C
Listing	Regulated market (General Standard)
Category	No-par value bearer common share
Share capital in €	9.02 million
Share capital in units	9,020,000
Number of voting shares	8,885,060

MARKET CONDITIONS

The financial markets were strongly affected by the European debt crisis again in 2012. Stock markets reacted to political decisions, alternating between hope and disillusionment. The German economy, in contrast, proved to be a stable motor for growth over the course of the year, exerting a significant influence on the economic situation as a result of strong foreign trade.

The stock markets recorded significant returns in the first quarter of 2012. The DAX and other stock exchanges experienced the best start to a year in their history. The consequences of the euro crisis led to a turbulent second quarter, but by mid-2012 the markets had stabilised again. The financial markets further stabilised in autumn when the "European Stability Mechanism (ESM)" rescue package and the ECB's "Outright Monetary Transactions (OMT)" policy were adopted. After that, the stock markets gained consistently and even overtook the previous annual high recorded in spring 2012. The DAX, which opened the year at 6,076 points, had gained a total of 25.3 % by the end of the year, reaching 7,612 points.

VISCOM SHARES AND ANALYSTS' RECOMMENDATIONS

Viscom shares had a very positive start to the 2012 trading year. After commencing the year at € 6.20, they reached an annual high of € 8.69 three months into the year, on 3 April 2012. The share price fluctuated around an average of € 7.63. On the last trading day of the year, 28 December 2012, Viscom shares were worth € 7.60 each (previous year: € 6.20), an increase of approximately 22.6 % since the start of the year. Two investment houses analyse and comment upon the Viscom share on a regular basis. On 31 December 2012, the Viscom share was rated buy or hold.

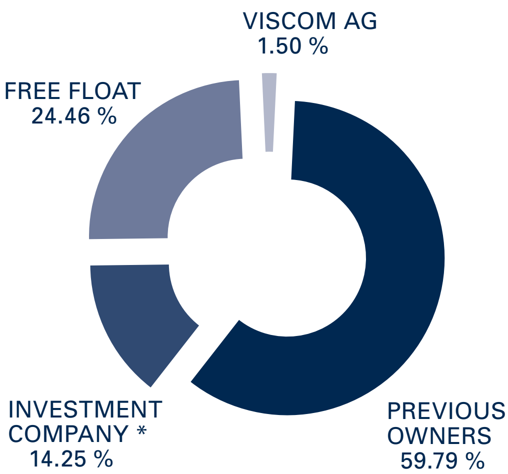
Viscom share price in comparison to the DAX and TecDAX

Source: www.ariva.de, Period: 02.01.2012 – 31.12.2012

Key figures on Viscom shares

		2012	2011	2010
Year-end share price (Xetra)	€	7.60	6.20	6.45
High (Xetra)	€	8.69	7.72	6.75
Low (Xetra)	€	6.20	5.60	3.10
Market capitalisation (end of year)	million €	68.55	55.92	58.18
Earnings per share	€	0.75	0.96	1.18
Dividend per share	€	0.60	0.75	0.00

SHAREHOLDER STRUCTURE



* informal information

ANNUAL GENERAL MEETING

Last year, Viscom AG was again able to pass on the benefits of the Company's positive performance to its shareholders. The Annual General Meeting held on 14 June 2012 resolved to pay a dividend of € 0.75 per share, corresponding to a dividend payout ratio of 78 %.

Viscom AG would like shareholders to benefit from positive business results again this year with the proportional dividend yield. The Executive and Supervisory Boards will propose to the Annual General Meeting on 28 May 2013 that a dividend of € 0.60 per share be paid. The proposed dividend payout corresponds to an above-average dividend yield for the German stock market of 7.9 % on the basis of the closing price of the Viscom share on 31 December 2012.

INVESTOR RELATIONS

The objective of our investor relations work is to allow all participants in the capital market the opportunity to evaluate Viscom AG fairly. We do this by means of continuous, open communication.

All information on Viscom shares is published as it becomes available on the website at www.viscom.de/en_ir.

In addition, you can contact our Investor Relations department directly at the following address:

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Investor Relations
Carl-Buderus-Str. 9 - 15
D-30455 Hannover

E-Mail: investor.relations@viscom.de
Tel.: +49 511 94996-850
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CONTACT

Anna Borkowski, Sandra M. Liedtke, Dirk Schwingel
Investor Relations

COMPANY PROFILE

„The right strategy makes us strong. It ensures we have a leading position in innovation and technology. It creates a platform for sustainable and profitable growth. It is focused on continuous value increase coupled with a clear commitment to quality."

GROUP STRATEGY

Success is based on a good strategy. Viscom produces high-quality systems for automated optical (AOI) and X-ray inspection, particularly for use in the electronics industry. We are Europe's market leader, and one of the global leaders in the field.

Our objective is for our customers' products to be defect-free. Material weaknesses and production errors have a financial impact for manufacturers and severe consequences for end users. That's why renowned companies trust Viscom systems. With our global network of subsidiaries, application centres, service centres and representatives, we are represented in all of the important markets. We provide a global presence with a local perspective, which guarantees direct contact and first-class service and support, wherever our customers are.

Viscom products are manufactured in Germany. The outstanding development and manufacturing expertise of our site in Hanover forms the essential foundation for our aim to permanently establish ourselves as technological leaders in all areas of our business and to maintain this leadership with a focus on the future. We are ready and prepared for the technological challenges of the future – a fact we have repeatedly demonstrated over the years at the world's key trade fairs, and proven with our market performance.

We have a consistently forward-looking attitude. Viscom is committed to meeting the challenges set by globalisation and rapid technological change, aware that this will be the only way of prevailing against our competition across the globe. To this end, we are remaining true to our policy of previous years by maintaining our consistent focus on intensive research and development work and the continued evolution of our systems – firmly in line with the market and the needs of the future. Our product portfolio is the result of these core competencies: it is perfectly aligned to the needs of our international customers. This represents a strategy which is, and will remain, key to our customers' satisfaction and to our achievement of our objectives. The further development of the Group and its organisation remains a cornerstone for the success of our strategy. This is the only way that we can reflect constantly changing environmental and market conditions.

Strategic diversity: The field of automotive and industrial electronics is Viscom's most important market. We don't want this to change! However, we have also learnt from past experience. We are aware of our significant reliance on the automotive industry, which ties us to the economic risks attached to this market. We want to reduce these risks by intensifying our presence in future-focused market segments. Viscom is excellently equipped to gain a foothold in other industries such as telecommunication.

Our products are as good as our employees. In an innovative Company such as Viscom, where quality and technology play a major role, employee skill is of utmost importance. Without it, the successful implementation of our strategies would be impossible.

FINANCIAL STRATEGY

Carefully considered security: The clear focus of our financial strategy is to ensure that the Viscom Group has the necessary scope to ensure the Company's operating, financial and strategic development at all times. Company development is consistently accompanied and safeguarded by our strong financial profile. This financial strategy is an essential component of the Viscom Group's overall strategy. Its central elements affect all significant decisions made within the Company.

Viscom has benefited from this financial strategy during the global financial and economic crisis in recent years. Its healthy liquidity provision and a strong financial constitution mean that Viscom is open to economic opportunities and is equipped to cope with turbulent times. Viscom is ready for acquisitions which would complement our product portfolio well. We are also open to acquisitions which would help our company pursue its course for the future, including new technologies tailored to our products.

We approach the cyclical patterns in our industry with a strong capital structure.

Our dividend policy is based on a clear logic and is fully in line with our financial strategy: Dividend payouts are based primarily on the Group's operating profit in line with IFRS. The dividend payout ratio is set at a level ensuring the Company's financial room to manoeuvre remains. A prerequisite for this, however, is the possibility of dividend payments from the net profit taken from the single entity financial statements of Viscom AG in line with the German Commercial Code (HGB). This continuous dividend policy results in our shareholders benefitting from the Viscom Group's success. At the same time, we ensure that the Company's financial basis remains strong.

MARKET AND CUSTOMERS

„We look carefully at what the market needs and develop intelligent solutions for increasingly complex inspection systems. Innovative, reliable and above all, error-free.“

A FOCUS ON DETAIL

Electronics are increasingly penetrating every area of life. Electronic assemblies are growing smaller and smaller, yet at the same time are expected to take on an increasing number of functions. This has consequences: In the context of increasing quality demands and strict legal regulations, printed circuit boards are ever more densely populated, while the components used are shrinking. This technological diversification requires top-class inspection solutions: solutions that ensure product quality on the one hand, while on the other hand, ensuring the sustainable stability of increasingly complex processes. Customer requirements of Viscom inspection systems are therefore growing increasingly specific.

This applies to every field in the electronics industry in which customers rely on our systems, but particularly in the case of the high-end segment with its very demanding quality requirements. We keep right up to speed and continue to develop modern, future-focused possibilities for application that go beyond the segments that we have already developed, such as the automotive, aviation and aerospace engineering, and industrial electronics fields.

A real overview of the situation can only be obtained on-site. Viscom Group's qualified engineers and technicians provide customer support around the world. Direct communication guarantees trouble-free system integration, a customised application focus, fail-safe quality, optimised workflows, and not least, consistent support. Viscom remains committed to all these considerations even after the commissioning of an innovative high-tech product.

In geographic terms, the Company's main business incorporates the European, American and Asian markets. Viscom's market of principal importance is Europe. The Company has a high market share in Europe, in the automotive industry in particular.

Viscom wants to participate in the investment opportunities offered by the international market. We will continue with the targeted expansion of our strong position in the Americas and Asia with the help of a customised product portfolio. We plan to continue increasing our presence in the growth markets of Brazil and China, and in certain regions of Asia such as Vietnam.

Good news from Japan. The economy began to find its feet there again in 2012, and total economic production even experienced strong growth in the first half of the year. The Viscom Group also felt the effects of this economic stimulus: In Japan, we observed notable accumulated technological demand, particularly in the field of X-ray technology. A number of evaluations are currently underway for customers in a wide variety of fields. Projects that were put on hold following the natural disaster in 2011 are getting underway again.

Quality plus reliability – these are what the customer wants from Viscom. Printed circuit board manufacturing and assembly is an extremely complex process with numerous different parameters that influence the quality of the end product. Decisive parameters are printed circuit board layout, paste thickness, the quality of the solder paste and the temperature in the soldering furnace.

Carsten Salewski
Managing Director Americas subsidiary

Norbert Meuser
Managing Director Asia subsidiary

Torsten Pelzer
Vice President Sales

Defects cost money and reducing these costs is a decisive factor in the competitiveness of the manufacturer. A badly produced electronic assembly significantly increases life cycle costs. To prevent that from happening, Viscom offers two inspection processes: automated optical inspection and automated X-ray inspection.

We carry out intensive, committed research and development work in order to adapt both processes to the high, constantly changing demands of the market. Furthermore, we are constantly improving them. In this segment we are also continually updating the definition for products and machines.

BUSINESS AREAS AND PRODUCTS

GROWTH THROUGH INNOVATION.

In recent years Viscom has radically reorganised and modernised its product portfolio. What does that mean? It means that today we are in a position to offer systems for every type of inspection and for every budget. The user-friendly "vVision" system software is gradually being made available for every system type. We have made substantial progress, got rid of outdated products and brought our tried-and-tested solutions right up to date. We have gradually streamlined our internal processes in recent years. The result is a better, leaner structure within the Viscom Group. Three business areas emerged from this process and these are the mainstays of the Group's business. We can find an optimum solution for every requirement in the inspections systems field only, "made in Germany".

eagle-eyed.
SP Business Area – batch inspection machines

The SP business area represents the full spectrum of technologies for optical and X-ray batch inspection systems. It is the largest of the three Viscom business areas, generating approximately 72 % of revenue.

Viscom's automated optical batch inspection systems cover every inspection gate in the electronics manufacturing process: paste print, population and solder joints. Nothing gets past them. Well-engineered, perfectly matched technical components guarantee the highest possible inspection depth and the reliable registering of critical defects. State-of-the-art components with invisible solder joints can be inspected using X-ray batch inspection or combination systems. These systems combine optical and X-ray inspection.

An optical inspection system consists of an intelligent sensor system with lighting and camera, a computer and high-performance evaluation software. This software is the keystone of the system – and a Viscom core competency. The models defined within the system process detailed images of the object to be inspected and subsequently assess this data. Defective printed circuit boards are sorted out of the production process during this procedure.

Peter Krippner
Vice President
SP Business Area

The inspection systems in the S3088, S6056 and X7056 product families were top of the Viscom sales league last financial year. There is an S3088 option for every customer requirement and every budget. These machines are characterised by their perfectly reliable, economical defect detection and their rapid process optimisation. The S6056 high-end inspection system allows users to examine components extremely quickly and reliably using automated optical inspection and to set up overarching production process management. The X7056 combined AOI/AXI system works with simultaneous optical and X-ray inspection, making it unique on the market.

"We have been working with many of our customers for more than 20 years. This works so well because our new developments consistently take our customers' changing needs into account. It is very satisfying to see how much our customers appreciate it." – Peter Krippner

a forward-looking attitude.
NP Business Area –
New Products / Special inspection systems

The NP business area represents the full spectrum of technologies for optical and X-ray special inspection systems. This means that this business area completes our product portfolio. The NP business area generates approximately 14 % of Viscom Group revenue, making a sustainable contribution to the Company's success.

In the optical special inspection systems field, Viscom intelligent inspection cells offer customised solutions for a wide range of applications in the electronics industry.

We develop customer-specific complete solutions for characterisation tasks or for nonstandard solder joint control. Another focal point in this area is wire bond inspection, a field in which Viscom is a world leader. We guarantee reliable defect detection for both thin and thick wire connections.

The product line of X-ray special inspection systems ranges from microfocus X-ray tubes and offline inspection islands to fully automated systems. Our in-house high-performance microfocus and nanofocus X-ray tubes enable non-destructive testing of a broad range of different objects and materials. Applications for these range from printed circuit boards and electronic components to non-destructive testing tasks, including of light bulbs and cast parts.

Rolf Demitz
Vice President
NP Business Area

Viscom systems cover a very wide range of applications. We can provide standardised systems for standardised applications. But the modular nature of Viscom inspection systems goes beyond these standards. It allows Viscom products to be flexibly adapted for a huge variety of special applications. Customer-specific solutions are a vital element of the Viscom product portfolio. This type of customised solution can be used to great success in the electronics industry, the medical technology industry and in mechanical engineering.

"Alongside the delivery of standardised systems, we also develop customer-specific adaptations of our products. We create special solutions to ensure that our customers can also inspect non-standardised products optically or using X-ray. Viscom's skill in this area has repeatedly proven to be a significant advantage that our customers value highly." – Rolf Demitz

comprehensive.
Service

The Viscom Group provides a comprehensive range of services based on individual support packages, from maintenance to application. This allows us to provide our customers with targeted support, to survive in the long term in the market and to make ourselves stand out effectively from the competition.

The Service area has continuously developed a strong position for itself within the Company, generating approximately 14 % of Viscom Group revenue, and it has become established as a powerful, independent business area within the Group. Our customers appreciate it, as the excellent feedback we have received shows.

Experienced technicians and operators in the Service area ensure the rapid provision of spare parts and competent "first aid" by telephone, by e-mail and through our remote maintenance service, all around the globe. We provide all-round technical support.

Our service packages include on-site and emergency service, in the shortest possible time and outside business hours, worldwide. We also provide modifications and upgrades to ensure maximum inspection performance at all times.

Henning Obloch
Vice President
Service Business Area

For Viscom customers, that means shorter cycle times, extended applications, longer useful life and adaptation to new manufacturing technologies. In addition, we offer a range of training opportunities on system operation, programming and maintenance.

We are there for our customers even after our systems have been commissioned on-site. "The first machine is sold by the Sales department, but it is the Service department that helps sell the subsequent ones." This hits the nail on the head. Satisfied customers generate more revenue by purchasing new machines, but also in the field of service provision.

"As a high-tech company, our service also has to be impressive. That's what customers around the world expect today, and rightly so." – Henning Obloch

VISCOM
vision technology

GROUP MANAGEMENT REPORT
IFRS CONSOLIDATED FINANCIAL STATEMENTS
2012

CONTENTS

GROUP MANAGEMENT REPORT 2012
BUSINESS AND ECONOMIC CONDITIONS

STRUCTURE OF THE COMPANY AND ITS INVESTEES

Viscom AG, Hanover (hereafter: Viscom AG), is the parent company of the Viscom Group (hereinafter referred to as Viscom). With subsidiaries in Asia, America, Europe and Africa that are directly or indirectly majority or wholly-owned by Viscom AG, the Group has an efficient, market-oriented organisational structure. All of the companies are focused on their respective customer groups and their requirements. This enables them to act and respond quickly and in a flexible manner. They also benefit from the advantages of belonging to a larger group, thus allowing mutual exchange and utilisation of knowledge and experience. Production takes place exclusively in the Group's home base Hanover. This means that Viscom enjoys the production advantage of one the most well-developed industrial locations, allowing it to guarantee a very high level of quality for its products.

In 2001, Viscom GmbH changed its legal form to that of a German stock corporation (Aktiengesellschaft) and became Viscom AG. The Company's share capital is divided into 9,020,000 shares, of which approximately 59.8 % are held directly or indirectly by the Company's founders and Executive Board members Dr. Martin Heuser and Volker Pape.

Grünwald Equity Beteiligungs V2 GmbH, Grünwald, held an interest of more than 10 % in Viscom AG as of 31 December 2012.

On 29 July 2008 the Executive Board, with the approval of the Annual General Meeting on 12 June 2008 and after consultation with the Supervisory Board, decided to acquire up to 902,000 of the Company's own shares by 31 March 2009. By the reporting date of 31 March 2009, the Company had bought back 134,940 shares. As of 31 December 2012, Viscom AG held around 1.5 % of its own shares. The remaining shares are in free float.

The Executive Board of Viscom AG consists of three members at 31 December 2012.

Dr. Martin Heuser: Technology
Volker Pape: Sales
Dirk Schwingel: Finance

The Executive Board is monitored by the three members of the Supervisory Board:

Bernd Hackmann (Chairman)
Klaus Friedland (Deputy Chairman)
Prof. Dr. Claus-Eberhard Liedtke

SEGMENTS AND KEY LOCATIONS

Viscom develops, manufactures and sells high quality automated inspection systems for use in industrial production. The Company's business activities are broken down on the basis of work required for the project-specific adaptation of standard components and systems as well as the technology used to identify potential production errors using the inspection systems.

In geographic terms, the Company's business incorporates the European market with its headquarters in Hanover and a subsidiary in Paris, France; the American market with its subsidiary in Atlanta, USA; and the Asian market with its subsidiary in Singapore, which in turn has its own subsidiary in Shanghai, China. The sales company in Tunis, Tunisia, a subsidiary a French subsidiary, is allocated to the geographical segment Europe. The company is tapping and working within the North African sales market.

BUSINESS PROCESSES

The inspection systems are developed and produced at Viscom AG's headquarters in Hanover. This is where all the centralised functions such as business administration, development, production, marketing and sales management are based.

The Company's product development activities are focused on fundamental development work for future generations of inspection systems as well as project-specific development for the adaptation of basic machine types to meet customer-specific requirements.

A large part of production is order-based. This draws on in-house pre-production of various assemblies.

Sales activities are performed by sales employees of Viscom AG and its Group companies, as well as by agents acting on the market as industry representatives for mechanical engineering firms.

Major business processes are managed and supported with the help of the business software proAlpha. The order processing module included in this system is used by all Viscom locations around the world.

LEGAL AND ECONOMIC FACTORS

There have been no changes in external legal factors with a material effect on the Company in the 2012 financial year.

The European debt crisis continued. As a result, the willingness of Viscom customers in the main markets to invest was somewhat depressed, especially during the second quarter of 2012. However, Viscom largely remedied this shortfall in the second half of the year, and even experienced a very successful year-end rally in December 2012, with revenue for the fourth quarter on par with the previous year's level. Production capacities remain utilised to their full extent.

MANAGEMENT SYSTEM

The management of the Group is based on a reporting system that takes the form of monthly reports submitted to management and the heads of the business areas. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies.

The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies, revenue in its machine installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

In addition, they provide an overview of fluctuations, sick leave and per capita revenue as well as key indicators for project management, product development, production and logistics.

The statements contained in the monthly reports are analysed in regular meetings between the Company's management and the heads of the business areas. Any action that may be necessary results in decisions which are usually implemented in the short term.

Since the Company was listed on the stock exchange and changed from the Prime Standard to the General Standard in September 2009, IFRS quarterly financial statements are published in the form of interim and half-yearly reports.

BASIC PRINCIPLES OF THE REMUNERATION SYSTEM

The remuneration report for Viscom AG Executive Board and Supervisory Board members is included in the corporate governance report as part of the management report.

MACROECONOMIC AND SECTOR DEVELOPMENT

Macroeconomic development

The European debt crisis continued in 2012: The financial markets became very unstable, investments were restrained and economic growth declined. The volatility on the European financial market only dropped noticeably towards the end of the year. Economic developments were synchronous in 2012. The rate of expansion in the developing countries and emerging markets also declined considerably, even though this remained relatively high overall. This was dictated by economic policies on the one hand, as well as by low demand for exports from industrialised nations on the other.

The stock markets experienced considerable gains in the first quarter of 2012. The DAX and other indices even got off to their best ever start to the year. The euro crisis resulted in a turbulent second quarter, although the market stabilised towards the middle of the year.

The "European Stability Mechanism (ESM)", a European rescue fund adopted in the autumn, and the "Outright Monetary Transactions (OMT)" resolved by the ECB, both brought about additional stability. Since then, the stock markets have again shown an upward trend, even exceeding their previous annual high from last spring.

Sector developments

Viscom's products are largely represented in the electronics industry. The inspection of electronic assemblies is the main sales segment.

Technical developments in the electronics industry have been a growth driver for Viscom over the last few years. During the entire 2012 financial year, Viscom generally profited from the automotive-electronics sector. Both the volumes and quality requirements of electronic assemblies are still increasing. In addition, complex and increasingly miniature electronic assemblies can only be reliably tested by automated inspection systems.

Customers require evidence of high resolution, reliable algorithms, high throughput and good service before making any decisions to purchase. With its development efforts, Viscom was able to provide evidence of these qualities in direct comparisons with competitors and thus reinforce its market position over the last few years.

In recent years, Viscom has intensified its efforts to gain a foothold in other industries such as telecommunication, industrial electronics and semiconductor production, thereby reducing its dependence on the automotive sector. Viscom is already very well positioned among European SMEs. The Company also has a special focus on Asian Electronic Manufacturing Services (EMS) in the computers, communication and consumer (3C) sector.

Target sectors, target markets and target customers

The inspection systems produced by Viscom are employed primarily within the electronics industry. Producers of electronic assemblies are the main customer segment at 91 % of revenue (previous year: 90 %). Some of these companies are involved in production for end consumers. However, the majority of Viscom's customers are suppliers for other companies that manufacture products like electronic assemblies which are integrated into end products as parts from suppliers – for example, motor controllers in vehicles. In addition, an increasing proportion of customers are EMS. These are companies that do not own their own brand products but instead serve exclusively as an extended workbench for product suppliers.

With the increasing use of electronics in today's automobiles and the high reliability requirements of vehicle systems, the automotive industry is a significant customer group for the inspection of electronic assemblies. As a rule these assemblies, which often represent safety-related components such as ESP or airbags, are inspected by systems like those offered by Viscom.

Due to rising technological demands, quality pressure in the consumer goods industry is also far higher at present than in previous years. Here the emphasis is on process quality since a stable process improves the delivery quality but especially also results in less rejects and therefore higher levels of production efficiency. At the same time, Asian electronics manufacturers in particular are trying to position themselves as premium suppliers when they were still seen as low-price suppliers just a few years ago. Among these manufacturers, it is becoming more and more important to prevent returns due to poor quality.

Close, long-term customer contacts form the basis for comprehensive, individual service. The results of cooperation are incorporated into the development of new system solutions and the refinement of proven systems. This allows Viscom to develop new solutions and thereby open up future markets with a high degree of innovation and customer proximity.

Customer structure

Viscom generated approximately 59 % of its revenue with its five largest customers (previous year: 58 %). A further 30 % of revenue was generated with 38, and the rest with 277 different customers.

Market position

With its optical, X-ray and combined inspection systems, Viscom is particularly well represented in production processes with the very highest quality standards.

Accordingly, the main customers are companies who make product safety top priority. The automotive electronics sector takes up a particularly high-volume in this respect. Here, Viscom has been one of the leading global suppliers of quality assurance machinery in the production of automotive electronics assemblies for many years.

The model campaigns and developments pursued by Viscom over the last few years, which involved considerable technical and economic progress, resulted in an expanded market position in Germany and Europe in the past and also tied customers to the Company in the long term.

By continuously developing its products, improving its business processes and adjusting its sales organisation to the changing general conditions, Viscom is able to face the challenges of the future and thereby continue to assert its successful market position.

Research and development

The main focus of development activities is on the further development of existing system solutions as well as the implementation of new market requirements in the field of optical and X-ray inspection processes. This area also focuses on the definition of new products and machines.

”vVision”, a new software operating interface, was successfully delivered to customers using the S3088flex systems platform in 2012. The lion’s share of the sales presentations for the S3088 system family is now conducted using ”vVision”.

Work on the new high-speed sensors for the S6056 system family was also brought to a close. The XM sensor module has one perpendicular 25M pixel camera and four or eight vertical 5M pixel high-speed cameras. The lighting units are highly flexible, allowing illumination from different positions as well as various spectral combinations. The initial development objective was to double the throughput of the S6056 family with the new sensors. In fact, this was trebled in some cases.

Viscom also developed a special projector system to complement the XM sensors; this system, together with high-speed camera picture sequences allows the heights of three-dimensional objects to be calculated. For the first time, it is now possible to check the quality of soldering joints by using more than just the grey levels from large images, but using a matrix of height values.

Another technological success was achieved with the launch of the uplink function on the SPI paste print inspection system. The SPI AOI uplink function links the results of paste and post-reflow inspections, thereby allowing effective process checks and an improved classification of AOI results. Viscom won the Global Technology Award 2012 in the ”Best Product – Europe” category for this development. The S3088SPI inspection system with its process uplink feature was therefore considered the best European product innovation. The award was presented to Viscom on 16 October 2012 at the Walt Disney World Dolphin Hotel in Orlando, Florida during the SMTA International 2012.

In 2013, Viscom plans to develop a high-speed printed circuit board transport system for the S3088 system family, designed to considerably reduce auxiliary inspection times. A high-speed 3D X-ray system is also under development, which is expected to be launched in 2014.

Expenditures for research and development, excluding customer-specific development, amounted to 7.8 % of revenue (previous year: 6.0 %).

RESULTS OF OPERATIONS

DEVELOPMENT OF REVENUE

Revenue amounted to € 50,037 thousand in 2012 (previous year: € 53,499 thousand). This corresponds to a drop of 6.5 % compared to 2011.

Quarterly revenue in the 2012 financial year varied greatly and was very unstable. Revenue for the first quarter of 2012 was € 13,741 thousand (previous year: € 13,175 thousand), up 4.3 % year on year. In the second quarter of 2012, Viscom's revenue was down 22.1 % at € 10,658 thousand (previous year: € 13,678 thousand), reflecting the quarter's weak incoming orders. Revenue in the third quarter was € 11,540 thousand (previous year: € 12,498 thousand), down 7.7 % year on year. In the closing quarter of 2012, revenue was € 14,098 thousand (previous year: € 14,148 thousand), on par with the figure in the previous year.

NET PROFIT FOR THE PERIOD

Net profit for the period declined from € 8,496 thousand in the previous year to € 6,638 thousand This was due to a drop in revenue, caused by the increasing reluctance of customers to invest in the second and third quarters of 2012 as well as the rise in staff costs. Cost of materials amounted to 31.6 % of revenue in 2012, compared to 35.4 % in 2011. The comparatively high figure in 2011 was due to a strong build-up of inventories of the internally generated assemblies and the resulting materials consumption. The ratio between staff employed and revenue rose from 30.9 % in 2011 to 35.8 % due to the drop in revenue, the rise in the number of employees over the course of the year as well as the wage and salary adjustment in 2012. The ratio of other operating expenses declined slightly from 21.8 % in the previous year to 21.5 % in 2012. The recognition of company-produced assets to the amount of € 1,374 thousand (previous year: € 1,516 thousand) had a positive effect on net profit for the period.

The ratio of net profit before taxes was 19.3 % (previous year: 23.6 %).

EARNINGS PER SHARE

Viscom acquired 134,940 own shares for € 587 thousand on the stock exchange in the period from 29 July 2008 to 31 March 2009. The share buyback programme reduced the number of dividend bearing shares from 9,020,000 shares to 8,885,060 shares. The Company did not use the option of buying back shares in 2012.

On the basis of 8,885,060 shares as an average for the year, earnings per share for the 2012 financial year amounted to € 0.75 (diluted and undiluted) compared to € 0.96 in the previous year.

The Executive Board and Supervisory Board will propose a dividend of € 0.60 per share (totalling € 5,331 thousand) to the Annual General Meeting.

OPERATING PROFIT

Operating profit decreased by 23 % compared to the previous year due largely to the year-on-year drop in revenue. Operating expenses were down year on year, while other operating income was on par with the previous year.

The risk of bad debts was addressed by value adjustments on specific items. In reference to the receivables portfolio, percentage value adjustments decreased compared to the previous year from 13.1 % to 9.8 %.

The effects already mentioned under net profit for the period also had a significant impact on operating profit. Operating profit declined to € 9,248 thousand (previous year: € 12,014 thousand).

FINANCIAL RESULT

The financial result declined year on year due to the lower rate of interest paid on corporate bonds and bank deposits. No additional corporate bonds were acquired over the course of the year. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result for 2012 totalled € 418 thousand (previous year: € 610 thousand).

EXCHANGE RATE RESULT

As it operates internationally, Viscom is exposed to exchange rate risks. Due to the Company's business volumes and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Approximately 11 % of total revenue was subject to a direct exchange rate influence (previous year: 6 %).

INCOMING ORDERS / ORDER BACKLOG

At € 47,427 thousand, incoming orders for 2012 were down on the value of € 50,931 thousand for the previous year. Order backlog declined to € 8,302 thousand at the end of 2012 (previous year: € 10,912 thousand).

EMPLOYEES

The following table shows the number of Viscom employees as of 31 December 2012. The number of employees rose to 286 over the course of the year (previous year: 273).

Ten employees were in training as of the turn of the year.

An average of 285 employees (excluding trainees) worked for the Group in the 2012 financial year. Out of this number, 119 employees are classified as commercial employees (sales, development and administration) while 166 are classified as industrial employees (production, logistics, projects and service).

REGIONAL DEVELOPMENTS

Germany

Revenue in Germany in the amount of € 18,367 thousand decreased by approximately 25 % compared to the previous year (previous year: € 24,345 thousand). This was due to the continued outsourcing of product capacities abroad and the abating backlog in recent years. Despite this, Viscom AG's home market once again remained the main sales market in 2012. In Germany, the Company is the market leader for the production of inspection systems for electronic assemblies (AOI and AXI).

With the success of the modified system platform S3088, the proven system platform S6056, and the future-oriented technology of the X7056 it was possible to gain new customers amongst SMEs in Germany.

Europe

In Europe, revenue was up approximately 12 % year on year at € 14,103 thousand (previous year: € 12,554 thousand). Viscom is offering both low-cost and high-end products for various customer groups and requirements in these markets.

Employees

As of 31 December 2012	Europe	Americas	Asia	Total
Total	**245**	**13**	**28**	**286**
Of which full-time	213	13	28	**254**
Of which part-time	32	0	0	**32**
Plus: Trainees	10	0	0	**10**

Impulses from the relocation and development of production capacity in Eastern Europe continued in 2012, like in the previous years.

Americas

The American market continued to recover after the financial and economic crisis in recent years. At € 8,613 thousand, Viscom's revenue here was up approximately 29 % year on year (previous year: € 6,664 thousand). The reorganisation of sales activities on the American continent was a major contributor to this revenue increase.

Asia (including Australia)

In Asia, revenue amounted to € 8,954 thousand (previous year: € 9,936 thousand), corresponding to a drop of approximately 10 % due to the strong competition among low-cost providers in the region.

PRODUCTS / INSPECTION SYSTEMS

The inspection systems manufactured by the Viscom Group are based on digital image processing technology, known as *Machine Vision* within the sector. Digitalised images are interpreted using special software tools and algorithms in order to measure, check and verify the objects being inspected. Entire production processes can be monitored and controlled using this measurement and inspection technology.

The recorded data may be one-, two- or three-dimensional data structures gained using optical area scan cameras, X-ray detectors, laser scanners or similar optical systems.

While an extremely large selection of sensors is available as standard products in the area of optical technology, Viscom is also active as a manufacturer of X-ray tubes and related control electronics.

The inspection systems manufactured by the Company in 2012 were primarily optical inspection systems of the S6056 and S3088 series. Viscom has comparatively extensive product know-how due to continuous product development. Many variants of the individual machine types can be manufactured due to their modular structure. This represents a distinct advantage for our customers. Cost-effective model variants such as the S3088 product family can frequently be offered as entry-level systems with the possibility for subsequent upgrading or retrofitting. This initial business is extremely important to Viscom since customer decisions in favour of a given system are generally long term in nature, thereby ensuring follow-up sales.

Viscom produces a wide range of system families. This is achieved by using standardised modules. The model variants come about through design revisions and adaptations to the respective area of application. For example, all AOI systems in the market are operated with just two application software packages (SI / "vVision" for component inspection and VMC for general inspection). In turn, both are based on a single basic library with fundamental image analysis methods.

In the X-ray field, Viscom is focusing on technically demanding customer projects in addition to optical inspection.

Continued development of the quality management system achieved steady quality improvements. Since January 2005, Viscom has been certified under DIN EN ISO 9001:2008 by the German Society for the Certification of Management Systems.

FINANCIAL POSITION

2012 Viscom was able to continue providing the required liquidity entirely from its own funds in the 2011 financial year. The subsidiaries did not require any additional loans either. At 85.9 %, the Group's equity ratio was on par with the previous year's level (previous year: 86.0 %).

CASH AND CASH EQUIVALENTS / CASH FLOW

Cash and cash equivalents as of 31 December 2012 amounted to € 30,014 thousand (previous year: € 28,810 thousand). They therefore went up year on year despite the increase in working capital. The cash flow from:

• Operating activities came to € 9,520 thousand (previous year: € 11,535 thousand). This is largely due to the positive net profit for the year and the change in inventories, receivables and other assets.

• Investment activities totalled € -1,594 thousand (previous year: € -8,814 thousand) and were mainly impacted by the recognition of company-produced assets.

• Financing activities totalled € -6,665 thousand (previous year € 86 thousand) due to the dividend payment for the 2011 financial year.

Overdue trade receivables increased slightly compared to the previous year. There are no major defaults to report up to now.

At the consolidated balance sheet date, all bank accounts had a positive balance. There were no loan liabilities to third parties outstanding at the consolidated balance sheet date.

NET ASSETS

In the 2012 financial year, net profit was clearly positive. Despite the dividend payment in 2012 and the decrease in income tax liabilities, this did not result in any significant change in total assets (2012: € 72,505 thousand compared with € 72,480 thousand in the previous year).

Net assets, and especially cash and cash equivalents, developed positively in 2012 despite the increase in working capital. Inventories were significantly up on the previous year's level. Liabilities were generally settled with an early settlement discount within the agreed payment period.

FIXED ASSETS

Apart from intangible assets, fixed assets mainly include company-produced assets. These increased from € 3,623 thousand in the previous year to € 4,665 thousand.

RECEIVABLES

At € 12,117 thousand, trade receivables were slightly down on the previous year's level (previous year: € 12,184 thousand). Value adjustments on trade receivables totalled € 1,189 thousand (previous year: € 1,600 thousand). Overdue receivables increased by around 2 % (€ 6,374 thousand) overall compared to € 6,259 in the previous year. Most of the overdue receivables are short-term in nature. Less than 1 % of the total receivables are more than six months overdue.

INVENTORIES

The book value of inventories stood at € 15,113 thousand at the end of the financial year (previous year: € 13,594 thousand). This net inventory figure includes impairment losses for extended inventory coverage in the amount of € 5,917 thousand (previous year: € 5,568 thousand) and individual value adjustments on rental and demo machines of € 4,546 thousand (previous year: € 4,493 thousand). This means net inventories increased by € 1,519 thousand compared to the previous year while gross inventories rose by € 1,921 thousand.

LIABILITIES

Trade payables went up to € 2,335 thousand by the end of the year (previous year: € 1,945 thousand) due to the increased order volume. As of 31 December 2012, there were no liabilities to banks.

SHAREHOLDERS' EQUITY

Total shareholders' equity plus reserves declined slightly from € 62,341 thousand in the previous year to € 62,276 thousand. This was due to the positive profit for the past financial year as well as retained earnings in the previous period and the dividend distribution. At 85.9 %, the equity ratio was on par with the previous year's level (previous year: 86.0 %).

INVESTMENTS

Investments in property, plant, and equipment and intangible assets totalled € 1,914 thousand (previous year: € 2,157 thousand).

At € 1,374 thousand (previous year: € 1,545 thousand), the bulk of the investments applies to the capitalisation of company-produced assets while the remainder mainly applies to operating and office equipment (€ 273 thousand; previous year: € 318 thousand), technical equipment and machinery (€ 123 million; previous year: € 63 million) and software (€ 50 thousand; previous year: € 33 thousand).

At € 4,674 thousand, corporate bonds with a remaining term of more than one year are reported under financial investments (previous year: € 7,171 thousand). Short-term corporate bonds with a remaining term of less than one year are reported under current assets (€ 2,618 thousand; previous year: € 3,138 thousand).

RENTAL AND LEASE CONTRACTS

All of Viscom AG's capital equipment was owned directly by Viscom and its subsidiaries. Due to liquidity and economic considerations, the operating premises and vehicle fleet were rented or leased.

INVESTMENT GRANTS

Viscom received investment grants of € 165 thousand in 2012 (previous year: € 155 thousand).

KEY FIGURES ON THE GROUP'S NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Key figures on the Group's net assets, financial position and results of operations

	2012 K€	2011 K€
Tier 1 liquidity (cash and cash equivalents less current liabilities and provisions)	**20,734**	**19,123**
Tier 2 liquidity (tier 1 liquidity plus receivables and other assets less non-current liabilities)	**36,490**	**34,845**
Tier 3 liquidity (tier 2 liquidity plus inventories)	**51,603**	**48,439**
Current assets:		
Cash and cash equivalents	30,014	28,810
Receivables and other assets	16,296	16,174
Inventories	15,113	13,594
	61,423	**58,578**
Liabilities and provisions:		
Current liabilities and provisions	9,280	9,687
Non-current provisions	540	452
	9,820	**10,139**
Cash flow:		
Net profit for the period after taxes	6,638	8,496
+ Depreciation and amortisation expense	859	796
	7,497	**9,292**
Return on equity		
Net profit for the period / shareholders' equity	10.7 %	13.6 %
Return on Investment (ROI)		
Net profit for the period / total assets	9.2 %	11.7 %
Return on revenue		
EBT / revenue	19.3 %	23.6 %
Return on Capital Employed (ROCE)		
EBIT / (total assets – cash and cash equivalents – current liabilities and provisions)	27.8 %	35.4 %
Net debt		
Liabilities and provisions (-)	-9,820	-10,139
+ Cash and cash equivalents	30,014	28,810
+ Receivables and other assets	16,296	16,174
= Net debt	36,490	34,845
Working capital		
Current assets – liabilities and provisions	51,603	48,439
Equity ratio		
Shareholders' equity / total assets	85.9 %	86.0 %

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no significant events after the end of the 2012 financial year.

RISK REPORT

RISK MANAGEMENT STRATEGY, PROCESSES AND ORGANISATION

Since the parent company Viscom AG is a capital market-oriented corporation in terms of section 264d of the German Commercial Code (HGB), key features of the internal control and risk management system including the early identification of risks pursuant to section 91 (2) of the German Stock Corporation Act (AktG) have to be described pursuant to section 315 (2) (5) of the German Commercial Code (HGB), both in regard to the accounting processes of the consolidated companies and in regard to consolidated financial reporting.

The internal control and risk management system in terms of the accounting process and consolidated financial reporting is not defined by law. Viscom views the internal control and risk management system as a comprehensive system and as a basis uses the definition by the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (German institute of auditors) of an accounting-related internal control system (IDW PS 261 para. 19 f.) and risk management system (IDW PS 340 para. 4). An internal control system therefore means the principles, processes and measures introduced by Company management to support the organisational realisation of management decisions.

The guiding principle of risk management is that the relevant decision-makers should be made aware of the development of significant risks as promptly and comprehensibly as possible in order to facilitate a timely and appropriate response or pre-emptive action. To this end, regular meetings of senior employees are held, during which the current status of and approach to the recognised significant risk positions are clarified on the basis of corresponding evaluations and reports. Additional information regarding the current status may be required; this is obtained from employees in the respective departments.

In terms of the accounting process, Viscom regards those features of the internal control and risk management system as important which it believes could significantly influence the financial reporting process and the overall view presented by the annual financial statements and management report.

The Executive Board bears the overall responsibility for the internal control and risk management system in regard to the accounting process and consolidated financial reporting. All companies included in the consolidated financial statements are tied in by a defined management and reporting structure.

The Executive Board of Viscom AG considers the following elements of the internal control and risk management system at Viscom essential in regard to the accounting process and consolidated financial reporting:

- Procedures to identify, evaluate and document all essential company processes and sources of risk relevant to the accounting process. These include finance and accounting processes as well as administrative and operational company processes that generate essential information required to prepare the annual and consolidated financial statements including the management report and Group management report.

- Checks integrated into processes (e. g. IT-supported checks and access restrictions, the separation of functions, analytical checks).

- Monthly internal consolidated reporting with the analysis of significant developments. At a Group level, specific control measures to ensure the proper and reliable preparation of the consolidated financial statements include the analysis and, if necessary, correction of the single entity financial statements presented by the Group companies, including the discussions on the financial statements with the auditors and the documents presented by the auditors. Incorrectly filled out financial statements are corrected prior to being consolidated with the help of previously determined control mechanisms and plausibility checks.

- Measures to assure the proper IT-supported processing of facts and data related to consolidated financial reporting.

- The completeness and correctness of the consolidated data is checked using manual process controls and a system of checks and balances.

In accordance with section 91 (2) of the German Stock Corporation Act, the risks described below are regularly evaluated at management meetings, with decisions being taken as required.

COUNTRY RISK

Revenue is generated almost exclusively from customers in industrialised nations with a functioning legal system. Based on past experience, the enactment of trade restrictions on the goods sold by Viscom is not a matter of concern. There are currently no import restrictions on the inspection systems produced by Viscom.

SECTOR RISK

More than three-quarters of the Viscom customer base comes directly or indirectly from the automotive sector. Due to the specialisation on printed circuit board inspection for automotive suppliers, there is a heightened risk in the event of a long term decline in this market which has become apparent in the recent past. Regardless of economic conditions in the automotive industry, the proportion of electronics in vehicles is increasing.

The Viscom business strategy is to reduce this risk through various development and sales activities with areas of application in other industries.

CUSTOMER RISK

Viscom generated approximately 59 % of its revenue with its five largest customers. This means the proportion of revenue rose by more than 1 percentage point compared to the previous year.

FOREIGN CURRENCY RISK

Exchange rates with the euro were exposed to substantial fluctuations in some cases. The development of the US dollar as a key currency is an important factor for Viscom.

Sales in US dollars were affected in tranches during periods of positive development to ensure that potential exchange rate losses were minimised. Foreign currency hedges, e. g. using forward exchange transactions, were not established in 2012 but have been set up as needed in the past.

PROCUREMENT RISK

The procurement of components and services from third-party suppliers is generally subject to the risk of changes in prices and delivery schedules. Corresponding purchasing negotiations have succeeded in ensuring that acquisition prices have largely remained stable. The Company is only directly dependent on specific suppliers to a very limited extent. There were bottlenecks relating to the procurement times for specific assemblies and components during the period under review due to the generally positive order situation, resulting in longer delivery times. In the future, the Company will prevent against bottlenecks by changing its procurement strategy and expanding its supplier base.

LIQUIDITY RISK
The initial public offering in 2006 resulted in a substantial improvement in the liquidity situation. No borrowing will be required to finance the expenditures that have been made and are planned for 2013.

DEFAULT RISK
Default risk related to specific customers generally cannot be ruled out. However, Viscom employs appropriate control processes to ensure that sales are only entered into with customers that have a proven credit standing at the time of sale.

Viscom does not act as a guarantor for the obligations of other parties.

The maximum default risk can be derived from the carrying amount of the respective financial assets as reported on the balance sheet.

TRADEMARK AND PATENT RISK
The Viscom brand is registered as a trademark in the key global industrial nations. Overlap with other brands only occurred very rarely.

To prevent having to reveal its expertise to third parties, only a few process patents have been registered to date – e. g. the patents for the MX products which have been applied for and partially registered. There are currently no legal disputes in regards to trademarks or patents.

COMPETITIVE RISK / COMPETITIVE ADVANTAGE
Some of Viscom's competitors are subsidiaries of multinational conglomerates with high investment potential. As a result of ongoing product innovations combined with a degree of flexibility that is significantly higher compared to its competitors – for example in adapting machines to meet customer requirements – Viscom has been able to increase or at least maintain its market share in the past. Viscom will continue doing everything required in order to keep developing its competitive advantage.

SIGNIFICANT EVENTS IN THE PAST FINANCIAL YEAR
The Company was not involved in any significant legal proceedings as of 31 December 2012.

Risks affecting the Company's short to medium term development arising from the general economic developments in the automotive industry are apparent at present.

Risks from business relationships, especially receivables default risks related to high revenue customers, are not apparent at present. However, risks continue to be evident relating to the development of revenue since this is highly dependent on subsequent developments in the automotive supplier industry.

The Annual General Meeting of Viscom AG took place on 14 June 2012 at the town hall (Rathaus), Hanover. A dividend of € 0.75 per share was distributed for the 2011 financial year.

Viscom expects revenue in the 2013 financial year to be up some 10 % on the previous year. The EBIT margin is likely to be between 13 % and 17 %. Revenue in the 2014 financial year is expected to rise even further, while the EBIT margin remains at a similar level.

FORECAST 2013 / 2014

ECONOMIC CONDITIONS

The European debt crisis continued in 2012: The financial markets became very unstable, investments were restrained and economic growth declined. The volatility on the European financial market only dropped noticeably towards the end of the year. Even if companies regain optimism in view of their business performance, it must be noted that the euro crisis and the associated uncertainty have not yet been overcome.

Confidence in the major emerging markets (such as Brazil, Russia, India and China) keeps rising; these countries are likely to continue wanting to invest in the coming years. Despite the crisis, China's growth only slowed a little.

Steadily advancing technological advancement of electronic products is leading to the increasing expansion of electronics production. Many new products are designed in such a way that their production is only possible by carrying out a rationally designed inspection process aimed at guaranteeing sufficient product quality.

2013 will be a year of economic transition. The expected economic recovery may be thwarted by a renewed flare-up of the crisis in the euro zone. In addition, sovereign debts in other countries (such as the USA) are not yet virulent.

In light of these forecasts, expected growth for 2013 currently stands at around 0.5 %. Experts believe that the year will get off to a weak start and that growth will not pick up until the middle of the year.

The current political crisis regions, such as the Middle East, are of minimal significance to Viscom's direct business. Currency fluctuations and the associated reluctance to invest are more relevant.

In particular, any company-specific forecasts for 2014 remain uncertain in the current financial market and industry situation because of high market volatility.

BUSINESS POLICY

The core focal points of the Viscom strategy are:

- extensive innovative strength
- technological leadership
- technology partnerships with key customers

These strategies allow Viscom to develop innovative products and offer them on a customer-specific basis. Extensive innovative capacity provides the framework for the Company's rapid and comprehensive adjustment to reflect new challenges in the market. The position of technology leadership, which is based on customer requirements, is used to transport the Company's image to the market, "If anybody can do it, Viscom can". In turn, technology partnerships mean that technology expertise is available promptly and in depth, therefore allowing the other objectives to be achieved.

Based on these strategic focal points, Viscom will continue to expand its presence in regions with the highest sales in order to optimise direct customer support.

MARKETS

Experts continue to view the European market as consolidated. As an important market for Viscom and a strong technology trend setter in the field of automotive and industrial electronics, this market will continue to be very important to Viscom. Viscom expects revenue within the European market – including Southern and Eastern Europe – to once again increase over the course of 2013.

Viscom would like to participate in the international market. The Viscom Group's strong position in America and Asia is being strategically expanded, with the aid of a tailor-made product portfolio. Viscom's presence in the growth markets Brazil, China and certain individual Asian regions is expected to be increased further.

And there is also good news from Japan. The country's economy slowly regained ground in 2012, while overall economic production even expanded considerably in the first half of the year. This impulse is also being felt at Viscom: Japan is experiencing a remarkable demand for technology, especially for X-ray technology. Customers from a wide range of industries are currently conducting evaluations. Projects that ground to a halt in the wake of the natural catastrophe in 2011 are picking up steam again.

The Company's goal in Asia remains to raise the profile of the Viscom brand even more in this region and to make optimal use of opportunities in the Asian market.

COMPANY SEGMENTS

In addition to the primary structuring into geographic segments (markets), Viscom also performs segment reporting based on its business areas.

The SP (serial products) business area is responsible for enhancing, producing and distributing series systems which are the Company's major revenue drivers.

The NP (new products) business area develops promising new special optical and X-ray inspection systems with growth potential for customer applications in the context of individual projects. They are the innovation drivers which generate expandable revenue drivers as part of product development and market penetration. By internally transferring its series business to the SP business area, the capacities of the NP business area for instance are being used for developing new submarkets with a demand for the inspection of hidden components without disassembly, among other things. On this basis, the relative and absolute profit contributions of the SP business area will strengthen even further over the coming years.

The Service business area offers Viscom customers an improved and wider service portfolio. Since starting the activities, revenue has gone up steadily. Further growth of this business area is expected.

PRODUCTS AND SERVICES

Viscom develops, manufactures and sells automated optical and X-ray inspection systems for use in industrial electronics production.

Viscom will continue to focus on the development of new standard inspection systems. Here, Viscom is inspired by the market's needs. Due to the steadily increasing installation base, follow-up business which includes training, maintenance, replacement part sales and upgrade projects will continue to increase in terms of both volume and differentiation and will help expand Service.

PRODUCTION / PRODUCTION PROCESSES

As part of the continuous improvement of the Company's workflows, processes are being further standardised and rationalised. The objective is to assure efficient production while maintaining the same high level of product quality and assuring short delivery times.

PROCUREMENT

The established procurement structure is well proven. Viscom will continue counting on reliable partners and optimising the procurement structures.

RESULTS OF OPERATIONS

The development of incoming orders and revenue will once again largely depend on the overall economic situation in 2013 and 2014, especially in the automotive industry. Viscom expects revenue in the 2013 financial year to be up some 10 % on the previous year. The EBIT margin is likely to be between 13 % and 17 %. Revenue in the 2014 financial year is expected to rise even further, while the EBIT margin remains at a similar level.

FINANCIAL POSITION

It is to be expected that the financial position will barely change. However, there are no plans for borrowing in 2013 and 2014 thanks to the on-going good liquidity position. Capital continues to be available for investing activities. Only part of the financial assets have been invested in corporate bonds for the medium term, e. g. between one and two years. Most of the funds, invested in direct access savings accounts and term deposits, are available quickly.

INVESTMENTS AND FINANCING

The Company plans to make additional investments in its core business in the future. These relate to further developing products, expanding its regional presence and strengthening the organisational structure. These investments will be financed primarily from own funds. Other financing models are used where third-party funding is more economically viable. This currently applies in particular to the operating premises, buildings and vehicle fleet. Viscom made no major investments in 2012.

OTHER CASH FLOWS AND REFINANCING

Additional cash flows exist only in the form of dividend distributions to shareholders. This generally depends on the earnings strength in the respective period.

BRANCH OFFICES

Viscom AG has a branch office in Munich for the support of its sales activities in southern Germany, Austria, Hungary and Switzerland. In addition, Viscom Inc. has a branch office in San José to support sales in the west American region. These branch offices operate as legally dependent sales offices for the sale of Viscom's inspection systems.

CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

PART OF GROUP MANAGEMENT REPORT

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound Corporate Governance. We see Corporate Governance as a vital element of the modern capital market. Therefore, Viscom AG welcomes the German Corporate Governance Code. The Code defines important legal regulations for the management and supervision of German listed companies, and it supplements internationally recognised standards of good and responsible management. This is intended to promote the trust of investors and the public in the management and supervision of publicly owned German companies. Viscom AG uses these expectations as a point of orientation. Our Corporate Governance allows us to ensure responsible management and control, focused on transparency and value creation. The Executive Board, also on behalf of the Supervisory Board, reports on the Company's Corporate Governance in this declaration published in accordance with Section 3.10 of the German Corporate Governance Code as well as Section 289a, paragraph 1 of the German Commercial Code (HGB) on Corporate Governance. The Corporate Governance report also includes the Remuneration Report.

Corporate Governance Compliance Statement and Report

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of any corporation that is listed on the stock exchange in Germany are required to make an annual declaration that the recommendations by the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice in the official section of the German Federal Gazette were and will be complied with, or state which recommendations were not or will not be applied and for what reasons. The declaration must be made permanently accessible to the public on the Company's website. Companies are permitted to vary from the recommendations of the Code, but are required to publish any such exceptions and the reasons for them annually. This allows companies to consider sector or company-specific requirements. The Code thereby contributes towards enhancing flexibility and self-regulation with regard to the corporate legal structure of German companies.

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement pursuant to Section 161 of the German Stock Corporation Act (AktG) on 22 February 2013. It has been published and is permanently accessible on the Viscom AG website under www.viscom.com in the section "Investor Relations / Company / Corporate Governance / Compliance Statement".

For the period from the last Compliance Statement dated 24 February 2012 to 14 June 2012, the following statement refers to the Code version of 26 May 2010 as published on 2 July 2010 in the Federal Gazette. For all Corporate Governance activities by Viscom AG since 15 June 2012, the statement refers to the Code version of 15 May 2012 as published on 15 June 2012 in the Federal Gazette.

Wording of the 2013 Compliance Statement

In conformity with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of Viscom AG declare that the recommendations by the Government Commission on the German Corporate Governance Code have been and are being complied with. The Executive Board and Supervisory Board of Viscom AG are also committed to ensuring future compliance. Only the following recommendations have not been and will not be followed:

1. No Postal Vote Offer (Code Section 2.3.3 sentence 2, old version).

Viscom AG has currently not implemented the postal vote option created by the Law for the Implementation of the Shareholder Rights Guidelines (ARUG) (Section 118, paragraph 2 of the German Stock Corporation Act (AktG)). In view of the resulting legal uncertainty, the Executive Board and Supervisory Board intend to await developments and the experiences of other listed issuers before making the postal vote option available.

2. The Company has decided to exclude deductibles from its liability insurance (D&O insurance) for the Supervisory Board (Code Section 3.8).

The Company has complied with the legal requirement to implement a deductible for Executive Board members pursuant to Section 93, paragraph 2 sentence 3 of the German Stock Corporation Act (AktG) in conjunction with Section 23, paragraph 1 sentence 1 of the Introductory Act to the German Stock Corporation Act (EGAktG) effective 1 July 2010, but continues to refrain from implementing a corresponding deductible for the Supervisory Board as well. In Section 116, paragraph 1 of the German Stock Corporation Act (AktG), lawmakers did not prescribe a deductible for the Supervisory Board but expressly exempted the Supervisory Board from the mandatory deductible.

The nature of the Supervisory Board mandate, which is also emphasised by differences in remuneration, makes it seem reasonable to differentiate between the Executive Board and Supervisory Board. Extending the D&O insurance deductible to members of the Viscom AG Supervisory Board therefore did not appear appropriate.

3. The Company has no Chairman or Speaker of the Executive Board (Code Section 4.2.1).

Taking into account the number of Executive Board members, the Executive Board and the Supervisory Board are consequently of the opinion that, on a board with only three members, a Chairman or a Speaker is not required. In addition, the law for stock corporations is based on a principle of consensus, e. g. on a collegial rather than a hierarchal Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within the executive) since the Company was founded. All significant decisions are made together by the entire Executive Board.

4. The service contracts with the members of the Executive Board of Viscom AG provide for no payment caps on severance compensation in the case of early termination of the Executive Board mandate (Code Section 4.2.3).

The Executive Board contracts do not contain any provisions for a payment cap on severance compensation in the case of early termination of the Executive Board mandate of a maximum of two years' remuneration, including in the form of (modified) tying clauses. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither a significant ground for dismissal in accordance with Section 84 paragraph 3 sentence 1 of the German Stock Corporation Act (AktG) nor a significant ground for the extraordinary termination of the employment contract in accordance with Section 626 of the German Civil Code, the contract with the Executive Board member can only be terminated subject to mutual agreement. In such cases, Executive Board Members have no legal obligation to agree to caps on severance pay within the meaning of the recommendations of the Code. These (modified) tying clauses that link the termination of the Executive Board contract to dismissal on significant grounds and anticipate a cap on severance pay in such cases, cannot be implemented unilaterally by the Supervisory Board against the will of the Executive Board member in question (deviation from Code Section 4.2.3 paragraph 4).

5. The Executive Board and Supervisory Board have not prepared any detailed long-term succession planning up to now (Code Section 5.1.2).

The Executive Board and Supervisory Board have not prepared any detailed long-term succession planning for the Executive Board up to now (Code Section 5.1.2). As the Executive Board members Dr. Martin Heuser and Volker Pape are the founders of the Company and there are currently no indications of them leaving the Company in the foreseeable future, succession planning has not been necessary to date. Any such plans would have had a negative impact on the relationship between the Executive Board and Supervisory Board. The Executive Board and Supervisory Board also believe that this recommendation in the Code pertains solely to internal succession planning, as external appointments cannot be planned for the long term.

6. The Supervisory Board has not formed any committees, especially an audit committee and a nomination committee (Code Sections 5.3.1, 5.3.2, 5.3.3).

The Supervisory Board consists of only three members. In the view of the Supervisory Board, the formation of committees is not expedient under the specific circumstances of the Company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board. Furthermore, a nomination committee is unnecessary as the Supervisory Board consists solely of shareholder representatives.

7. The Supervisory Board has not identified concrete objectives for its composition (Code Section 5.4.1 sentence 2 to 5).

In its nomination proposals submitted to the Annual General Meeting, the Supervisory Board will continue to be guided solely by the applicable legal requirements and shall focus on the professional and personal qualifications of the candidates, regardless of gender. Taking into account the international activities of the Company, potential conflicts of interest, the number of independent members of the Supervisory Board and diversity – including the commensurate participation of women – is a matter of course. In the opinion of the Supervisory Board, this does not require the identification of concrete objectives. For a body that consists of only three members elected by the shareholders, establishing concrete objectives appears problematic and frequently schematic.

8. The Articles of Association and the standing rules of the Executive Board and Supervisory Board do not call for a maximum age limit for Executive Board and Supervisory Board members (Code Sections 5.1.2 and 5.4.1).

Given the age structure of the current occupants of the Executive Board, this status quo needs not be questioned. The Company is also committed to ensuring access to the expertise of experienced members of the Executive Board. Any exclusions based solely on age do not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. An age limitation in the Articles of Association has been and is therefore deemed unnecessary. In regard to the Supervisory Board, the Executive Board and Supervisory Board believe that a fixed age limit would compromise the ability of the Company to attract and hold suitable members of the Supervisory Board.

9. The fixed and variable remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of the Chairman nor committee members (Code Section 5.4.6).

The lack of committees due to the small size of the Supervisory Board renders any further plan for the distribution of remuneration for chairmans and committee members unnecessary.

Working Methods of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board of Viscom AG work together consistently and closely, in keeping with sound and responsible Corporate Governance. They coordinate regularly and on a timely basis in the areas recommended by the Corporate Governance Code, but also on issues beyond those in the Corporate Governance Code.

Executive Board

Viscom AG is a company incorporated under German law which is also the basis of the German Corporate Governance Code. The two-tier system of management comprising the Executive Board and the Supervisory Board as corporate bodies which hold separate powers is a basic tenet of German stock corporation law. The Executive Board and the Supervisory Board of Viscom AG cooperate in all matters relating to control and supervision of the Company in a close and trusting fashion.

The Executive Board of Viscom AG currently consists of three members: Dr. Martin Heuser (Technology), Volker Pape (Sales) and Dirk Schwingel (Finances). The Executive Board is responsible for the management of the Company. The primary tasks of the Executive Board are determining strategic alignment, managing the Company, and planning, establishing and monitoring a risk management system and compliance. All members of the Executive Board are involved in the day-to-day management of the Company and bear responsibility for operations.

The Supervisory Board has resolved standing rules for the Executive Board regulating its work and mode of cooperation with the Supervisory Board. According to these, members of the Executive Board wield executive powers in the areas of responsibility assigned to them in the Allocation of duties. Insofar as measures or transactions of one area of responsibility overlap with those of one or more other areas, all involved members of the Executive Board must be in agreement. Should there be any continuing conflict, the entire Executive Board must reach a joint decision. These assignments notwithstanding, each member of the Executive Board remains responsible for all management issues. Only the entire Executive Board together can decide on matters or transactions which are of exceptional importance or carry an extraordinary economic risk.

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority. Meetings of the Executive Board are to be scheduled on a regular basis, if possible, a weekly basis. They must take place when required to ensure the well-being of the Company. The Executive Board member designated accordingly by the Supervisory Board is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken. The Executive Board is also obligated to regularly inform the Supervisory Board of the Company of all matters of interest to it concerning the Company and companies affiliated with the Company, especially of all matters covered by

Section 90 of the German Stock Corporation Act (AktG). These reporting duties apply to the full Executive Board. As a rule, Executive Board reports must be presented in written form except when urgency allows or necessitates a verbal report. Furthermore, the Executive Board members must regularly report jointly to the Chairman of the Supervisory Board on business planning and progress, the situation of the Company, including its affiliated companies and risk management, as well as compliance, in written or verbal form. The report for the Supervisory Board Chairman also includes monthly information on revenue, staff costs, incoming orders and order backlog, broken down by segment, as well as the income statement and key figures of the Company and the directly and indirectly associated companies. Both the comparative figures of the previous year and of the annual business plan must be included. The Executive Board also reports on significant issues pertaining to the current situation of the Company and directly and indirectly associated companies and events that exceed normal business operations of the Company and affiliated companies and are of special importance for the Company as occasion requires. Any information relevant for decision making will be made available to the members of the Supervisory Board in a timely manner prior to the meeting.

Members of the Executive Board are subject to comprehensive restraint on competition during their Board membership. They are bound to the interests of the Company. No member of the Executive Board may allow personal interests to affect his decisions or make use of business opportunities to which the Company is entitled for his own benefit. Any possible conflicts of interest are to be disclosed promptly to the Supervisory Board, and the other members of the Executive Board are to be informed. All transactions between the Company and the Executive Board members, as well as related parties, must be in line with the standards that are customary within the brand of industry.

In addition, Executive Board members require the consent of the Supervisory Board to other professional roles, particularly the assumption of mandates in other companies.

Both the Executive Board and the Supervisory Board are bound to the interests of Viscom AG. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year. No Executive Board member is a member of any Supervisory Boards at listed stock corporations outside the Group.

Viscom AG has obtained liability insurance (D&O insurance) with a commensurate deductible for all members of the Executive Board.

Mandates of the Board Members

The members of the Executive Board hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

Supervisory Board

The Supervisory Board of Viscom AG consists of three members who are elected at the Annual General Meeting, without it being bound by any proposals for suitable candidates and with identical terms of office, in compliance with section 11, paragraph 1 of the Articles of Association in conjunction with Section 95, 96 paragraph 1 and 101, paragraph 1 of the German Stock Corporation Act (AktG). The Company has no co-determination. The current members of the Viscom AG Supervisory Board are Bernd Hackmann (Chairman), Klaus Friedland (Deputy Chairman) and Prof. Dr.-Ing. Claus-Eberhard Liedtke. They were individually elected at the Annual General

Meeting on 18 June 2009 pursuant to the recommendations of the German Corporate Governance Code. The term of office for the Supervisory Board is five years. The current term ends with the regular Annual General Meeting which will approve the actions of the members of the Supervisory Board for the 2013 financial year of the Company.

The proposals for suitable candidates not only consider the skills, expertise and experience necessary for the duties of the Supervisory Board but also aim to ensure diversity of Board members. Former members of the Viscom AG Executive Board are not members of the Supervisory Board. There are a sufficient number of independent members of the Supervisory Board who maintain no business or personal relations to the Company or to its Executive Board.

The Supervisory Board monitors and advises the Executive Board on Company management. It is involved in strategy and planning as well as all matters fundamental to the Company. The Supervisory Board has resolved standing rules for the Executive Board, in accordance with the Company's Articles of Association. The Articles of Association include the provision that specified kinds of major transactions of the Executive Board require the Supervisory Board's approval. The Supervisory Board's further responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the Company's annual financial statements.

Work within the Supervisory Board is coordinated by the Chairman of the Supervisory Board or, in case of his absence, by the Deputy Chairman. The Chairman of the Supervisory Board chairs the Supervisory Board meetings and upholds the Board's interests when representing it. Furthermore, he is authorised to make the declarations of intention on behalf of the Supervisory Board that are necessary to implement Supervisory Board resolutions. In urgent cases, this also includes the provisional approval of Company transactions which in accordance with the standing rules for the Executive Board require the Supervisory Board's approval. Tasks and rules of procedure are stipulated in the standing rules governing the Supervisory Board which have been resolved by the Supervisory Board in accordance with the Articles of Association. This includes rules regarding the authority of the Chairman of the Supervisory Board and his deputy, as well as rules pertaining to conflicts of interest and efficiency reviews. According to these, the Chairman of the Supervisory Board is required to remain in regular contact with the Executive Board and discuss strategy, business development and the Company's risk management with them. Should he become aware of significant events of material importance for the assessment of the Company's situation and development and of its management, he is obligated to inform the Supervisory Board and to convene an extraordinary Supervisory Board meeting if necessary.

In the 2012 financial year, the Supervisory Board held seven regular meetings including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, convenes meetings in written form with a 14 day notification period. In urgent cases, the Chairman of the Supervisory Board can shorten the notification period appropriately and convene the meeting via verbal notification or via telephone, fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

Pursuant to the standing rules of the Supervisory Board, all meetings should be held in person. But meetings can also be held as video conferences or conference calls, or individual Supervisory Board members can take part in the meeting via phone or video. It is also possible to pass resolutions using votes in written form or made via telephone or electronic forms of communication as long as this follows the Chairman's directive and there are no objections raised by other members of the Supervisory Board during a reasonable period of time set by the Chairman of the Supervisory Board. The Chairman of the Supervisory Board must keep a record of and sign all resolutions made in a written or other form.

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, casts the deciding vote in the case of a tie. Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

The members of the Supervisory Board are independent from the management and maintain no business relationships with the Company that could influence the independence of their opinion. Consultancy, service or work contracts between Supervisory Board members and the Company have not existed and do not exist. Supervisory Board approval has to be sought in exceptional cases involving Supervisory Board members who intend activity for the Company beyond the functions of the Supervisory Board. In its report at the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen during that financial year. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year.

The Company has obtained D&O insurance with no deductible for its Supervisory Board members.

Detailed information on Supervisory Board activities during the 2012 financial year is included in the "Report of the Supervisory Board".

Mandates of the Supervisory Board Members

The Chairman of the Viscom AG Supervisory Board, Bernd Hackmann, has been Deputy Chairman of the Supervisory Board of LPKF Laser & Electronics AG since 31 May 2012. The members of the Supervisory Board, Klaus Friedland and Prof. Dr. Claus-Eberhard Liedtke, hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

Structure and Working Methods of Executive Board and Supervisory Board Committees

The Company's Articles of Association allow the Supervisory Board to form committees from among its members. No such committees currently exist. The Supervisory Board does not see committee formation as advisable under the circumstances of the Company. The purpose of forming a committee, e. g. increasing the efficiency of the decision-making process, would not be achieved with a committee of only three members.

No Executive Board Committees with the purpose of increasing efficiency were formed because of the small size of the Executive Board.

Shareholdings of Board Members

The following members of the Executive Board presently hold shares in the Company:

• Dr. Martin Heuser:
255,000 shares held directly; Dr. Heuser also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,883,395 Viscom AG shares.

• Volker Pape:
255,000 shares held directly; Mr Pape also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,883,395 Viscom AG shares.

• Dirk Schwingel:
2,000 shares held directly.

The following members of the Supervisory Board presently hold shares in the Company:

• Bernd Hackmann: 5,000 shares.

• Klaus Friedland: 3,000 shares.

• Prof. Dr. Claus-Eberhard Liedtke: 1,621 shares.

Shareholders and Annual General Meeting

Shareholders of Viscom AG exercise their participation and control rights at the Annual General Meeting. The Annual General Meeting decides on all legally regulated issues with a binding effect for all shareholders and for the Company. Each share grants one vote (one share, one vote) in the decision-making process.

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It resolves on the use of retained earnings, on capital market measures and on the approval of Company contracts. Further responsibilities include the determination of Supervisory Board remuneration, as well as changes to the Company's Articles of Association. At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act provides for convening an extraordinary General Meeting in special cases.

Shareholders are entitled to take part in the Annual General Meeting if they register in advance and provide proof of their right to attend the Annual General Meeting and exercise their voting right. Shareholders who cannot attend in person can exercise their voting right via a bank, shareholder association or any other authorised representative. The Company offers shareholders who do not wish to or are unable to exercise the voting right themselves the right to vote at the Annual General Meeting via a proxy determined by Viscom AG and bound by the shareholders' instructions. This facilitates the exercising of shareholders' rights in compliance with the provisions of the Code.

The invitation to the Annual General Meeting and all information and reports necessary for passing resolutions are made accessible to the public on the website of Viscom AG in German, as stipulated by the laws governing stock companies.

Remuneration Report

Viscom AG complies with the recommendations of the German Corporate Governance Code by disclosing the individual remuneration of the Executive Board and Supervisory Board. The remuneration report forms part of the management report.

Remuneration of Executive Board Members

Remuneration of Executive Board members is determined by the Supervisory Board, and consists of a fixed annual salary and a profit-related bonus. The fixed component remains constant over a period of several years.

The variable component is determined in a bonus agreement concluded in advance with Executive Board members, taking the respective amount of the basic salary as a reference.

The Executive Board members receive a performance-related bonus, which comprises a bonus I relating to the recently expired financial year and a long-term bonus II. The total bonus is limited to 100 % of annual fixed remuneration for Dr. Martin Heuser and Volker Pape and € 40 thousand for Dirk Schwingel.

Bonus I amounts to one monthly fixed remuneration payment plus 1.3 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements for Dr. Martin Heuser and Volker Pape. EBIT must total at least € 1 million, otherwise the entitlement to bonus I ceases.

Bonus II also amounts to one monthly fixed remuneration payment plus 1.3 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements for Dr. Martin Heuser and Volker Pape. The bonuses are calculated on the basis of EBIT generated in the three most recent financial years – e. g. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement to bonus II ceases.

Bonus I for Dirk Schwingel amounts to 0.5 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. EBIT must total at least € 1 million, otherwise the entitlement to bonus I ceases.

Bonus II for Dirk Schwingel also amounts to 0.5 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. The bonuses are calculated on the basis of EBIT generated in the three most recent financial years – e. g. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement to bonus II ceases.

There is no stock option programme at Viscom AG for management and employees.

Remuneration of the members of the Executive Board in the 2012 financial year is as follows:

Executive Board	Fixed Remuneration 2012[1)] K€	Variable Remuneration 2012[2)] K€	Total Remuneration 2012 K€	Total Remuneration 2011 K€
Dr. Martin Heuser	200	182	382	380
Volker Pape	205	182	387	384
Dirk Schwingel	168	40	208	143
Total	**573**	**404**	**977**	**907**

[1)] includes cash value benefits (motor vehicle), accident insurance and private pension insurance [2)] maximum 100 % of annual remuneration

Remuneration of Supervisory Board Members

All Supervisory Board Members receive fixed and variable remuneration for every full year of Supervisory Board membership. Supervisory Board members joining during the course of the financial year receive pro rata fixed and variable remuneration for their actual time served on the board. Fixed remuneration is € 10 thousand per Supervisory Board member per year. The Chairman of the Supervisory Board receives double and his Deputy one and a half times the fixed remuneration. Variable remuneration is comprised of two components. Per Supervisory Board member and per year it amounts to:

- € 250.00 per full cent of the dividend distributed to shareholders for each of the Company's no-par value shares in the corresponding financial year, and

- € 1,000.00 per € 1 million of average positive EBIT recorded. Average EBIT are calculated over a rolling three-year period on the basis of the Company's audited and approved IFRS consolidated financial statements for the three most recent financial years.

The Chairman of the Supervisory Board receives double and his Deputy one and a half times the variable remuneration. Total variable remuneration is limited to seven tenth of annual fixed remuneration.

Remuneration of the members of the Supervisory Board in the 2011 financial year is as follows:

Supervisory Board	Fixed Remuneration 2011 K€	Variable Remuneration 2011[1] K€	Total Remuneration 2011 K€
Bernd Hackmann	20	14	34
Klaus Friedland	15	10.5	25.5
Prof. Dr. Claus-Eberhard Liedtke	10	7	17
Total	**45**	**31.5**	**76.5**

[1] max.

Remuneration of the members of the Supervisory Board in the 2012 financial year is as follows:

Supervisory Board	Fixed Remuneration 2012 K€	Variable Remuneration 2012[1] K€	Total Remuneration 2012 K€
Bernd Hackmann	20	14	34
Klaus Friedland	15	10.5	25.5
Prof. Dr. Claus-Eberhard Liedtke	10	7	17
Total	**45**	**31.5**	**76.5**

[1] max.

The amount of variable remuneration for fiscal year 2012 is in part dependent on the dividends paid to shareholders and is therefore subject to a corresponding resolution by the Annual Shareholders' Meeting on the appropriation of the net retained profits from the past fiscal year.

The Supervisory Board members received no remuneration or benefits from the Company for personal services rendered, such as consulting or brokerage services.

Risk Management

Part of the Company's principles of Corporate Governance is the responsible handling of corporate risks. The Executive Board of Viscom AG and the management of the Viscom Group can make use of comprehensive Group and Company reporting and control systems which facilitate the detection, evaluation and controlling of risks. These systems are subject to continuous development in order to adapt them to changing conditions and are additionally monitored by auditors. The Executive Board regularly informs the Supervisory Board of existing risks and their development.

Details regarding risk management in the Viscom Group can be found in the risk report. The risk report contains the report on the accounting-related internal control and risk management system, in compliance with the German Accounting Law Modernisation Act (BilMoG).

Transparency

Open and transparent handling of information for the relevant target groups of Viscom AG is a high priority within the Company. The Company has appointed a Corporate Governance Officer to monitor adherence to the German Corporate Governance Code.

Viscom AG regularly reports to shareholders, financial analysts, shareholder associations, the media and interested parties on the situation of the Company, as well as significant corporate changes. All new information that is released to financial analysts and institutional investors by Viscom AG is simultaneously made available to all shareholders and interested members of the public. Viscom uses the Internet and other means of communication to ensure that information is provided on a timely basis.

An overview of all key information throughout the financial year is published on our website at www.viscom.de:

• Ad Hoc publicity. Ad-hoc notices are issued when facts arise concerning Viscom AG outside regular reporting that may significantly influence the share price. Viscom AG Ad Hoc notices are available to shareholders on the Company website in the section "Investor Relations / News / Ad Hoc Notices".

• Notices concerning voting rights. In accordance with Section 21 of the Securities Trading Act, when the Company becomes aware that an entity acquires, exceeds or falls under 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50% or 75 % of the voting rights in the Company as a result of a purchase, disposal or in any other fashion, this fact will also be promptly disclosed via a Europe-wide information system.

The Company did not receive any notifications with regards to shareholders reaching, exceeding or dropping below reporting thresholds during the reporting period (01 January 2012 to 31 December 2012).

• Directors' Dealings. Executive Board and Supervisory Board members of Viscom AG and certain executives who have regular access to insider information and are authorised to make significant Company decisions (including related parties as defined by the Securities Trading Act), are required to disclose their securities transactions, in accordance with Section 15a of the Securities Trading Act. Such transactions will be published as soon as the Company is informed, via a Europe-wide information system and on the Company website in the section "Investor Relations / News / Directors' Dealings".

Acquisition or sales transactions of shares of Viscom AG subject to mandatory reporting or of financial instruments based on these that were carried out by Board Members (Directors' Dealings) were reported to the Company for the 2012 financial year by Klaus Friedland:

Klaus Friedland purchased 2,000 shares at a price of € 7.80 per share on 21 June 2012.

• Financial calendar. Viscom AG informs the shareholders and the capital market in advance about the dates of key publications (e. g. annual report, interim reports or Annual General Meeting) via the financial calendar, which is printed in the annual and interim reports and constantly available on the website.

Accounting and Annual Audit

Viscom AG prepares its consolidated financial statements in line with International Financial Reporting Standards (IFRS). The annual financial statements of Viscom AG are prepared according to German Commercial Code (HGB). The Executive Board prepares the consolidated financial statements which are audited by the auditor and the Supervisory Board. Shareholders and interested parties are informed of the general situation of the Company via the annual and interim reports and interim announcements. All reports are simultaneously accessible on the website for all interested parties.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover, was elected by the 2012 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statement of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW). Risk management and reporting obligations in compliance with Corporate Governance as stated in Section 161 of the German Stock Corporation Act were also taken into account.

It was agreed with the auditors that they would promptly inform the Chairman of the Supervisory Board of any grounds for disqualification or conflicts of interest that arise during the audit, if these are not resolved immediately.

The auditors shall also promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they occur during the audit. The auditors also have to inform the Supervisory Board and report in the audit report, if facts arise in the course of the audit that do not conform with the Compliance Statement, as submitted by the Executive Board and the Supervisory Board, in accordance with Section 161 of the German Stock Corporation Act.

Information on Relevant Company Management Practices

Compliance with the law is not just the duty of every business but is also in every company's own interest in order to reduce risks. Viscom sees it as its responsibility to adhere to all laws and internal regulations – voluntary obligations as well as ethical principles also form an integral part of its corporate culture.

In order to actively comply with local and international guidelines and regulations, the Executive Board prepared, approved and introduced compliance guidelines for its employees in 2011 that go beyond the statutory obligations applicable to all board members and employees of Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

They are available to Group employees on the Intranet, where they can be accessed at all times in German and English. A whistleblower system allows employees to report certain serious infringements of the law. This allows Compliance Officers and where applicable the Executive Board to work towards containing damage and preventing further damage. In the 2012 financial year there were no reports of contraventions or infringements of the law.

The Compliance Officer is responsible for maintaining and updating this policy. Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which will become an ongoing and central task for the Company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business. It is the basis for ongoing change and improvement, making it a living process within the Company that will never come to an end. More information on the compliance guide-lines is publicly available on the Company website www.viscom.com in the Investor Relations section.

REPORT ON ADDITIONAL DISCLOSURE REQUIREMENTS FOR LISTED COMPANIES

Viscom AG completed its initial public offering in May 2006 and was listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange until September 2009. Since September 2009 Viscom has been listed in the General Standard of the regulated market. Subscribed capital amounts to € 9,020 thousand and is divided into 9,020,000 no-par value bearer shares with a notional interest in share capital of € 1.00 per share.

Each share entitles the bearer to one vote at the Annual General Meeting. None of the issued shares are furnished with special rights.

HPC Vermögensverwaltung GmbH, Hanover, held an interest of 54.1 % in Viscom AG as of 31 December 2012. Grünwald Equity Beteiligungs V2 GmbH held an interest of more than 10 % in Viscom AG as of 31 December 2012.

The Supervisory Board is responsible for determining the number of Executive Board members, appointing and dismissing the ordinary or alternative members of the Executive Board and concluding the corresponding employment contracts. The Supervisory Board appoints the Executive Board members for a maximum of five years. Members may be reappointed or their term of office extended for a maximum of five years in each case. The Supervisory Board is authorised to transfer responsibility for the conclusion, amendment or termination of the corresponding employment contracts to a Supervisory Board committee.

The Supervisory Board is authorised to make amendments to the Articles of Association that relate solely to their wording. This also applies to amendments to the Articles of Association as a result of changes in the Company's share capital.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions in the period until 15 June 2016 by a total of up to € 4,500,000 through the issue of up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (authorised capital).

Viscom AG, represented by the Executive Board, is authorised in the period until 1 June 2015 to acquire own shares of up to 10 % of the current share capital. The shares acquired based on this authorisation, together with shares held by Viscom AG or to be assigned in accordance with section 71a ff. of the German Stock Corporation Act (AktG), may at no point exceed 10 % of the Company's current share capital. The acquired own shares may be used for all legally allowable purposes, excluding the trade in own shares.

CONFIRMATION OF THE DEPENDENCY REPORT

Viscom AG was dependent on HPC Vermögensverwaltung GmbH in the 2012 financial year. Since there was no control agreement between said company and Viscom AG in this period, the Executive Board of Viscom AG prepared a report of the Executive Board regarding the relationships to affiliated companies pursuant to section 312 (1) of the German Stock Corporation Act (AktG), which includes the following confirmation:

“Our Company received commensurate compensation for each of the legal transactions listed in the report on relationships to affiliated companies and was not disadvantaged by the measures taken or omitted according to the report. This assessment is based on the circumstances known to us at the time of the transactions subject to mandatory reporting.”

Hanover, 8 March 2013

Dr. Martin Heuser   Volker Pape   Dirk Schwingel

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2012
CONSOLIDATED INCOME STATEMENT

Consolidated income statement

Item		01.01.–31.12.2012 K€	01.01.–31.12.2011 K€
G1	Revenue	50,037	53,499
G2	Other operating income	2,111	2,139
		52,148	55,638
G3	Changes in finished goods and work in progress	1,084	2,812
G4	Other capitalised company-produced assets	1,374	1,516
G5	Cost of materials	-15,817	-18,934
G6	Staff costs	-17,907	-16,543
G7	Depreciation / amortisation	-859	-796
G8	Other operating expenses	-10,775	-11,679
		-42,900	**-43,624**
	Operating profit	**9,248**	**12,014**
G9	Interest income	435	622
G9	Interest expenses	-17	-12
	Financial result	**418**	**610**
G10	Income taxes	-3,028	-4,128
	Net profit for the period	**6,638**	**8,496**
G11	**Earnings per share (diluted and undiluted) in €**	**0.75**	**0.96**
	Other earnings		
	Currency translation differences	-39	97
	Other earnings after taxes	**-39**	**97**
	Total earnings	**6,599**	**8,593**

CONSOLIDATED BALANCE SHEET: ASSETS

Assets

Item		31.12.2012 K€	31.12.2011 K€
	Current assets		
A1	Total cash and cash equivalents	30,014	28,810
A2	Trade receivables	12,117	12,184
A3	Current income tax assets	785	14
A4	Inventories	15,113	13,594
A5	Other financial receivables	2,843	3,478
A5	Other assets	551	498
	Total current assets	**61,423**	**58,578**
	Non-current assets		
A6	Property, plant and equipment	1,120	1,163
A7	Intangible assets	4,665	3,623
A8	Financial assets	4,680	7,177
A8	Loans originated by the Company	126	131
A9	Deferred tax assets	491	1,808
	Total non-current assets	**11,082**	**13,902**
	Total assets	**72,505**	**72,480**

BALANCE SHEET:
LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Item		31.12.2012 K€	31.12.2011 K€
	Current liabilities		
P1	Trade payables	2,335	1,945
P2	Advance payments received	334	577
P3	Provisions	1,585	1,483
P4	Current income tax liabilities	763	1,708
P5	Other financial liabilities	2,677	2,572
P5	Other current liabilities	1,586	1,402
	Total current liabilities	**9,280**	**9,687**
	Non-current liabilities		
P3	Non-current provisions	540	452
P6	Deferred tax liabilities	409	0
	Total non-current liabilities	**949**	**452**
	Shareholders' equity		
P7	Subscribed capital	9,020	9,020
P8	Capital reserve	35,221	35,221
P9	Retained earnings	17,838	17,864
P10	Exchange differences	197	236
	Total shareholders' equity	**62,276**	**62,341**
	Total liabilities and shareholders' equity	**72,505**	**72,480**

CASH FLOW STATEMENT

Cash flow statement

Item		31.12.2012 K€	31.12.2011 K€
	Cash flow from operating activities		
	Net profit for the period after interest and taxes	6,638	8,496
G10	Adjustment of net profit for income tax expense (+)	3,028	4,128
G9	Adjustment of net profit for interest expense (+)	17	12
G9	Adjustment of net profit for interest income (-)	-435	-622
G7	Adjustment of net profit for depreciation and amortisation expense (+)	859	796
P3	Increase (+) / decrease (-) in provisions	191	462
A6 to A8	Gains (-) / losses (+) on the disposal of non-current assets	43	-25
A2 to A5, A9	Increase (-) / decrease (+) in inventories, receivables and other assets	1,207	-1,515
P1 to P5	Increase (+) / decrease (-) in liabilities	-954	285
G10	Income taxes repaid (+) / paid (-)	-1,074	-482
	Net cash used in / from operating activities	**9,520**	**11,535**
	Cash flow from investing activities		
A6 to A8	Proceeds (+) from the disposal of non-current assets	13	101
A6 to A8	Acquisition (-) of property, plant and equipment and noncurrent intangible assets	-540	-610
A8	Acquisition (-) of non-current financial investments	0	-7,171
A7	Capitalisation of development costs (-)	-1,374	-1,516
G9	Interest received (+)	307	382
	Net cash from / used in investing activities	**-1,594**	**-8,814**
	Cash flow from financing activities		
P8	Capital reserves deposit (+)	0	86
P8, P9	Dividend payment (-)	-6,664	
G9	Interest paid (-)	-1	0
	Net cash and cash equivalents from financing activities	**-6,665**	**86**
	Changes in cash and cash equivalents due to changes in interest rates	-57	98
	Cash and cash equivalents		
	Changes in cash and cash equivalents	1,261	2,807
A1	Changes in cash and cash equivalents Cash and cash equivalents at 1 January	28,810	25,905
A1	**Total cash and cash equivalents**	**30,014**	**28,810**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity

	Subscribed capital K€	Capital reserve K€	Exchange rate differences K€	Retained earnings K€	Total K€
Shareholders' equity at 1 Jan. 2011	9,020	35,135	139	9,368	53,662
Net profit for the period	0	0	0	8,496	8,496
Other earnings	0	0	97	0	97
Total earnings	**0**	**0**	**97**	**8,496**	**8,593**
Dividends	0	0	0	0	0
Payment of deferred receivables into capital reserves	0	86	0	0	86
Shareholders' equity at 31 Dec. 2011	9,020	35,221	236	17,864	62,341
Shareholders' equity at 1 Jan. 2012	9,020	35,221	236	17,864	62,341
Net profit for the period	0	0	0	6,638	6,638
Other earnings	0	0	-39	0	-39
Total earnings	**0**	**0**	**-39**	**6,638**	**6,599**
Dividends	0	0	0	-6,664	-6,664
Payment of deferred receivables into capital reserves	0	0	0	0	0
Shareholders' equity at 31 Dec. 2012	9,020	35,221	197	17,838	62,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL DISCLOSURES ON THE COMPANY, THE CONSOLIDATED FINANCIAL STATEMENTS

FUNDAMENTAL ACCOUNTING PRINCIPLES

Viscom AG is domiciled in Hanover, Germany and is entered in the local commercial register under HRB 59616. The Company's business address is Viscom AG, Carl-Buderus-Strasse 9-15, 30455 Hanover, Germany.

These consolidated financial statements were approved on 8 March 2013 by the Executive Board for presentation to the Supervisory Board.

The consolidated financial statements and the 2011 Group management report were submitted to and published in the German Federal Gazette.

The Company's business activities consist of the development, manufacture and sale of automated inspection systems for industrial production. Inspection is performed by the computer-based optical and / or X-ray comparison of the inspected objects with the specifications defined in the inspection system.

Declaration of compliance

The present financial statements for the 2012 financial year were prepared on the basis of uniform application and compliance with all of the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union at the reporting date of 31 December 2012.

Changes or additions to IFRS and resulting reporting, recognition or measurement changes

Compared to the consolidated financial statements dated 31 December 2011, the following standards and interpretations have changed or became mandatory following their adoption under EU law or the effective date of the provisions:

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Fixed dates and severe hyperinflation

The amendment published on 20 December 2010 was adopted in EU law upon announcement in the Official Journal of the EU on 29 December 2012 and must be mandatorily applied to all financial years starting on or after 1 July 2011. The amendment provides guidelines on how to proceed in the presentation of IFRS financial statements when an entity was unable to comply with IFRS regulations for a period of time because its functional currency was subject to hyperinflation. These changes do not affect Viscom as it is not a first-time adopter.

Amendments to IFRS 7 "Financial Instruments: Disclosures" – Type and scope of risks resulting from the transfer of financial instruments

The amendment published on 7 October 2010 was adopted in EU law upon announcement in the Official Journal of the EU on 23 November 2011 and must be mandatorily applied to all financial years starting on or after 1 July 2011. The amendments intend for more detailed disclosures regarding fair value measurement and liquidity risk. The amendment to this standard has not had any effect on the consolidated financial statements of Viscom.

Amendments to IAS 12 "Deferred Taxes" – Recovery of underlying assets

The amendment published on 20 December 2010 was adopted in EU law upon announcement in the Official Journal of the EU on 29 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2012. The amendment introduces a refutable assumption that under ordinary circumstances, the carrying amount is recovered during a sale. The corresponding amendments to this standard were unimportant for Viscom.

IASB standards and interpretations not applied prematurely

The following IFRS were published by the IASB / IFRIC on or before the reporting date, but only become mandatory in later reporting periods and / or have not been adopted under EU law. In regard to the standards and interpretations that only become mandatory in later reporting periods, the Viscom Group has chosen not to exercise the accounting policy choice of premature application.

Standard / Interpretation			Mandatory application for financial years from	Adopted by the EU Commission
STANDARDS				
IFRS 1	"First-time Adoption of International Financial Reporting Standards" – Government loans	The amendment relates to the accounting of government loans with a below-market rate of interest.	01.01.2013	No
IFRS 1	"First-time Adoption of International Financial Reporting Standards" – Annual improvements – 2009-2011 cycle	The amendments relate to the regulations governing the approval of the repeated application of IFRS 1 as well as regulations governing the accounting of borrowing costs in relation to qualified assets, which were capitalised prior to the transition to IFRS.	01.01.2013	No
IFRS 7	"Financial Instruments: Disclosures" – Offsetting of financial assets and liabilities	The amendments introduce additional disclosure obligations for offset financial instruments. Additional disclosures must be made for instruments with global offsetting or similar agreements.	01.01.2013	Yes
IFRS 9	"Financial Instruments: Classification and Measurement" – Financial assets	Governs the classification and measurement of financial assets.	01.01.2015	No
IFRS 9	"Financial Instruments: Classification and Measurement" – Financial liabilities	Governs the classification and measurement of financial liabilities.	01.01.2015	No
IFRS 10	"Consolidated Financial Statements"	Provides principles for the presentation and preparation of consolidated financial statements when a parent company controls one or more subsidiaries.	01.01.2014	Yes
IFRS 10	"Consolidated Financial Statements" – Transitional requirements	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	01.01.2013	No
IFRS 10	"Consolidated Financial Statements" – Investment entities	Exemption provision for qualified investment entities to consolidate subsidiaries.	01.01.2014	Nein
IFRS 11	"Joint Arrangements"	Stipulates that a party to a joint arrangement has to assess and recognise the type of joint arrangement on the basis of its rights and obligations.	01.01.2014	Yes
IFRS 11	"Joint Arrangements" – Transitional requirements	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	01.01.2013	No

Standard / Inter-pretation			Mandatory application for financial years from	Adopted by the EU Com-mission
STANDARDS				
IFRS 12	"Disclosures of Interests in Other Entities"	Regulations regarding the disclosure of information that enables the user to assess the type and risks of an investment as well as the effects of an investment on net assets, financial position and results of operations.	01.01.2014	Yes
IFRS 12	"Disclosures of Interests in Other Entities" – Transitional requirements	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	01.01.2013	No
IFRS 12	"Disclosures of Interests in Other Entities" – Investment entities	Adaptation of IFRS 12 regarding an exemption provision for qualified investment entities to consolidate subsidiaries.	01.01.2014	No
IFRS 13	"Fair Value Measurement"	Defines the term "fair value" and provides a scope for measuring it.	01.01.2013	Yes
IAS 1	"Presentation of Financial Statements"	This amendment introduces new regulations for the presentation of other comprehensive income.	01.07.2012	Yes
IAS 1	"Presentation of Financial Statements" – Annual improvements – 2009-2011 cycle	This amendment clarified regulations governing comparative information.	01.01.2013	No
IAS 16	"Property, Plant and Equipment" – Annual improvements – 2009-2011 cycle	The amendments relate to the regulations governing the capitalisation of servicing equipment.	01.01.2013	No
IAS 32	"Financial Instruments: Presentation" – Annual improvements – 2009-2011 cycle	The amendment relates to a clarification relating to the accounting of the tax effects of a distribution to holders of equity instruments.	01.01.2013	No
IAS 32	"Financial Instruments: Presentation" – Offsetting of financial assets and liabilities	Adaptation of IAS 32 to the amended requirements of IFRS 7 and additional clarifications for application guidelines.	01.01.2014	Yes
IAS 34	"Interim Financial Reporting" – Annual improvements – 2009-2011 cycle	The amendment relates to a clarification relating to the reporting of segment information for total assets.	01.01.2013	No
IFRIC 20	"Stripping Costs in the Production Phase of a Surface Mine"	The removal of excavated materials may be of benefit for the Group. IFRIC 20 interprets how to report such benefits and how to carry out first-time and subsequent measurements.	01.01.2013	Yes

The Viscom Group expects that the application of the standards and / or interpretations published on or before the reporting date but not yet in force will have no material impact on the net assets, financial position and results of operations of the Group.

Principles underlying the preparation of the consolidated financial statements

The financial year is the calendar year. The IFRS consolidated financial statements are prepared in euros. Figures are presented in thousands of euros (€ thousand). The consolidated financial statements are prepared on the basis of amortised historical cost.

The consolidated income statement was prepared in accordance with the total expenditure format.

Certain items in the consolidated income statement and the balance sheet have been combined for clarity of presentation; explanatory disclosures are contained in the notes to the consolidated financial statements. Pursuant to IAS 1, assets and liabilities carried on the balance sheet are classified as either current or non-current. Current assets or liabilities are those designated for disposal / redemption within a one year time horizon.

Consolidation principles

The IFRS consolidated financial statements are based on the single entity financial statements of Viscom AG and the single entity financial statements of the subsidiaries as of 31 December 2012. The financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting principles. Adjustments were made for differences in accounting standards as necessary. The single entity financial statements of the subsidiaries are prepared to the same reporting date as the consolidated financial statements.

All intercompany profits and losses, income and expenses as well as receivables and liabilities between the companies are eliminated. Deferred taxes are recognised for consolidation measures affecting profit or loss.

Business combinations are recognised in accordance with the purchase method. Under this method, the identifiable assets (including intangible assets not previously recognised) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired operations are recognised at fair value. The difference between the excess of acquisition costs, the amount of non-controlling interests in the acquired company and the fair value of all previously held shares at the time of acquisition and the share of the Group in the net assets measured at fair value is recognised as goodwill. If the acquisition costs are lower than the net assets measured at fair value of the acquired subsidiary, the difference is recognised directly in income.

Basis of consolidation

In addition to the parent company Viscom AG, Hanover, the following subsidiaries were included in the IFRS consolidated financial statements:

Name	Headquarters	Equity interest	Date of initial control
Viscom France S.A.R.L.	Cergy Pontoise Cedex, France	100 %	2001
Viscom Machine Vision Pte Ltd.	Singapore, Singapore	100 %	2001
Viscom Inc.	Atlanta, Georgia, USA	100 %	2001
Viscom Machine Vision Trading Co. Ltd.	Shanghai, China	100 %	2007
Viscom Tunisie S.A.R.L.	Tunis, Tunisia	99.99 %	2010

The consolidated financial statements include the subsidiaries in which Viscom AG directly or indirectly holds the majority of voting rights and over which it therefore exercises control. Subsidiaries are included in the consolidated financial statements when control is established and are deconsolidated when the conditions for control are no longer met.

Changes to accounting and measurement principles

The applied accounting and measurement principles correspond to those applied in the previous year.

Significant arbitrary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires certain assumptions and estimates to be made which affect the amounts and classification of the assets, liabilities, income, expenses and contingent liabilities recognised.

Trade receivables

With trade receivables, the default risk is estimated using the respective level of knowledge, delinquency in particular.

Inventories

Inventories are subject to assumptions regarding the depreciation parameters, for example, the scope and measurement of the degree of completion.

Provisions

With provisions, especially provisions for warranty and repair expenses, variations from the actual expenses subsequently paid for warranty and repair expenses may occur as the provisions are based on reliable past information. In this case, the warranty or repair expense is quantified for each system installed and used as a measurement standard for systems that are still under warranty or repair at the turn of the year.

Impairment of non-financial assets

At every reporting date the Group determines whether there are indications of an impairment of non-financial assets. Goodwill and other intangible assets with an indefinite useful life are reviewed at least once a year and also if there are indications of an impairment. Other non-financial assets are subject to an impairment test, if there are signs that the carrying amount exceeds the recoverable amount.

To calculate use value, management estimates the expected future cash flow from the cash-generating unit and selects a discount rate to determine the present value of this cash flow. In accordance with IAS 36, a cash generating unit is the perceived smallest group of assets that generates cash flows from continuous use, which is largely independent of those of other units.

Summary of significant accounting and measurement principles

Intangible assets

Intangible assets are carried at cost during first-time recognition. These are recognised if it is probable that the future economic benefits attributable to the asset will flow to the Company and the acquisition or production costs of the asset can be measured reliably. The costs of intangible assets acquired as part of a business combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with a limited useful life are amortised on a straight-line basis over their estimated useful life. Amortisation periods and methods are reviewed on an annual basis at the end of each financial year. The amortisation of intangible assets is reported under depreciation and amortisation in the consolidated income statement. There are no intangible assets with an unlimited useful life.

Gains and losses from derecognising intangible assets are calculated as the difference between the proceeds from the sale of an asset at fair value less costs to sell and the carrying amount, and are recognised during the period in which the asset is written off.

Goodwill from business combinations is initially recognised at cost. This is calculated as the excess of the cost of the business combination over the fair value of the acquirer's share of the identifiable assets, liabilities and contingent liabilities of the acquired operations. If the acquisition costs are lower than the net assets measured at fair value of the acquired subsidiary, the difference is recognised directly in income.

After initial recognition, goodwill is subjected to an annual impairment test and carried at cost less any accumulated impairment losses. Goodwill may not be written up.

In accordance with IAS 38, research costs may not be capitalised, and development costs may only be capitalised when certain precisely defined conditions are met. Development costs must always be capitalised when it is sufficiently certain that the respective development activity will result in future economic benefits that will cover regular overheads and the corresponding development costs. In addition, various criteria relating to the development project and the product or process being developed must all be met. In particular, the Company must intend to complete, use or sell the development project and also possess the required technical, financial and other resources. Furthermore, the Company must be in a position to use or dispose of the intangible asset and derive an economic advantage from the same. Viscom capitalises development costs when these criteria are cumulatively met and the development costs can be measured reliably.

Other development costs that do not meet these criteria are recognised as expenses when they are incurred. Development costs that have been recognised as an expense in previous periods are not stated as assets in subsequent reporting periods. Capitalised development costs are recognised as intangible assets and amortised on a straight-line basis from the time they become usable over their useful life, but over a maximum of four years. An annual impairment test is carried out on any capitalised development costs that are not yet ready for use for the cash generating unit.

Viscom has five submitted patents. With the exception of registering two patents in Taiwan and the USA, none of these patents were issued as of 31 December 2012.

Property, plant and equipment

Property, plant and equipment is carried at cost less any accumulated depreciation and accumulated impairment losses. Gains and losses from derecognising property, plant, and equipment are calculated as the difference between the net proceeds from the sale of an asset and the carrying amount, and are recognised in the period in which the asset is written off.

The cost of acquisition of an item of property, plant and equipment is composed of the purchase price, including import duties and non-refundable purchase taxes, as well as any directly attributable costs of preparing the respective asset for use as intended by the Company's management and transporting it to its intended location.

The cost of manufacture of an item of property, plant and equipment is composed of the cost of the goods and services used in manufacturing the respective asset. This includes direct costs as well as an appropriate proportion of the fixed and variable overheads.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised should be added to the carrying amount of the respective asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company and that costs can be reliably determined. All other subsequent expenditure should be recognised as an expense in the period in which it is incurred. Expenses for repairs and maintenance, which are not major replacement investments, are recognised in expenses on the consolidated income statement in the financial year they are incurred.

The useful lives, depreciation methods and net carrying amounts are reviewed in each period. This is necessary to ensure that the depreciation methods and periods correspond to the expected economic benefits from the respective items of property, plant and equipment.

Gains or losses from the disposal of property, plant and equipment is the difference between the sales income and carrying amount of the item of property, plant and equipment and recognised under "Other operating income" or "Other operating expenses".

Assets under development are allocated to property, plant and equipment and carried at cost. They are depreciated from the date on which they are brought to their working condition.

Impairment of assets

Property, plant and equipment and intangible assets with a definite useful life are tested for impairment whenever changes or events take place that indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised when the carrying amount of an item of property, plant and equipment or an intangible asset that is carried at cost exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

An asset's fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction, less the costs of disposal. Its value in use is the present value of the estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The recoverable amount is determined for each individual asset or, where this is not possible, for the cash-generating unit to which the respective asset belongs.

If there is an indication that an impairment loss no longer exists or has decreased, the respective impairment loss is tested and measured, and any amount reversed as a result is recognised in income.

An annual impairment test is carried out on intangible assets with an indefinite useful life and any intangible assets that are not yet ready for use for the cash generating unit.

Financial investments and other financial assets and liabilities

Financial instruments (financial assets and financial liabilities) according IAS 32 and IAS 39 are divided into the following categories: financial assets held up to the final maturity, available-for-sale financial assets, financial assets and liabilities recognised in income and at fair value (including assets classified for trading purposes), granted loans and receivables as well as other financial liabilities. The Management determined the classification of financial assets upon initial recognition.

On initial recognition, these financial assets and liabilities are carried at cost, which corresponds to the fair value of the consideration paid or received. Financial instruments are recognised at the trade date. After initial recognition, different measurement methods apply to the various categories of financial assets and liabilities. These are described as part of the accounting policies for the respective balance sheet items. Foreign currency items are translated at the middle rate prevailing at the reporting date. Gains and losses due to changes in the fair value of financial instruments are recognised in income.

One exception are gains and losses from changes in fair value of financial assets held for sale, excluding receivables. They are recognised separately in equity until the disposal of the financial instrument.

Financial assets are derecognised when the Company loses control of the contractual rights underlying the respective asset. Financial liabilities are derecognised when the corresponding contractual obligations are met, cancelled or they expire.

As the Group operates internationally, it is subject to market risks arising from changes in exchange rates. In the 2012 financial year, Viscom did not employ any derivative financial instruments for reducing these risks since revenues in US dollars were very low.

Interest-bearing loans from Viscom to third parties are initially carried at the cost of acquisition less issuing costs. After initial recognition, interest-bearing loans are measured at amortised cost in accordance with the effective interest method. The same applies to the subsequent measurement of financial instruments held to maturity.

Inventories

In accordance with IAS 2, inventories are assets that are held for sale in the ordinary course of business (completed systems), that are in the process of production for such sale (assemblies and partially completed systems), or that are held for consumption in the production process or in the rendering of services (raw materials and supplies). Production costs of finished and unfinished products include costs for the product design, raw materials, auxiliary materials and supplies, direct staff costs, other direct costs and general costs directly attributable to their production (based on average production capacities). Inventories are measured at the lower of acquisition or production cost as calculated using the weighted average method less discount for obsolescence, taking volume deductions into account, and their fair value less cost to sell.

An asset's fair value less costs to sell is the estimated recoverable proceeds in the ordinary course of business less the estimated costs up to completion and estimated selling expenses.

Raw materials, auxiliary materials and supplies intended for production are impaired in case of inventory coverage for more than one year (slow mover measurement). Inventory coverage is calculated based on historic sales in previous years. Completed and partially completed systems are subject to an impairment test after one year and are then also depreciated as and when required.

Trade receivables
Other receivables and assets

Trade receivables are initially recognised at cost, corresponding to the fair value of the consideration, and in subsequent periods at amortised cost using the effective interest method less any allowances for uncollectibility. Estimates of uncollectible amounts are performed when it is no longer likely that the respective invoice will be settled in full. Uncollectible amounts are derecognised and write-downs are carried out on bad debts. Foreign currency items are translated at the middle rate prevailing at the reporting date.

Construction contracts

Construction contracts are recognised in accordance with IAS 11 when the respective contract is a customer-specific contract, the total contract revenue and costs can be measured reliably, it is probable that the economic benefits associated with the contract will flow to the Company, and the costs to complete the contract and the stage of contract completion can be measured reliably. If these conditions are met, the revenue and costs associated with the contract are recognised in the balance sheet by reference to the stage of completion at the reporting date. The stage of completion is determined as the ratio of the contract costs incurred to date to the total contract costs. Payments for variations in the scope of the work to be performed under the contract, claims relating to price calculations and costs not included in the contract price are recognised to the extent agreed with the customer.

If the outcome of a manufacturing contract cannot be reliably estimated, revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Viscom recognises a liability under trade payables for all unfinished construction contracts with a negative balance payable to customers, where the total of all partial invoices exceeds the incurred costs plus recognised gains (or less recognised losses).

Shareholders' equity

Subscribed capital is carried at its nominal amount. Reserves and retained earnings are recognised in accordance with the provisions of law and the Articles of Association, and are carried at their nominal amount.

Provisions

Provisions are recognised when the Company has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

If a risk for which a provision has been recognised is expected to be covered by reimbursements (e. g. under insurance contracts), the reimbursement should be recognised as a separate asset to the extent that it is sufficiently probable that it will be received. The expense relating to the provision is recognised in the income statement net of the amount recognised for the reimbursement.

Significant provisions are recognised for warranty and repair expenses. In this case, the warranty or repair expense is quantified for each system installed and used as a measurement standard for systems that are still under warranty or repair at the turn of the year.

Taxes

In accordance with IAS 12, deferred taxes are determined using the balance sheet liability method for temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS and tax balance sheet of the individual companies, temporary differences resulting from consolidation processes and utilisable loss carry forwards. This is based on the tax rates that are expected to apply in the respective countries at the realisation date. These are based on the statutory regulations valid or adopted at the reporting date. A tax rate of 32 %, as in the previous year, was used for the calculation of deferred taxes in Germany. The income tax rates of the foreign subsidiaries vary between 17 % (previous year: 17 %) and 39 % (previous year: 39 %).

Deferred taxes are recognised in income, unless they relate to items that have been recognised directly in equity or other result. In this case, deferred taxes are also recognised in equity or other result in the income statement.

The carrying value of deferred tax assets is verified at the respective reporting date. Deferred taxes are only recorded to the extent they are expected to be realised based on future positive results.

Deferred taxes attributable to items accounted for directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has an enforceable right to offset current tax assets and current tax liabilities and if they relate to the income taxes of the same taxable entity, imposed by the same taxation authority. In these consolidated financial statements, corresponding setoffs were recorded at the individual company level.

Revenue, expenses and assets are reported net of value added tax unless the respective tax is nondeductible. Receivables and liabilities are reported including value added tax. The net value added tax payable or receivable is reported in the balance sheet as a receivable or a liability.

Leases

In the case of finance leases, under which substantially all the risks and rewards incident to ownership of an asset are transferred to the Company, the leased asset is recognised at fair value or, if lower, the present value of the minimum lease payments. No finance leases were recognised in Viscom's consolidated financial statements as of 31 December 2012.

If the lessor bears substantially all the risks and rewards incident to the leased asset, the respective lease is treated as an operating lease. Payments under operating leases are expensed. Viscom only makes operating lease transactions.

Revenue

Revenue is recognised when it is probable that the corresponding economic benefit will flow to the Company and the benefit can be measured reliably.

Revenue is recognised when significantly all the risks and rewards incident to ownership of the respective asset are transferred to the purchaser.

Revenue generated under construction contracts is recognised in accordance with the respective contractual agreement and the stage of contract completion. Further information can also be found in the explanatory notes on accounting for construction contracts.

In the case of services, revenue is recognised depending on the stage of completion of the respective transaction at the reporting date, providing that the outcome of the service can be measured reliably.

Borrowing costs

Borrowing costs are not capitalised, but instead are expensed in the period in which they are incurred – except in case of qualified assets pursuant to IAS 23.

Interest

Interest is recognised in interest income on the basis of the effective interest rate on the respective assets and liabilities.

Dividends

Dividends are recognised when the bearer has obtained the right to receive payment.

Rentals

Income from rentals of assets is recognised on a straight-line basis over the term of the rental agreement in accordance with the conditions of the agreement.

Currency translation

Transactions in foreign currencies and the annual financial statements of foreign Group companies are translated into euros in accordance with the functional currency concept (IAS 21).

The assets and liabilities of foreign Group companies are translated at the closing date exchange rate, while their income and expenses are translated at the average exchange rate. The shareholders' equity of the subsidiaries is translated at historic rates.

Differences between these exchange rates and the exchange rates at the closing date are reported in shareholders' equity as a separate item under "Exchange differences". When a foreign Group company is sold, exchange differences previously recognised directly in equity are reclassified to income as part of the gain or loss from disposal.

Translation differences arising from business transactions in foreign currencies are generally recorded through profit or loss. Translation differences from foreign-currency transactions are recognised in profit or loss under "Other operating income" or "Other operating expenses" respectively.

Significant translation exchange rates in the financial year are as follows:

Translation exchange rates 2012

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	8.2207	2.0470	1.3194
Average rate	8.1052	2.0008	1.2848

Translation exchange rates 2011

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	8.1588	1.9421	1.2939
Average rate	8.9960	1.9577	1.3920

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(G1) REVENUE

The Group's revenue can be broken down as follows:

Revenue	2012 K€	2011 K€
Construction and delivery of machines	37,515	40,742
Services / replacement parts	12,162	12,403
Rentals	360	354
Total	50,037	53,499

(G2) OTHER OPERATING INCOME

Other operating income is composed of the following items:

Other operating income	2012 K€	2011 K€
Income from the release of other provisions for warranties and repairs	914	718
Income from the release of value adjustments on receivables	480	0
Non-monetary remuneration	414	362
Investment grants	165	155
Income from exchange rate differences	82	293
Income from receivables previously written off	21	61
Income from sales of assets	10	80
Income from the release of other provisions	10	106
Insurance recoveries	3	43
Miscellaneous other operating income	12	321
Total	2,111	2,139

Non-monetary remuneration, which has a corresponding offsetting item under staff costs, results from the taxation of non-monetary benefits such as the private use of company cars.

(G3) CHANGES IN FINISHED GOODS AND WORK IN PROGRESS

Changes in finished goods and work in progress include the inventory-based manufacturing costs for finished and partially completed machines. The net value of these machines and assemblies is € 10,350 thousand (previous year: € 9,462 thousand) at a cost of € 17,187 thousand (previous year: €16,053 thousand) and corresponding value adjustment of € 6,837 thousand (previous year: € 6,591 thousand).

(G4) OTHER CAPITALISED COMPANY-PRODUCED ASSETS

Company-produced assets for new developments were capitalised in the 2012 financial year at the amount of € 1,374 thousand (previous year: € 1,516 thousand). The developments mainly relate to software and new systems.

(G5) COST OF MATERIALS

The cost of materials can be broken down into the cost of purchased materials and purchased services:

Cost of materials	2012 K€	2011 K€
Materials including incidental costs of acquisition	15,205	18,192
Purchased services	612	742
Total	15,817	18,934

The decrease in cost of materials results mainly from a drop in revenue and the lower volume of finished goods and work in progress.

(G6) STAFF COSTS

Staff costs comprise salaries and employer social security contributions:

Staff costs	2012 K€	2011 K€
Wages and salaries, incl. bonuses and management bonuses	15,330	14,247
Social security contributions	2,577	2,296
Total	17,907	16,543
Number of employees (average for the year)	285	270
Number of trainees (average for the year)	9	8
Total	294	278

Staff costs rose, primarily on account of the higher total pay resulting from the increase in the number of Group employees and the pay rise in 2012.

In the period under review, payments were made to defined contribution pension plans in the amount of € 1,016 thousand (previous year: € 978 thousand).

(G7) DEPRECIATION AND AMORTISATION EXPENSE

Information on depreciation and amortisation expense can be found in notes A6-A7 for the balance sheet assets.

(G8) OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

Other operating expenses	2012 K€	2011 K€
General and administrative costs	4,026	4,576
Selling expenses	1,717	1,695
Rents / leases	1,696	1,587
Travel expenses	1,534	1,393
Warranty / repair expenses	1,126	1,312
Outgoing shipments	438	468
Expenses due to exchange rate differences	169	251
Value adjustment on receivables and losses on receivables	69	397
Total	10,775	11,679

The drop in other operating expenses is mainly due to lower general and administrative costs resulting from the decline in legal and consultancy costs as well as costs for temporary staff. Other expenses also decreased on account of reduced warranty and repair expenses and value adjustments on receivables and losses on receivables.

(G9) FINANCIAL RESULT

There was a decrease in the financial result compared to the previous year. No new corporate bonds were acquired in 2012. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result was € 418 thousand (previous year: € 610 thousand).

(G10) INCOME TAXES

Taxes on income for the financial years ending 31 December 2012 and 2011 contain the following income and expense items:

Income taxes	2012 K€	2011 K€
Deferred taxes on income from the accrual and reversal of temporary differences and tax loss carry-forwards	1,718	2,429
Actual taxes on income for the past financial year	1,311	1,718
Actual taxes on income for previous years	-1	-19
Income tax income / expense reported in the consolidated income statement	**3,028**	**4,128**

Actual taxes on income for the past financial year relate to Viscom AG as well as the foreign subsidiaries in France, USA and Singapore. Actual taxes on income for previous years of € -1 thousand originated from tax refunds for Viscom AG. The deferred tax expense primarily resulted from the use of tax loss carry-forwards and also from changes in the temporary differences between the IFRS and tax balance sheets at the level of the German and American company. Furthermore, a deferred tax liability is the result of development costs which were only capitalised in the IFRS financial statements. The distribution of dividends to shareholders did not affect income taxes at the level of Viscom AG.

The reconciliation from the expected to the reported income tax expense is based on the tax rate of the parent company as follows:

Reconciliation of income tax expense	2012 K€	2011 K€
Consolidated net profit before taxes	9,666	12,624
Anticipated tax income / expense based on 32 % (previous year: 32 %)	3,093	4,040
Difference compared to the corporate tax rate	62	15
Non-deductible operating expenses	60	53
Use of previously unrecognised tax loss carry-forwards	-18	-88
Tax-free income	-70	-86
Non-recurrence of tax loss carry-forwards recognised in the previous year	0	367
Taxes for other accounting periods	-38	-19
Other	-61	-154
Actual tax expense	**3,028**	**4,128**

Deferred tax liabilities	Consolidated balance sheet 2012 K€	2011 K€
Intangible assets	1,405	1,036
Other receivables and assets	48	38
Measurement of financial investments	8	6
Measurement of trade receivables	3	4
Gross amount	**1,464**	**1,084**
Netting out	-1,055	-1,084
Net amount	**409**	**0**

Deferred tax assets	Consolidated balance sheet 2012 K€	2011 K€
Tax loss carry-forwards	287	1,745
Inventories	830	773
Measurement of trade receivables	114	171
Other liabilities	103	66
Measurement of property, plant and equipment	38	43
Unrealised revenue	46	38
Other financial liabilities	34	26
Measurement of provisions	26	24
Deferred taxes from elimination of intercompany profits	68	6
Gross amount	**1,546**	**2,892**
Netting out	-1,055	-1,084
Net amount	**491**	**1,808**

Deferred tax assets and liabilities were balanced on a company by company basis. For the backlog of deferred tax assets over deferred tax liabilities on a level of the individually affected company, the recoverability of the backlog of deferred tax assets was estimated as sufficiently safe based on the Company budget. All changes to deferred taxes in 2012 were, similar to the previous year, recorded in income. € 287 thousand (previous year: € 1,745 thousand) in deferred taxes were capitalised for the tax loss carry-forwards of Viscom AG, Hanover, as of 31 December 2012. The corporate and trade tax loss carry-forwards of Viscom AG at the end of the year under review amounted to € 951 thousand and € 840 thousand, respectively (previous year: € 5,427 thousand and € 5,406 thousand).

Due to uncertainties about the outcome of an ongoing court appeal, around € 5,200 thousand in corporate tax loss carry-forwards were not taken into account in the reporting year. Due to the positive earnings forecast on the planning horizon, Viscom AG's remaining tax loss carry-forwards as of 31 December 2012 were deemed to be recognisable at their full value.

There is no legal time limit for using these domestic and foreign tax loss carry-forwards.

Also, no deferred tax liabilities were recognised for retained profits amounting to € 3,500 thousand (previous year: € 1,663 thousand) from foreign subsidiaries, as there are currently no plans to distribute these profits to the parent company or sell the subsidiaries. If deferred taxes were recognised for these timing differences, their measurement would have to take just 5 % of potential dividends plus possible foreign withholding tax into account due to the statutory regulation in section 8b of the Corporate Tax Act (KStG).

(G11) EARNINGS PER SHARE

On the basis of 8,885,060 shares as an average for the year, earnings per share for the 2012 financial year amounted to € 0.75 (diluted and undiluted). In the previous year, earnings per share amounted to € 0.96 (diluted and undiluted), calculated on the basis of 8,885,060 shares. Earnings on which the calculation is based (diluted and undiluted) totalled € 6,638 thousand (previous year: € 8,496 thousand).

NOTES TO THE BALANCE SHEET (ASSETS)

(A1) TOTAL CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and bank balances totalling € 30,014 thousand (previous year: € 28,810 thousand). This relates to items with a maturity of less than three months at the end of the year.

(A2) TRADE RECEIVABLES

Trade receivables are generally due within 30 to 90 days.

All of the Company's trade receivables are short-term in nature, meaning that they are not exposed to interest rate risk. The carrying amounts of other receivables and assets constitute a reasonable approximation of their fair value.

Doubtful receivables, which were written off in full, amounted to € 357 thousand (previous year: € 352 thousand). Cumulative value adjustments on receivables totalled € 1,189 thousand (previous year: €1,600 thousand).

Some customers were late in meeting their payment obligations in 2012. There were payments of € 21 thousand (previous year: € 61 thousand) for receivables written off and derecognised.

Value adjustments on receivables developed as follows:

	2012 K€	2011 K€
As of 1 January	1,600	1,244
Additions to value adjustments on receivables	0	304
Receivables written off as unrecoverable during the financial year	69	52
Reversal of unused impairment losses	-480	0
As of 31 December	1,189	1,600

(A3) CURRENT INCOME TAX ASSETS

Current income tax assets as of 31 December 2012 mainly consisted of Viscom AG tax refund claims of € 785 thousand due to excessive prepayments for the 2012 assessment period.

(A4) INVENTORIES

Inventories	2012 K€	2011 K€
Raw materials and supplies	4,763	4,132
Assemblies and partially completed systems	6,827	5,132
Completed systems	3,523	4,330
Total	15,113	13,594

The completed systems reported in inventories relate to rental and demonstration machines as well as inspection systems ready for sale. All systems are subject to an impairment test every year and value adjusted if required. Assemblies and partially completed systems include pre-produced modules as well as systems currently under construction (work in progress). In 2012, all inventories, especially those of completed and partially completed systems, were recognised at the same carrying values as in 2011.

The cumulative impairment loss at year end was € 3,626 thousand (previous year: € 3,470 thousand) on raw materials, auxiliary materials and supplies, € 2,291 thousand (previous year: € 2,098 thousand) on partly completed systems and assemblies and € 4,546 thousand (previous year: € 4,493 thousand) on completed systems.

(A5) OTHER RECEIVABLES AND ASSETS

Other receivables and assets	2012 K€	2011 K€
Bonds	2,618	3,138
Interest receivable on corporate bonds	118	249
Security deposits for leases / duties	95	82
Creditors with debit balances	12	9
Subtotal of other financial receivables	**2,843**	**3,478**
Advance payments	257	311
Miscellaneous assets	94	78
Other receivables	200	109
Other assets	**551**	**498**
Summe	**3,394**	**3,976**

Please see note A8 for information on the bonds.

(A6-A7) PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

Intangible assets in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Devel-opment costs	Total in-tangible assets
Gross carrying amounts						
Cost as of 01.01.2012	2,288	1,594	15	79	3,443	7,419
Exchange differences	0	-1	0	0	0	-1
Additions	0	50	0	6	1,374	1,430
Reclassifications	0	85	0	-85	0	0
Disposals	0	105	0	0	0	105
Cost as of 31.12.2012	2,288	1,623	15	0	4,817	8,743
Value adjustments						
Accumulated depreciation / amortisation 01.01.2012	2,288	1,286	15	0	207	3,796
Exchange differences	0	-1	0	0	0	-1
Depreciation / amortisation for the current year	0	169	0	0	219	388
Depreciation / amortisation of disposals	0	105	0	0	0	105
Accumulated depreciation / amortisation 31.12.2012	2,288	1,349	15	0	426	4,078
Carrying amounts						
31.12.2012	0	274	0	0	4,391	4,665

Property, plant and equipment in K€	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equip-ment	Total prop-erty, plant and equip-ment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2012	1,156	935	2,957	359	5,407	12,826
Exchange differences	-8	0	-8	-2	-18	-19
Additions	20	123	273	68	484	1,914
Reclassifications	0	0	0	0	0	0
Disposals	1	90	440	99	630	735
Cost as of 31.12.2012	1,167	968	2,782	326	5,243	13,986
Value adjustments						
Accumulated depreciation / amortisation 01.01.2012	891	815	2,388	150	4,244	8,040
Exchange differences	-8	0	-6	-1	-15	-16
Depreciation / amortisation for the current year	65	50	303	53	471	859
Depreciation / amortisation of disposals	1	43	436	97	577	682
Accumulated depreciation / amortisation 31.12.2012	947	822	2,249	105	4,123	8,201
Carrying amounts						
31.12.2012	220	146	533	221	1,120	5,785

Intangible assets in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Devel-opment costs	Total in-tangible assets
Gross carrying amounts						
Cost as of 01.01.2011	2,288	1,555	15	30	1,927	5,815
Exchange differences	0	6	0	0	0	6
Additions	0	33	0	49	1,545	1,627
Reclassifications	0	0	0	0	0	0
Disposals	0	0	0	0	29	29
Cost as of 31.12.2011	2,288	1,594	15	79	3,443	7,419
Value adjustments						
Accumulated depreciation / amortisation 01.01.2011	2,288	1,120	15	0	82	3,505
Exchange differences	0	6	0	0	0	6
Depreciation / amortisation for the current year	0	160	0	0	125	285
Depreciation / amortisation of disposals	0	0	0	0	0	0
Accumulated depreciation / amortisation 31.12.2011	2,288	1,286	15	0	207	3,796
Carrying amounts						
31.12.2011	0	308	0	79	3,236	3,623

Property, plant and equipment in K€	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equip-ment	Total prop-erty, plant and equip-ment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2011	1,100	872	2,726	400	5,098	10,913
Exchange differences	13	0	34	6	53	59
Additions	48	63	318	101	530	2,157
Reclassifications	0	0	0	0	0	0
Disposals	5	0	121	148	274	303
Cost as of 31.12.2011	1,156	935	2,957	359	5,407	12,826
Value adjustments						
Accumulated depreciation / amortisation 01.01.2011	808	759	2,099	211	3,877	7,382
Exchange differences	13	0	32	-1	44	50
Depreciation / amortisation for the current year	73	56	324	58	511	796
Depreciation / amortisation of disposals	3	0	67	118	188	188
Accumulated depreciation / amortisation 31.12.2011	891	815	2,388	150	4,244	8,040
Carrying amounts						
31.12.2011	265	120	569	209	1,163	4,786

Amortisation and depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Leasehold improvements	2–14
Technical equipment and machinery	2–13
Other equipment, operating and office equipment	8–20
Vehicles	5–8
Software	1–6
Patents	12
Expertise / customer base	3 - 5
Development projects	3 - 5

Intangible assets and property, plant and equipment include written-off assets which are still in use and carried at historic cost totalling € 3,021 thousand (previous year: € 3,147 thousand).

€ 1,374 thousand in development costs was recognised in the period under review (previous year: € 1,545 thousand).

(A8) FINANCIAL INVESTMENTS / LOANS AND SECURITIES FOR RENT GRANTED BY THE COMPANY

The short-term bonds are reported under other financial receivables at the amortised cost of € 2,618 thousand. The long-term bonds are reported under financial investments at the amortised cost of €4,674 thousand. An additional € 6 thousand in security deposits from subsidiaries are recognised in financial investments. The Company plans to hold the bonds to maturity based on the current high yield. The residual value of all corporate bonds was € 7,117 thousand as of 31 December 2012. This item also contains loans issued to employees for no specific purpose and security for rented properties.

The loans were recognised at amortised cost, totalling € 126 thousand. The interest rate for employee loans in excess of € 2.5 thousand was between 5 % and 5.5 %. The fixed interest rate means that a certain degree of interest rate risk does exist. However, this risk is classified as immaterial and is not hedged.

(A9) DEFERRED TAX ASSETS

A breakdown of this item is provided as part of the explanatory notes on the income statement tax items under G10.

NOTES TO THE SHAREHOLDERS' EQUITY AND LIABILITIES

(P1) TRADE PAYABLES

Trade payables are initially recognised at cost, corresponding to fair value. Subsequent measurements are carried out at cost using the effective interest method. Invoices are generally settled on a twice-weekly basis and within the agreed payment period. Early settlement discounts are applied wherever possible. All of the Company's trade payables are short-term in nature.

(P2) ADVANCE PAYMENTS RECEIVED

This item relates to advanced payments from customers, which are carried at amortised cost.

(P3) PROVISIONS

Breakdown of other provisions in K€	01.01.2012	Utilisation	Dis-solution	Addition	31.12.2012
Current provisions					
Warranty and repair expenses	1,479	-375	-653	1,134	1,585
Reimbursement payments	4	0	-4	0	0
Total Current provisions	**1,483**	**-375**	**-657**	**1,134**	**1,585**
Non-current provisions					
Anniversaries	140	-8	-6	32	158
Warranties	312	-52	-261	383	382
Total Non-current provisions	**452**	**-60**	**-267**	**415**	**540**
Total	**1,935**	**-435**	**-924**	**1,549**	**2,125**

Current provisions relate primarily to provisions for expected warranty and repair expenses. Warranty provisions are calculated on the basis of the number of warranty months remaining for the respective projects and the average service expense per warranty month. This item also contains provisions for the delivery of replacement parts within the warranty period.

The provisions for warranty and repair expenses have increased compared to the previous year due to the rise in the number of systems sold.

A claim is anticipated for current provisions within the next twelve months.

Anniversary provisions amounting to € 158 thousand (previous year: € 140 thousand) and the long-term component of warranty provisions in the amount of € 382 thousand (previous year: € 312 thousand) are included in non-current provisions. A claim is anticipated for warranty provisions within twelve to 36 months and for the anniversary provision within twelve to 300 months.

(P4) CURRENT INCOME TAX LIABILITIES

Current income tax liabilities comprise trade tax provisions (€ 666 thousand) and corporate tax provisions (€ 42 thousand) of Viscom AG as well as tax provisions of the subsidiaries in Shanghai (€ 14 thousand) and the USA (€ 41 thousand).

(P5) OTHER CURRENT AND FINANCIAL LIABILITIES

Other current and financial liabilities are composed of the following items:

Other current and financial liabilities	2012 K€	2011 K€
Management bonuses, incentives, one-time payments	1,443	1,647
Commission payments to agents	839	590
Outstanding purchase invoices	160	122
Social security	153	122
Supervisory Board	77	77
Debtors with a credit balance	5	14
Subtotal of other financial liabilities	2,677	2,572
Holiday, overtime	741	679
Taxes	217	206
Other	628	517
Subtotal of other current liabilities	1,586	1,402
Total	4,263	3,974

The item "Other financial liabilities" includes current liabilities in the form of, for example, unpaid bonuses to employees and commission payments for which agents are already eligible but which are only due on receiving customer payment, or outstanding invoices, e. g. the goods were already delivered and recorded but the accompanying invoice was not presented by the turn of the year.

Liabilities for management bonuses, incentives and one-time payments declined year on year on account of the weaker business development.

The item "Other current liabilities" includes in particular taxes still to be paid as well as provisions to be recognised for potential holiday and overtime payments.

(P6) DEFERRED TAX LIABILITIES

A breakdown of this item is provided as part of the explanatory notes on the income statement tax items under G10.

(P7 to P10) SHAREHOLDERS' EQUITY AND RESERVES

The reported share capital of the parent company Viscom AG in the amount of € 9,020,000.00 (previous year: € 9,020,000.00), divided into 9,020,000 shares, is fully paid up. The 9,020,000 shares are no-par value bearer shares with a notional interest in the share capital of € 1.00 per share. In the course of 2006, the share capital, which was divided into 67,200 shares on 1 January 2006, was increased by 6,652,800 shares (€ 6,653 thousand) by way of a capital increase from retained earnings and by a further 2,300,000 shares (€ 2,300 thousand) through the issue of new shares in conjunction with the Company's IPO. Capital reserves consist of the premium from BdW (Beteiligungsgesellschaft für die deutsche Wirtschaft), which held an interest in Viscom AG until 1 January 2005, and the Viscom employees holding an interest in the Company, as well as the premium from the issue of new shares in the amount of € 38,591 thousand. The options for the utilisation of capital reserves are consistent with the provisions of the German Stock Corporation Act. A stock option plan for employees has not been established.

As communicated in the corresponding ad hoc release from 29 July 2008, Viscom initiated a buy-back of its own shares over the stock exchange on that date. During the period from 29 July 2008 to 31 March 2009, Viscom AG bought back 134,940 of its own shares. This corresponds to around 1.5 % of share capital. The purchase of own shares is recognised directly in equity and reduces equity. The amount was deducted in a lump sum from capital reserves. The shares were acquired at an average price of € 4.33 per share. The buy-back provides currency for potential acquisitions. Pursuant to section 71b of the German Stock Corporation Act (AktG), shares held directly or indirectly by Viscom AG have no dividends.

In the 2012 financial year, no further shares were acquired in this context (2009: 10,018 shares totalling € 26 thousand). The number of dividend bearing shares remained the same at 8,885,060 on 31 December 2012.

In the 2012 financial year, a dividend of € 0.75 per share was distributed for the 2011 financial year.

The diluted and basic earnings per share is determined by dividing the consolidated net profit for the period by the average number of emitted shares.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions in the period until 15 June 2016 by a total of up to € 4,500,000 through the issue of up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (authorised capital 2011).

SEGMENT INFORMATION

Disclosures on the Group's geographic segments by sales market

	Europe		Asia		Americas		Consolidation		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	K€	K€	K€	K€	K€	K€	K€	K€	K€	K€
External sales	32,470	36,899	8,954	9,936	8,613	6,664	0	0	50,037	53,499
Segment result	7,974	10,488	494	1,072	958	503	-178	-49	9,248	12,014
plus financial result	0	0	0	0	0	0	0	0	418	610
less income taxes	0	0	0	0	0	0	0	0	-3,028	-4,128
Consolidated net profit									**6,638**	**8,496**
Segment assets	55,191	55,413	6,973	5,056	4,603	3,044	-218	-32	66,549	63,481
plus financial assets	6,427	8,924	0	0	0	0	-1,747	-1,747	4,680	7,177
plus deferred taxes and tax provisions	0	0	0	0	0	0	0	0	1,276	1,822
Total assets									**72,505**	**72,480**
Segment liabilities	8,556	8,268	4,051	2,293	3,546	2,831	-7,636	-5,413	8,517	7,979
plus financial liabilities	540	452	0	0	0	0	0	0	540	452
plus deferred taxes and tax provisions	1,172	0	0	0	0	0	0	0	1,172	1,708
Total liabilities									**10,229**	**10,139**
Investments	1,813	1,949	16	159	85	58	0	0	1,914	2,166
Depreciation / amortisation	742	663	132	110	58	73	-73	-50	859	796

The geographic segments form the basis of internal reporting used by Group Management since the risks and rates of return of the Group are mainly influenced by differences between sales regions.

The Management evaluates the segment results and manages these on the basis of EBIT as a central benchmark. Services are generally settled between the segment Europe and the other segments based on transfer prices.

The operating segments provide supplementary internal information for management. The geographic segments are determined on the basis of the domicile of the respective customer. The reportable segments generate the majority of their revenue by producing and selling the product groups stated in the table below. Viscom generated approximately 59 % (previous year: 58 %) of its revenue with its five largest customers. External sales amounted to € 18,367 thousand (previous year: € 24,345 thousand) in Germany and to € 31,670 thousand (previous year: € 29,154 thousand) in all other countries.

In Germany, total non-current assets, excluding financial instruments and deferred tax assets (the Company has no assets in connection with pensions or rights arising from insurance policies), came to € 5,515 thousand (previous year: € 4,546 thousand); in all other countries, these totalled € 396 thousand (previous year: € 371 thousand).

In 2012, the 10 % revenue limit stated in IFRS 8.34 was exceeded with two customers. Revenue from one customer came to € 16,935 thousand (previous year: € 15,824 thousand) and to € 8,674 thousand (previous year: € 10,760 thousand) from the other. Neither customer can be directly allocated to a segment, as different product groups are delivered to them around the world.

The "Optical and X-ray series inspection systems" segment contains all standard AOI and AXI machines which are identical up to a certain stage of completion irrespective of the content of the respective customer order. On the other hand, "special optical and X-ray inspection systems" are generally developed separately and for a specific customer or group of customers, or are special inspection systems that can be used within a product line or independently as well as X-ray tubes that are sold on to original equipment manufacturers (OEM). The "Service" segment offers an extensive and global range of individual support packages.

Disclosures on the Group's segments

	Optical and X-ray series inspection systems		Special optical and X-ray series inspection systems		Service		Total	
	2012 K€	2011 K€	2012 K€	2011 K€	2012 K€	2011 K€	2012 K€	2011 K€
External sales	35,922	40,221	6,867	6,743	7,248	6,535	50,037	53,499
Segment assets	47,776	47,726	9,133	8,001	9,640	7,754	66,549	63,481
Investments	1,374	1,628	263	273	277	265	1,914	2,166

SEGMENT CASH FLOW STATEMENT

Cash flow statement

	Europe 2012 K€	Asia 2012 K€	Ame-ricas 2012 K€	Conso-lidation 2012 K€	Total 2012 K€
Cash flow from operating activities					
Net profit for the period after interest and taxes	5,648	486	621	-117	6,638
Adjustment of net profit for income tax expense (+)	2,743	7	339	-61	3,028
Adjustment of net profit for interest expense (+)	17	0	0	0	17
Adjustment of net profit for interest income (-)	-433	0	-2	0	-435
Adjustment of net profit for depreciation and amortisa-tion expense (+)	742	132	58	-73	859
Increase (+) / decrease (-) in provisions	200	0	-9	0	191
Gains (-) / losses (+) on the disposal of non-current assets	45	0	-2	0	43
Increase (-) / decrease (+) in inventories, receivables and other assets	2,059	-1,198	-2,161	2,507	1,207
Increase (+) / decrease (-) in liabilities	-1,231	1,754	779	-2,256	-954
Income taxes repaid (+) / paid (-)	-1,074	0	0	0	-1,074
Net cash used in / from operating activities	**8,716**	**1,181**	**-377**	**0**	**9,520**
Cash flow from investing activities					
Proceeds (+) from the disposal of non-current assets	10	0	3	0	13
Acquisition (-) of property, plant and equipment and non-current intangible assets	-439	-16	-85	0	-540
Capitalisation of development costs (-)	-1,374	0	0	0	-1,374
Interest received (+)	307	0	0	0	307
Net cash from / used in investing activities	**-1,496**	**-16**	**-82**	**0**	**-1,594**
Cash flow from financing activities					
Dividend payment (-)	-6,664	0	0	0	-6,664
Interest paid (-)	-1	0	0	0	-1
Net cash and cash equivalents from financing activi-ties	**-6,665**	**0**	**0**	**0**	**-6,665**
Changes in cash and cash equivalents due to changes in interest rates	0	0	-57	0	-57
Cash and cash equivalents					
Changes in cash and cash equivalents	555	1,165	-459	0	1,261
Changes in cash and cash equivalents Cash and cash equivalents at 1 January	25,258	2,008	1,544	0	28,810
Total cash and cash equivalents	**25,813**	**3,173**	**1,028**	**0**	**30,014**

OTHER DISCLOSURES

DISCLOSURES REGARDING FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Presentation of the categories of financial instruments and the corresponding net profit in accordance with IFRS 7

Agreements, which mutually lead to the accrual of a financial asset for a company and the accrual of a financial liability or an equity instrument for a counterparty, are classified as financial instruments.

In this context, financial assets include cash and cash equivalents, contractually committed rights for receiving cash or other financial assets such as trade receivables, derivative financial instruments and equity instruments held in other companies. Financial liabilities include contractual obligations, a liquid asset or other financial assets to be released to other companies. This encompasses obtained loans, current loans, trade payables and derivatives.

The presentation below provides information on the carrying amounts from individual measurement categories. The fair values for each class of financial instrument are also displayed. The presentation enables carrying amounts and fair values to be compared.

For liquid assets and other current original financial instruments, including trade receivables and payables, financial assets as well as other receivables and liabilities, the fair values correspond to the carrying amounts recognised at particular reporting dates. The fair values of the category "Financial instruments held to maturity" corresponded to the market values as of 31 December 2012.

The categories of financial assets and liabilities are included in the following tables:

Assets 31.12.2012	Measurement category	Total		Nominal value		Amortised cost	
				Liquid assets / cash reserve		Loans and receivables (LaR) as well as financial instruments held to maturity (HTM)	
Amounts in K€		Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Financial assets	HTM	4,680	4,788	0	0	4,680	4,788
Financial assets and other receivables	LaR	3,181	3,181	0	0	3,181	3,181
Trade receivables	LaR	12,117	12,117	0	0	12,117	12,117
Liquid assets	LaR	30,014	30,014	30,014	30,014	0	0
Total		**49,992**	**50,100**	**30,014**	**30,014**	**19,978**	**20,086**

Liabilities 31.12.2012	Meas-urement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and receiv-ables (LaR)	
Amounts in K€		Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Trade payables	FV	2,335	2,335	2,335	2,335	0	0
Other financial liabilities	FV	2,677	2,677	2,677	2,677	0	0
Total		5,012	5,012	5,012	5,012	0	0

Assets 31.12.2011	Meas-urement category	Total		Nominal value		Amortised cost	
				Liquid assets / cash reserve		Loans and receiv-ables (LaR) as well as financial instruments held to maturity (HTM)	
Amounts in K€		Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Financial assets	HTM	7,177	7,267	0	0	7,177	7,267
Financial assets and other receivables	LaR	3,645	3,645	0	0	3,645	3,645
Trade receivables	LaR	12,184	12,184	0	0	12,184	12,184
Liquid assets	LaR	28,810	28,810	28,810	28,810	0	0
Total		51,816	51,906	28,810	28,810	23,006	23,096

Liabilities 31.12.2011	Meas-urement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and receiv-ables (LaR)	
Amounts in K€		Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Trade payables	FV	1,945	1,945	1,945	1,945	0	0
Other financial liabilities	FV	3,974	3,974	3,974	3,974	0	0
Total		5,919	5,919	5,919	5,919	0	0

The fair value option is not applied. At the reporting date, there were no financial instruments in the category *"held for trading purposes"*.

Net gains from financial instruments resulted from changes to the fair value, from impairment losses, write-ups and from write-offs. This also includes interest income and expenses and other profit components from financial instruments, which are not recognised in income and at fair value.

Viscom plans to hold the bonds to maturity based on the current high yield. The residual value of the corporate bonds was € 7,117 thousand as of 31 December 2012. The value adjustment of trade receivables at € 21 thousand (previous year: € 397 thousand) was recognised in income in the 2012 financial year.

31.12.2012	Gross amount	From interest	From remeasurement		Net amount 2012
Amounts in K€			Currency translation	Value adjustment	
Financial assets	4,714	-34	0	0	4,680
Financial assets and other receivables	3,181	0	0	0	3,181
Trade receivables	13,306	0	0	-1,189	12,117
Liquid assets	30,014	0	0	0	30,014
Total	**51,215**	**-34**	**0**	**-1,189**	**49,992**

31.12.2011	Gross amount	From interest	From remeasurement		Net amount 2011
Amounts in K€			Currency translation	Value adjustment	
Financial assets	7,181	-10	0	0	7,171
Financial assets and other receivables	3,645	0	0	0	3,645
Trade receivables	13,784	0	0	-1,600	12,184
Liquid assets	28,810	0	0	0	28,810
Total	**53,420**	**-10**	**0**	**-1,600**	**51,810**

Interest income of € 435 thousand resulted from liquid assets and bonds in the 2012 financial year (previous year: € 622 thousand). The short-term bonds are reported under other financial receivables at the amortised cost of € 2,618 thousand. The long-term bonds are reported under financial investments at the amortised cost of € 4,674 thousand.

Financial risk management objectives and processes (IAS 32 / IAS 39)

The significant risks for Viscom's financial instruments are the default risk, the interest rate risk and the exchange rate risk.

The Executive Board determined corresponding risk processes, which it reviews on a regular basis. These risk processes are summarised in the following section.

Default risk

Viscom employs appropriate control processes in order to ensure that sales are only entered into with customers with proven creditworthiness. This also means that the default risk associated with sales must be kept within acceptable limits.

Viscom does not act as a guarantor for the obligations of other parties.

The maximum default risk can be derived from the carrying amount of each financial asset as reported in the balance sheet.

No conditions of any financial asset that would otherwise be overdue or impaired were renegotiated in the financial year.

The credit rating of financial assets that are neither overdue nor impaired are determined on the basis of external credit ratings (if available) or historical experiences about default rates of the corresponding business partner.

Based on empirical values from the past, the Company recognised a value adjustment that accounted for both interest rate and default risk. Value adjustments on individual items were also recognised. No interest income was generated from value adjusted financial assets in the period under review.

Age structure of financial assets 31.12.2012 Amounts in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Financial assets	4,714	4,714	0	0	0	0	0
Financial assets and other receivables	3,181	3,181	0	0	0	0	0
Trade receivables	13,306	6,576	1,913	1,051	496	1,353	1,917
of which impaired	1,189	152	2	6	8	96	925
Total	**21,201**	**14,471**	**1,913**	**1,051**	**496**	**1,353**	**1,917**

Age structure of fi-nancial assets 31.12.2011 Amounts in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Financial assets	7,181	7,181	0	0	0	0	0
Financial assets and other receivables	3,645	3,645	0	0	0	0	0
Trade receivables	13,784	7,213	2,457	877	1,313	718	1,206
of which impaired	1,600	66	39	0	45	448	1,002
Total	**24,610**	**18,039**	**2,457**	**877**	**1,313**	**718**	**1,206**

Interest rate risk

Individual financial instruments held by Viscom are exposed to interest rate risk. The interest rate risk is classified as insignificant, as the significant funds were invested with a fixed interest rate. This risk is stated in the explanatory notes on the respective items. No derivative financial instruments are employed for the purposes of hedging against interest rate risk.

Liquidity risk

Viscom is committed to ensuring that it has sufficient cash and cash equivalents or irrevocable credit facilities at its disposal to meet its obligations for the next three years as set out in its strategic plan. Viscom had not utilised any of the credit facilities extended to it at the reporting date.

On this date, all of the Company's cash and cash equivalents were held in current bank clearing accounts and as cash in hand.

The remaining contractual terms are presented in the following tables:

Exchange rate risk

As Viscom operates internationally, the Group is also exposed to exchange rate risks. Approximately 11 % of the consolidated revenue is exposed to an exchange rate risk in the parent company. Around 3 % of the parent company's expense is denominated in a currency other than the reporting currency. At the balance sheet date, this exchange rate risk was not hedged. As of 31 December 2012, net receivables relevant to the exchange rate totalled € 3.5 million. It includes both the receivables portfolio of Viscom AG and its subsidiary in Singapore in US dollars and the receivables portfolio of the subsidiaries in euros. With a change of 5 %, the exchange rate risk recognised in income amounts to around 1.3 % of total receivables. Due to the Company's business volumes and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging.

Remaining contractual terms 31.12.2012 Amounts in K€	Book value	Remaining term		
		< 1 year	1 to 5 years	> 5 years
Trade payables	2,335	2,335	0	0
Other financial liabilities	2,677	2,677	0	0
Total	**5,012**	**5,012**	**0**	**0**

There were no gross outflows.

Remaining contractual terms 31.12.2011 Amounts in K€	Book value	Remaining term		
		< 1 year	1 to 5 years	> 5 years
Trade payables	1,945	1,945	0	0
Other financial liabilities	2,572	2,572	0	0
Total	**4,517**	**4,517**	**0**	**0**

Capital management

Viscom's capital management aims to ensure the continued existence of the Company as a going concern to continue providing shareholders with income and services due to them.

The uninvested and the therefore dedicated shareholders' equity components of the Company are used for controlling liquidity and financing the Company's operating activities. The Company's objective is to finance operating activities primarily from shareholders' equity.

Use of derivative financial instruments

Viscom did not use derivative financial instruments for the purpose of hedging exchange rate and interest risks in the 2012 financial year due to fluctuations in the value of the US dollar and the low transaction volume in US dollars.

Related party disclosures

The remuneration report and the number of shares held by Viscom Executive Board and Supervisory Board members is included in the corporate governance report as part of the management report.

Related parties and affiliated companies

HPC Vermögensverwaltung GmbH held an interest of 54.1 % in Viscom AG as of 31 December 2012. HPC Vermögensverwaltung GmbH is therefore both an affiliated company and the parent company of Viscom AG.

Services of related parties and affiliated companies
in K€

From lease contracts:		
HPC Vermögensverwaltung GmbH	2012	70
	2011	74
From services:		
HPC Vermögensverwaltung GmbH	2012	367
	2011	318
From rentals:		
HPC Vermögensverwaltung GmbH	2012	360
	2011	360
Marina Hettwer / Petra Pape GbR	2012	165
	2011	165
Dr. Martin Heuser / Petra Pape GbR	2012	443
	2011	443

Viscom AG has also concluded lease contracts for Company vehicles with HPC Vermögensverwaltung GmbH. In 2012, HPC Vermögensverwaltung GmbH provided further services such as Company childcare, cleaning services and other miscellaneous services.

The rise in service costs payable to HPC Vermögensverwaltung GmbH is due to an increase in childcare and cleaning services staff.

The future accumulated minimum lease payments for the following periods are:

Lease obligations for company cars	2012 K€	2011 K€
Total	1.048	828
of which to HPC Vermögensverwaltung GmbH (affiliated company)	193	128
within one year of the reporting date	395	315
of which to HPC Vermögensverwaltung GmbH (affiliated company)	79	52
within more than one year but less than five years of the reporting date	653	513
of which to HPC Vermögensverwaltung GmbH (affiliated company)	114	76
within more than five years of the reporting date	0	0

The future services for the following periods are:

Services	2012 K€	2011 K€
Total	367	318
of which to HPC Vermögensverwaltung GmbH (affiliated company)	367	318
within one year of the reporting date	367	318
of which to HPC Vermögensverwaltung GmbH (affiliated com-pany)	367	318
within more than one year but less than five years of the reporting date	0	0
within more than five years of the reporting date	0	0

Other related parties

There are rental agreements for seven properties in Carl-Buderus-Strasse (CBS) and one property in Fränkische Strasse (FS) in Hanover between the Company and Dr. Martin Heuser / Petra Pape GbR[1)], Hanover, Marina Hettwer / Petra Pape GbR[2)], Hanover and HPC Vermögensverwaltung GmbH[3)], Hanover.

Agreements with related parties

Agreements with remaining terms of	Rental property	Start of lease	Lease term	Net rent, monthly (€)	Net rent, annual (€)
Between one and five years	CBS 10a [3)]	15.11.2005	10 years	15,000	180,000
	CBS 13 [1)]	01.11.2007	10 years	6,500	78,000
	CBS 15 [2)]	15.11.2007	10 years	13,750	165,000
	CBS 6 [1)]	01.12.2007	10 years	2,000	24,000
more than five years	FS 28 [1)]	01.11.2008	5 years	2,200	26,400
	CBS 9 [1)]	01.01.2001	10 years	5,000	60,000
	CBS 11 [1)]	01.08.2001	10 years	22,500	270,000
	CBS 10 [3)]	01.03.2002	10 years	15,000	180,000
Total rental obligations with a remaining lease term of one year or less					**0** (previous year: 0)
Total rental obligations with a remaining lease term of between one and five years					**4,484,500** (previous year: 3,723,400)
Total rental obligations with a remaining lease term of more than five years					**1,919,500** (previous year: 2,632,000)

The right to terminate the lease of FS 28 was not used in 2012. The lease agreement was therefore extended for another five years.

Loan agreements

At the balance sheet date, there were no receivables or liabilities resulting from loan agreements with related parties.

Obligations arising from operating leases for the lessee

Details on vehicle and building leases are disclosed in the section on related parties.

The office in Munich, which is responsible for sales in southern Germany, Austria, Hungary and Switzerland, is leased from a third party. The other rented properties in the USA, France, Tunisia, Singapore and China are also leased from third parties.

Agreements with third parties

Agreements with remaining terms of	Rental property	Start of lease	Lease term	Net rent, monthly (€)	Net rent, annual (€)
One year or less	Munich	01.03.2010	3 months	482	5,784
Between one and five years	San José, USA	01.10.2011	1 year	605	7,263
	Tunis, Tunisia	15.09.2011	1 year	488	5,853
	Singapore	01.12.2010	2 years	6,454	77,444
	Shanghai, China	01.06.2012	19 months	2,156	25,872
	Shanghai, China	01.04.2011	21 months	802	9,619
	Shanghai, China	01.01.2009	2 years	4,192	50,307
	Paris, France	01.08.2004	9 years	1,634	19,610
	Singapore	15.06.2011	2 years	3,687	44,241
	Atlanta, USA	01.10.2006	5.5 years	5,058	60,690
Total rental obligations with a remaining lease term of one year or less					**297,592** (previous year: 253,500)
Total rental obligations with a remaining lease term of between one and five years					**425,359** (previous year: 486,300)

The agreement dated 1 December 2010 was extended for another two years in 2012. The agreements dated 1 October 2011 and 15 September 2011 were also extended for another year each in 2012.

Operating lease costs of € 1,696 thousand (previous year: € 1,587 thousand) were recognised in expenses.

Purchase commitments

Purchase commitments from investment / delivery contracts amounted to around € 977 thousand (previous year: € 1,063 thousand) as of 31 December 2012.

Events after the balance sheet date

There were no significant events after the end of the 2012 financial year.

German Corporate Governance Code

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement, according to section 161 of the German Stock Corporation Act (AktG), in February 2013. It has been published and is permanently accessible on the Viscom AG website.

Total auditors' fees (Section 314 (1) No. 9 of the German Commercial Code (Handelsgesetzbuch – HGB))

The total fees paid to the auditors of the consolidated financial statements and recognised as an expense can be broken down as follows:

Total auditors' fees	2012 K€	2011 K€
Year-end audit services	81	78
Other services	19	55
Total	**100**	**133**

Hanover, 8 March 2013

Dr. Martin Heuser   Volker Pape   Dirk Schwingel

AUDITOR'S REPORT

On completion of our audit work, we issued the following unqualified auditors' report dated 9 March 2012. This report was originally prepared in German language. In case of ambiguities the German version shall prevail: We have audited the consolidated financial statements prepared by the Viscom AG, Hanover, comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and / or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch": German Commercial Code is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a sample test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. 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 consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hannover, 9 March 2013

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Helmuth Schäfer	Prof. Dr. Mathias Schellhorn
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

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

Dr. Martin Heuser Volker Pape Dirk Schwingel

GLOSSARY OF TECHNICAL TERMS

Term	Definition
AOI	automated optical inspection
AXI	automated x-ray inspection
SI	software platform for SP-products (AOI/AXI)
SP	serial products
NP	new products
XP	x-ray products
MX-products	infrared-light-machines for tests with electronic semiconductors
Paste- and Post-Reflow-Inspection	Inspection after the solder-process of components put in paste
VMC	software platform for NP-non standard machines and XP-products
vVision	new machine operating interface
Process Uplink Feature	Facilitates a linkage of the results of different inspection gates
Inspection gates	Test Consoles
proAlpha	Enterprise resource planning (ERP) system
EMS (Electronic Manufacturing Services)	contract manufacturer / subcontractor – especially for Consumer, Communication and Computer products
OEM (Original Equipment Manufacturer)	Manufacturer of a brand product

FINANCIAL CALENDAR 2013

26 MARCH 2013 .... Disclosure of Annual Report 2012
Press Conference, Hanover

27 MARCH 2013 .... DVFA-Analysts and Investors Conference, Frankfurt

14 MAY 2013 .... Disclosure of Interim Management Report

28 MAY 2013 .... Annual General Meeting, Hanover

22 AUGUST 2013 .... Disclosure of Interim Report 2013

7 NOVEMBER 2013 .... Disclosure of Interim Management Report

FIVE-YEAR REPORT

		2012	2011	2010	2009	2008
Profit and loss						
Revenue	K€	50,037	53,499	40,024	20,874	49,915
EBIT	K€	9,248	12,014	7,132	-13,893	-1,586
EBT	K€	9,666	12,624	7,475	-13,275	-1,272
Income taxes	K€	-3,028	-4,128	3,048	-442	-435
Annual profit	K€	6,638	8,496	10,523	-13,717	-1,707
Balance sheet						
Assets						
Non-current assets	K€	61,423	58,578	51,120	43,113	59,407
Current assets	K€	11,082	13,902	11,073	5,005	5,612
Total assets	K€	72,505	72,480	62,193	48,118	65,019
Liabilities						
Share capital	K€	62,276	62,341	53,662	42,842	56,677
Non-current liabilities	K€	9,280	9,687	8,232	5,045	7,809
Current liabilities	K€	949	452	299	231	533
Total capital	K€	72,505	72,480	62,193	48,118	65,019
Cashflow statement						
CF from current business	K€	9,520	11,535	4,686	1,757	2,007
CF from investment	K€	-1,594	-8,814	-4,394	-2,635	-328
CF from financing	K€	-6,665	86	-6	-26	-3,274
End of period capital	K€	30,014	28,810	25,905	25,322	26,254
Personnel						
Employees at year-end		286	273	264	273	412
Investments						
Tangible an intangible assets (paid)	K€	540	610	449	186	937
Share						
Number of shares		9,020,000	9,020,000	9,020,000	9,020,000	9,020,000
Dividend payment	K€	5,331	6,664	0	0	0
Dividend per share	€	0.60	0.75	0.00	0.00	0.00
Shareholder capital per share	€	6.90	6.91	5.95	4.75	6.28
Key figures						
EBIT-margin	%	18.5	22.5	17.8	-66.6	-3.2
Return on equity	%	10.7	13.6	19.6	-32.0	-3.0
Equity ratio	%	85.9	86.0	86.3	89.0	87.2

IMPRINT

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PHOTOGRAPHY AND RETOUCHING	Viscom AG Martin Buehler, www.martin-buehler.com Jens Briskorn, www.derretuscheur.de
PRINTING AND PRODUCTION	gutenberg beuys Feindruckerei, www.feindruckerei.de
COMMERCIAL REGISTER AND REGISTRATION NUMBER	Viscom AG Register court: Hanover District Court Registration number: HR B 59616 VAT ID number in accordance with section 27a of the VAT Tax Act: DE 115675196

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