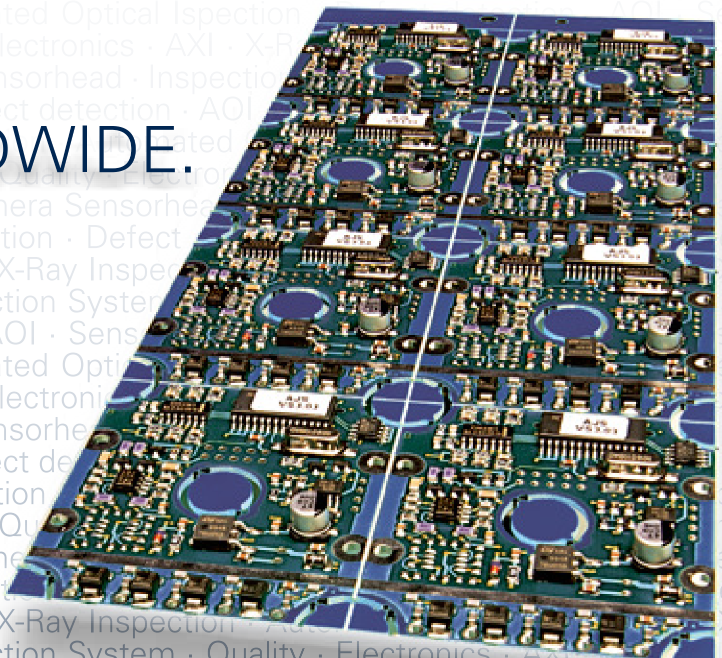
VISCOM
vision technology

Annual Report 2011



MOTIVATION.

WORLDWIDE.

COMPETENCE.

TECHNOLOGY.

INNOVATION.

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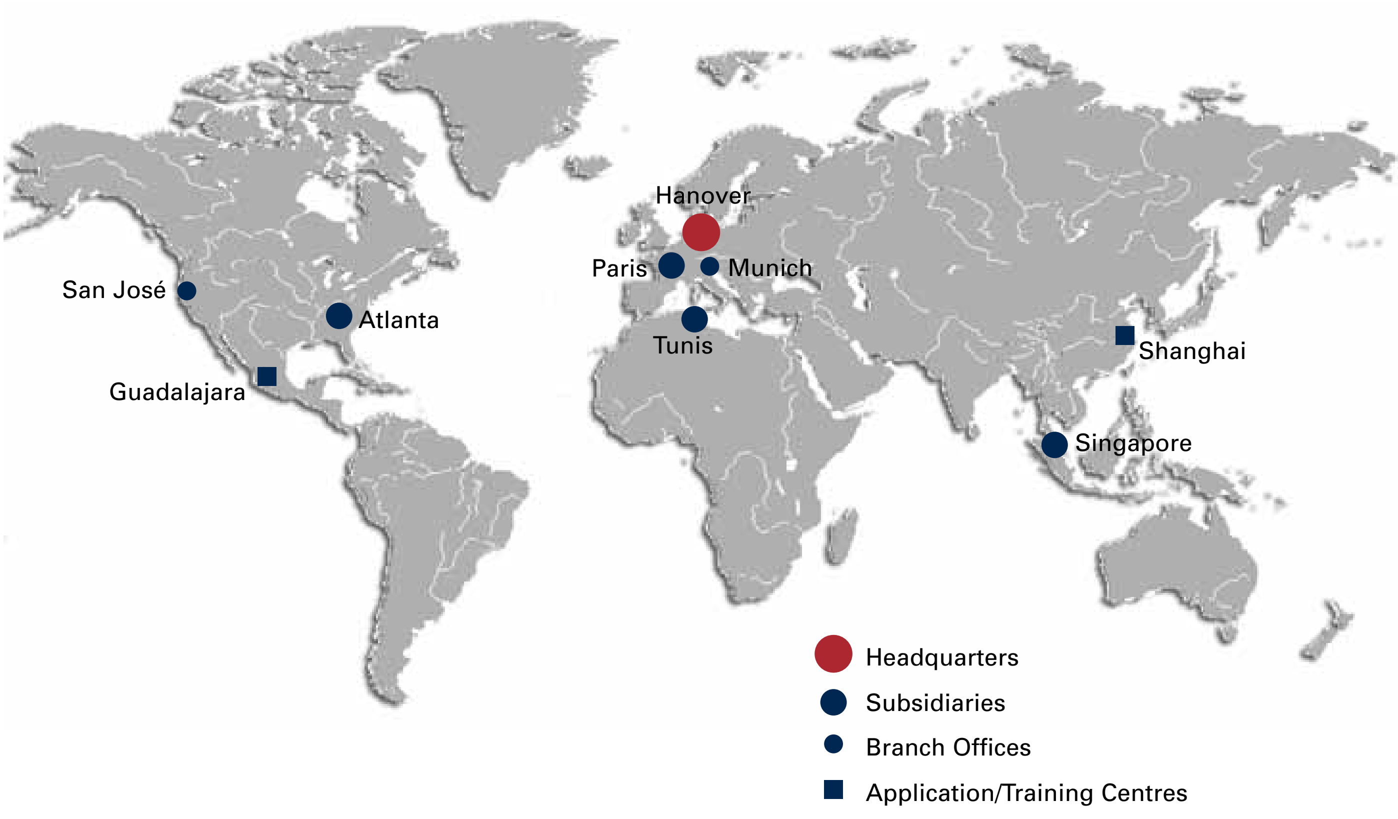
ANNUAL REPORT 2011

MULTIYEAR REPORT

VISCOM AG FIVE-YEAR REPORT

		2011	2010	2009	2008	2007
Income statement						
Revenue	K€	53,499	40,024	20,874	49,915	51,986
EBIT	K€	12,014	7,132	-13,893	-1,586	4,482
EBT	K€	12,624	7,475	-13,275	-1,272	5,488
Income taxes	K€	-4,128	3,048	-442	-435	-1,929
Net profit for the period	K€	8,496	10,523	-13,717	-1,707	3,559
Balance						
Assets						
Current assets	K€	58,578	51,120	43,113	59,407	67,485
Non-current assets	K€	13,902	11,073	5,005	5,612	5,643
Total assets	K€	72,480	62,193	48,118	65,019	73,128
Liabilities						
Shareholders‘ Equity	K€	62,341	53,662	42,842	56,677	61,499
Current liabilities	K€	9,687	8,232	5,045	7,809	11,100
Non-current liabilities	K€	452	299	231	533	529
Total liabilities and shareholders‘ equity	K€	72,480	62,193	48,118	65,019	73,128
Cash flow statement						
CF from operating activities	K€	11,535	4,686	1,757	2,007	-5,650
CF from investing activities	K€	-8,814	-4,394	-2,635	-328	-2,107
CF from financing activities	K€	86	-6	-26	-3,274	-4,455
End of period capital	K€	28,810	25,905	25,322	26,254	27,726
Personnel						
Employees at year-end		273	264	273	412	376
Investments						
Tangible and intangible assets (paid)	K€	610	449	186	937	3,234
Shares						
Shares		9,020,000	9,020,000	9,020,000	9,020,000	9,020,000
Dividend	K€	4,443	0	0	0	2,706
Dividend per share	€	0.50	0.00	0.00	0.00	0.30
Shareholder capital per share	€	6.91	5.95	4.75	6.28	6.82
Key figures						
EBIT margin	%	22.5	17.8	-66.6	-3.2	8.6
Equity return	%	13.6	19.6	-32.0	-3.0	5.8
Equity ratio	%	86.0	86.3	89.0	87.2	84.1

WORLDWIDE LOCATIONS



Viscom is represented by subsidiaries, application centres and service centres around the world.
A close network of representatives is also available to serve our clients.

FOCUS ON VISCOM

COMPETENCE.

Our systems reveal faults invisible to the naked eye. Viscom develops, manufactures and sells high-quality automated optical (AOI) and X-ray (AXI) inspection systems for use in industrial electronics production. We are world leaders in the field of automated optical inspection of electronic assemblies.

INNOVATION.

Viscom inspection systems are positively indispensable! Our systems are used in almost all areas of the electronics industry – from automotive electronics, aviation and aerospace engineering to industrial electronics. We are continuously opening up new possibilities for application, keeping right up to speed with quality requirements in the high-end segment.

WORLDWIDE.

We are where our customers are – right across the globe. Viscom is represented around the world by its subsidiaries, application centres and service centres as well as regional representatives, ensuring customers benefit from direct contact, top-class service and support. Our highly qualified engineers work closely as partners with our customers to draw up highly practical inspection solutions. We go above and beyond this by providing our customers with hands-on support – whether on technical details, system integration issues, application or comprehensive process optimisation.

TECHNOLOGY.

Our solutions are unmistakably ours! Viscom has top-level expertise in industrial image processing at its disposal. All our products are made at our Hanover site. Our quest to always provide customers with the best solution for them at the highest level of technological excellence makes us place research and development at the centre of our work. Our in-house construction and production facilities mean we can offer an optimum level of flexibility, even on major projects. We feel it is crucial for us to remain user-focused, close to the customer and to the market in all we do.

MOTIVATION.

Viscom has been impressing the industry with winning innovations since 1984. Our success is founded on our employees' high levels of qualification and creativity. As an attractive employer with a modern company culture which places high value on teamwork, Viscom can count on its employees showing high motivation and identifying strongly with the company. Our clear objective remains the continued expansion of our competitive position and a sustained and sustainable increase in the value of our company.

FOREWORD FROM THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

2011 was a highly successful financial year for Viscom Group, ending with a balance sheet we can be proud of. These results are clear proofs of our competitiveness and our successful business management. The Group has seen excellent development in all areas relevant to this annual report. The first half of the year already proved extraordinarily successful in terms of orders and revenue. We responded to this situation on 27 July 2011 by increasing our guidance – from our original revenue target of € 45 million to € 47 million and an EBIT margin of 10 % to 13 % to revenue of € 50 million to € 53 million and an EBIT margin of 15 % to 18 %.

There is also excellent news to report in terms of incoming orders, which have seen positive development over the past twelve months, with Viscom to its impressive track record of previous years.

The company is heading into the new year with order backlog of around € 11.0 million. The order books remain full, meaning our production and commissioning will be at full capacity over the months to come. Our core of permanent employees is tackling the lion's share of the orders on our pleasingly full books, supported by temporary employees where required on specific projects. Outsourcing individual stages in the manufacturing process has provided us with additional scope for responding to market needs at short notice, making us substantially more flexible on the market and enabling us to optimise production workflows where needed without compromising on quality.

The Viscom Group has been successful in expanding its revenue on last year's figure (€ 40.0 million), attaining a total of approximately € 53.5 million, with EBIT of € 12.0 million (previous year: € 7.1 million). This outstanding result for revenue and EBIT, each of which have reached the highest figures in our history, are the fruit of our sustained efforts in each area of our business, which have been characterised by a strong focus on continuity. Our revenue soared by 27.2 % in Europe and by 50.5 % in the rest of the world excluding Europe.

Viscom's market of principal importance is and remains Europe, where our innovative, user-friendly systems and our top-quality service give us a high market share, particularly in the automotive industry. The outstanding development and manufacturing expertise of our site in Hanover-Badenstedt forms the essential foundation of our aim to permanently establish ourselves as technological leaders in all areas of our business and maintain this leadership into and for the future.

Thanks to our technological leadership, Viscom products are at the top of their class around the world, a position sustained by our network of subsidiaries, application centres, service centres and representatives in Europe, Asia and America.

We are ready and prepared for the technological challenges of the future – a fact we demonstrated in 2011 at the world's key trade fairs, including big-name events such as productronica in Munich, APEX in Las Vegas, USA, NEPCON China in Shanghai and Internepcon in Tokyo, as well as more regionally focused fairs such as SMT Hybrid Packaging in Nuremberg.

We remain committed to meeting the challenges set us 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 deve-

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

lopment work and the continued evolution of our systems this work enables – firmly in line with the market and the needs of the future. Our product portfolio is perfectly aligned with our core competencies; this represents a strategy which is, and will remain in 2012, key to our customers' satisfaction and to our achievement of our objectives.

In the light of ongoing insecurity on the markets and throughout the global economy, we currently estimate, basing our appraisal of the situation on a conservative planning strategy, that the 2012 financial year will bring us revenue of € 52 million to € 54 million and an EBIT margin of 13 % to 17 %.

Our employees have been instrumental to the success we have enjoyed in 2011, not only by means of their outstanding commitment and creativity, but also through their exceptional efficiency, flexibility, solidarity and expertise. We would like to express our thanks to the entire Viscom team for this outstanding achievement.

Likewise, we would like extend our sincere thanks to you, our shareholders, for the continued expression of your trust in us over the past year, and we will be delighted to continue earning and rewarding this trust in the future. Our commitment to you and to the success of our Company remains unshakeable.

The Executive Board

Dr. Martin Heuser Volker Pape Dirk Schwingel

REPORT OF THE SUPERVISORY BOARD

Klaus Friedland
Deputy Chairman of the Supervisory Board

Bernd Hackmann
Chairman of the Supervisory Board

Prof. Dr. Claus-Eberhard Liedtke

The section that follows comprises the Supervisory Board's report on its activities in the past 2011 financial year – its meetings and discussions, its compliance with the Corporate Governance Code, the audit of the Viscom AG and consolidated financial statements and changes in the composition of the Company's Executive Board.

Dear ladies and gentlemen,

following consolidation in 2010, Viscom AG has spent the financial year just concluded returning to its former strength. The year under review has seen a considerable increase in profitability, a result particularly of the action initiated by the Executive Board during the years 2009 and 2010 and of the Company adjusting its focus towards series products. Nevertheless, the work of our Sales employees in creating a buoyant incoming orders situation laid the key foundation for the success the Company has enjoyed in the 2011 financial year.

The Supervisory Board encouraged the Executive Board to begin reducing the Company's dependency on cyclical trends in the automotive industry.

This primarily entailed substantially boosting sales activities in Asia, particularly in relation to companies that make products for the general electronics industry, i. e. not specifically for the automotive sector. The Supervisory Board will continue to offer advice and support to the Executive Board in this endeavour.

MONITORING MANAGEMENT

In the financial year 2011, 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 acting in an advisory capacity on corporate management issues. It obtained regular, prompt and comprehensive information on the progress of business, the strategy and situation of the Company, constantly monitoring management on the basis of written and verbal Executive Board reports and joint meetings. The Supervisory Board carefully examined transactions requiring its approval and discussed each of them with the Executive Board.

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 2011 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 Claus-E. 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 in financial year 2013.

MEETINGS OF THE SUPERVISORY BOARD

In the 2011 financial year, the Supervisory Board held seven regular meetings, which took place on 24 February, 28 March, 10 May, 16 June, 23 August, 09 November and 02 December 2011. At these 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, risk management as well as compliance within the Group, strategic objectives and all 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, 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 improving revenue situation as well as related 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.

Key topics discussed in meetings of the Supervisory Board during the 2011 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 market. In the course of its meetings, the Supervisory Board also dealt with the analysis of efficiency, the new areas of responsibility for each member of the Executive Board following the appointment of Mr. Dirk Schwingel as of 01 June 2011, and the Company compliance guidelines. In its last meeting of the year, on 02 December 2011, the Supervisory Board made a thorough examination of the plan for the Company for the 2012 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 2011 Annual General Meeting and at its meeting on 28 March 2011, 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 2010, as well as the Executive Board report on the relationships of Viscom AG to affiliated companies.

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 on an individual basis in the Corporate Governance Declaration printed in this Annual Report. There were no conflicts of interest with regard to the members of the Supervisory Board. During the 2011 financial year, the Supervisory Board assessed the efficiency of its activities in line with the requirements of the German Corporate Governance Code. Moreover, the Executive and Supervisory Boards submitted the annual Compliance Statement confirming compliance with the German Corporate Governance Code on 25 February 2011. 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, was elected by the Annual General Meeting of the Company on 16 June 2011 and appointed as auditor for the annual and consolidated financial statements of Viscom AG as of 31 December 2011 by the Supervisory Board. The Supervisory Board then negotiated and awarded the audit assignment. 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 2011 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 2011, as well as the summarised management and Group management report 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 (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 21 March 2012, 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 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 and based on its own examination and discussion of the annual financial statements, consolidated financial statements, summarised management report and Group management report, the Supervisory Board was in agreement with the results of the audit as presented by the auditor. 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 21 March 2012, the Supervisory Board approved the annual financial statements and consolidated financial statements as well as the summarised management report and Group management report for the 2011 financial year. This constitutes adoption of the annual financial statements in accordance with Section 172, Sentence 1, of the German Stock Corporation Act (AktG).

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 21 March 2012, 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.

CHANGES IN THE COMPOSITION OF THE EXECUTIVE BOARD

The Supervisory Board of Viscom AG appointed Mr. Dirk Schwingel as a regular member of the Executive Board with effect from 01 June 2011. Mr. Schwingel has taken on responsibility for Finance and Controlling in the Company, and is also in charge of Investor Relations, Human Resources and Administration.

CONCLUSION OF NEW CONTRACTS FOR THE MEMBERS OF THE EXECUTIVE BOARD

The Supervisory Board renegotiated the contracts of employment for the Executive Board members Dr. Martin Heuser and Mr. Volker Pape, which expired in April 2011, and drew up new contracts. Up until now, bonuses have been contingent on the success achieved in the previous financial year; the bonus arrangements in the new contracts contain an element taking the Company's long-term success into account. In addition to this, a corresponding contract was negotiated and drawn up for Mr. Dirk Schwingel in May 2011.

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 impressive commitment and hard work in the interest of the Company. The Supervisory Board is aware of the fact that the success achieved in the financial year just concluded has been founded on the extraordinarily committed work of all the Company's employees, both in Hanover and at all subsidiaries.

In spite of the uncertainties governing the current overall economic situation, the Supervisory Board is looking to the future with a great deal of optimism.

Hanover, 21 March 2012

For the Supervisory Board

Bernd Hackmann
Chairman of the Supervisory Board

VISCOM SHARES

Listing	Regulated market (General Standard)
Abbreviation	V6C
ISIN	DE 000 7846867
Number of shares	9,020,000
Market capitalisation as of 31 December 2011	€ 55.91 million
High (Xetra) on 25 February 2011	€ 7.72
Low (Xetra) on 31 January 2011	€ 5.60
Average trading volume (Xetra/day)	6,653
Earnings per share	€ 0.96

As of 31 Dec. 2011

MARKET CONDITIONS

Highly volatile share prices and political insecurity, particularly in the EU member states, characterised the international capital markets in 2011. Despite these complicating factors, the stock markets developed a positive trend in the first half of 2011. Temporary setbacks occasioned by unrest in North Africa and the natural disaster in Japan could not reverse the generally consistent upward trend on the global stock markets, with the DAX hitting its annual high in May. Nevertheless, the months that followed saw share prices on the international markets performing poorly overall, with fears for the US economy, the conflict surrounding the increase to the US debt limit and finally the spectre of potential bankruptcy threatening Greece, Portugal and Ireland all placing strain on the market, which consequently experienced a dramatic drop-off in August. In the second half of the year, changes of government in Greece and Italy gave rise to new hopes that the debt crisis might ease; however, the economic outlook continued to grow gloomier, with neither comprehensive rescue packages nor considerable bond purchases by the European Central Bank able to reassure the markets sufficiently.

The German economy saw growth of approximately 3 % in 2011; the German Bundesbank reported in December 2011 that the upturn was largely powered by emphatic increases in exports to third countries.

The summer months brought growth generated by companies returning to increased investments in machinery, vehicles and other equipment. Exports to the euro zone likewise experienced a notable increase. This optimistic mood among companies, which continued into the summer, and the high level of utilised industrial capacity both helped to boost investment activities.

Nevertheless, the ongoing debt crisis and the difficult economic conditions currently being experienced worldwide have led experts to anticipate only very slight growth for 2012 of approximately 0.5 %.

The DAX, the German leading index, had been on an upward journey since spring 2009, rising around 105 % up to 02 May 2011, when it closed at 7,528 points (Xetra).

After this, however, the global economic slowdown and the increasing severity of the euro government debt crisis caused the DAX to slide, ending a turbulent year at 5,898 points.

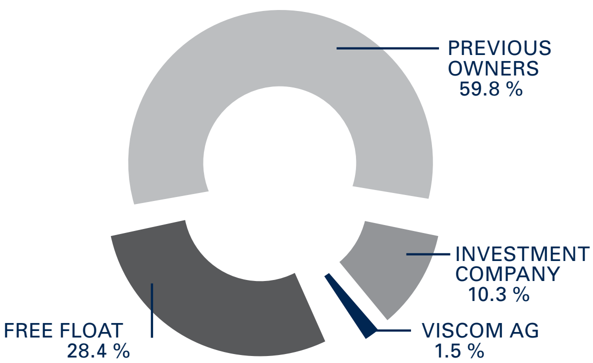
VISCOM SHARES AND ANALYSTS' RECOMMENDATIONS

The Viscom share price proved markedly volatile during the course of 2011, fluctuating around an average of € 6.65. After commencing the year at € 6.50, the Viscom share tumbled to € 5.60 on 31 January 2011, but recovered rapidly, hitting its annual high of € 7.72 within a matter of weeks, on 25 February 2011. Five months at a level close to € 7.00 ensued, followed by the annual low, recorded on 09 August 2011 at € 5.62. On 30 December 2011, Viscom shares were worth € 6.20 each (previous year: € 6.45). Despite these fluctuations, Viscom shares showed notably positive development in 2011 in comparison to the Tec-DAX and the DAX.

For institutional and private investors, recommendations issued by financial analysts serve as an important basis for decision-making. Two investment houses analyse and comment upon the Viscom share on a regular basis. Currently, both of them, each in advice issued independently of the other, recommend buying the shares.

SHAREHOLDER STRUCTURE

The company's shareholder structure is strongly influenced by the major investment held by Viscom AG's two founders and Executive Board members. 59.8 % of shares are in the possession of Mr. Heuser and Mr. Pape, where it is intended that they will remain. Grünwald Equity Beteiligungs V2 GmbH holds approximately 10.3 % of Viscom AG's share capital. The free-floating shareholdings of 28.4 % is largely held by investors in Germany and other European countries. Viscom AG aims for as wide a distribution of its free-floating shareholdings as possible in order to maintain as much liquidity as possible in the share despite the small number of freely tradeable shares. Viscom AG itself holds 1.5 % of its own shares, bought in 2008/2009 as part of a buy-back programme; these shares are intended to be used as currency for possible acquisitions.



ANNUAL GENERAL MEETING

The Annual General Meeting of Viscom AG took place on 16 June 2011 in Hanover. Approximately 110 shareholders and shareholders' representatives, representing around 63.2 % of the Company's share capital, were in attendance. The agenda included approval of the actions of the Executive and Supervisory Boards, decisions on changes to the Articles of Association relating to the adjustment of Supervisory Board members' remuneration, and the creation of new authorised capital with the option to exclude subscription rights. Every motion on the agenda was passed with the required majority.

INVESTOR RELATIONS

The objective of the Company's investor relations work is to allow all participants in the capital market the opportunity to evaluate Viscom AG fairly. Viscom achieves this end by means of continuous, open communication. In 2011, the Company appeared in numerous individual discussions with investors as well as at the Entry & General Standard Conference, the Small Cap Conference in Frankfurt and at the financial trade fair Börsentag in Hanover. All information on Viscom shares is published as it becomes available on the website at www.viscom.de/en_ir.

TREND OF VISCOM SHARES IN THE 2011 FINANCIAL YEAR

Source: www.ariva.de

TALKING ABOUT VISCOM: THE INTERVIEW.

Let's look back for a moment at the twelve months just past. The stock exchanges have experienced severe turbulence, with some industrialised nations seeing the economic crisis develop into a government debt crisis. There are, however, silver linings appearing round the black clouds looming over the economy. Both, the national and international markets showed great potential for growth, particularly in the first half of 2011. Viscom made optimum use of these opportunities, continuing to do so in the second half of the year despite the trouble brewing on the economic horizon and the turbulent situation on the stock markets, and successfully maintained its position as Europe's market leader. Customers remain extremely interested in Viscom inspection systems and are investing in Viscom products.

The Group's formula for success during 2011 could be summarised as "business momentum plus tailor-made strategies". What were the year's hot topics; what did the Company do well; what's the outlook for the future? The members of Viscom AG's Executive Board, Dr. Martin Heuser, Volker Pape and Dirk Schwingel, spoke openly to us about the current situation.

Viscom has seen a successful financial year in 2011, and has entered the new year with plenty of orders on the books. Can you perceive any trends developing for 2012?

VOLKER PAPE: We're currently looking at the coming year in a positive mood, but not overdoing the optimism; our outlook remains moderate and rooted in reality. The difficult years we have seen in the very recent past lead us to view the euphoria breaking out here and there in the global economy with a certain degree of scepticism. Despite this, we do not anticipate that our customers' investment activities, particularly those in Asia, will be significantly impacted by the ongoing turbulence on the financial markets. What's absolutely certain is that we will continue monitoring developments very closely indeed, in order to ensure we can respond to them appropriately and promptly. For 2012, we are expecting revenue to amount to € 52 million to € 54 million, with an EBIT margin of 13 % to 17 %.

Incoming orders in Asia were excellent in 2011. How are you coping with pricing pressure in this region?

VOLKER PAPE: The dominant segment in the Chinese and the other Asian markets is Computer, Communication, Consumer. Of course pressure on prices is considerably greater in Asia than in Europe. Our strategy for countering this has involved the development of specific product range structures for these markets. In a parallel development, we have seen European-style philosophies of production growing increasingly established there, both in the automotive sector and in high-end consumer goods. In short, this means that quality and quantity are not viewed as mutually exclusive. We could sum up the current position by observing that it's particularly the case in Asia that a price- and market-sensitive mix of systems covering the entire price and performance spectrum are helping us on the road to success.

What are your plans for the US markets for 2012? What trends are you observing over there?

VOLKER PAPE: In contrast to Europe, recovery in the US market began later and has proceeded more slowly than in previous, comparable cycles. Nevertheless, there have been signs of progress coming out of the US again since 2011. Our automated optical inspection systems were particularly

… EXPERTISE FOR GLOBAL LEADERSHIP IN TECHNOLOGY AND INNOVATION …

successful in this market over the past year, while our X-ray inspection business remained steady. There's more good news in the shape of the excellent development of our business relationship with a major US automobile electronics supplier, which just recently conducted an evaluation the result of which saw Viscom being revalidated as their supplier. We are already seeing orders coming in from Europe and Asia for automated optical inspection products, and expect these to produce long-term positive effects. We are working on the further development of projects with end customers in California; these will bring in orders worldwide in the EMS (job order producers) business. On 01 October 2011, our subsidiary in Atlanta and the application and training centre in Mexico was joined by a facility with an integrated demonstration room in San José, California.

Does Viscom intend to begin reducing its dependency on the automotive industry in 2012? How do you overcome barriers to market entry in other areas?

VOLKER PAPE: Of course we're still vigorously pursuing custom, and continuing to chalk up major successes, in the automotive sector. We achieve approximately 66 % of our revenue in this area of our business. We owe this excellent position to consistently good business performance. In other words, the automotive sector remains a great market for us, and a highly important one. We don't want this to change; what we would like to move towards, however, is also strengthening our focus on other areas. In pursuing this objective, we are confident that we will be able to increase our independence and to remain in good health as a business throughout and despite any fluctuations that may occur in the future on the automobile and automotive supply markets. We already have a very broad base in terms of medium-sized European companies, particularly in Germany, with their products which frequently have a high level of technological sophistication. We are working on expanding our base of major customers among OEMs, such as those in the telecommunications supply industry. At the same time, we are focusing, especially in Asia, on EMS in the 3C sector (Computer, Communication, Consumer). We are seeing initial successes emerging from the overhaul of our structure of representatives in Asia and the specific restructuring of our product portfolio. The number of investments in Viscom equipment by communications companies and international EMS in China is increasing all the time, while others are testing our products more intensively.

Which systems were top of the Viscom sales league in 2011?

VOLKER PAPE: As in the previous year, our high-end inspection systems had a clear lead, with our high-end product S6056 repeating its extremely positive sales performance once again in 2011. This inspection system allows users to examine components extremely quickly and reliably using automated optical inspection and set up overarching production process management. The AOI/AXI system X7056 remains the only one of its kind on the market. Its USP lies in the fact that it works with both automated optical inspection (AOI) and X-ray inspection (AXI) – at the same time.

How has the Service area of your business been doing?

VOLKER PAPE: Our decision to establish a Service business area has paid dividends. For one, it enables us to provide our customers with much better and appropriate support. For another, service is a key contributor to our revenue. We intend to expand the number of service contracts we enter into; our view is that there's a great deal of demand here that needs to be met. However, we sometimes still find ourselves faced with the mentality that views all service as fundamentally "included in the price". We need, of course, to point out differences here – between what you might call standard service and "all-inclusive" packages which sell well if backed up with the right arguments. We've drawn up appropriate sales strategies and are already implementing them in the market.

Your business figures are subject to considerable fluctuations. Is any obvious repeating cycle perceptible in all this? Does this state of affairs call the reliability of planning into question?

VOLKER PAPE: If you take the long view, you can definitely see cyclic patterns; SMT lines have fairly limited planning periods. The cycle we can perceive in regular years, viewed over the course of a year, consists of moderate quarterly revenue in the first and second quarters, followed by a noticeable boost in the third and another emphatic jump in the fourth quarter. In contrast to this, the last three years suffered considerable distortion on account of the rapid onset of the economic crisis in mid-2008 and the almost equally dramatic upturn in 2010. This makes years such as these rather difficult to plan.

The Viscom Group is in a strong cash position. Do you have plans for acquisitions?

DIRK SCHWINGEL: At 86.0 %, our equity ratio certainly puts us in a very comfortable position. Acquisitions which would help our Company pursue its course for the future might include innovative technologies tailored to our products – or acquisitions which would complement our product portfolio well.

Your figures for 2011 are positive without exception. Do you expect dividend payments to resume?

DIRK SCHWINGEL: Our stated objective for 2011 was to be in a position to pay a dividend in 2012. We did state clearly that the Company would need to create retained earnings in order for this to happen; and we have achieved this objective.

How big is the dividend per share likely to be?

DIRK SCHWINGEL: The Executive and Supervisory Boards will propose to the Annual General Meeting that a dividend of € 0.50 per share be paid.

You have an excellent position as regards revenue and results, and you get positive media coverage. Why, in your view, is the Company's current share price so low?

DIRK SCHWINGEL: This is a question you should be asking the market rather than us. A company's value on the stock market is determined by a large number of factors, not all of which we can know and assess. We'd have to rely on pure speculation if we were to attempt to answer your question. In the final analysis, share prices are heavily influenced by what happens on the trading floor. Our market position, our order books and our results are convincing proof, as far as we are concerned, that the Viscom share has potential. Furthermore, Viscom shares showed very positive development in 2011 in comparison to the Tec-DAX and the DAX.

... Team Spirit and Motivation make us strong ...

What's your view of exchange rate risks related to your international market position?

DIRK SCHWINGEL: The proportion of our revenue in foreign currencies exposed to exchange rate risks is relatively small, amounting to approximately 6 %. Direct deliveries from Viscom AG are charged in euro and in US dollars; in other words, the only foreign currencies we need to calculate with is the US dollar. Viscom also benefits from the fact that a major customer is invoiced exclusively in euro, throughout the world. All this means that Viscom is exposed only to very minor exchange rate risks. Should the proportion of foreign currency rise substantially due to Viscom Group's regional expansion and the acquisition of additional major customers abroad, we would have to begin thinking about currency hedging.

Are you planning to expand the Company's workforce this year? Are you planning to employ new people?

DIRK SCHWINGEL: Our objective for 2012 is to reach our revenue target of € 52 million to € 54 million with the help of our expert and highly committed core team of employees, which we view as a realistic undertaking. The most we're likely to do in terms of hiring is to increase our headcount slightly if required.

Your revenue figures look great. Why is your forecast for 2012 so cautious? Why not believe you can achieve more?

DIRK SCHWINGEL: Our strategy remains to stabilise our business at a high level and set attainable goals. There are always factors we need to take into account: seasonal ripple effects, the ongoing turbulence on the financial markets and in the business world, the general insecurity affecting the markets. We prefer keeping our feet on the ground to having our head in the clouds.

Viscom places research and development at the heart of its activities. What are your achievements in this field to date, and what can we look forward to seeing from you in the near future?

DR. MARTIN HEUSER: Since April 2011, Viscom has been delivering a new software release with a host of useful features and additional functions which make the use of AOI and AXI in production faster and easier. The S3088 flex system, with its promise of a highly successful future for the inspection of soldering joints, is another innovation of ours, featuring key upgrades to its product sustainability, system performance and ease of operation. Furthermore, the S3088 flex is "vVision ready", which means it is 100 % compatible for later use of the new "vVision" software platform. "vVision", a user-friendly machine operating interface, enables users to operate the inspection system intuitively. The introduction phase of the new interface with selected industrial customers is successful and ongoing, and the response to the product has been extraordinarily positive. Series delivery for the initial system family will commence from the first quarter of 2012.

... Customers appreciate our technological edge ...

The order books are full to bursting, the prospects for the next few months are good. How far in advance is production going to run at full capacity? What delivery deadlines are currently being worked to?

DR. MARTIN HEUSER: Production has plenty to do for the first quarter of the current year. We still have temporary employees helping out. Delivery times for standard and series equipment are between eight and fourteen weeks. With a few exceptions, the overall situation for our suppliers improved notably during 2011. However, as some of them had to drastically reduce inventories in 2010 to boost efficiency, they are having trouble fulfilling demand from our Company, which is still on the rise. Things continue to be difficult in the electronic components segment; we still find ourselves having to enter into two-year contracts for essential key components. The dual-sourcing procurement strategy we introduced for a number of components in 2010 has proved to be provident in this context, enabling us to significantly reduce our dependency on individual suppliers in 2010 and 2011.

Will you be continuing to pursue the successful business strategy of outsourcing in 2012?

DR. MARTIN HEUSER: Yes, we will, as part of a healthy overall mix. We are, of course, continuing to develop key components in-house; this is one of our core competencies. However, we don't produce them in our own manufacturing facilities, at a considerable cost in terms of money and work; we outsource their production instead. We exclusively use suppliers for lower-complexity modules and components. This strategy enables us to make the best use of our long-term suppliers' cost-effective expertise.

What's your plan for X-ray inspection products in the medium term?

DR. MARTIN HEUSER: We've been focussing on inspection of electronic components in our X-ray inspection business as well as elsewhere. Our manual X-ray inspection systems are the perfect complement to our automatic AOI and AXI systems. Furthermore, the Executive Board of Viscom AG has taken the decision to undertake an organisational merger of the business areas for special optical inspection systems (NP) and special X-ray inspection systems (XP), a move prompted by the need to tighten up the Company's corporate structure and continue improving processes. XP has been integrated into NP as a stand-alone group within it.

Do you see yourselves in a position to predict the growth rate of the inspection systems market for the electronics industry?

DR. MARTIN HEUSER: The developments of the last two or three years make it difficult to reliably forecast growth. However, we do assume that volumes for inspection systems will increase in proportion to the overall electronic equipment market. We anticipate that growth will be moderate in the medium term.

VISCOM
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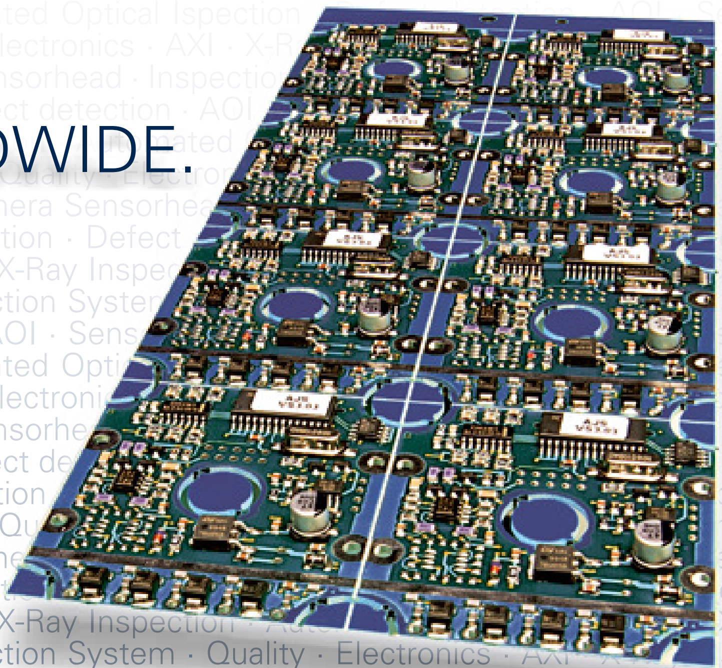
Group Management Report 2011
IFRS Consolidated Financial Statements 2011

2011



WORLDWIDE. MOTIVATION. COMPETENCE. TECHNOLOGY. INNOVATION.

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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, the USA, France and Tunisia that are 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 city of Hanover. This means that Viscom enjoys the production benefits 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 2011.

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 2011, 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 2011.

Dr. Martin Heuser: Technology
Volker Pape: Sales
Dirk Schwingel: Finance (since 1 June 2011)

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

Bernd Hackmann (Chairperson)
Klaus Friedland (Deputy Chairperson)
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. The sales company in Tunis, Tunisia, a subsidiary of Viscom France S.A.R.L., Cergy Pontoise Cedex, France, 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, 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 2011 financial year.

The improvement of the overall economic situation in 2011 has also had a positive impact on Viscom. The trend of increasing investment activities in the automotive industry as well as the electric and consumer sectors made a positive contribution to Viscom's order volume. Production capacities are correspondingly 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

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, based on the respective amount of the basic salary.

The Executive Board members receive a comprehensive performance-related bonus, which comprises a bonus I relating to the recently expired financial year and a long-term bonus II. The comprehensive 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 for 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 – i. e. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement for 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 for 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 – i. e. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement for bonus II ceases.

Since the beginning of the financial year 2011, all Supervisory Board members receive fixed and variable remuneration for every full financial 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.

MACROECONOMIC AND SECTOR DEVELOPMENT

Macroeconomic development

Extremely volatile share prices and political uncertainties, especially in the EU member states, left their mark on the international capital markets in 2011. The stock markets recorded a positive trend in the first half of 2011 despite these negative effects. The international indices continued their steady trip north, even in the face of temporary setbacks caused by the unrest in North Africa and the natural disaster in Japan. The DAX reached its annual high in May. In the following months, however, prices performed rather poorly on the international markets. Concerns about the US economy burdened the market, followed by the discussion about raising the debt limit, and the impending bankruptcies of Greece, Portugal and Ireland, until finally in August the markets went through a dramatic slump. In the second half of the year, the changes of government in Greece and Italy gave new hope for a relaxation of the debt crisis, but the economic outlook continued to deteriorate after all. Neither rescue funds nor bond acquisitions by the European Central Bank have so far been able to restore calm on the markets.

The German economy grew by around 3 % in 2011. The main driver behind this economic upturn was a steep rise in exports to third countries according to Deutsche Bundesbank in December 2011.

Companies which continued to increase their investments in machinery, vehicles and other equipment during the summer months also contributed to growth. The volume of exports to the euro zone also rose again steeply. This atmosphere of confidence among companies – which lasted well into summer – as well as high capacity utilisation in the industrial sector provided investment activities with momentum.

Due to the continuing debt crisis and difficult global economic situation, however, experts expect growth to come to merely around 0.5 % in 2012.

The German lead index DAX started its trip north in spring 2009, rising by approximately 105 % until 02 May 2011 and closing at 7,528 points (Xetra).

The global economic downturn and worsening of the sovereign debt crisis in the euro zone, however, subsequently led to the DAX taking a steep trip south and closing the rather turbulent year 2011 at 5,898 points.

Sector developments

Viscom's products are primarily 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 financial year 2011, 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 and thus reinforce its market position over the last few years.

In the past two years, Viscom AG 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 EMS (Electronic Manufacturing Services) in the computers, communication and consumer (3C) sector.

The reorganisation of the representation structure in Asia and the targeted restructuring of our portfolio are starting to show their first positive results. More and more often, Chinese communication suppliers and international EMS located in China are investing in Viscom equipment, while others are increasing their testing activities.

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 with more than 90 % of revenue. 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 a vehicle. 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, such as the electronic manufacturing services market, with a high degree of innovation and customer proximity.

Customer structure

Viscom generated approximately 58 % of its revenue with its five largest customers. A further 30 % of revenue was generated with 36, and the rest with 300 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 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.

Viscom was able to further stabilise and expand its market position. In financial year 2011, this was reflected in a rise in incoming orders and revenue. The cost saving measures implemented in 2010 contributed considerably to the positive revenue development.

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.

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. A 3D compound inspection system was developed, which the Company launched in the market in 2011. Another project includes the development of a new user interface for all future Viscom AOI and AXI systems (“vVision”).

Expenditures for research and development, excluding customer-specific development, amounted to approximately 6.0 % of revenue.

RESULTS OF OPERATIONS

DEVELOPMENT OF REVENUE

Revenue amounted to € 53,499 thousand in 2011 (previous year: € 40,024 thousand). This corresponds to a rise of approximately 33.7 % compared to 2010.

Revenue developed at a steady level throughout all quarters of financial year 2011 Revenue for the first quarter of 2011 was € 13,175 thousand (previous year: € 5,102 thousand), considerably up year on year. Viscom generated revenue of € 13,678 thousand in the second quarter of 2011 (previous year: € 7,742 thousand). Revenue for the third quarter of 2011 amounted to € 12,498 thousand (previous year: € 10,131 thousand). The fourth quarter of 2011 contributed positively to the overall situation with revenue of € 14,148 thousand (previous year: € 17,049 thousand). Contrary to the previous years, revenue in the second half of 2011 fell below that in the first six months of 2011. This is contrary to the usual seasonal revenue development.

NET PROFIT FOR THE PERIOD

Net profit for the period declined from € 10,523 thousand in the previous year to € 8,496 thousand due to the rise in income tax expenses to € 4,128 thousand (previous year: € -3,048 thousand) and at the same time the increase in the result of ordinary business operations. Cost of materials amounted to 35.4 % of revenue in 2011, compared to 25.7 % in 2010. The reasons for this increase were a non-recurring effect of € 1,695 thousand in the previous year from the reduction of value adjustments on slow movers (products with little or no demand over a certain period of time), a rise in the number of assemblies purchased and the stockpiling of finished goods and work in progress. The ratio between staff employed and revenue went down from 37.9 % in 2010 to 30.9 % due to the rise in revenue. The ratio of other operating expenses was also lowered from 22.7 % in the previous year to 21.8 % in 2011. The recognition of company-produced assets to the amount of € 1,516 thousand (previous year: € 1,065 thousand) also had a positive effect on net profit for the period.

The ratio of net profit before taxes was 23.6 % (previous year: 18.7 %).

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 buy-back 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 2011.

On the basis of 8,885,060 shares as an average for the year, earnings per share for financial year 2011 amounted to € 0.96 (diluted and undiluted) compared to € 1.18 in the previous year.

The Executive Board and Supervisory Board will propose a dividend of € 0.50 per share (totalling € 4,443 thousand) to the Annual General Meeting.

OPERATING PROFIT

Operating profit increased by 68.5 % compared to the previous year on account of a steep year-on-year rise in revenue, a rise in other operating income and the positive change in finished goods and work in progress.

The risk of bad debts was addressed by higher value adjustments on specific items to account for the larger number of receivables at the end of the year. In reference to the receivables portfolio, percentage value adjustments increased significantly compared to the previous year from 10.2 % to 13.1 %.

The one-off effects already mentioned under net profit for the period also had a significant impact on operating profit. Operating profit (result of ordinary business operations less financial result) rose to €12,014 thousand (previous year: € 7,132 thousand).

FINANCIAL RESULT

There was an increase in the financial result compared to the previous year. During the course of the financial year, corporate bonds of € 1,611 thousand became due and were paid. In return, new corporate bonds to the amount of € 7,181 thousand were acquired, more than doubling the financial investment volume year-on-year. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result for 2011 amounted to € 610 thousand (previous year: € 343 thousand), corresponding to a rise of 78.1 %.

EXCHANGE RATE RESULT

2011 started with the US dollar being low compared to the euro. During the course and towards the end of the year, it gained considerably on the euro. These changes in exchange rates however had no negative effect on the order behaviour of our customers. Approximately 6 % of total revenue was subject to a direct exchange rate influence.

INCOMING ORDERS

At € 50,931 thousand, incoming orders for 2011 were up on the value of € 48,249 thousand for the previous year. Order backlog declined to € 10,912 thousand at the end of 2011 (previous year: € 13,480 thousand). These two benchmark figures reiterate that customers are still willing to invest.

EMPLOYEES

The following table shows the number of Viscom employees as of 31 December 2011.

EMPLOYEES

As of 31 December 2011	AG	USA	Asia	France	Total
Total	**229**	**11**	**26**	**7**	**273**
Of which full-time	203	11	26	6	246
Of which part-time	26	0	0	1	27
Plus: Trainees	8	0	0	0	8

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

An average of 270 employees (excluding trainees) worked for the Group in financial year 2011. Out of this number, 108 employees are classified as commercial employees (sales, development and administration) while 162 are classified as industrial employees (production, logistics, projects and service).

REGIONAL DEVELOPMENTS

Germany

Revenue in Germany in the amount of € 24,345 thousand increased significantly compared to the previous year (previous year: € 17,239 thousand). The Viscom home market therefore once again remained the main sales market in 2011. 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

At € 12,554 thousand (previous year: € 11,759 thousand), revenue was up year on year in the rest of Europe. In terms of percentage, on the other hand, the rise is less than in Germany. Viscom is offering both low-cost and high-end products for various customer groups and requirements in these markets.

Impulses from the relocation and development of production capacity in Eastern Europe continued in 2011, like in the previous years.

Americas

The American market continued to recover after the financial and economic crisis in recent years. Viscom's revenue in the USA almost doubled from € 3,397 thousand in the previous year to € 6,664 thousand. The reorganisation of sales activities on the American continent was a major contributor to this revenue increase. The newly opened sales office in San José will assist in generating further positive performance in this region.

Asia (including Australia)

In Asia, the Company was again able to increase revenue further. Total revenue including direct deliveries rose 1.3 times to € 9,936 thousand (previous year: € 7,629 thousand). This rise was carried by the strong market position of automotive and electrical equipment producers.

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 2011 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 models, usually in comparatively small numbers. 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 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.

The focus for 2011 was on the further development of machines for the Asian market, the establishment of a new 3D compound inspection system and a new programming interface. These developments are being continued in 2012.

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

Viscom was able to continue providing the required liquidity entirely from its own funds in the 2011 financial year. In addition, the subsidiaries did not require any additional loans from the parent company. The Group's equity ratio is approximately 86.0 %.

CASH AND CASH EQUIVALENTS/CASH FLOW

Cash and cash equivalents as of 31 December 2011 amounted to € 28,810 thousand (previous year: € 25,905 thousand). They therefore went up year on year despite the increase in working capital. The cash flow from:

- Operating activities showed a positive balance of € 11,535 thousand (previous year: € 4,686 thousand). This is largely due to the positive net profit for the year and the adjustment of net profit for income tax expense.

- Investment activities totalled € -8,814 thousand (previous year: € -4,394 thousand) and was mainly impacted by the acquisition of corporate bonds (€ 7,181 thousand) with a remaining term between one and two years and the recognition of company-produced assets.

- Financing activities totalled € 86 thousand (previous year: € -6 thousand).

Overdue receivables decreased 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 financial year 2011, net profit was clearly positive. Together with the resulting rise in equity and the increase in provisions, liabilities, cash and cash equivalents, inventories and financial investments, this pushed up total assets by 16 % from € 62,193 thousand to € 72,480 thousand.

Net assets, and especially cash and cash equivalents, developed positively in 2011 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 € 2,310 thousand in the previous year to € 3,623 thousand.

RECEIVABLES

At € 12,184 thousand, trade receivables were slightly up on the previous year's level (previous year: € 12,155 thousand). Value adjustments on trade receivables totalled € 1,600 thousand (previous year: € 1,244 thousand). Overdue receivables decreased by around 22 % (€ 6,259 thousand) overall compared to € 8,039 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 € 13,594 thousand at the end of the financial year (previous year: € 10,162 thousand). This net inventory figure includes impairment losses for extended inventory coverage in the amount of € 5,568 thousand (previous year: € 5,946 thousand) and individual value adjustments on rental and demo machines of € 4,493 thousand (previous year: € 5,141 thousand). This means net inventories increased by € 3,432 thousand compared to the previous year while gross inventories rose by € 2,407 thousand.

LIABILITIES

Trade payables went up to € 1,945 thousand by the end of the year (previous year: € 1,681 thousand) due to the increased order volume. As of 31 December 2011, there were no liabilities to banks.

SHAREHOLDERS' EQUITY

Total shareholders' equity plus reserves went up by 16 % from € 53,662 thousand in the previous year to € 62,341 thousand. This increase is the result of positive profit for the past financial year. The equity ratio dropped slightly to 86.0 % (previous year: 86.3 %) due to the increase in total assets.

INVESTMENT

Investments in property, plant, and equipment and intangible assets totalled € 2,157 thousand (previous year: € 1,529 thousand).

At € 1,545 thousand (previous year: € 1,065 thousand), the bulk of the investments applies to the capitalisation of company-produced assets while the remainder mainly applies to software (€ 33 thousand; previous year: € 15 thousand) and operating and office equipment (€ 318 thousand; previous year: € 301 thousand).

Corporate bonds with a remaining term between one and two years and a total value of € 7,181 thousand were acquired over the course of the 2011 financial year.

Corporate bonds with a remaining term of more than one year are reported under financial investments (€ 7,171 thousand). Short-term corporate bonds with a remaining term of less than one year are reported under current assets (€ 3,138 thousand).

RENTAL AND LEASE CONTRACTS

Almost all of the Group'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.

SUBSIDIES

Viscom received subsidies of € 155 thousand in 2011 (previous year: € 43 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

	2011 K€	2010 K€
Tier 1 liquidity (cash and cash equivalents less current liabilities and provisions)	**19,123**	**17,673**
Tier 2 liquidity (tier 1 liquidity plus receivables and other assets less non-current liabilities)	**34,845**	**32,426**
Tier 3 liquidity (tier 2 liquidity plus inventories)	**48,439**	**42,587**
Current assets:		
Cash and cash equivalents	28,810	25,905
Receivables and other assets	16,174	15,053
Inventories	13,594	10,162
	58,578	**51,120**
Liabilities and provisions:		
Current liabilities and provisions	9,687	8,232
Non-current provisions	452	299
	10,139	**8,531**
Cash flow:		
Net profit for the period after taxes	8,496	10,523
+ Depreciation and amortisation expense	796	804
	9,292	**11,327**
Return on equity		
Net profit for the period/shareholders' equity	13.6 %	19.6 %
Return on Investment (ROI)		
Net profit for the period/total assets	11.7 %	16.9 %
Return on revenue		
EBT/revenue	23.6 %	18.7 %
Return on Capital Employed (ROCE)		
EBIT / (total assets – cash and cash equivalents – current liabilities and provisions)	35.4 %	25.4 %
Net debt		
Liabilities and provisions (-)	-10,139	-8,531
+ Cash and cash equivalents	28,810	25,905
+ Receivables and other assets	16,174	15,052
= Net debt	34,845	32,426
Working capital		
Current assets – liabilities and provisions	48,439	42,587
Equity ratio		
Shareholders' equity/total assets	86.0 %	86.3 %

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no significant events after the end of the 2011 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 includes 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 the 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.

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

- 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 58 % of its revenue with its five largest customers. This means the proportion of revenue rose by more than 3 percentage points 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, which is also a key currency for the economies of South-East Asia, 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 2011 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 2012.

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 2011.

Few risks affecting the Company's short to medium term development arising from the expected 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 16 June 2011 at the town hall (Rathaus), Hanover. No dividend was distributed for 2010 on account of the existing loss carry-forward from the previous year.

The Company has a cautiously optimistic outlook for financial year 2012 and expects growth to be lower than in 2011.

FORECAST 2012/2013

ECONOMIC CONDITIONS

Overall economic conditions for 2012 are considerably more uncertain compared to the previous year. In 2011, the market continued to recover at great speed. The regionally very different growth momentum of the global economy is reflected in the amount of incoming orders. In many emerging markets with production capacities – particularly in the four BRIC countries (Brazil, Russia, India and Chine) – economic growth stabilized at a high level. Growth in China, for instance, barely abated toward the end of 2011. Willingness to invest can therefore be expected to retain its great momentum in these countries in 2012/2013. Ongoing technology advancements will also lead to new electronic products and the steady 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.

Nevertheless the expected positive economic developments over the coming years remain unclear. In particular, any company-specific forecasts remain uncertain in the current financial market and industry situation because of high market volatility. The euro crisis could still worsen and the insecurity in the financial markets could spill over into the real economy.

Due to the continuing debt crisis and difficult global economic situation, however, experts expect growth to come to merely around 0.5 % in 2012.

There have been no significant changes in the key political risk factors in recent years. The crisis regions in the Middle East are of minimal significance to the direct business of Viscom AG. On the other hand, the possibility of trade policy regulatory measures and currency fluctuations is more relevant.

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 after the automotive sales crisis ends. Viscom expects revenue within the European market – including Southern and Eastern Europe – to once again increase over the course of 2012.

The situation in America is similar. In the USA and Canada, demand will start growing again and the rate of inflation will drop.

Most current forecasts for the electronics industry continue to expect growth in Asia. Revenue there is therefore expected to rise again. The company has made it its target 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. Since revenue for the majority of these segments accounts for less than 10 % of total revenue, segmenting by business areas is of subordinate importance.

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

On 01 September 2011, the Executive Board of Viscom AG resolved to merge the organisations of the special optical inspection systems (NP) and special X-ray inspection systems (XP) business areas to streamline the Group structure and further improve processes. The XP business area was integrated as an independent Group in the NP business area. The restructured NP business area develops promising new products 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. On this basis, the relative and absolute profit contributions of the SP business area will strengthen even further over the coming years. 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 sub-markets with a demand for the inspection of hidden components without disassembly, among other things.

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

PRODUCTS AND SERVICES

Viscom will continue to focus on the development of new standard inspection systems in order to meet future customer requirements. Examples include the further development of the S3088 to accept larger test specimens and the X7056 for 3D X-ray inspection.

Among other things, the NP business area is increasingly involved in the inspection of bonding wire connections.

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 structures are well proven. Viscom will continue counting on reliable partners and expanding the procurement structures internationally when required.

RESULTS OF OPERATIONS

Viscom anticipates revenue in 2012 and 2013 to be on a similar level than in 2011 with positive results in both years. The development of incoming orders and revenue will once again largely depend on the overall economic situation in the coming two years, especially in the automotive industry. By implementing the sustainable cost savings measures, Viscom laid the foundation for successful business development in the future. With a revenue forecast of € 52 to 54 million, Viscom expects results of operations to be clearly positive again in 2012.

FINANCIAL POSITION

It is to be expected that the financial position will barely change. However, there are no plans for borrowing in 2012 and 2013 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, i. e. 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 to the operating premises, buildings and vehicle fleet. Viscom made no major investments in 2011.

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.

DECLARATION OF COMPLIANCE

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 the declaration of compliance published by Viscom AG, 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 Declaration of Compliance and the Compliance Statement were published on the Viscom AG website www.viscom.com on 24 February 2012 in the section "Investor Relations / Company / Corporate Governance / Declaration of Compliance" and "Investor Relations / Company / Corporate Governance / Compliance Statement", respectively.

The Declaration of Compliance and the Compliance Statement are also included in the Company's 2011 Annual Report.

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 2011. Grünwald Equity Beteiligungs V2 GmbH held an interest of more than 10 % in Viscom AG as of 31 December 2011.

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 2011).

Viscom AG, represented by the Executive Board, is authorised in the period until 01 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 2011 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, 9 March 2012

Dr. Martin Heuser Volker Pape Dirk Schwingel

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2011 CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS

CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS

Item		01.01.–31.12.2011 K€	01.01.–31.12.2010 K€
G1	Revenue	53,499	40,024
G2	Other operating income	2,139	1,525
		55,638	41,549
G3	Changes in finished goods and work in progress	2,812	-181
G4	Other capitalised company-produced assets	1,516	1,065
G5	Cost of materials	-18,934	-10,287
G6	Staff costs	-16,543	-15,105
G7	Depreciation and amortisation expense	-796	-804
G8	Other operating expenses	-11,679	-9,105
	Operating expenses	**-43,624**	**-34,417**
	Operating profit	**12,014**	**7,132**
G9	Interest income	622	393
G9	Interest expenses	-12	-50
	Financial result	**610**	**343**
G10	Income taxes	-4,128	3,048
	Net profit for the period	**8,496**	**10,523**
G11	**Earnings per share (diluted and undiluted) in €**	**0,96**	**1,18**
	Other earnings		
	Currency translation differences	97	297
	Other earnings after taxes	**97**	**297**
	Total earnings	**8,593**	**10,820**

CONSOLIDATED BALANCE SHEET: ASSETS

ASSETS

Item		31.12.2011 K€	31.12.2010 K€
	Current assets		
A1	Cash and cash equivalents	28,810	25,905
A2	Trade receivables	12,184	12,155
A3	Current income tax assets	14	282
A4	Inventories	13,594	10,162
A5	Other financial receivables	3,478	2,014
A5	Other assets	498	602
	Total current assets	**58,578**	**51,120**
	Non-current assets		
A6	Property, plant and equipment	1,163	1,221
A7	Intangible assets	3,623	2,310
A8	Financial assets	7,177	3,166
A8	Loans originated by the Company	131	162
A9	Deferred tax assets	1,808	4,214
	Total non-current assets	**13,902**	**11,073**
	Total assets	**72,480**	**62,193**

BALANCE SHEET: LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

Item		31.12.2011 K€	31.12.2010 K€
	Current liabilities		
P1	Trade payables	1,945	1,681
P2	Advance payments received	577	788
P3	Provisions	1,483	1,173
P4	Current income tax liabilities	1,708	607
P5	Other financial liabilities	2,572	2,506
P5	Other current liabilities	1,402	1,477
	Total current liabilities	**9,687**	**8,232**
	Non-current liabilities		
P3	Non-current provisions	452	299
	Total non-current liabilities	**452**	**299**
	Shareholders' equity		
P6	Subscribed capital	9,020	9,020
P7	Capital reserves	35,221	35,135
P8	Retained earnings	17,864	9,368
P9	Exchange differences	236	139
	Total shareholders' equity	**62,341**	**53,662**
	Total liabilities and shareholders' equity	**72,480**	**62,193**

CASH FLOW STATEMENT

CASH FLOW STATEMENT

Item		31.12.2011 K€	31.12.2010 K€
	Cash flow from operating activities		
	Net profit for the period after interest and taxes	8,496	10,523
G10	Adjustment of net profit for income tax expense (+)	4,128	-3,048
G9	Adjustment of net profit for interest expense (+)	12	6
G9	Adjustment of net profit for interest income (-)	-622	-394
G7	Adjustment of net profit for depreciation and amortisation expense (+)	796	804
P3	Increase (+) / decrease (-) in provisions	462	-266
A6 to A8	Gains (-) / losses (+) on the disposal of non-current assets	-25	-20
A2 to A5, A9	Increase (-) / decrease (+) in inventories, receivables and other assets	-1,515	-5,671
P1 to P5	Increase (+) / decrease (-) in liabilities	285	2,772
G10	Income taxes repaid (+) / paid (-)	-482	-20
	Net cash used in/from operating activities	**11,535**	**4,686**
	Cash flow from investing activities		
A6 to A8	Proceeds (+) from the disposal of non-current assets	101	89
A6 to A8	Acquisition (-) of property, plant and equipment and non-current intangible assets	-610	-449
A8	Acquisition (-) of non-current financial investments	-7,181	-3,143
A7	Capitalisation of development costs (-)	-1,516	-1,080
G9	Interest received (+)	382	189
	Net cash from/used in investing activities	**-8,814**	**-4,394**
	Cash flow from financing activities		
P7	Capital reserves deposit (+)	86	0
G9	Interest paid (-)	0	-6
	Net cash and cash equivalents from financing activities	**86**	**-6**
	Changes in financial assets due to changes in exchange rates	98	297
	Cash and cash equivalents		
	Changes in cash and cash equivalents	2,807	286
A1	Cash and cash equivalents at 1 January	25,905	25,322
A1	**Total cash and cash equivalents**	**28,810**	**25,905**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

Item	Subscribed Capital K€	Capital Reserve K€	Exchange Rate Differences K€	Retained Earnings K€	Total K€
Shareholders' equity at 1 Jan. 2010	9,020	41,583	-158	-7,603	42,842
Net profit for the period	0	0	0	10,523	10,523
Other earnings	0	0	297	0	297
Total earnings	**0**	**0**	**297**	**10,523**	**10,820**
Dividends	0	0	0	0	0
Acquisition of own shares	0	0	0	0	0
Loss carry-forward adjustment	0	-6,448	0	6,448	0
Shareholders' equity at 31 Dec. 2010	9,020	35,135	139	9,368	53,662
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
Acquisition of own shares	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

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 09 March 2012 by the Executive Board for presentation to the Supervisory Board.

The consolidated financial statements and the 2010 Group management report were submitted to and published in the electronic version of 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 2011 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 2011.

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

Compared to the consolidated financial statements dated 31 December 2010, 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 IAS 1 “Presentation of Financial Statements” – Clarification regarding the statement of shareholders' equity

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, clarify that a reconciliation of all other result components must be carried out in the statement of changes in equity and can also be optionally implemented in the notes. The application of this amendment did not have a significant impact on the net assets, financial position and results of operations of Viscom.

Amendments to IAS 24 “Related Party Disclosures” – Reporting to public institutions and subsidiaries

The amendment published on 04 November 2009 was adopted in EU law upon announcement in the Official Journal of the EU on 20 July 2010 and must be mandatorily applied to all financial years starting on or after 01 January 2010. The amendments provide a partial exemption from reporting obligations for government-related entities and also clarify the definition of a related entity or person. The amendments to this standard were unimportant for Viscom.

Amendments to IAS 27 “Consolidated and Separate Financial Statements” – Transitional provisions for amendments to IAS 21, IAS 28 and IAS 31

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, clarify that the amendments have to be applied consistently and prospectively, with exception of those amendments resulting from renumbering. This did not change the Group's net assets, financial position and results of operations.

Amendments to IAS 34 "Interim Reporting" – Clarification of the term "significant events and transactions"

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, provide a list of examples that are relevant to interim reporting. The amendments to this standard were unimportant for Viscom.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Reporting duties when adjusting accounting and valuation methods in the first year of application

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, clarify that IAS 8 is not applicable in the first year of IFRS adoption, even between the interim and annual/consolidated financial statements. These changes do not affect Viscom as it is not a first-time adopter.

Amendments to IFRS 3 "Business Combinations"

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, clarify how to measure the value of non-controlling interests at the time control is transferred. The application of this amendment did not have a significant impact on the net assets, financial position and results of operations of Viscom.

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

The amendment published on 07 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 01 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.

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, apply to disclosure obligations for financial assets whose contractual terms were renegotiated or amended. The corresponding amendments to this standard were unimportant for Viscom.

Amendments to IFRIC 13 "Customer Loyalty Programmes" – Fair value of award credits

The amendments carried out under the Annual Improvement Project 2010, published in May 2010, as adopted by EU law upon publication in the Official Journal of the EU on 19 February 2011, and applicable to financial years starting on 01 January 2011, clarify how the fair value of award credits has to be measured. The amendments to this interpretation were unimportant for Viscom.

Amendments to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – Prepayments of a minimum funding requirement

The amendment published on 26 November 2009 was adopted in EU law upon announcement in the Official Journal of the EU on 20 July 2011 and must be mandatorily applied to all financial years starting on or after 01 January 2011.

The amendments to the interpretation allow the user to recognise the benefit from prepayments that have to be made due to minimum financing regulations as an asset. The amendment to this interpretation was 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	Severe hyperinflation and removal of fixed effective dates	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.	1 July 2011	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.	1 January 2013	Yes
IFRS 9	"Financial Instruments: Classification and Measurement" – Financial assets	Governs the classification and measurement of financial assets.	1 January 2015	No
IFRS 9	"Financial Instruments: Classification and Measurement" – Financial liabilities	Governs the classification and measurement of financial liabilities.	1 January 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.	1 January 2013	No
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.	1 January 2013	No
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.	1 January 2013	No
IFRS 13	Fair Value Measurement	Defines the term "fair value" and provides a scope for measuring it.	1 January 2013	No

Standard/ Inter-pretation			Mandatory Application for Financial Years from	Adopted by the EU Com-mission
STANDARDS				
IAS 1	Presentation of Financial Statements	This amendment introduces new regulations for the presentation of other comprehensive income.	1 July 2012	No
IAS 12	"Income Taxes" – Reco-very of underlying assets	The amendment introduces a refutable assumption that under ordinary circumstances, the carrying amount is recovered during a sale.	1 January 2012	No
IAS 19	Employee Benefits	Introduces new regulations for the recognition of employee benefits.	1 January 2013	No
IAS 27	Separate financial statements	Adaptation of IAS 27 to the requirements of the newly introduced IFRS 10.	1 January 2013	No
IAS 28	Investments in Associ-ates and Joint Ventures	Adaptation of IAS 28 to the requirements of the newly introduced IFRS 11 and IFRS 12.	1 January 2013	No
IAS 32	Offsetting of financial assets and liabilities	Adaptation of IAS 32 to the amended requirements of IFRS 7 and additional clarifications for application guidelines.	1 January 2014	No
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	The removal of excavated materials may be of bene-fit for the Group. IFRIC 20 interprets how to report such benefits and how to carry out first-time and subsequent measurements.	1 January 2013	No

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

Certain items in the 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 2011. 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. Despite there being trade receivables owed by customers from the automotive industry, no increased receivable default risk is evident at present.

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 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 a patent in Taiwan, none of these patents were issued as of 31 December 2011.

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 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 an indefinite 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 2011 financial year, the Group 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 the previous year. 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 AG 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 (i. e. 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.

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 non-deductible. 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 2011.

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 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

TRANSLATION EXCHANGE RATES 2010

	1 SGD = x CNY	1 EUR = x SGD	1 EUR = x USD
Closing rate	5.1482	1.7136	1.3362
Average rate	4.9688	1.8055	1.3257

The functional currency of the subsidiary in Singapore, and therefore the sub-Group Asia, changed from SGD to EUR on 01 January 2011. Consequently, no translation from SGD to EUR was carried out for the Singapore subsidiary in financial year 2011. The translation from CNY to SGD for the Shanghai subsidiary has now been changed to CNY into EUR. The translation from TND to EUR at the France sub-Group for the subsidiary in Tunisia was regarded as immaterial in financial year 2010.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS

(G1) REVENUE

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

BREAKDOWN OF REVENUE	2011 K€	2010 K€
Construction and delivery of machines	40,742	31,598
Services/replacement parts	12,403	7,750
Rentals	354	676
Total	**53,499**	**40,024**

Revenue includes € 0 thousand (previous year: € 383 thousand) in contract revenue measured in accordance with IAS 11.

(G2) OTHER OPERATING INCOME

Other operating income is composed of the following items:

BREAKDOWN OF OTHER OPERATING INCOME	2011 K€	2010 K€
Income from the release of other provisions for warranties and repairs	718	527
Non-monetary remuneration	362	338
Income from exchange rate differences	293	91
Investment grants	155	43
Income from the release of other provisions	106	10
Income from sales of assets	80	26
Income from receivables previously written off	61	55
Insurance recoveries	43	16
Miscellaneous other operating income	321	419
Total	**2,139**	**1,525**

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 € 9,462 thousand (previous year: € 6,378 thousand) at a cost of € 16,053 thousand (previous year: € 13,698 thousand) and corresponding value adjustment of € 6,591 thousand (previous year: € 7,623 thousand).

(G4) OTHER CAPITALISED COMPANY-PRODUCED ASSETS

Company-produced assets for new developments were capitalised in the 2011 financial year at the amount of € 1,516 thousand (previous year: € 1,065 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	2011 K€	2010 K€
Materials including incidental costs of acquisition	18,192	9,452
Purchased services	742	835
Total	**18,934**	**10,287**

The increase in cost of materials results from a rise in recognised revenue and the higher volume of finished goods and work in progress. Compared to financial year 2011, the cost of materials in 2010 had been majorly impacted by additional releases for the value adjustment of slow-movers.

(G6) STAFF COSTS

Staff costs comprise salaries and employer social security contributions:

STAFF COSTS	2011 K€	2010 K€
Wages and salaries, incl. bonuses and management bonuses	14,247	13,023
Social security contributions	2,296	2,082
Total	**16,543**	**15,105**
Number of employees (average for the year)	270	259
Number of trainees (average for the year)	8	9
Total	278	268

Staff costs rose, primarily on account of the higher total pay resulting from the increase in the number of Group employees, the pay rise in 2011 and a marked increase in bonuses and management bonuses payable on account of the positive business development in 2011 (see note P5).

In the period under review, payments were made to defined contribution pension plans in the amount of € 978 thousand (previous year: € 907 thousand).

(G7) DEPRECIATION AND AMORTISATION EXPENSE

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

(G8) OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

OTHER OPERATING EXPENSES	2011 K€	2010 K€
General and administrative costs	4,576	3,040
Selling expenses	1,695	1,265
Rents/leases	1,587	1,574
Travel expenses	1,393	1,197
Warranty/repair expenses	1,312	1,236
Outgoing shipments	468	408
Value adjustment on receivables and losses on receivables	397	163
Expenses due to exchange rate differences	251	222
Total	11,679	9,105

The € 1,536 thousand year-on-year rise in general and administrative costs is primarily due to the increase in costs for temporary staff, prototypes and maintenance. Selling expenses went up by € 430 thousand as a result of sales commissions increasing.

(G9) FINANCIAL RESULT

There was an increase in the financial result compared to the previous year. During the course of the financial year, corporate bonds of € 1,611 thousand became due and were paid. In return, new corporate bonds to the amount of € 7,181 thousand were acquired, more than doubling the financial investment volume year-on-year. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result was € 610 thousand (previous year: € 343 thousand).

(G10) INCOME TAXES

Taxes on income for the financial years ending 31 December 2011 and 2010 contain the following income and expense items:

INCOME TAXES	2011 K€	2010 K€
Deferred taxes on income from the accrual and reversal of temporary differences and tax loss carry-forwards	2,429	-3,783
Actual taxes on income for the past financial year	1,718	703
Actual taxes on income for previous years	-19	32
Income tax income/expense reported in the consolidated income statement	**4,128**	**-3,048**

Actual taxes on income for the past financial year relate to the foreign subsidiaries in France, USA and Singapore as well as Viscom AG.

Actual taxes on income for previous years of € -19 thousand originated from tax refunds for the American subsidiary (€ -16 thousand) and Viscom AG (€ -3 thousand).

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	2011 K€	2010 K€
Consolidated net profit before taxes	12,624	7,475
Anticipated tax income / expense based on 32.0 % (previous year: 32.0 %) (+/- Expense/income)	4,040	2,392
Difference compared to the corporate tax rate	15	-1
Non-deductible operating expenses	53	99
Use of previously unrecognised tax loss carry-forwards	-88	-1,541
Recognition of tax loss carry-forwards previously deemed to be unusable	0	-4,080
Non-recurrence of tax loss carry-forwards recognised in the previous year	367	0
Taxes for other accounting periods	-19	32
Allowable taxes	-194	0
Other	-46	51
Actual tax expense	**4,128**	**-3,048**

DEFERRED TAX LIABILITIES	Consolidated balance sheet	
	2011 K€	2010 K€
Intangible assets	1,036	590
Other receivables and assets	38	0
Measurement of financial investments	6	0
Measurement of trade receivables	4	5
Construction contract receivables	0	123
Gross amount	**1,084**	**718**
Netting out	-1,084	-718
Net amount	**0**	**0**

DEFERRED TAX ASSETS	Consolidated balance sheet	
	2011 K€	2010 K€
Tax loss carry-forwards	1,745	4,079
Inventories	773	600
Measurement of trade receivables	171	117
Other liabilities	66	13
Measurement of property, plant and equipment	43	50
Unrealised revenue	38	3
Other financial liabilities	26	0
Measurement of provisions	24	37
Deferred taxes from elimination of intercompany profits	6	2
Financial assets	0	16
Other receivables and assets	0	15
Gross amount	**2,892**	**4,932**
Netting out	-1,084	-718
Net amount	**1,808**	**4,214**

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 2011 were, similar to the previous year, recorded in income. € 1,745 thousand (previous year: € 4,079 thousand) in deferred taxes were capitalised for the tax loss carry-forwards of Viscom AG, Hanover, as of 31 December 2011. The tax loss carry-forwards of the subsidiary in Singapore were fully used up in the current financial year. The corporate and trade tax loss carry-forwards of Viscom AG at the end of the year under review amounted to € 5,427 thousand and € 5,406 thousand, respectively (previous year: € 12,728 thousand and € 12,780 thousand). Due to the conclusion of a court appeal, the value of deferred tax assets for tax loss carry-forwards of € 367 thousand was adjusted. 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 tax loss carry-forwards as of 31 December 2011 were deemed to be recognisable at their full value. The tax loss carry-forwards for the subsidiary in Singapore amounted to € 0 thousand (previous year: € 642 thousand).

The use of previously unrecognised tax losses of the subsidiary in Singapore led to the actual tax expense dropping by € -88 thousand (previous year: € 1,541 thousand).

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 € 1,663 thousand (previous year: € 1,128 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 financial year 2011 amounted to € 0.96 (diluted and undiluted). In the previous year, earnings per share amounted to € 1.18 (diluted and undiluted), calculated on the basis of 8,885,060 shares. Earnings on which the calculation is based (diluted and undiluted) totalled € 8,496 thousand (previous year: € 10.523 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 € 28,810 thousand (previous year: € 25,905 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 € 352 thousand (previous year: € 302 thousand). Cumulative value adjustments on receivables totalled € 1,600 thousand (previous year: €1,244 thousand).

Some customers were late in meeting their payment obligations in 2011. There were payments of € 61 thousand (previous year: € 55 thousand) for receivables written off and derecognised.

Value adjustments on receivables developed as follows:

	2011 K€	2010 K€
As of 1 January	**1,244**	**1,101**
Additions to value adjustments on receivables	304	0
Receivables written off as unrecoverable during the financial year	52	232
Reversal of unused impairment losses	0	-89
As of 31 December	**1,600**	**1,244**

CONSTRUCTION CONTRACTS

Changes in the gross amount due from customers from contract work:

AMOUNT DUE from customers for contract work	2011 K€	2010 K€
Contract revenue recognised in the period under review	0	383
Contract costs	0	161
Amount due from customers for contract work	**0**	**222**

The amount due from customers from contract work was not recognised in financial year 2011 as the underlying circumstances are no longer in existence.

(A3) CURRENT INCOME TAX ASSETS

Current income tax assets as of 31 December 2011 mainly consisted of tax refund claims for the subsidiary in Singapore of € 14 thousand due to excessive prepayments for the 2010 assessment period.

(A4) INVENTORIES

INVENTORIES	2011 K€	2010 K€
Raw materials and supplies	4,132	3,784
Assemblies and partially completed systems	5,132	3,616
Completed systems	4,330	2,762
Total	13,594	10,162

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 and machines that have already been assembled, as well as units currently under construction (work in progress). In 2011, all inventories, especially those of completed and partially completed systems, were recognised at the same carrying values as in 2010.

The cumulative impairment loss at year end was € 3,470 thousand (previous year: € 3,463 thousand) on raw materials, auxiliary materials and supplies, € 2,098 thousand (previous year: € 2,483 thousand) on partly completed systems and assemblies and € 4,493 thousand (previous year: € 5,121 thousand) on completed systems.

(A5) OTHER RECEIVABLES AND ASSETS

OTHER RECEIVABLES AND ASSETS	2011 K€	2010 K€
Bonds	3,138	1,603
Interest receivable on corporate bonds	249	201
Security deposits for leases/duties	82	67
Creditors with debit balances	9	143
Subtotal of other financial receivables	**3,478**	**2,014**
Advance payments	311	421
Miscellaneous assets	78	65
Deductible input tax (Spain)	0	3
Receivable from trust account, transition company	0	1
Other receivables	109	112
Other assets	**498**	**602**
Total	**3,976**	**2,616**

Please see note A9 for information on the bonds.

(A6-A8) PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS

INTANGIBLE ASSETS in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Development costs	Total intangible 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 improvements	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total property, plant and equipment 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

INTANGIBLE ASSETS in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Develop-ment costs	Total intangible assets
Gross carrying amounts						
Cost as of 01.01.2010	2,288	1,539	15	30	862	4,734
Exchange differences	0	1	0	0	0	1
Additions	0	15	0	0	1,065	1,080
Reclassifications	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Cost as of 31.12.2010	2,288	1,555	15	30	1,927	5,815
Value adjustments						
Accumulated depreciation/ amortisation 01.01.2010	2,288	926	15	0	0	3,229
Exchange differences	0	0	0	0	0	0
Depreciation/amortisation for the current year	0	194	0	0	82	276
Depreciation/amortisation of disposals	0	0	0	0	0	0
Accumulated depreciation/ amortisation 31.12.2010	2,288	1,120	15	0	82	3,505
Carrying amounts						
31.12.2010	0	435	0	30	1,845	2,310

PROPERTY, PLANT AND EQUIPMENT in K€	Leasehold improve-ments	Technical equipment and machi-nery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total pro-perty, plant and equip-ment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2010	1,247	887	2,518	375	5,028	9,762
Exchange differences	1	0	0	1	1	2
Additions	0	7	301	141	449	1,529
Reclassifications	0	0	0	0	0	0
Disposals	148	22	93	117	380	380
Cost as of 31.12.2010	1,131	872	2,726	400	5,209	10,913
Value adjustments						
Accumulated depreciation/ amortisation 01.01.2010	866	707	1,823	258	3,655	6,884
Exchange differences	-7	0	-10	-8	-26	-26
Depreciation/amortisation for the current year	97	62	309	60	528	804
Depreciation/amortisation of disposals	148	10	23	99	280	280
Accumulated depreciation/ amortisation 31.12.2010	808	759	2,099	211	3,877	7,382
Carrying amounts						
31.12.2010	292	113	627	189	1,221	3,531

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 € 3,147 thousand (previous year: € 2,767 thousand).

€ 1,545 thousand in development costs was recognised in the period under review (previous year: € 1,065 thousand). This was offset by disposals of € 29 thousand (previous year: 0 thousand).

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

Corporate bonds with a remaining term between one and two years and an acquisition cost of € 7,181 thousand were acquired over the course of the financial year. The short-term bonds are reported under other financial receivables at the amortised cost of € 3,138 thousand. The long-term bonds are reported under financial investments at the amortised cost of € 7,171 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 € 10,278 thousand as of 31 December 2011.

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 € 131 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	01.01.2011 K€	Utilisation K€	Dissolutions K€	Additions K€	31.12.2011 K€
Current provisions					
Provisions for warranties/repairs	1,163	-555	-558	1,429	1,479
Provisions for reimbursement payments	11	-3	-4	0	4
Total current provisions	**1,174**	**-558**	**-562**	**1,429**	**1,483**
Non-current provisions					
Anniversary provisions	140	-25	-8	33	140
Provisions for warranties	159	-61	-98	312	312
Total non-current provisions	**299**	**-86**	**-106**	**345**	**452**
Total	**1,473**	**-644**	**-668**	**1,774**	**1,935**

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 revenue.

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

Anniversary provisions amounting to € 140 thousand (previous year: € 140 thousand) and the long-term component of warranty provisions in the amount of € 312 thousand (previous year: € 159 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 (€ 914 thousand) and corporate tax provisions (€ 466 thousand) of Viscom AG as well as tax provisions of the subsidiaries in France (€ 109 thousand) and the USA (€ 219 thousand).

(P5) OTHER CURRENT AND FINANCIAL LIABILITIES

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

OTHER CURRENT AND FINANCIAL LIABILITIES	2011 K€	2010 K€
Management bonuses, incentives, one-time payments	1,647	1,266
Commission payments to agents	590	598
Outstanding purchase invoices	122	423
Social security	122	122
Supervisory Board	77	45
Debtors with a credit balance	14	52
Subtotal of other financial liabilities	**2,572**	**2,506**
Holiday, overtime	679	547
Taxes	206	430
Other	517	500
Subtotal of other current liabilities	**1,402**	**1,477**
Total	**3,974**	**3,983**

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, i. e. 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 rose steeply year on year on account of the positive 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 to P9) 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 01 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 01 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 has initiated a buy-back of its own shares over the stock exchange since 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 financial year 2011, 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 2011.

In financial year 2011, as in the previous year, no dividend was distributed.

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

SEGMENT INFORMATION

DISCLOSURES ON THE GROUP'S GEOGRAPHIC SEGMENTS BY SALES MARKET

	Europe		Asia		Americas		Consolidation		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	K€	K€	K€	K€	K€	K€	K€	K€	K€	K€
External sales	36,899	28,998	9,936	7,629	6,664	3,397	0	0	53,499	40,024
Segment result	10,488	6,735	1,072	336	503	37	-49	24	12,014	7,132
plus financial result	0	0	0	0	0	0	0	0	610	343
less income taxes	0	0	0	0	0	0	0	0	-4,128	3,048
Consolidated net profit									**8,496**	**10,523**
Segment assets	55,413	47,660	5,056	5,457	3,044	1,424	-32	-10	63,481	54,531
plus financial assets	8,924	4,891	0	0	0	22	-1,747	-1,747	7,177	3,166
plus deferred taxes and tax provisions	0	0	0	0	0	0	0	0	1,822	4,496
Total assets									**72,480**	**62,193**
Segment liabilities	9,976	7,595	2,293	3,812	2,831	1,275	-5,413	-5,057	9,687	7,625
plus financial liabilities	452	299	0	0	0	0	0	0	452	299
plus deferred taxes and tax provisions	0	0	0	0	0	0	0	0	1,708	607
Total liabilities									**11,847**	**8,531**
Investment	1,949	1,094	159	412	58	23	0	0	2,166	1,529
Depreciation/ amortisation	663	646	110	76	73	102	-50	-20	796	804

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.

The "Optical and X-ray series inspection systems" product group contains all standard AOI 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 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). Viscom generated approximately 58 % (previous year: 55 %) of its revenue with its five largest customers. External sales amounted to € 24,345 thousand (previous year: € 17,239 thousand) in Germany and to € 29,154 thousand (previous year: € 22,785 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 € 4,546 thousand (previous year: € 3,257 thousand); in all other countries, these totalled € 371 thousand (previous year: € 436 thousand).

In 2011, the 10 % revenue limit stated in IFRS 8.34 was exceeded with two customers. Revenue from one customer came to € 15,824 thousand (previous year: € 11,776 thousand) and to € 10,760 thousand (previous year: € 6,041 thousand) from the other. Neither customer can be directly allocated to a segment, as products are delivered to them around the world.

DISCLOSURES ON THE PRODUCT GROUPS

	Optical and X-ray series inspection systems		Special optical and X-ray inspection systems		Total	
	2011 K€	2010 K€	2011 K€	2010 K€	2011 K€	2010 K€
External sales	46,756	34,419	6,743	5,605	53,499	40,024
Segment assets	55,480	46,894	8,001	7,638	63,481	54,532
Investments	1,893	1,315	273	214	2,166	1,529

SEGMENT CASH FLOW STATEMENT

SEGMENT CASH FLOW STATEMENT

	Europe 2011 K€	Asia 2011 K€	Americas 2011 K€	Consolidation 2011 K€	Total 2011 K€
Cash flow from operating activities					
Net profit for the period after interest and taxes	7,188	1,039	314	-45	8,496
Adjustment of net profit for income tax expense (+)	3,909	33	190	-4	4,128
Adjustment of net profit for interest expense (+)	12	0	0	0	12
Adjustment of net profit for interest income (-)	-620	0	-2	0	-622
Adjustment of net profit for depreciation and amortisation expense (+)	663	110	73	-50	796
Increase (+) / decrease (-) in provisions	421	0	41	0	462
Gains (-) / losses (+) on the disposal of non-current assets	-4	0	-17	-4	-25
Increase (-) / decrease (+) in inventories, receivables and other assets	-1,549	671	-906	269	-1,515
Increase (+) / decrease (-) in liabilities	623	-1,511	1,473	-300	285
Income taxes repaid (+) / paid (-)	-479	0	-3	0	-482
Net cash used in/from operating activities	**10,164**	**342**	**1,163**	**-134**	**11,535**
Cash flow from investing activities					
Proceeds (+) from the disposal of non-current assets	64	0	37	0	101
Acquisition (-) of property, plant and equipment and noncurrent intangible assets	-526	-160	-58	134	-610
Acquisition (-) of non-current financial investments	-7,171	0	0	0	-7,171
Capitalisation of development costs (-)	-1,516	0	0	0	-1,516
Interest received (+)	382	0	0	0	382
Net cash from/used in investing activities	**-8,767**	**-160**	**-21**	**134**	**-8,814**
Cash flow from financing activities					
Payment of deferred receivables into capital reserves (+)	86	0	0	0	86
Net cash and cash equivalents from financing activities	**86**	**0**	**0**	**0**	**86**
Changes in cash and cash equivalents due to changes in interest rates	0	40	58	0	98
Cash and cash equivalents					
Changes in cash and cash equivalents	1,483	182	1,142	0	2,807
Cash and cash equivalents at 1 January	23,775	1,786	344	0	25,905
Total cash and cash equivalents	**25,258**	**2,008**	**1,544**	**0**	**28,810**

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 2011.

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

ASSETS 31.12.2011	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	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	Measurement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and receivables (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

ASSETS 31.12.2010	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	3,166	3,158	0	0	3,166	3,158
Financial assets and other receivables	LaR	2,296	2,296	0	0	2,296	2,296
Trade receivables	LaR	12,155	12,155	0	0	12,155	12,155
Liquid assets	LaR	25,905	25,905	25,905	25,905	0	0
Total		43,522	43,514	25,905	25,905	17,617	17,609

LIABILITIES 31.12.2010	Measurement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and receivables (LaR)	
Amounts in K€		Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
Trade payables	FV	1,681	1,681	1,681	1,681	0	0
Other financial liabilities	FV	2,505	2,505	2,505	2,505	0	0
Total		4,186	4,186	4,186	4,186	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.

Interest income of € 622 thousand resulted from liquid assets and bonds in financial year 2011 (previous year: € 393 thousand). Corporate bonds with a remaining term between one and two years and an acquisition cost of € 7,206 thousand were acquired over the course of the financial year. The short-term bonds are reported under other financial receivables at the amortised cost of € 3,138 thousand. The long-term bonds are reported under financial investments at the amortised cost of € 7,171 thousand.

The company plans to hold the bonds to maturity based on the current high yield. The residual value of the corporate bonds was € 10,276 thousand as of 31 December 2011. The value adjustment of trade receivables at € 397 thousand (previous year: € 224 thousand) was recognised in income in financial year 2011.

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
Derivatives	0	0	0	0	0
Liquid assets	28,810	0	0	0	28,810
Total	**53,420**	**-10**	**0**	**-1,600**	**51,810**

31.12.2010	Gross amount	From interest	From remeasurement		Net amount 2010
Amounts in K€			Currency translation	Value adjustment	
Financial assets	3,215	-49	0	0	3,166
Financial assets and other receivables	2,296	0	0	0	2,296
Trade receivables	13,399	0	0	-1,244	12,155
Derivatives	0	0	0	0	0
Liquid assets	25,905	0	0	0	25,905
Total	**44,815**	**-49**	**0**	**-1,244**	**43,521**

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 31.12.2011 Amounts in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 30 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	0	66	39	0	45	448	1,002
Total	**24,610**	**18,039**	**2,457**	**877**	**1,313**	**718**	**1,206**

AGE STRUCTURE OF FINANCIAL ASSETS 31.12.2010 Amounts in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 30 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Financial assets	3,215	3,215	0	0	0	0	0
Financial assets and other receivables	2,296	2,296	0	0	0	0	0
Trade receivables	13,399	5,235	3,676	1,168	613	1,537	1,170
of which impaired	0	0	0	0	17	332	895
Total	**18,910**	**10,746**	**3,676**	**1,168**	**613**	**1,537**	**1,170**

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. Around 6 % of the consolidated revenue is exposed to an exchange rate risk in the parent company. Around 1 % of the parent company's revenue 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 2011, net receivables relevant to the exchange rate totalled € 2.0 million. It includes both the receivables portfolio of Viscom AG 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 0.9 % 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.

Capital management

Viscom's capital management aims to ensure the continued existence of the Company as a going

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

REMAINING CONTRACTUAL TERMS 31.12.2010 Amounts in K€	Book Value	Remaining Term		
		< 1 Year	1 to 5 Years	> 5 Years
Trade payables	1,681	1,681	0	0
Other financial liabilities	2,506	2,506	0	0
Total	4,187	4,187	0	0

There were no gross outflows.

concern to continue providing shareholders with income and other interested parties with the 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 2011 financial year due to fluctuations in the value of the US dollar and the low transaction volume in US dollars.

Related party disclosures

The board members and other related parties listed below are related parties within the meaning of IAS 24:

Executive Board:
Dr. Martin Heuser
Volker Pape
Dirk Schwingel (since 01 June 2011)

Total remuneration of € 907 thousand (previous year: € 681 thousand) was paid to the Executive Board in the financial year. The allocation between the three members of the Executive Board is as follows:

EXECUTIVE BOARD	Fixed Remuneration 2011[1) K€	Variable Remuneration 2011[2) K€	Total Remuneration 2011 K€	Total Remuneration 2010 K€
Dr. Martin Heuser	198	182	380	231
Volker Pape	202	182	384	235
Dirk Schwingel[3)	103	40	143	0
Ulrich Mohr[4)	0	0	0	215
Total	503	404	907	681

1) including non-cash benefits (motor vehicle) 2) maximum 100 % of annual fixed remuneration 3) since 01 June 2011 4) until 31 December 2010

The members of the Executive Board, Dr. Heuser and Mr. Pape, each directly hold 255,000 Viscom AG shares. They also hold 4,883,395 Viscom AG shares via HPC Vermögensverwaltung GmbH. Mr. Schwingel holds 2,000 Viscom AG shares.

Supervisory Board:
Bernd Hackmann (Chairperson)
Klaus Friedland (Deputy Chairperson)
Prof. Dr. Claus-Eberhard Liedtke

The total remuneration paid to the Supervisory Board members in financial year 2011 will consist of a fixed amount of € 45 thousand and a variable component of an expected € 31.5 thousand. The amount of variable remuneration partly depends on the dividend distributed to shareholders and is therefore subject to a corresponding resolution of the Annual General Meeting on the past financial year.

The remuneration for active members of the Executive Board and Supervisory Board pertain exclusively to short-term components within the meaning of IAS 24.16 (a).

There were no receivables from and liabilities to members of the Supervisory Board and the Executive Board as of 31 December 2011, except the fixed and variable remuneration components of the Supervisory Board (€ 77 thousand; previous year: € 45 thousand).

The Chairperson of the Supervisory Board, Bernd Hackmann, holds 5,000 Viscom AG shares, the Deputy Chairperson of the Supervisory Board, Klaus Friedland, 1,000 shares, and Supervisory Board member Prof. Dr. Claus-Eberhard Liedtke 1,621 shares.

Related parties and affiliated companies

HPC Vermögensverwaltung GmbH held an interest of 54.1 % in Viscom AG as of 31 December 2011. HPC Vermögensverwaltung GmbH is therefore both an affiliated company and the parent company of Viscom AG.

SERVICES OF RELATED PARTIES IN K€

From lease contracts:		
HPC Vermögensverwaltung GmbH	2011	74
	2010	70
From services:		
HPC Vermögensverwaltung GmbH	2011	318
	2010	240
From rentals:		
HPC Vermögensverwaltung GmbH	2011	360
	2010	360
Marina Hettwer/Petra Pape GbR	2011	165
	2010	165
Dr. Martin Heuser/Petra Pape GbR	2011	458
	2010	458

Viscom AG has also concluded lease contracts for Company vehicles with HPC Vermögensverwaltung GmbH. In 2011, HPC Vermögensverwaltung GmbH provided further services such as Company childcare, cleaning services and other miscellaneous services.

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

LEASE OBLIGATIONS FOR COMPANY CARS	2011 K€	2010 K€
Total	828	510
of which to HPC Vermögensverwaltung GmbH (affiliated company)	128	124
within one year of the reporting date	315	278
of which to HPC Vermögensverwaltung GmbH (affiliated company)	52	66
within more than one year but less than five years of the reporting date	513	232
of which to HPC Vermögensverwaltung GmbH (affiliated company)	76	58
within more than five years of the reporting date	0	0

The future services for the following periods are:

SERVICE	2011 K€	2010 K€
Total	318	240
of which to HPC Vermögensverwaltung GmbH (affiliated company)	318	240
within one year of the reporting date	318	240
of which to HPC Vermögensverwaltung GmbH (affiliated company)	318	240
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 GbR1), Hanover, Marina Hettwer/Petra Pape GbR2), Hanover and HPC Vermögensverwaltung GmbH3), Hanover.

AGREEMENTS WITH RELATED PARTIES

Agreements with remaining terms of	Properties	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
	FS 28 1)	01.11.2008	5 years	2,200	26,400
more than five years	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 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
	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					**3,723,400** (previous year: 4,139,800)
Total rental obligations with a remaining lease term of more than five years					**2,632,000** (previous year: 2,299,000)

The right to terminate the lease of building CBS 10 was not used in 2011. The lease agreement was therefore extended for another 10 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 on pages 81 to 82.

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 Hanover, the USA, France, Singapore and Shanghai are also leased from third parties.

AGREEMENTS WITH THIRD PARTIES

Agreements with remaining terms of	Office	Start of lease	Lease term	Net rent, monthly (€)	Net rent, annual (€)
Expired in 2011	Singapore	01.07.2009	2 years	3,566	42,792
	Singapore	01.03.2010	2 years	2,140	25,675
	Hanover	01.07.2010	1 month	375	4,500
One year or less	Munich	01.03.2010	3 months	312	3,744
Between one and five years	USA San José	01.10.2011	1 year	618	7,413
	Tunisia	15.09.2011	1 year	513	6,158
	Singapore	01.12.2010	2 years	4,606	55,272
	Shanghai	01.04.2011	21 months	812	9,743
	Shanghai	01.01.2009	2 years	3,882	46,589
	France	01.08.2004	9 years	1,634	19,610
	Singapore	15.06.2011	2 years	3,566	42,792
	USA Atlanta	01.10.2006	5.5 years	4,984	59,807
Total rental obligations with a remaining lease term of one year or less					**253,500** (previous year: 209,977)
Total rental obligations with a remaining lease term of between one and five years					**8,359,168** (previous year: 409,070)

The agreement dated 01 January 2009 (Shanghai) was extended for another two years in 2011.

Operating lease costs of € 1,587 thousand (previous year: € 1,574 thousand) were recognised in expenses.

Purchase commitments

Purchase commitments from investment/delivery contracts amounted to around € 3,983 thousand (previous year: € 4,293 thousand) as of 31 December 2011.

Events after the balance sheet date

There were no significant events after the end of the 2011 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 2012. 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 2011 consolidated financial statements and recognised as an expense can be broken down as follows:

TOTAL AUDITORS' FEES	2011 K€	2010 K€
Year-end audit services	78	72
Other services	55	27
Total (including half-yearly report)	**133**	**99**

Hanover, 09 March 2012

Dr. Martin Heuser Volker Pape Dirk Schwingel

AUDITOR'S REPORT

On completion of our audit work, we issued the following unqualified auditors` report dated March, 9, 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, 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 January 01, 2011 to December 31, 2011. 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 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 Abs. 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, March 9, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE 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 the declaration of compliance published by Viscom AG, 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.

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 electronic version 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 24 February 2012. It has been published and is permanently accessible on the Viscom AG website under www.viscom.com in the section "Europe / Investor Relations / Company / Corporate Governance / Compliance Statement".

For all Corporate Governance activities by Viscom AG since the last Compliance Statement on 25 February 2011, this statement refers to the Code version of 26 May 2010 as published 02 July 2010 in the electronic Federal Gazette.

Wording of the 2012 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. 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 01 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.

2. No Postal Vote Offer (Code Section 2.3.3 sentence 2).

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.

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

For one, this is due to historic reasons since the Executive Board members Dr. Martin Heuser and Volker Pape founded the Company jointly in 1986 as a GmbH (German limited company) and in their judgment have always held equal rights. Taking this into consideration as well as 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, i. e. 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 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.

5. 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 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.

6. The fixed and variable remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of the Chairperson 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 chairpersons and committee members unnecessary.

7. The Articles of Association 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 regards 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.

8. 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.

9. 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 of Viscom AG do not contain any provisions regarding severance pay in the case of early termination of the Executive Board mandate without serious cause or as a result of a change of control. It is generally understood that agreements on severance pay in the case of early termination of the Executive Board mandate without serious cause cannot be legally enforced, since contracts with Executive Board members can only be terminated subject to mutual agreement when there is no serious cause and Executive Board members have no legal obligation to agree to caps on severance pay within the meaning of the recommendations of the Code.

Hanover, 24 February 2012

The Executive Board The Supervisory Board

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 Supervisory Board of Viscom AG appointed Dirk Schwingel as a full member of the Executive Board with effect from 01 June 2011. He assumed responsibility for Finance and Controlling as well as Investor Relations, HR and Administration. 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. The organisation chart notwithstanding, each member of the Executive Board remains responsible for all management issues. The entire Executive Board decides exclusively on any matters or transactions which are of extraordinary 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 in 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 to 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 Chairperson 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 standards that are customary within the sector.

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 and Supervisory 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 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-E. 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 temporary 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.

Supervisory Board meetings were generally convened as needed in the past, with a minimum of two meetings every half calendar year being compulsory. In the 2011 financial year of the Company, six regular meetings were held, four of these shortly before the publication of the financial reports, one immediately following the Annual General Meeting and one in December. As of the financial year 2012 of the Company, four regular meetings will be held plus additional meetings as and when required. 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 impairment, 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 an individual 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 2011 financial year is included in the "Report of the Supervisory Board".

Mandates of the Supervisory Board Members

The mandates of the Supervisory Board members in other Supervisory Boards required by law and comparable domestic and foreign governing bodies are listed in the notes to the annual financial statements of Viscom AG.

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, i. e. 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.

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

• Klaus Friedland: 1,000 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

This remuneration report, which is part of the management report, reports on the remuneration of the Executive Board and Supervisory Board in keeping with the recommendations of the German Corporate Governance Code.

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

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, based on the respective amount of the basic salary.

The Executive Board members receive a comprehensive performance-related bonus, which comprises a bonus I relating to the recently expired financial year and a long-term bonus II. The comprehensive 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 for 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 – i. e. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement for 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 for 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 – i. e. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement for 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 2011 financial year is as follows:

EXECUTIVE BOARD	Fixed Remuneration 2011[1)] K€	Variable Remuneration 2011[2)] K€	Total Remuneration 2011 K€	Total Remuneration 2010 K€
Dr. Martin Heuser	198	182	380	231
Volker Pape	202	182	384	235
Dirk Schwingel[3)]	103	40	143	0
Ulrich Mohr[4)]	0	0	0	215
Total	**503**	**404**	**907**	**681**

[1)] includes cash value benefits (motor vehicle) [2)] maximum 100 % of annual remuneration [3)] since 01 June 2011 [4)] until 31 December 2010

Remuneration of Supervisory Board Members

Since the beginning of the financial year 2011, all Supervisory Board members receive fixed and variable remuneration for every full financial 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 2010 financial year is as follows:

SUPERVISORY BOARD	Fixed Remuneration K€	Variable Remuneration K€	Total Remuneration K€
Bernd Hackmann	20	10	30
Klaus Friedland	15	7.5	22.5
Prof. Dr. Claus-Eberhard Liedtke	10	5	15
Total	**45**	**22.5**	**67.5**

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

SUPERVISORY BOARD	Fixed Remuneration K€	Variable Remuneration[1)] K€	Total Remuneration 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 2011 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 2011 to 31 December 2011).

• 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. These types of transactions will be published as soon as the Company is informed, via a Europe-wide information system.

• 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 2011 financial year by HPC Vermögensverwaltung GmbH, Dirk Schwingel and by Klaus Friedland:

HPC Vermögensverwaltung GmbH purchased 8,972 shares at a price of € 6.17 per share on 24 November 2011 plus 4,028 shares at a price of € 6.25 per share and 3,000 shares at a price of € 6.26 per share on 25 November 2011.

Dirk Schwingel purchased 1,000 shares at a price of € 5.998 per share on 23 November 2011.

Klaus Friedland purchased 1,000 shares at a price of € 6.90 per share on 1 April 2011.

• Financial calendar. We inform our shareholders and the capital market in advance about the dates of key publications (e. g. annual report, interim reports or Annual General Meeting) via our financial calendar, which is printed in the annual and interim reports and constantly available on our 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 our website for all interested parties.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover, was elected by the 2011 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 Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW), as well as the International Standards on Auditing. 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 should 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 are determined 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 AG 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 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.

In a first step, the Executive Board informed all Viscom AG employees about the implementation of the Compliance Policy as well as its purpose and use during a works meeting and employees at the subsidiaries during visits on site. All employees then received a letter from the Executive Board which included a link to the Corporate Compliance Policy on the Intranet, where it can be accessed at all times in German and English. The Compliance Officer is responsible for developing, maintaining and updating this policy.

The aim is that by introducing compliance, it will become a permanent integral part of all business processes and that it will form the basis for a comprehensive and long-term management process, which will become an ongoing and central task for the Company.

More information on the compliance guidelines is publicly available on the Company website www.viscom.com under Europe / Investor Relations / Company / Corporate Governance / Overview Corporate Compliance Policy.

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
SP	serial products
NP	new products
XP	x-ray products
High-Speed-3D-SPI	High Speed Sensor technology
CT	computed tomography
SI	software platform for SP-products (AOI/AXI)
VMC	software platform for NP-non standard machines and XP-products
vVision	new machine operating interface
VisCam	Viscom camera technology (multi camera concept with extremly high data transfer rates, developed by Viscom specially for ist own machines)
SMT	surface-mounting technology
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 2012

- 27 MARCH 2012 .... Disclosure of annual report 2011
- 27 MARCH 2012 .... Press conference, Hanover
- 28 MARCH 2012 .... DVFA-Analysts and investors conference, Frankfurt
- 10 MAY 2012 .... Disclosure of interim management report
- 14 JUNE 2012 .... Annual general meeting, Hanover
- 23 AUGUST 2012 .... Disclosure of interim report
- 08 NOVEMBER 2012 .... Disclosure of interim management report

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