



ANNUAL REPORT 2007



SMART SOLUTIONS TO DRIVE THE FUTURE

At a Glance – Consolidated Key Figures

The consolidated financial statements of the years 2003 to 2007 were drawn up pursuant to the International Financial Reporting Standards (IFRS).

		2003	2004	2005	2006	2007
Sales (gross)	in mn. €	362.6	439.5	244.4	283.1	229.5
Sales (net)	in mn. €	348.8	423.8	232.3	272.5	223.0
– Sales Germany	%	5.3	10.1	13.3	11.7	11.3
– Sales Rest of Europe	%	31.4	30.1	36.5	30.2	28.6
– Sales Americas	%	21.3	24.3	20.1	28.0	32.1
– Sales Asia	%	40.3	33.7	24.4	27.5	25.9
– Sales Africa/Australia		1.7	1.8	5.7	2.6	2.1
Order intake	in mn. €	382.7	417.6	248.7	319.0	203.8
Order backlog (31.12.)	in mn. €	90.4	56.7	60.9	81.5	55.8
EBIT	in mn. €	68.4	72.6	2.1	4.0	1.1
EBIT margin	%	19.6	17.1	0.9	1.5	0.5
Earnings before taxes	in mn. €	70.9	73.9	3.3	4.3	1.6
Net profit	in mn. €	44.5	46.8	7.3	11.1	3.0
Operating cash flow	in mn. €	18.4	49.1	8.3	9.0	-3.6
– in % of net sales		5.3	11.6	3.6	3.3	-1.6
Tangible assets	in mn. €	15.8	13.9	12.9	22.3	12.5
Financial assets	in mn. €	13.0	31.2	31.2	31.2	76.8
Current assets	in mn. €	256.9	284.9	238.8	248.2	212.1
Shareholders' equity	in mn. €	227.1	249.6	255.5	274.7	293.3
Equity ratio	%	69.4	63.0	71.0	69.1	66.1
Balance sheet total	in mn. €	327.0	396.0	359.9	397.6	443.9
Research & Development	in mn. €	16.3	22.8	19.4	23.5	25.6
– in % of net sales		4.7	5.4	8.4	8.6	11.5
Employees (31.12.)		599	736	636	796	764
Weighted average shares outstanding, basic		36,986,738	36,769,485	35,065,241	34,941,929	35,610,088
Weighted average shares outstanding, diluted		36,986,738	36,769,485	35,065,241	35,015,262	37,194,844
Stock price at year-end	€	16.70	12.90	14.50	12.13	6.97
Earnings per share	€	1.20	1.27	0.21	0.35	0.05

January 2007

Q1

SINGULUS TECHNOLOGIES

Develops a Production Line for Surface Processing of Plastic Parts



February 2007

SINGULUS TECHNOLOGIES

Continues Portfolio Optimization: Disposal of STEAG ETA-OPTIK

March 2007

SINGULUS TECHNOLOGIES

Concludes Cooperation Agreement With SONY DADC for the Development of Production Equipment for Dual Layer Blu-ray Disc

April 2007

Q2

SINGULUS TECHNOLOGIES

Presents Inline Coating Machine OPTICUS at the Mido in Milan

August 2007

SINGULUS TECHNOLOGIES

Receives New Orders for Blu-ray Machines

September 2007

SINGULUS

TECHNOLOGIES Acquires Solar Company STANGL

SINGULUS

TECHNOLOGIES Exhibits at the Replication Expo in Beijing, China

May 2007

SINGULUS TECHNOLOGIES Presents New Mastering System CRYSTALLINE at the MEDIA-TECH in the US

SINGULUS Receives Order for Inline Coating Machine OPTICUS

June 2007

New Production Machine DECOLINE by SINGULUS TECHNOLOGIES Presented to Customers

Subsidiary "SINGULUS Nano Deposition Technologies GmbH" Established

Additional Order for SINGULUS Nano Deposition Technologies

July 2007

Q3

SINGULUS TECHNOLOGIES Group Exhibits at the Semicon West in the US

October 2007

Q4

SINGULUS TECHNOLOGIES Group Exhibits at the Semicon Europe



November 2007

SINGULUS TECHNOLOGIES Expects Double-Digit Growth for Solar and Blu-ray Disc Machines

SINGULUS TECHNOLOGIES Aktiengesellschaft and HamaTech AG Agree upon Merger

Competencies for Injection Molding Machines Combined at SINGULUS MOLDING

December 2007

SINGULUS TECHNOLOGIES' Blu-ray Disc Production Machine Qualified by Quantum Optical Laboratories, France

Extraordinary General Meeting of the HamaTech AG Resolves the Merger to SINGULUS TECHNOLOGIES

January 2008

Q1 / 2008

Warner Chooses the Blu-ray Technology

SINGULUS TECHNOLOGIES Expands Solar Production at STANGL and Agrees on New Production Site

SINGULUS TECHNOLOGIES Acquires OERLIKON's Blu-ray Activities



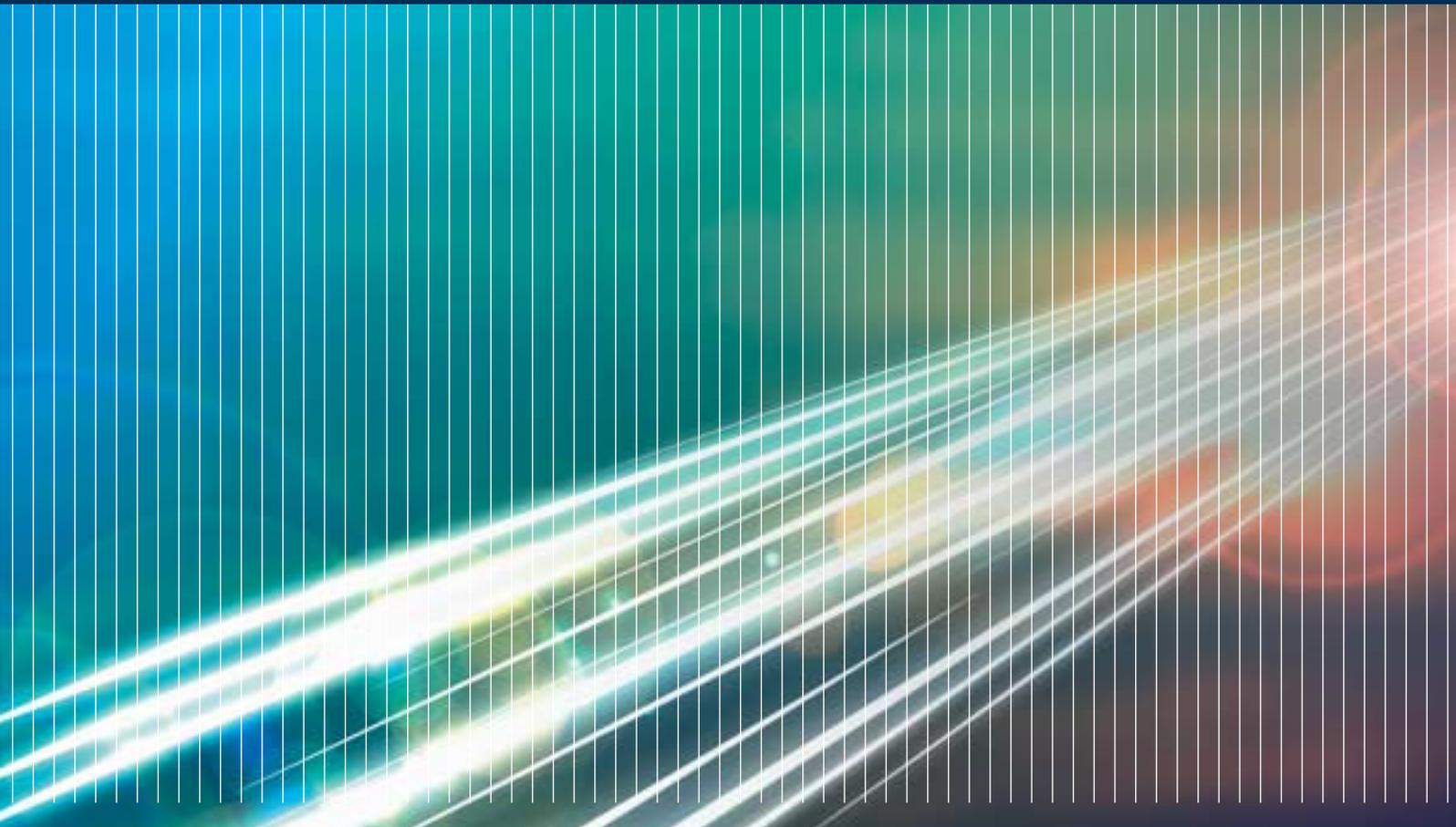
February 2008

Toshiba Gives up the HD DVD Format



New BLULINE II Replication Line for Dual Layer Blu-ray Disc Presented

BLU-RAY AND SOLAR – WILL DRIVE THE FUTURE



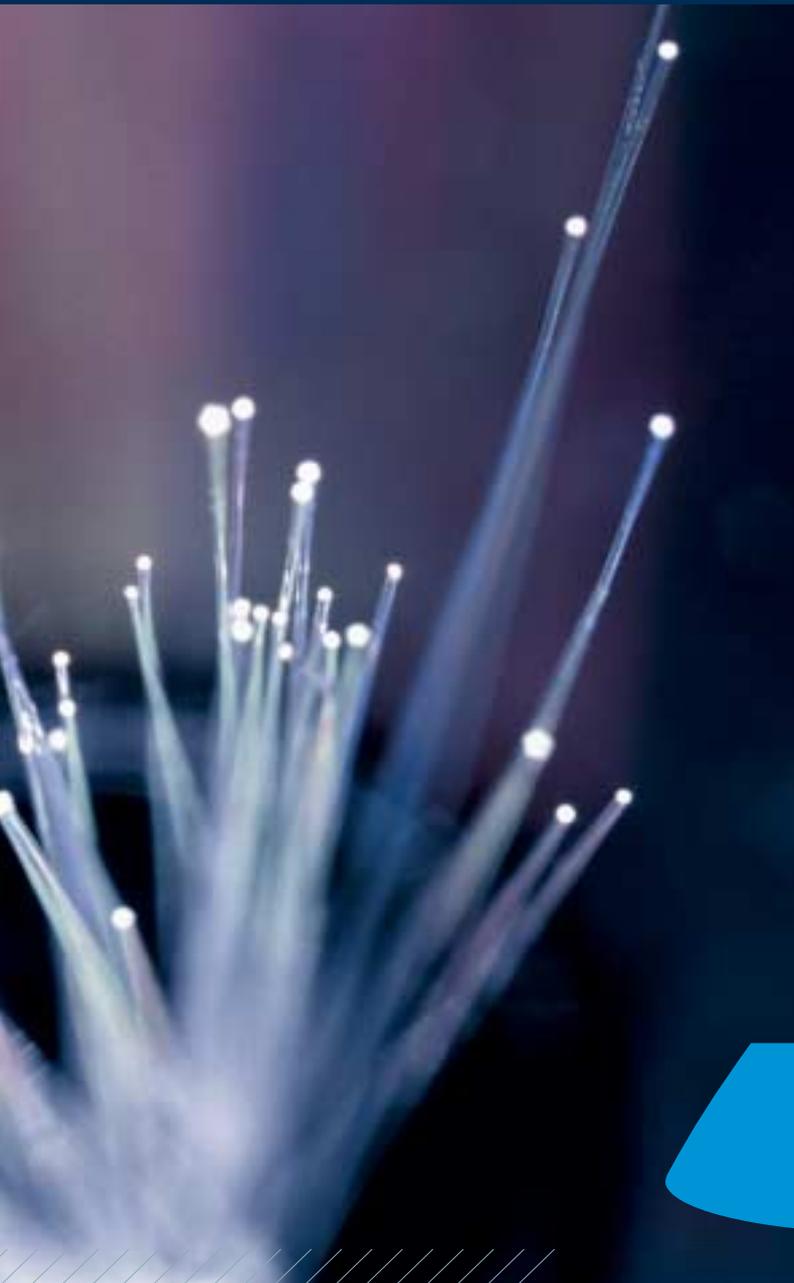
STANGL
Semiconductor Equipment AG
A MEMBER OF THE SINGULUS GROUP

SINGULUS 

The third generation of

OPTICAL DISCS





There was a decisive turn in the competition for the optical disc format of the future at the beginning of 2008.

The fiscal year 2006 and also 2007 were still materially characterized by the big uncertainty with respect to which format will prevail internationally.

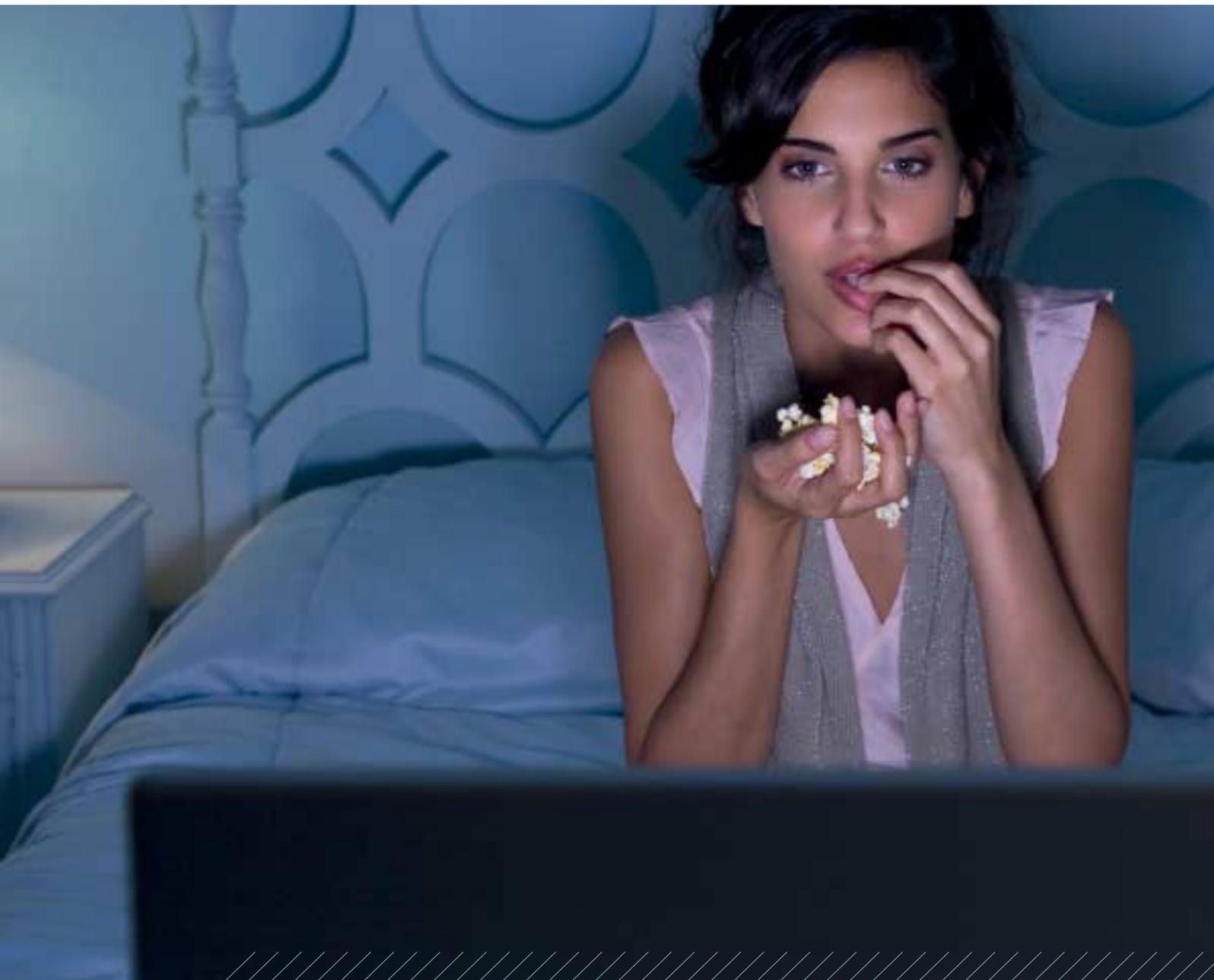
The result was a restraint on part of the disc producers in terms of new equipment expenditure.



Blu-ray Disc

“Hollywood” has decided

BLU-RAY IS THE WINNER



In the competition for the succession of the DVD the Blu-ray Disc format achieved the breakthrough in January 2008. Warner Bros.' decision to change over to the Blu-ray camp announced during the CES Fair 2008 in Las Vegas had a massive impact on the sector. In the end, Warner's decision prompted Toshiba to give up the HD DVD format. Accordingly, the Blu-ray standard supported by SONY and Panasonic will prevail as the successor of the DVD.

The widely spread DVD format does not provide sufficient capacity to store the higher data volume of high-definition movies. The higher definition means a significantly improved picture quality, which is accentuated by modern flat-screen TVs. The penetration of so-called HDTVs has increased substantially in the past years and renowned research companies such as "Understanding & Solutions" expect this growth to continue at an even faster rate.

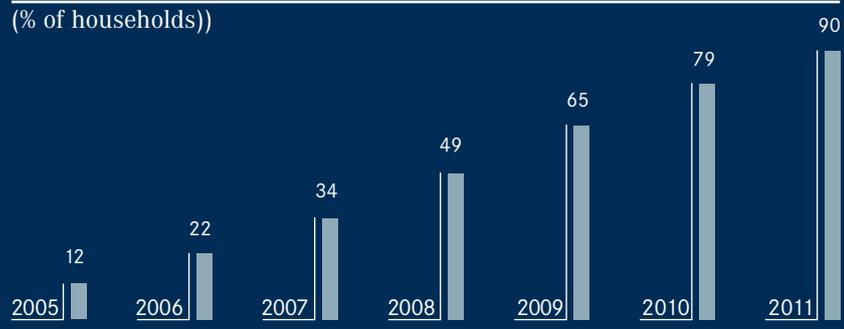






Households with HDTV sets, US

(% of households)



Source: Understanding & Solutions, January 2008

Households with HDTV sets, Europe

(% of households)



Source: Understanding & Solutions, January 2008

An additional area of application for the DVD successor is the storage of music and data. The Blu-ray Disc (BD) with a dual layer is able to store a data volume of up to 50 gigabyte. In contrast, a standard DVD has a data capacity of 9.4 gigabyte.

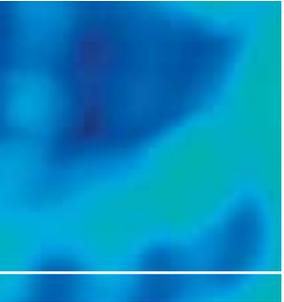
According to a study performed by the market research company Techno Systems Research the production of Blu-ray Discs will almost triple in 2008 compared with 2007.



Expectations 2008:

START OF BLU-RAY MACHINE INVESTMENTS





Following Warner's and Toshiba's decisions the project activities in the Blu-ray Disc segment have increased substantially.

SINGULUS TECHNOLOGIES already possesses many years of experience in the work area Blu-ray Disc due to the exclusive cooperation with the format developer SONY starting in 2005. Several Blu-ray Disc production machines were already installed at the major, independent disc producers in the US as well as in Europe and Asia. This also applies to equipment for the production of prerecorded as well as once-recordable and rewritable discs. The demand from Europe and Asia shows that the Blu-ray Disc will not only play an important role in the former main market US, but that the Blu-ray Disc will be present globally.

For the further development of the Blu-ray production machine for the manufacturing of dual layer Blu-ray Discs with 50 gigabyte storage capacity SINGULUS TECHNOLOGIES has closely worked together with SONY DADC.





Since the end of 2007 the new dual layer production technology is presented to key customers. At the end of February 2008 the new machine BLULINE II was presented to around 300 guests from all over the world during SINGULUS' internal fair at the company's main site in Kahl am Main. The global market penetration of the Blu-ray Disc will successfully continue in 2008. Players and game consoles are available at attractive retail prices in the meantime. Nearly all new films produced by Hollywood are also published in the Blu-ray Disc format. Correspondingly, SINGULUS TECHNOLOGIES expects considerable growth for the Blu-ray Disc activities in the year 2008.





Acquisition of the Blu-ray Disc operations from Oerlikon

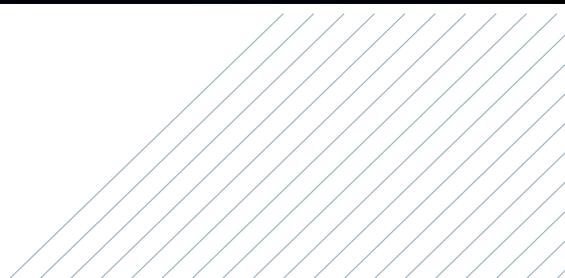
With this strategic acquisition at the beginning of 2008 SINGULUS TECHNOLOGIES took over the entire Blu-ray Disc activities as well as the support of all the Blu-ray production lines already delivered by Oerlikon. With the acquisition of the Blu-ray Disc equipment operations from Oerlikon the currently developing business opportunities can be utilized to an even greater extent.

For SINGULUS TECHNOLOGIES this means an additional strengthening of the market leadership and an improvement in the good position for Blu-ray.



SINGULUS enters the booming

SOLAR TECHNOLOGY MARKET



MARKET



The capacity of the globally forecast new installations for photovoltaic systems are set to nearly grow five times from 2.6 GW (gigawatt) in 2007 to 13 GW in 2010. Germany will continue to be in the top position with 3.2 GW, closely followed by the US with 2.5 GW (Study LBBW, August 2007). The market of photovoltaics continues to develop rapidly.

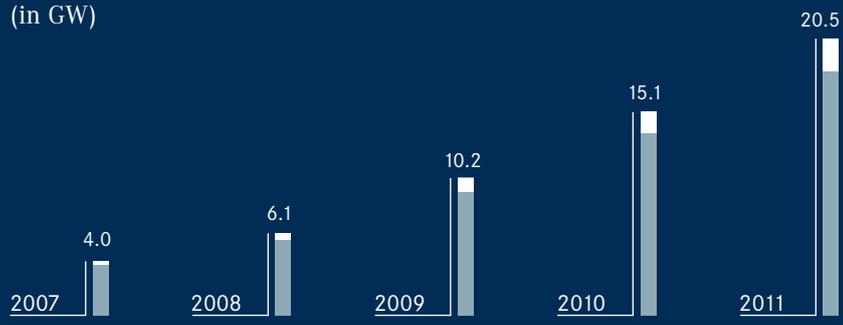
In view of these growth rates, which other market observers even believe to be conservative, in the next couple of years, a tremendous boost for investment in plant and equipment for new solar factories is expected. The steadily increasing demand of consumers and at the same time the reductions of market prices for solar cells demanded by the German Renewable Energies Act (EEG) call for a more efficient, industrial mass production of the end products in the future.





Solar: Production of cells and modules

(in GW)



Source: Photon Consulting, Autumn 2007

■ Thin-Film ■ Crystalline Silicon

With the acquisition of 51 % of the shares in the STANGL Semiconductor Equipment AG (STANGL) SINGULUS TECHNOLOGIES achieved the direct market entry into the rapidly growing solar market in the summer of 2007.

STANGL is one of the worldwide leading suppliers for equipment for wet-chemical processes and manufactures machines for the production of silicon as well as thin-film solar cells.



SILICON SOLAR TECHNOLOGY

A substantial part of the current business activities at STANGL is focused on the market of crystalline silicon solar technology, which each year grows at about 25%. STANGL has established customer relationships with all major solar cell producers and is participating in many projects in Europe and Asia. STANGL works as a partner for suppliers for turnkey lines as well as a direct supplier of renowned solar cell producers.

SINGULUS TECHNOLOGIES itself will present in Kahl am Main its own vacuum coating machine for the coating of anti-reflective layers in the silicon solar technology by the end of 2008. In March 2008 SINGULUS TECHNOLOGIES partnered up with Q-Cells, the most important solar cell producer worldwide, for the development of this new machine and won the company as a key customer. Q-Cells will significantly contribute its know-how into the development of this machine and put it into operation after qualification. SINGULUS TECHNOLOGIES' machine integration know-how for the automation of CD and DVD production machines is an optimal starting point for the development of highly profitable, fully automated production lines for silicon solar cells.

Combined with the equipment from STANGL, SINGULUS TECHNOLOGIES will then be able to offer two important machine groups with wet-chemical and vacuum coating processes for a production line for crystalline silicon solar cells. The goal is to further expand the globally leading position for production equipment for crystalline solar cells in the next couple of years.

STANGL leading

IN THIN-FILM SOLAR TECHNOLOGY

The market for thin-film solar cells is currently still small compared with the market for crystalline silicon solar technology, but is growing at higher rates.

STANGL offers the machines for the production of thin-film solar cells on the basis of the CIS/CIGS (Copper – Indium – Gallium – Sulfide) technology, which covers the required production steps in the wet-chemical area.

The solar cells manufactured through this technology generate a high energy efficiency compared with solar cells in the thin-film coating segment, which operate on the basis of amorphous silicon or cadmium telluride. Therefore, the CIS/CIGS technology offers a big potential for market leadership in the thin-film solar technology.

In Germany, CIS/CIGS equipment from STANGL is used by Würth Solar for example. This technology was also supplied to the Johanna Solar Technology. Moreover, the first machine with CIS/CIGS technology on plastic foil was delivered to the company Ascent Solar in the US.





SINGULUS AND STANGL:
A STRONG TEAM IN SOLAR



TECHNOLOGY

STANGL and SINGULUS TECHNOLOGIES will consistently expand the solar activities. Both companies perfectly complement each other in order to be able to offer a broad product range of machines and equipment for the photovoltaics industry in the next couple of years. While STANGL focuses on wet-chemical processes, SINGULUS TECHNOLOGIES' core competence is physical coating technology and the integration of different processing steps in complete, predominantly automated, production lines.

We expect the work area Solar to become one of the most important drivers of growth in the SINGULUS TECHNOLOGIES Group.

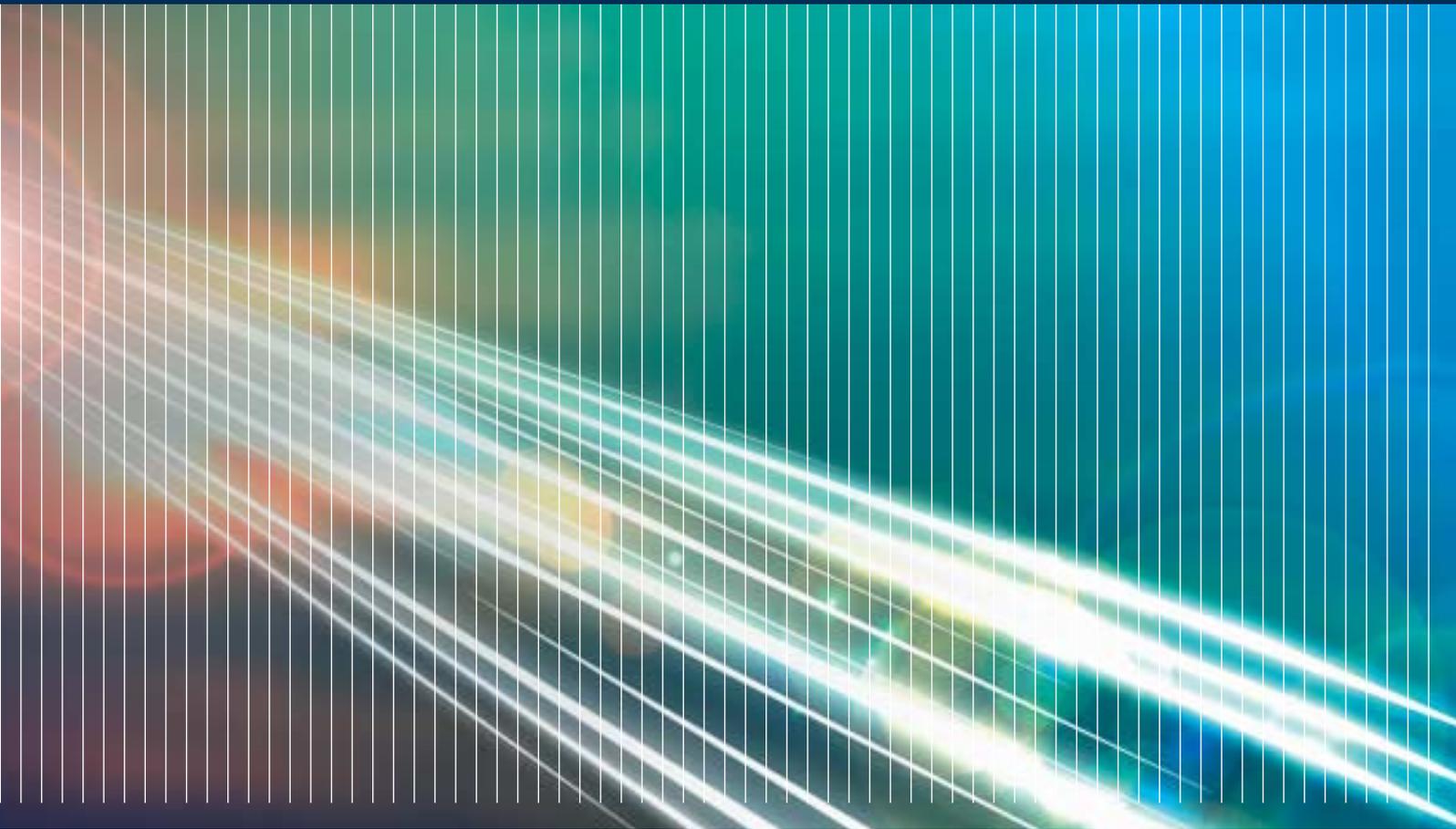


Table of Contents



	Key Figures Review
	Letter to Shareholders /02 Report of the Supervisory Board /02 Report of the Executive Board /13 Corporate Governance /18 SINGULUS TECHNOLOGIES stock /24
	Status Report of the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG /28 General Business Condition /30 Group Structure and Operating Activities /30 Strategy /36 Research and Development /38 Employees /42 Overall Economic Situation /43 Overall Economic Environment /43 Optical Disc Market /45 Photovoltaics Market /47
	Financial Situation /49 Sales and Earnings /49 Order Intake and Backlog /52 Balance Sheet and Liquidity /53 Shareholders' Equity /55 Capital Expenditure and Financing /55 Cash Flow /55
	Important Events After December 31, 2007 / Supplementary Report /58 Outlook /59 Risk Report /61 Environment and Sustainability /65 Compensation Report /66 Information Pursuant to the German Takeover Directive Implementation Act /75
	Declaration of the Executive Board Pursuant to Art. 297 Para. 2 Sent. 4, Art 315 Para. 1 Sent. 6 HGB /78 Consolidated Financial Statements of the SINGULUS TECHNOLOGIES AG /79 Financial Statements of the SINGULUS TECHNOLOGIES AG /147
	Corporate Calendar 2008 Annual General Meeting 2008



To the shareholders of the SINGULUS TECHNOLOGIES AG – Report of the Supervisory Board

Dear shareholders!

The business year 2007 was another year for the SINGULUS TECHNOLOGIES AG and its entire group of companies with a weaker market environment in its core activities of Optical Disc equipment, but was also characterized by the expansion into new business areas. In 2007, the main focus of the Supervisory Board was thus set on the adjustment of the activities to the changed market conditions for optical disc machines and the focus and strengthening of investments to expand into new business fields.

The overhead expenses in the Group were adjusted to the decline in sales and were always subject to strict budget monitoring. An additional step of cost cutting referred to the participation in the HamaTech AG in Sternenfels.

After the purchase of the majority in the HamaTech AG in Sternenfels in January 2006 SINGULUS TECHNOLOGIES was over time able to gradually acquire more than 90 % of the share capital and the voting rights. This paved the way for a merger of the HamaTech AG to the SINGULUS TECHNOLOGIES AG, which was resolved at the extraordinary shareholder meeting of HamaTech on December 17, 2007. The entry of the resolution of the merger into the commercial register is still pending due to some legal challenges filed by minority shareholders, so that the further development has to be awaited.

Following extensive research and discussions the Supervisory and Executive Boards decided during the first half of 2007 to enter the fast growing solar market and to establish a new business area for photovoltaic equipment. Accordingly, a purchase agreement for the acquisition of 51 % of the STANGL Semiconductor Equipment AG in Eichenau near Munich was signed on July 31, 2007. STANGL has already been very successful in supplying various machines for the production of solar cells for five years. SINGULUS TECHNOLOGIES holds a call option for the acquisition of the remaining shares in the company. At the same time, the shareholders of STANGL have been granted a put option. Both options are exercisable from 2010 for the first time.

In addition, SINGULUS TECHNOLOGIES has started an important development project for the future supply of its own coating machines for solar cells in Kahl am Main. The strategic target is to support the participation STANGL in its further dynamic growth as well as to advance to a globally leading position for the supply of production lines for the photovoltaics industry with innovative coating machines in the next couple of years.

During the first days in 2008 the decision in the long-lasting format dispute for the third generation of optical disc in favor of Blu-ray emerged at the Consumer Electronic Show in the US and was finally confirmed by the withdrawal of the HD DVD consortium in February 2008. The customers, namely the Hollywood studios, made this decision in the end.

During the same period we acquired the Blu-ray machine operations from our competitor Oerlikon Balzers AG, Switzerland, and will thus be able to further strengthen our market position in this for us very important future market. We are convinced that the high development expenses and preparatory efforts for Blu-ray will pay off in the coming years.

Changes in the Supervisory and Executive Boards

As of January 1, 2007, Dr.-Ing. Anton Pawlakowitsch, Spokesperson of the Executive Board at the subsidiary HamaTech AG, was additionally appointed to the Executive Board of the SINGULUS TECHNOLOGIES AG with responsibilities for the divisions Technology as well as Research & Development. Furthermore, Mr. Hans-Jürgen Stangl, Chief Executive Officer of the STANGL Semiconductor Equipment AG, was appointed member of SINGULUS TECHNOLOGIES' Executive Board with effect from January 1, 2008 in addition to his aforementioned mandate. Accordingly, Mr. Hans-Jürgen Stangl is responsible for the entire new business area of solar equipment.



Mr. William Slee, member of the Supervisory Board of our company since its IPO in November 1997, expressed his wish to step down from his position due to age reasons with effect from the Annual General Meeting in June 2008. Therefore, the Supervisory Board will instead recommend Mr. Günter Bachmann (Diplom-Betriebswirt), Chairman of the managing board of the Coperion Group GmbH based in Stuttgart to be appointed to the Supervisory Board.

The Supervisory and Executive Boards would like to express their gratitude to Mr. William Slee for his more than 10-year tenure on our Supervisory Board. With his profound knowledge and experience of both capital market matters as well as issues with respect to the general business trend of our internationally operating company, he has always been a loyal and farsighted advisor.

Main Activities of the Supervisory Board

The Supervisory Board was regularly apprised in detail of the course of business and the Group's situation during the fiscal year 2007 and provided oversight for the Executive Board's leadership of the company. The basis of the information and oversight activities of the Supervisory Board rested on written and verbal reports by the Executive Board and other employees as well as by external auditors and consultants. The Executive Board informed the Supervisory Board in writing on a monthly basis about the current course of business of the individual segments and their respective market environments. The Supervisory Board was notified about important projects and measures by means of current status quo reports amongst others. Accordingly, the Executive Board informed the Supervisory Board at all times extensively and in a timely manner about the acquisition of the majority stake in the STANGL Semiconductors Equipment AG, the purchase of the Blu-ray machine operation from the Oerlikon AG as well as the merger of the HamaTech AG to the SINGULUS TECHNOLOGIES AG.

Furthermore, the planned measures to cut costs and to stabilize the performance were discussed. The Chairman of the Supervisory Board also met with the Executive Board for numerous individual discussions held in addition to the Supervisory Board meetings to review the status and further development of the company. At all times, the other members of the Supervisory Board were informed about these meetings in detail.

Due to the close coordination and open cooperation with the Executive Board, the Supervisory Board had detailed knowledge about all important business events and trends at the SINGULUS TECHNOLOGIES Group at all times. Accordingly, the Board was able to discuss the corporate planning and strategy in-depth in its meetings and with the Executive Board. For each meeting the Executive Board provided the Supervisory Board with a written report of the discussed procedures.

If required, further reports of the Executive Board regarding transactions important for the development of the company were discussed in detail with the Executive Board in the course of extraordinary meetings. A particular focus was devoted to the strategic planning for the establishment of a new business area for solar equipment outside the core activities of Optical Disc. Finally, issues regarding the Executive Board were a focus of the discussions of the Supervisory Board. The compensation structure was reviewed and the former compensation system adjusted.

During the business year 2007 the Supervisory Board convened nine times, thereof five meetings were ordinary and four meetings extraordinary (thereof two meetings as conference calls). In each quarter at least one meeting was convened. All members of the Supervisory Board were present at all meetings. A regular topic on the agenda was the business trend of the company, in particular the development of sales and profitability, the comparison of the actual business performance with the budgets, the company's planning as well as the respective interim reports. Specifically, the following topics were in the spotlight of the discussions of the Supervisory Board.

Meeting on January 26, 2007

The relocation of the optical disc machine activities of the HamaTech AG from Sternenfels to Kahl were discussed and resolved.

Meeting on March 16, 2007 (annual results Supervisory Board meeting)

During this meeting the Supervisory Board dealt in detail with accounting principles and the consolidation accounting practices of the SINGULUS TECHNOLOGIES AG as well as the results of the annual audit for the business year 2006. Among the other issues were the preparation of the proposal of the Supervisory Board regarding the agenda item „Appointment of Auditor“ as well as the further agenda items on the invitation to the ordinary Annual General Meeting 2007 of the SINGULUS TECHNOLOGIES AG.



Meeting on May 31, 2007 (extraordinary meeting)

The topic of this meeting was a strategy discussion with respect to the future definition of the SINGULUS TECHNOLOGIES Group and in particular the development of new business areas apart from optical disc machines. In detail, the potential of the rapidly growing market for photovoltaic equipment and the position of the current producers were analyzed and the opportunities and risks of a market entry discussed.

Meeting on June 6, 2007

The meeting served as a preparation for the Annual General Meeting taking place at the same day. Furthermore, the shut-down of the SINGULUS EMOULD GmbH in Würselen as of the end of 2007 and the relocation of the production to the SINGULUS MOLDING AG in Schaffhausen as well as the service activities to the SINGULUS TECHNOLOGIES AG were discussed.

Meeting on July 3, 2007 (extraordinary meeting as conference call)

The Executive Board reported about its intention to acquire 51 % of the shares in the STANGL Semiconductor Equipment AG in Eichenau near Munich and received approval to enter concrete negotiations with the existing shareholders.

Additionally, the Executive Board was asked to draw up a project study for the development of a proprietary solar coating machine.

Meeting on July 30, 2007 (extraordinary meeting)

Resolution to establish a new business area Solar / Photovoltaic Equipment with the support from the acquisition of a majority stake in the STANGL Semiconductor Equipment AG and the development of a proprietary solar coating machine at the site in Kahl am Main.

Meeting on September 13, 2007

Presentation and inspection of the new participation STANGL Semiconductor Equipment AG on site in Eichenau and presentation of the project study results for the development of a proprietary solar coating machine at the site in Kahl. Resolution regarding the appointment of an auditor to the auditors Ernst & Young AG for the business year 2007.

Meeting on October 31, 2007 (extraordinary meeting as conference call)

Approval to the conclusion of a merger agreement between the HamaTech AG and the SINGULUS TECHNOLOGIES AG as of October 31, 2007.

Meeting on November 15, 2007

Discussion of the budget for 2008 and the medium-term planning. Presentation and discussion of a roadmap for the establishment of the new business area Solar from 2008 - 2010. Approval to the proposal of the Executive Board to acquire the Blu-ray machine operations from the Oerlikon Balzers AG, Switzerland, and to enter negotiations respectively.

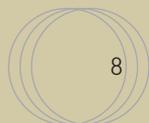
In the course of the regular reporting, the Executive Board informed the Supervisory Board also about the introduced risk monitoring system of the SINGULUS TECHNOLOGIES AG pursuant to Art. 91 Par. 2 Stock Corporation Act (Aktiengesetz) and presented the consolidated risk report. This report combines all relevant risks of the business units and functions and presents them accordingly. The Supervisory Board examined the report with respect to plausibility and concluded that there was no doubt about this matter.

There were no objections on part of the Supervisory Board regarding the conduct of business by the Executive Board of the SINGULUS TECHNOLOGIES AG at any time. Furthermore, the Executive Board and Supervisory Board agreed at all times about the assessment of the business trend, the market environment, opportunities and risks.

The Supervisory Board adheres to rules and regulations that have remained unchanged in the business year 2007. The Supervisory Board is constantly analyzing the efficiency of its activities in particular with regards to the preparation of the meetings. Since the Board is comprised of only a few members, an efficient and focused work is principally ensured.

Corporate Governance

The SINGULUS TECHNOLOGIES AG and its Supervisory Board subscribe to the principles of proper and responsible corporate governance.



No conflicts of interests of members of the Supervisory Board arose during the period under review. The cooperation of the Supervisory Board was characterized by efficiency, professional competence and trust.

Since the change of the corporate form into a corporation (Aktiengesellschaft) the Supervisory Board is comprised of three members. The Supervisory Board continued to refrain from forming auditing committees or other Supervisory Board committees in the business year 2007 as well. According to the Supervisory Board's opinion, neither enhancements in efficiency nor an improved handling of complex subject matters nor a more efficient or improved fulfillment of the duties of the Supervisory Board with respect to issues regarding accounting principles, risk management or auditing can be expected from such committees. Accordingly, there were no committee meetings during the business year 2007.

The Executive and Supervisory Boards adopted a mutual declaration of conformity pursuant to Art. 161 German Stock Corporation Act in January 2008 (cf. page 23 of this Annual Report 2007). In the declaration the Executive and Supervisory Boards jointly declared that the recommendations of the German Corporate Governance Code as amended by the Federal Department of Justice as of May 21, 2003 and June 14, 2007 were adhered to in the business year 2007 except for the Code recommendations in Art. 3.8 Para. 2 (no deductibles for D&O insurance), Art. 5.1.2 Para. 2 (no age limit for members of the Executive Board as per articles of association), Art. 5.3.1 and 5.3.2 (no formation of committees), Art. 5.4.1 (no age limit for members of the Supervisory Board as per articles of association) and Art 4.2.5. Para. 2 (no individualized information about the annual additions to the provisions for pensions or pension funds for pension promises to members of the Executive Board). Instead, the by-laws of the Supervisory Board stipulate that no person may be proposed for election to the Supervisory Board for a longer term than after the age of 75. In addition, the by-laws of the Supervisory Board stipulate that the age limit for members of the Executive Board is 65. Pursuant to Art. 3.10 the Executive and Supervisory Boards published a Corporate Governance Report which can be found on pages 18 to 23 of this Annual Report.

The report also explains the deviations from recommendations of the Corporate Governance Code. For further information please refer to this report.

Compensation of the Executive Board

The sitting members of the Executive Board have signed individual employment contracts with the company. Pursuant to the legal requirements of the Stock Corporation Act, for the conclusion and amendment of the employment contracts, the company was represented by the Supervisory Board. Details of the general terms of the contracts and changes in compensation are specified in the Compensation Report which is part of the Group's Status Report. For the Compensation Report please refer to pages 66 to 74 of this Annual Report.

Risk Management

According to relevant regulations of stock corporation and commercial laws the SINGULUS TECHNOLOGIES AG is subject to special requirements with respect to company-internal risk management. Accordingly, the SINGULUS TECHNOLOGIES AG has introduced an adequate monitoring system. The design and the results of the monitoring system are of particular interest to the Supervisory Board. The Supervisory Board considers the monitoring system of the SINGULUS TECHNOLOGIES AG efficient and concurs with the risk assessment of the Executive Board.

Shareholdings of the members of the Supervisory Board

The stock holdings of Supervisory Board members are published in this Annual Report as well as on the internet (for a detailed presentation please refer to the annotations on page 137 of this Annual Report).

Information pursuant to the German Takeover Directive Implementation Act

In its meeting on March 18, 2008 the Supervisory Board discussed the information and the report about the information in the status report pursuant to Art. 289 Para. 4 and Art. 315 Para. 4 of the German Commercial Code (HGB). The relevant information in the Status Report (page 75 of this Annual Report) is referred to. The Supervisory Board examined the information and explanations and adopted them. The Supervisory Board deems them to be complete.



Financial Statements, Consolidated Statements and Status Report

The financial statements of the SINGULUS TECHNOLOGIES AG as well as the consolidated financial statements and the combined status report of the SINGULUS TECHNOLOGIES AG drawn up by the Executive Board as of December 31, 2007 were audited by the Ernst & Young AG, Certified Public Accountants, Eschborn.

Pursuant to the requirements of the German Corporate Governance Code, the auditors Ernst & Young AG declared in writing to the Chairman of the Supervisory Board on May 3, 2007, that there are no circumstances possibly affecting the independence as auditors. During the meeting of the Supervisory Board on March 16, 2007 the suitability of Ernst & Young AG, Certified Public Accountants, as auditors for the business year 2007 was discussed by the Supervisory Board in detail and agreed. As proposed by the Supervisory Board, the Ernst & Young AG, Certified Public Accountants, was elected as auditor for the business year 2007 at the ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG on June 6, 2007.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2007 were drawn up pursuant to the regulations of the German Commercial Code (HGB) and the Stock Corporation Act (AktG). The consolidated financial statements were drawn up pursuant to the International Financial Reporting Standards (IFRS). The consolidated financial statements were supplemented by a consolidated status report, which was combined with the status report of the individual financial results pursuant to Art. 315 Para. 3 read in conjunction with Art. 298 Para. 3 Sent. 1 HGB.

The Ernst & Young AG, Certified Public Accountants, reviewed the financial statements and the consolidated financial statements as well as the combined status report considering the accounting principles and approved them without reservation.

In the course of the review of the financial statements of the SINGULUS TECHNOLOGIES AG the auditor also had to review whether a risk monitoring system enabling the early detection of risks threatening the continuity of the company has been implemented by the Executive Board. With respect to the monitoring system the auditor stated that the Executive Board had implemented the required measures pursuant to Art. 91 Para. 2 Stock Corporation Act and that the system is capable of an early detection of trends potentially threatening the continuity of the company.

The audited financial statements of the SINGULUS TECHNOLOGIES AG, the audited consolidated financial statements as well as the combined status report as of December 31, 2007 were presented to all Supervisory Board members for examination in a timely manner. The audited financial statements and the combined status report were the subject of the Supervisory Board meeting on March 18, 2008. In the course of this Supervisory Board meeting regarding the financial statements the Executive Board also reported about the profitability of the company in detail. This report was discussed in detail with the Executive Board.

The approved auditor participated in this Supervisory Board meeting concerning the financial statements and presented the Supervisory Board the course and results of its audits and focal points of the audit. The results of the audit were discussed by the Supervisory Board and the auditors in detail in which all queries of the members of the Supervisory Board were elaborately answered. The Supervisory Board took note of the results of the audit of the financial statements and consolidated financial statements by the auditor, discussed them and did not have any objections.



The Supervisory Board reviewed the financial results of the AG as well as the consolidated statements and the combined status report and regards them as true, plausible and complete. As a result of its own review the Supervisory Board was thus able to agree that there are no objections to the financial statements of the SINGULUS TECHNOLOGIES AG, the consolidated financial statements and the combined status report as of December 31, 2007. In its meeting on March 18, 2008, the Supervisory Board approved the financial statements of the SINGULUS TECHNOLOGIES AG and the consolidated financial statements drawn up by the Executive Board.

In recognition of the accomplishments achieved during the business year 2007, which was characterized by many internal and external changes, the Supervisory Board expresses its gratitude and appreciation to the Executive Board and all employees of the company. Consensual with the Executive Board the members of the Supervisory Board are confident about the further positive business development of the company.

Kahl am Main, March 2008

Roland Lacher
Chairman of the Supervisory Board

To the shareholders of the SINGULUS TECHNOLOGIES AG – Report of the Executive Board



From left to right: Hans-Jürgen Stangl, Stefan A. Baustert, Dr.-Ing. Anton Pawlakowitsch

Dear shareholders!

The business year 2007 was characterized by a further decline in the Optical Disc machine activities at SINGULUS TECHNOLOGIES as well as for the entire sector.

Similar to the business years 2005 and 2006 we also reduced our costs in 2007 and adjusted the capacities to the declining demand. We also optimized the portfolio of the SINGULUS TECHNOLOGIES Group. Compared with the business years 2005 and 2006 we were for the first time able to significantly improve the gross profit margin in the Group. Adjusted for extraordinary effects, the operating result was improved compared with the years 2005 and 2006.

The decline in investments in the optical disc market in the years 2005 to 2007 led to the trend that competitors have withdrawn from the market. Furthermore, there was market consolidation due to mergers and acquisitions. In this context SINGULUS TECHNOLOGIES had already acquired the German competitor HamaTech in 2006. An additional important step for the required



market consolidation was the acquisition of the Blu-ray activities from Oerlikon in January 2008. Within the framework of this acquisition Oerlikon has obligated itself to terminate the activities with CD and DVD machines.

Besides these necessary adjustment measures for our CD and DVD activities, we had already analyzed at an early point in time how we could develop business activities in the future market of the third format generation. Here, our particular focus was set on the Blu-ray technology.

From the beginning we were convinced that Blu-ray, a disc with storage capacity of up to 50 gigabyte, will win the competition against the HD DVD for the optical disc format of the future. Since 2005 both formats had tried to establish themselves in the market. The uncertainties regarding the outcome of the format war induced many customers to delay the investments in machines for the production of new formats, be it Blu-ray or HD DVD.

The announcement by the Hollywood studio Warner Bros. at the beginning of January 2008 to only use the Blu-ray format as a standard for optical disc of the third format generation in the future has made the Blu-ray "camp" so influential, that Toshiba, the main proponent of the HD DVD format, withdrew this format from the market in February 2008. Therefore, Blu-ray is now the only standard in the market.

Since SINGULUS TECHNOLOGIES produces and sells the machines for the production of Blu-ray Discs, in form of prerecorded, once-recordable as well as rewritable discs, a big market potential for the next couple of years has

emerged for us. In addition, today there is hardly any competition in the market for Blu-ray production equipment due to the strong consolidation of machine manufacturers.

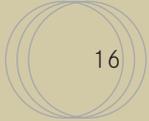
As a result of this development, we will come out stronger after the crisis of our industry.

The clarity and decidedness of the decision in favor of Blu-ray as the format of the third generation of optical storage medium, provides excellent business opportunities for our company. From this we expect substantial earnings contributions in the upcoming years. We regard a global market share of more than 65 % as realizable for our company in this segment.

Solar – a second pillar

In our letters to the shareholders as well as during Annual General Meetings in the past years, we repeatedly presented product developments from which we expected a successful diversification. Here it was our goal to set up a new business operation with significance and which could reach the volume of our core activities Optical Disc in the medium- to long-term.

In the summer of 2007 we were able to announce a successful entry into a new business segment. With the acquisition of the STANGL AG, of which we purchased 51 % of the shares in a first step, we were able to enter the strongly growing market of the generation of solar energy with immediate effect and at the same time bought a company with rapid sales growth and powerful earnings strength.



For many years STANGL has been a supplier of machines for the solar cell producing industry and has a strong market position, high technologic competence and a first-class reputation. With STANGL's contacts in the solar market and our know-how for the coating of surfaces we have an excellent starting point to build coating machines for silicon solar cells. The combination of STANGL's production and the new coating machines for solar cells developed by SINGULUS TECHNOLOGIES is unique in the market. Therefore, we are convinced to attain an attractive position.

In order to emphasize this new business division, Mr. Hans-Jürgen Stangl was appointed member of the SINGULUS TECHNOLOGIES AG with effect from January 1, 2008. In the Group, he is responsible for the new-established business segment Solar.

Portfolio optimization/optimistic future outlook

The sale of the two HamaTech companies ETA-Optik and STEAG Electronic Systems, Slovakia, were implemented and completed in the business year 2007. Furthermore, the merger of the HamaTech AG to the SINGULUS TECHNOLOGIES AG was prepared. Finally, the majority of shareholders of the HamaTech AG agreed to the merger of the two companies in the course of an extraordinary general meeting on December 17, 2007.

An additional portfolio optimization was achieved in the area of production of injection molding machines. Correspondingly, we decided in last year's November to center the competence for the production of injection molding machines at SINGULUS MOLDING in Schaffhausen. The production site of EMOULD in Würselen was shut down with effect from December 31, 2007.

We will realize additional portfolio optimizations in the business year 2008 in areas where relevant action is required. The continuous improvement of our cost base will be the focus of management.

With the just now emerging Blu-ray business and the successful entry into the solar sector, we have taken a huge step towards our target of providing a solid starting point again for future growth of SINGULUS TECHNOLOGIES.

At this point we would like to thank the shareholders of the SINGULUS TECHNOLOGIES AG for their support and loyalty. We would also like to express our gratitude for our employees who have actively supported us in the implementation of our goals. Together we will now be able to enter a stage of growth once again and further advance our company.

Kahl am Main, March 18, 2008

Yours sincerely,

Stefan A. Baustert
Chief Executive Officer

Dr.-Ing. Anton Pawlakowitsch
Executive Board Member

Hans-Jürgen Stangl
Executive Board Member





Corporate Governance Report

The Executive Board – at the same time also for the Supervisory Board – reports pursuant to Art. 3.10 of the German Corporate Governance Code about the corporate governance at the SINGULUS TECHNOLOGIES AG as follows:

Responsible and sustainable corporate governance was also very important to the SINGULUS TECHNOLOGIES AG in 2007. The Executive and Supervisory Boards unanimously agreed to the implementation of the rules of the German Corporate Governance Code and regard it as a process integrated in the corporate development that is being continuously expanded. With a maximum of transparency the SINGULUS TECHNOLOGIES AG makes corporate processes comprehensible and promotes an open and trusting relationship with the shareholders.

Close cooperation of Executive and Supervisory Boards

As a German corporation (Aktiengesellschaft) the SINGULUS TECHNOLOGIES AG has a dual management and control structure according to German corporate law. Executive and Supervisory Boards are working closely together to the benefit of the company; the mutual goal is to sustainably increase the company value. The Executive Board reports regularly, timely and in detail to the Supervisory Board about the relevant issues of corporate planning, the strategic development, the course of business activities and the overall situation of the Group. The Chairman of the Supervisory Board is in constant contact with the Executive Board. He regularly visits the company to inform himself about the business activities and to advise the Executive Board on decisions. According to the by-laws of the Supervisory Board, significant business decisions are subject to the approval by the Supervisory Board. In the business year 2007 there were nine meetings of the Supervisory Board in total. For all decisions regarding the future new positioning of the SINGULUS TECHNOLOGIES Group and in particular the entry into the solar industry there was an extensive exchange of ideas and opinions between the Executive and the Supervisory Boards. The decision for a new strategic positioning was made by both Boards with mutual consent.

Members and work of the Executive Board

The Executive Board of the SINGULUS TECHNOLOGIES AG was comprised of two members in the business year 2007. It is the management body of the company. In managing the company the Executive Board is solely obligated to the interests of the company and follows the goal of a sustainable increase in the enterprise value.

Mr. Stefan A. Baustert is Chief Executive Officer and responsible for the departments Finance, Marketing & Sales, Strategy as well as Public Relations. As the second member of the Executive Board, Dr.-Ing. Anton Pawlakowitsch heads the divisions Technology and Research & Development of the SINGULUS TECHNOLOGIES AG since January 1, 2007.

Members and work of the Supervisory Board

The Supervisory Board is comprised of three members. The term of office of the members of the Supervisory Boards ends with the conclusion of the Annual General Meeting, which resolves the discharge for the business year 2010.

Since mid-2006 Mr. Roland Lacher is the Chairman of the Supervisory Board. Prior to his move to the Supervisory Board, Mr. Lacher had been Chief Executive Officer. Therefore, a former member of the Executive Board has become a member of the Supervisory Board of the SINGULUS TECHNOLOGIES AG. With the election of Mr. Lacher the Annual General Meeting supported the proposal of the Supervisory Board to make use of Mr. Lacher's long time knowledge about the company as co-founder of the SINGULUS TECHNOLOGIES AG as well as his more than 20 years of industry experience. Additional members of the Supervisory Board are Mr. William Slee and Mr. Thomas Geitner. Both have already been members of the Supervisory Board since 1997. Mr. Slee intends to step down from the Supervisory Board with conclusion of the Annual General Meeting 2008.

The Supervisory advises and monitors the Executive Board with respect to the company's management. Together with the Executive Board the Supervisory Board discussed business trends and planning, the strategy as well as its implementation. It analyzes the financial reports and



examines the annual accounts. Significant decisions by the Executive Board such as major acquisitions and financial measures are subject to the Supervisory Board's approval according to the by-laws. The Supervisory Board refrained from setting up an audit committee or other Supervisory Board committees in the business year 2007 again due to the fact, that the Supervisory Board is comprised of three members only.

Further information regarding the work of the Supervisory Board in the business year 2007 can be found in the report of the Supervisory Board on page 2. There were no advisory or other services and work contracts between the members of the Supervisory Board and the company in the past business year.

Transparency and communications

The Executive Board publishes insider information concerning the SINGULUS TECHNOLOGIES AG immediately unless being exempt in individual cases. In addition, the company keeps an insider register which includes all people with access to insider information. These persons are regularly informed in detail about the resulting legal obligations.

The SINGULUS TECHNOLOGIES AG makes sure that the shareholders of the company are able to gain timely and extensive access about the situation of the company through the information provided on its internet website. Amongst others, the company publishes its financial reports and company presentations as well as the corporate calendar under www.singulus.de in the section Investor Relations. To improve transparency and to support the stock price the SINGULUS TECHNOLOGIES AG held one analysts conference and many one-on-one discussions with investors.

Besides in the ad hoc announcements, the Directors' Dealings pursuant to § 15a WpHG as well as the voting right announcements pursuant to §§ 21ff WpHG, the declaration of conformity to the German Corporate Governance Code, the Code itself as well as the articles of incorporation of the SINGULUS TECHNOLOGIES AG are available on SINGULUS TECHNOLOGIES' website under Investor Relations/Corporate Governance.

Accounting principles and audit of financial accounts

Since the business year 2004 the Group's annual accounts, the annual accounts and the interim accounts have been drawn up according to the International Financial Reporting Standards (IFRS) and are internationally comparable. The annual accounts were audited by the Ernst & Young AG Wirtschaftsprüfungsgesellschaft. Interim reports were made public within 45 days after the end of the respective quarter, the consolidated annual accounts and the annual financial statements within 90 days after the end of the business year.

The annual report about the business year 2007 is available for download on the website of the SINGULUS TECHNOLOGIES AG.

Compensation

Similar to the past years SINGULUS TECHNOLOGIES individually reports the fixed and variable components of the compensation as well as the compensation components with long-term incentives for the members of the Executive Board. The information can be found in the compensation report as part of the status report on page 66 of this Annual Report. The compensation report sets forth the compensation systems for the members of the Executive Board in detail and also describes the implementation of the stock option plans in place as well as similar incentive systems. In addition, the remuneration of the members of the Supervisory Board is stated individually.

Director's Dealings/Shareholdings

The information about securities transactions of the members of the Executive Board and the Supervisory Board of the SINGULUS TECHNOLOGIES AG und related persons pursuant to § 15a German Securities Trading Act (WpHG) as well as shareholdings are listed in the compensation report as part of the status report on page 66 and also on the website under Investor Relations/Singulus Stock/Directors' Dealings.

The members of the Supervisory Board hold the following occupations and are members of the following Supervisory Boards and boards of comparable monitoring entities:

	Occupation held	Membership of other Supervisory Boards and boards of other monitoring entities
Roland Lacher	Supervisory Board	WashTec AG Supervisory Board member OPTIXX AG Advisory Board member (Deputy Chairman)
William Slee	Supervisory Board	-
Thomas Geitner	Managing Director of Henkel KGaA	BBC (British Broadcasting Cooperation) Worldwide Ltd. Board Pages Jaunes Group SA

**Declaration of conformity of the
SINGULUS TECHNOLOGIES AG pursuant to
Art. 161 Stock Corporation Act (AktG):**

The Federal Department of Justice published an amendment of the German Corporate Governance Code in 2007. During the current business year 2008 the SINGULUS TECHNOLOGIES AG will adhere to the recommendations of the German Corporate Governance Code as amended by the Federal Department of Justice as per June 14, 2007. In the past business year 2007 the recommendations of the German Corporate Governance Code as per June 12, 2006 were adhered to. This excludes the following recommendations stated in No. 1 – 5 for the business years 2007 and 2008.

1. In connection with the conclusion of a personal liability insurance for the member of the Boards (“D&O insurance”) the company agreed with them that the members of the Boards will pay their own insurance premiums for the D&O insurance (c. Sec. 3.8 Para 2 of the Code).
2. Instead of the determination of the maximum age of members of the Executive Board according to the by-laws, the by-laws of the Supervisory Board state that the age limit has to be considered for the succession planning (c. Sec. 5.1.2 Para. 2 of the Code).
3. As long as the Supervisory Boards is only comprised of three members, there have not been and there will be no committees (c. Sec. 5.3.1 and 5.3.2 of the Code).
4. Instead of the determination of the maximum age of members of the Supervisory Board according to the by-laws, the by-laws of the Supervisory Board state that the age limit has to be considered for the proposal of new members to be elected (c. Sec. 5.4.1 of the Code).
5. There is no individualized information about the annual contribution to the provisions for pensions or pension funds for pension benefits for members of the Executive Board (with respect to Art. 4.2.5 of the Code) and no information about the kind of the fringe benefits granted to the members of the Executive Board by the company (with respect to Art. 4.2.5 Para. 3 of the Code). The compensation report as part of the Group’s Status Report already contains detailed information regarding the compensation of individual Executive Board members pursuant to the specifications of the German Executive Board Compensation Disclosure Act.

Kahl am Main, January 2008
SINGULUS TECHNOLOGIES AG

Roland Lacher
Stefan A. Baustert

William Slee
Dr.-Ing. Anton Pawlakowitsch

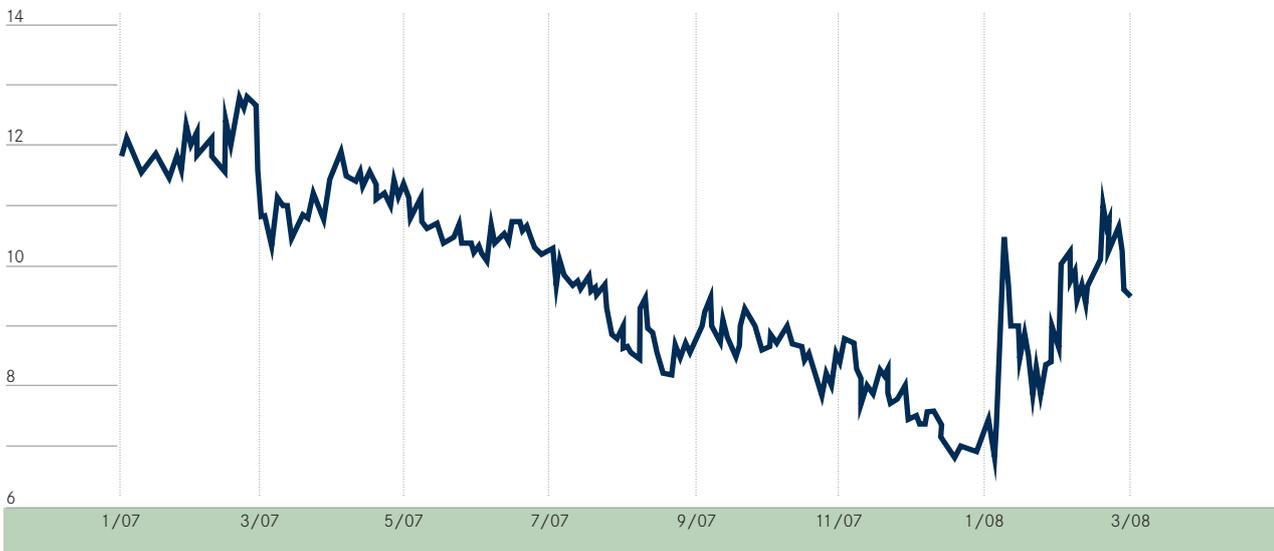
Thomas Geitner
Hans-Jürgen Stangl



The SINGULUS TECHNOLOGIES Stock

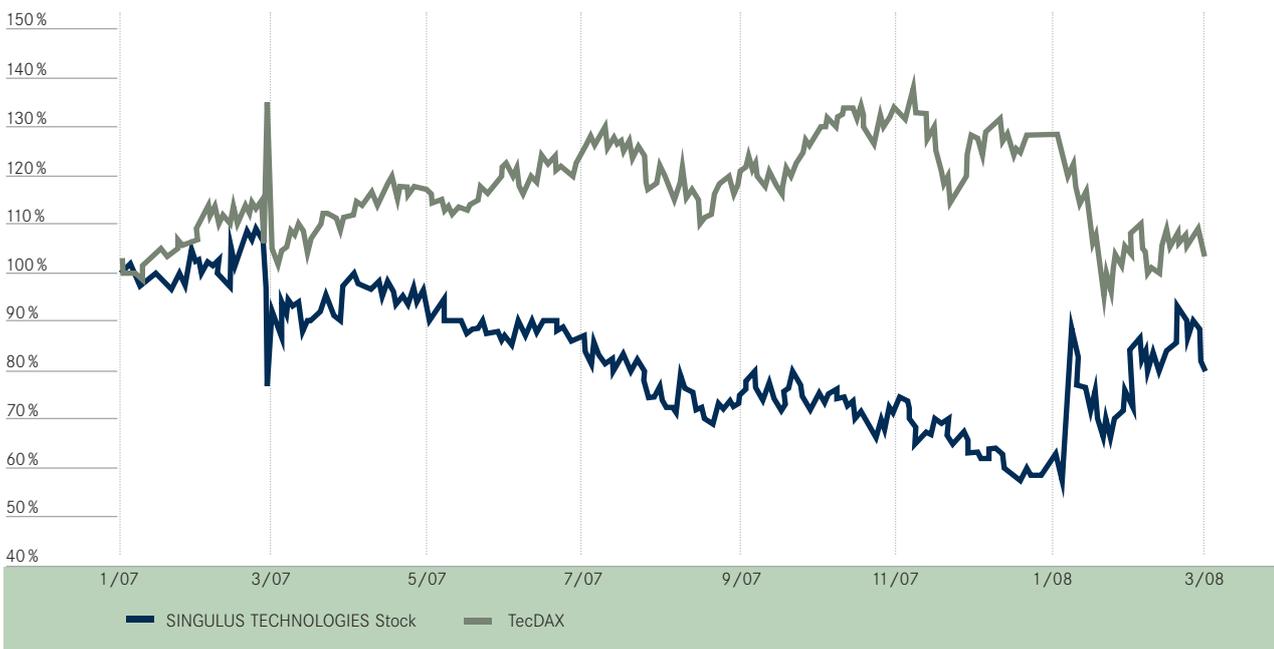
The SINGULUS TECHNOLOGIES Stock

[Closing price in €]



SINGULUS TECHNOLOGIES Stock compared to the TecDAX

[Closing price]



Equity markets

Although the equity markets were very volatile in 2007, in particular the DAX and TecDAX were able to post significant gains during the entire period of the year. Analyzing the TecDAX, which SINGULUS TECHNOLOGIES is a member of, rapidly rising share prices at the beginning of the year were followed by a slump during the middle of the year. By the end of the year the TecDAX was once again able to increase substantially and closed at 974.19 index points. This corresponds to a gain of 215.12 points or 22 % compared with 759.07 points at the beginning of 2007. However, the overall favorable performance during 2007 was almost completely given up during the first months of 2008.

The SINGULUS TECHNOLOGIES stock

The SINGULUS TECHNOLOGIES stock started the business year 2007 with a share price of € 11.81. Its high during the year was marked at € 12.79 on February 23. During the following months the stock was unable to withstand the general downward trend of the markets and closed at € 6.97 on December 28. The share price performance of SINGULUS TECHNOLOGIES reflects the subdued demand for equipment for the production of optical discs in 2007. The unsolved issue regarding the format of the third generation of optical discs impacted the share price significantly. At the beginning of 2008 the SINGULUS TECHNOLOGIES stock was able to considerably withdraw from the overall market trend and reached a high of € 10.97 in February 2008. The share price performance of the first two months in 2008 were mainly influenced by three aspects: Warner Bros.' decision to exclusively support the production of Blu-ray Discs, the acquisition of the Blu-ray Disc activities from Oerlikon announced on February 1, 2008 as well as Toshiba's announcement to stop the competing format to the Blu-ray Disc.

Investor Relations

SINGULUS TECHNOLOGIES attaches great importance to the timely dispersion of information to persons interested in the company. This is achieved through various channels for analysts as well as for small shareholders. In addition to the annually recurring events such as the annual results press conference and the quarterly conference calls, there are many other events including road shows, when analysts were informed about the company. Moreover, we provide extensive information on our web page under the heading Investor Relations.

Stock Key Figures	2003	2004	2005	2006	2007
Outstanding shares as of December 31	37,064,316	35,391,987	34,941,929	34,941,929	36,946,407
Nominal capital in €	37,064,316	35,391,987	34,941,929	34,941,929	36,946,407
Market capitalization as of December 31 in million €	619	457	507	424	258
Lowest share price for the year in €	8.93	10.58	8.96	9.31	6.85
Highest share price for the year in €	21.40	18.72	15.02	18.06	12.79
Year-end closing price in €	16.70	12.90	14.50	12.13	6.97
Ø daily turnover (Xetra)	194,139	162,369	173,611	213,255	141,248
Earnings per share in €	1.20	1.27	0.21	0.35	0.05

Amongst others, this includes current financial statements, company presentations and information regarding the Annual General Meeting.

Analyst coverage

_ABN Amro Bank AG	_Hypo Vereinsbank
_Bankhaus Lampe	_Independent Research
_B. Metzler Seel. Sohn & Co.	_Kepler Equities
_Berenberg Bank	_Landesbank Baden-
_BHF Bank	Württemberg
_BW Bank	_Mainfirst Bank AG
_Citigroup	_Merrill Lynch
_Commerzbank AG	_Metzler Equity Research
_Credit Suisse	_Morgan Stanley
_Dawnay Day Lockhart	_Sal. Oppenheim
_Deutsche Bank AG	_SG Securities
_DZ Bank	_SEB Research
_Dresdner Kleinwort Wasserstein	_SES Research
_HSBC Trinkaus & Burkhardt KG	_West LB Equity Markets

Stock profile

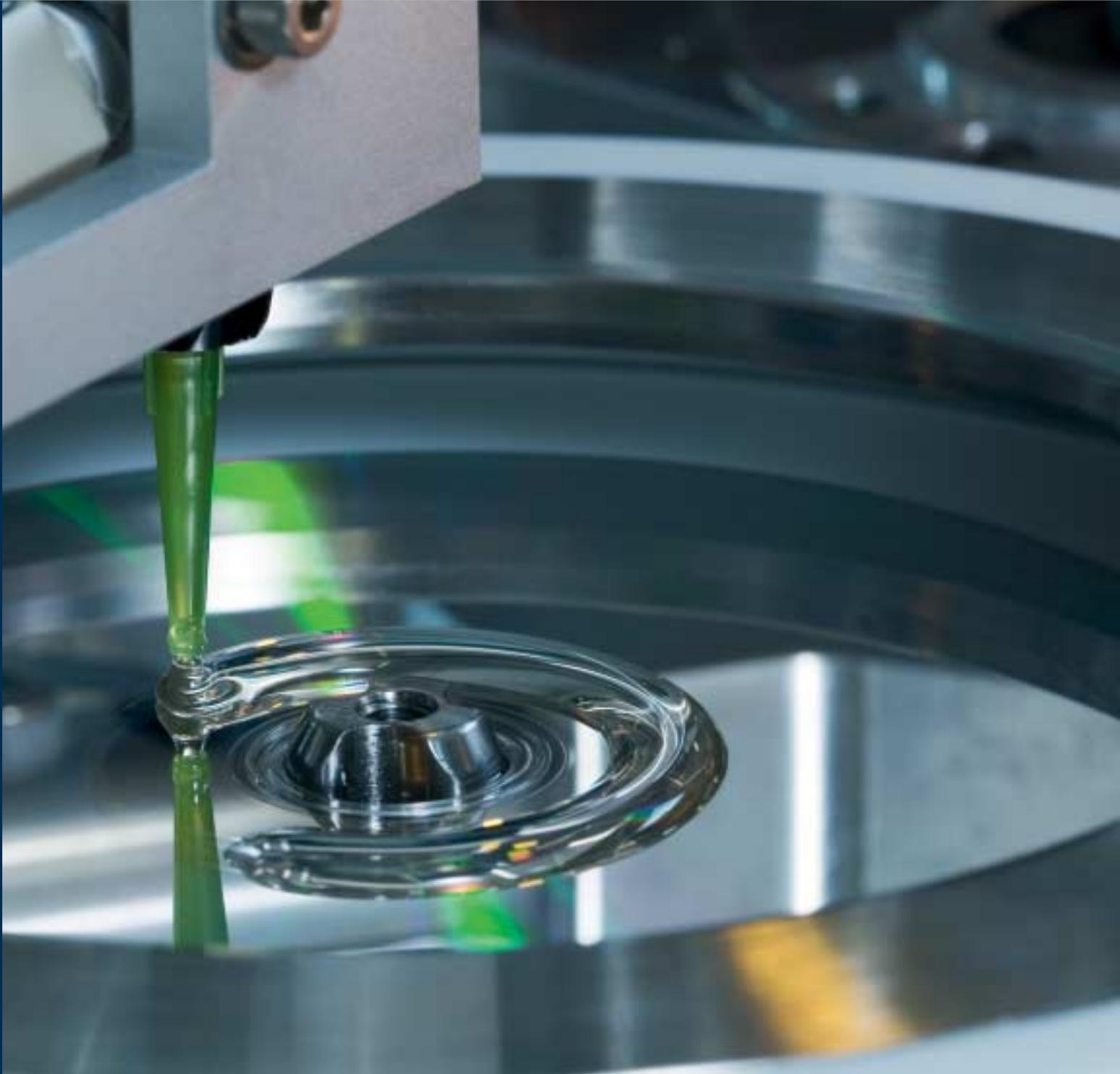
The SINGULUS TECHNOLOGIES is listed in the Prime Standard of the German Stock Exchange. This implies meeting the high transparency requirements of the German Stock Exchange. Since the formation of the TecDAX the SINGULUS TECHNOLOGIES stock has been member of this index comprising the most important German technology companies. As of December 31, 2007 the number of shares outstanding amounted to 36,946,407 shares. At the beginning of 2008 the SINGULUS TECHNOLOGIES stock was in the spotlight of the public's attention. This is also reflected in the daily average trading volume in the shares. In January the average amounted to 525,914 shares and increased in February to 601,621 shares. Following an average daily turnover of 141,248 shares in 2007 this is a considerable increase.

Stock Key Figures

ISIN:	DE0007238909
WKN:	723890
Stock symbol:	SNG/Reuters SNGG/Bloomberg SNG
Type of shares:	Ordinary bearer shares at a par value of € 1 each
Indices:	NEMAX-All-Share, TecDAX
Prime Standard:	Technology



**Status Report of the SINGULUS TECHNOLOGIES Group
and the SINGULUS TECHNOLOGIES AG**



The company exercised its right pursuant to Art 315 Para. 3 German Commercial Code (Handelsgesetzbuch (HGB)) to prepare a combined status report for the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG. Since the course of business, the situation of the company as well as the opportunities and risks of future development of the SINGULUS TECHNOLOGIES AG and the SINGULUS TECHNOLOGIES Group broadly coincide, the following statements, in particular references to specific data, refer to the SINGULUS TECHNOLOGIES Group.

Overall business situation – Group Structure and Operating Activities

Work areas

SINGULUS TECHNOLOGIES develops, manufactures and sells mainly automated production machines for optical discs. Starting point of our company's development following the buyout in 1995 were the fully integrated production lines for CDs. From 1997 on we also integrated the DVD production of the discs in a fully automated production process of our production lines. Due to our plant concept and the high level of reliability of our machines, SINGULUS TECHNOLOGIES was able to rapidly become market leader the segment of CD and DVD. We have a global market share of more than 65 % for machines for the production of DVDs. The entire process steps from injection molding and vacuum coating to the final production of the disc are integrated in a fully automated production process of our production lines.

In the past business year SINGULUS TECHNOLOGIES established the new business division Solar. To realize a quick entry into the strongly-growing solar equipment market, SINGULUS TECHNOLOGIES bought 51 % of the shares of the STANGL Semiconductor Equipment AG (STANGL) in September 2007. For the remaining 49 % of the shares a put/call option was agreed on. Accordingly, the buyer has a call option and in turn, the seller has been granted a put option. The call option can either be exercised in the period from January 1, 2010 until May 31, 2010 (call option 1) or in the period between January 1, 2011 and May 31, 2011 (call option 2). The put option can either be exercised in the period from June 1, 2010 until October 31, 2010 (put option 1) or in the period between June 1, 2011 and October 31, 2011 (put option 2).

The business activities of STANGL include the manufacturing of machines for the solar industry. STANGL is one of the globally leading providers of equipment for wet-chemical processes.

Global locations

SINGULUS TECHNOLOGIES has a global sales and service network with branches in all of the important regions for our industry. Service centers are operating in Kahl am Main (Europe), Singapore (Asia) as well as Windsor, CT (USA). They offer service availability day and night for all inquiries worldwide and therefore ensure our customers to have the required high production availability of their production machines.

Production sites

- _ SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany
- _ SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany
- _ SINGULUS MASTERING B.V., Eindhoven, Netherlands
- _ SINGULUS MOLDING AG, Schaffhausen, Switzerland
- _ SINGULUS MANUFACTURING GUANGZHOU Ltd. (SMG), Guangzhou, China
- _ HamaTech APE GmbH & Co. KG, Sternenfels, Germany
- _ STANGL Semiconductor Equipment AG, Eichenau, Germany

Distribution subsidiaries worldwide

- _ SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- _ SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- _ SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- _ SINGULUS TECHNOLOGIES FRANCE S.a.r.l., Valence, France
- _ SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- _ SINGULUS TECHNOLOGIES Inc., Windsor, USA
- _ SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- _ SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- _ SINGULUS VIKA CHINA LIMITED, Wanchai, Hong Kong
- _ SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipei, Taiwan

Except for SINGULUS VIKA CHINA LIMITED, SINGULUS MANUFACTURING GUANGZHOU, HamaTech and the STANGL Semiconductor Equipment AG, SINGULUS TECHNOLOGIES directly or indirectly owns the entire shares of the abovementioned companies.

HamaTech AG

At the end of the year under review the SINGULUS TECHNOLOGIES AG held about 91.3% of the shares of its former competitor, the HamaTech AG, in total. The majority of the HamaTech AG was acquired in the business year 2006. In addition to the manufacturing of machines for the production of optical discs the portfolio also included the business division for the construction of inspection systems (ETA-Optik), and division for the manufacturing of cleaning machines for photo masks (APE) as well as a company for the manufacturing of input products for the optical disc and semiconductor sector (SESS), which is located in Slovakia.

In the past fiscal year 51 % of the shares of the operating unit of STEAG Electronic Systems (SESS) in Nove Mesto, Slovakia, were sold. To realize this sale it was necessary to establish a new company, BÖHM Electronic Systems (BESS), to which the operating parts of SESS were transferred. Since then, SESS only holds land and buildings. The remaining 49 % of BESS were disposed in the course of the exercise of a call option in the business year 2007. The company ETA-Optik was sold in 2007.

At the beginning of 2008 the remaining optical disc activities were relocated from Sternenfels to the main site of SINGULUS TECHNOLOGIES in Kahl am Main. The profitable business division for the manufacturing of machines for the cleaning of photo masks was spun-off into an independent GmbH & Co. KG named HamaTech APE, Sternenfels. As of December 31, 2007, the HamaTech AG employed 14 people in total, the HamaTech APE GmbH & Co. KG together with HamaTech USA had 97 employees overall.

Merger requested

Until June 30, 2007 the SINGULUS TECHNOLOGIES Beteiligungs-GmbH held 88.77 % of the share capital and the voting rights of the HamaTech AG in total. For the share transfer, the SINGULUS TECHNOLOGIES Beteiligungs-GmbH was merged to the SINGULUS TECHNOLOGIES AG with effect from June 30, 2007. This resulted in a loss from the merger in the separate financial statements of the SINGULUS TECHNOLOGIES AG in the amount of € 24.0 million. This loss mainly arose in connection with the assumption of the net loss of the HamaTech AG in the amount of € 22.2 million in the business year 2006, i.e. this loss from the merger at the SINGULUS TECHNOLOGIES AG results from events in the business year 2006. Within the Group this loss is eliminated due to consolidation.

As a consequence of this procedure, on November 1, 2007 SINGULUS TECHNOLOGIES and HamaTech announced in an ad-hoc release that the Supervisory Boards agreed on the share exchange ratio and the merger of the HamaTech AG to the SINGULUS TECHNOLOGIES Aktiengesellschaft. Accordingly, the shareholders of the HamaTech AG will receive two SINGULUS TECHNOLOGIES shares for nine HamaTech shares.

The merger agreement was accepted at the extraordinary shareholder meeting of the HamaTech AG on December 17, 2007 with an acceptance of about 98.7%. Due to objections filed by shareholders the entry of the merger is still pending.

HamaTech APE, Sternenfels

The segment Advanced Process Equipment for the production of cleaning equipment of photo masks is – as previously announced on November 1, 2006 – continued in Sternenfels as an independent subsidiary under the name of HamaTech APE. The demand in the market segments for cleaning equipment for photo masks served by the division Advanced Process Equipment showed a favorable trend. The business division Advanced Process Equipment was able to exceed the previous year's level of sales and contributed positively to earnings. We expect HamaTech APE to make a positive operating earnings contribution in the fiscal year 2008, too.

SINGULUS MANUFACTURING GUANGZHOU, China

SINGULUS TECHNOLOGIES and its long-time partner VIKA, Hong Kong, founded the joint venture SINGULUS MANUFACTURING GUANGZHOU (SMG) in Guangzhou, Southern China in 2006 as an assembly site for DVD replication lines of prerecorded discs. SINGULUS TECHNOLOGIES owns 51% of the shares in this company. In Guangzhou, DVD machines and EMOULD injection molding equipment are assembled on a business space of 10,000 sqm. and sold to the Chinese market. As of December 31, 2007, SMG employed 41 people in Guangzhou in total.

SINGULUS EMOULD GmbH, Würselen, Germany

SINGULUS TECHNOLOGIES announced in November 2007 to center its competence for the manufacturing of injection molding machines at SINGULUS MOLDING in Schaffhausen, Switzerland. In the future, the so far produced injection molding machines of the EMOULD type will be manufactured at the SINGULUS MOLDING AG in Schaffhausen.

The operations at the SINGULUS TECHNOLOGIES AG in Kahl am Main will be responsible for services as well as spare parts for this machine type in future. Here, services and spare part activities have already been centered. The shut-down affected 40 employees overall. The step will further reduce the cost base in the Group and strengthen the earnings in the segment of optical disc production lines.

SINGULUS MOLDING AG, Schaffhausen, Switzerland

Since the summer of 2005, SINGULUS TECHNOLOGIES has been producing a new generation of electromechanical injection molding machines in Schaffhausen. 71 machines of this new concept were produced and shipped in 2007. Since the beginning of 2008 the EMOULD machines are also assembled in Schaffhausen. As of December 31, 2007 SINGULUS MOLDING employed 41 people in total.

SINGULUS MASTERING B.V., Eindhoven, Netherlands

SINGULUS MASTERING located in the Netherlands develops and manufactures mastering systems for all formats of optical storage media. In 2007 the new PTM (phase transition mastering) for the Blu-ray standard was launched, which had been developed in cooperation with Philips. At the MEDIA-TECH Expo in the US in May 2007 SINGULUS MASTERING presented the newly developed inline mastering systems with the brand name CRYSTALLINE for the first time in public. Besides SONY, SINGULUS

MASTERING is the only company in the world able to offer an inline mastering system for all DVD and in particular also Blu-ray formats. As of December 31, 2007 SINGULUS MASTERING employed 79 people overall.

SINGULUS Nano Deposition Technologies GmbH, Kahl am Main

In June 2007 SINGULUS TECHNOLOGIES spun-off its business activities TMR (tunnel magnetic resistance) into an independent subsidiary. With this step we clearly document to the market the independence and autonomy of these activities from the core activities “Optical Disc”. Furthermore, we expect an improved sales approach with this step. As of December 31, 2007 the SINGULUS Nano Deposition Technologies GmbH employed 26 people in total.

STANGL Semiconductor Equipment AG, Eichenau

In September 2007 the SINGULUS TECHNOLOGIES AG, Kahl am Main, acquired 51 % of the STANGL Semiconductor Equipment AG (STANGL) and has been consolidating the company since September 1, 2007. For the full-year 2007 STANGL reported sales pursuant to IFRS amounting to € 30.1 million. The company is one of the globally leading suppliers of machines for wet-chemical processes for photovoltaics applications. As of December 31, 2007 STANGL employed 122 people overall.



Strategy

Expansion strategy: diversification into the growth market Solar

Since its foundation and IPO SINGULUS TECHNOLOGIES has been a growth company. The earnings generated in the operating activities were always reinvested for the expansion of existing and the establishment of new business areas. This expansion strategy over the years was reflected by increasing key figures of the company such as sales, number of employees, earnings and market share.



However, the trend of these key figures declined in the past couple of years in the course of the consolidation of the optical disc market. The strategic positioning of the company rests on the goal to once again enter the temporarily disrupted growth process. Accordingly, we have further strengthened our market position in the past couple of years through acquisitions in our core activities Optical Disc. The development of the Blu-ray technology at SINGULUS TECHNOLOGIES has secured us a leading position in the future market of the third format generation. In addition to the further development of Optical Disc we have reviewed other technologies in the past years as well. Our goal was to generate sales with the launch of new products, which are independent of the cyclical fluctuations in the optical disc market. Correspondingly, we generated double-digit million sales with profit contributions outside of our core activities for the first time in 2007 with our own product developments in the segment Nano Deposition Technologies and the coating of ophthalmic glasses as well as decorative coatings.

This organic growth with own product developments was supplemented in 2007 by the first acquisition outside our traditional work area with the entry into the solar industry.

Own developments and acquisitions are the two complemented elements of our expansion strategy. With these two instruments SINGULUS TECHNOLOGIES will generate growth in the future as well. A large market potential as well as the proximity to the core competencies of our company are the essential factors in examining additional internal or external growth opportunities.

**Service and sales strategy:
expansion of market leadership in the optical disc market**

Following a pioneer stage in the optical disc machine business with a constantly rising number of competitors the sector has consolidated in the meantime. SINGULUS TECHNOLOGIES contributed actively to this consolidation. Depending on process step and format the number of suppliers of machines for the production of optical discs was reduced to three to four globally active companies. SINGULUS TECHNOLOGIES is the only supplier offering production equipment for all process steps.

This position as a one-stop supplier is appreciated by our customers because one contact person for all technologies and formats reduces complexity and correspondingly the associated production risks. Due to its unique position SINGULUS TECHNOLOGIES is able to take advantage of synergies in development, production, sales & marketing as well as services. Therefore it is only due to the broad range of products and services offered that we are able to provide a tightly-knit sales and service network worldwide for our customers. SINGULUS TECHNOLOGIES will also offer the entire value chain from mastering and injection molding to replication in the currently evolving market of the third format generation.

**Production strategy:
focus of manufacturing capacities at competence centers**

In order to make use of synergies all production capacities for replication lines of all optical disc formats were centered at the site in Kahl am Main in 2007. The site in Würselen was closed and the production of EMOULD injection molding machines relocated to Schaffhausen. An additional center of competence is intended to be established in the greater Munich area. Here we will expand the development of production know-how for wet-chemical processes and equipment for the photovoltaics sector. In order to be able to better address the peculiarities of the Chinese market, we have a joint venture for the assembly of optical disc replication lines in China. Our entire know-how for mastering is centered in Eindhoven.

Research and development

Research and development

In the core work area Optical Disc SINGULUS TECHNOLOGIES works intensively in further developing and optimizing the product range established in the market to maintain our achieved competitive edge. At the same time SINGULUS TECHNOLOGIES also invests in new work areas, such as in particular the use of solar energy, with the goal to develop additional, profitable business areas for the future, which will strengthen the sustainability of the company.

Currently, spread over the competence centers we are employing substantially more than 100 people in the divisions Research & Development and Construction. The machines developed in the business year 2007 such as the high density mastering system CRYSTALLINE and the new replication line BLULINE II will start in 2008 to contribute a constantly rising share to sales and earnings. The same holds true for the development of a coating machine for silicon solar cells, which we started in the 2nd half of 2007. Here, we expect considerable shares of sales in the strongly growing Solar activities from 2009 and onwards.

Optical Disc

SINGULUS TECHNOLOGIES continuously improves the efficiency of its entire product range with respect to reliability, production speed and quality of the produced discs. Therefore, our machines are thus the most productive and thus guarantee the highest efficiency in the market.

In 2007 we concentrated our development efforts in Kahl on the new modular production platform BLULINE II for the production of prerecorded and recordable Blu-ray Discs. The flexible systems enables our customers to start the production of single layer Blu-ray Discs (25 gigabyte) with a



low investment outlay and to upgrade the machine with an additional module for the production of dual layer Blu-ray Discs (50 gigabyte) at any-time, if required. The machine uses an economic centrifugal lacquering process for the extremely homogenous top layer and the material-efficient wet embossing process developed by SONY for the production of the second information layer.

The development considered many of the customers' demands and the long-time experience of our development and construction teams. If possible, proven hardware elements and components were used. The BLULINE II is extremely compact and characterized by both ease of use and service. It is marketed since the beginning of 2008.

At SINGULUS MASTERING in Eindhoven a new mastering system for the formats of the third generation named CRYSTALLINE was developed. The process technology applied is based on phase transition of specific materials under thermal impact. For the writing of information only the thermal part of a laser light source is used. This enables structures which are significantly smaller than the wavelength of the used laser.

The CRYSTALLINE fully automatically performs several partial processing steps from the cleaning of the glass substrates to the application of the nickel base layer for the subsequent galvanization process. This development was originally started with Philips Laboratories, Eindhoven, and will be supported by SONY DADC, Austria, in the future.

Solar

SINGULUS TECHNOLOGIES acquired the solar equipment maker STANGL in the business year 2007. With this step SINGULUS TECHNOLOGIES was successful in entering the rapidly growing solar market.

The core competencies of the two companies complement each other in an ideal way. While STANGL is specialized in the construction of machines for wet-chemical processes, SINGULUS TECHNOLOGIES' strength rests on vacuum coating processes and industrial automation.



SINGULUS TECHNOLOGIES decided to develop its own coating machine for the application of antireflective layers which is fully integrated into the production of silicon solar cells. Because of the extremely high quality of the layer, the anti-reflective and passivation characteristics will be improved and therefore the energy efficiency of the finished cells improved. The first SINGULUS TECHNOLOGIES coating machine is schedule for delivery in 2008 already.

Additional product developments

NANO DEPOSITION TECHNOLOGIES

The TIMARIS machine is characterized by its ability to apply extremely thin (sub-nanometer dimensions) and at the same time very homogenous layers in high vacuum on substrates with diameters of up to 300 mm. In a virtually user-defined sequence, up to ten different materials can be applied. Areas of application are for example semiconductor elements such as memory chips (MRAM) and logistics ICs as well as read/write heads for magnetic hard disc drives. New applications are currently being developed.

The TADERIS coating machine was developed for extremely thick layers (micrometer dimension). With the machine very thick insulating and protective layers, for example of aluminum oxide, can be applied with high coating rates and therefore very economically. These coatings are also

used in write/read heads for magnetic hard disc drives. In this work area we were able to record double-digit million sales with a positive earnings contribution in 2007.

OPTICAL COATINGS

On the basis of sputter and PECVD (physical enhanced chemical vapor deposition) processes SINGULUS TECHNOLOGIES developed the OPTICUS, a fully-automated inline coating machine for individual substrates. In less than 30 minutes including quality control, all coating steps are performed on both sides of the eye lenses at the same time. The automation enables a reduction in the production costs of up to 25 % compared with the traditional vacuum deposition equipment used by the market for decades. The development efforts in 2007 were focused on customer specific coatings for high refractive plastic lenses.

DECORATIVE COATINGS

SINGULUS TECHNOLOGIES has transferred the inline production process proven for optical disc to three-dimensional plastic parts. Similar to the CD or DVD production, the plastic parts are formed in an injection molding machine, an undercoat lacquer applied if necessary, metallized and a protective layer applied in the end, while completely solvent-free lacquer is used, which is hardened by ultraviolet light. Using suitable metal alloys enable almost limitless coating colors. The fully-automated DECOLINE distinguishes itself through high efficiency and ecological advantages.

ADVANCED PROCESS EQUIPMENT

The HamaTech APE is active in baking and developing of exposed photoresist layers as well as in various cleaning steps during the mask production and its application. Several photo masks are required in the production process of nearly all semiconductor elements. The focus in 2007 was set on the development of a high temperature hotplate for the removal of crystals (haze), which emerge from the glass substrate during the exposure with ultraviolet light and which without cleaning make the photo masks unusable.

Together with the development consortium Sematech APE developed the cleaning technology for the future lithography processes with extremely short-wave ultraviolet light (EUV).

Employees

SINGULUS TECHNOLOGIES emphasizes the continuous further training of its workforce. The development and assembly of state-of-the-art machines with latest technologies require a high level of skills. Therefore, the share of employees with an academic degree is comparably high in our company. This is complemented by further training programs in the areas of leadership, producer development, foreign languages and customer focus.

Continuous further training

In addition to professional training for employees, the company offers vocational training for five occupational fields. Moreover, we offer internships for pupils and students and mentor diploma theses. At the end of 2006 the SINGULUS TECHNOLOGIES Group employed 796 people. Due to restructuring measures and the sale of a subsidiary the number of employees declined to 764 people as of the end of 2007. This includes a headcount of 111 at the HamaTech Group. For the first time 122 employees at the STANGL Semiconductor Equipment AG were consolidated in the business year 2007. The average number of employees in the Group amounted to 717 people in 2007 (previous year: 1,129 employees).

Employees as of December 31	2005	2006	2007
HamaTech	-	226	111
STANGL	-	-	122
SINGULUS TECHNOLOGIES	636	570	531
SINGULUS TECHNOLOGIES Group	636	796	764
Germany	393	485	498
Abroad	243	311	266

Economic Situation

The Global Economy

The overall economic development in the full-year 2007 was stable. However, there was some deterioration during the 2nd half of the year caused by the impact of the credit crisis on the US real estate market. According to experts, the consequences of the US real estate crisis will continue to have a negative impact on the financial markets in 2008. The year 2007 was also characterized by a constantly rising oil price and a weak US-Dollar exchange rate against other currencies. Nevertheless, the impact of the Dollar on exports from the Euro-zone was less pronounced than feared.

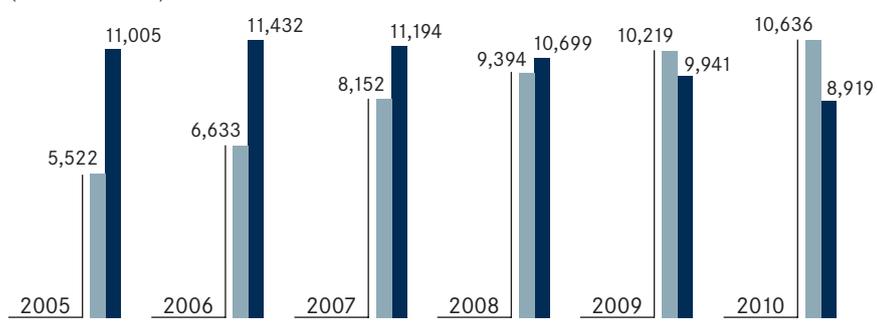
The economic trend in Germany was positive once again in 2007. The figures for 2007 released by the German Federal Bureau of Statistics published in 2008 showed a slightly lower growth rate than in 2006, but the gross domestic product (GDP) still rose by 2.5% (previous year: 2.9%), which is the second highest reading since 2000. The main reason for this growth was again the level of investments in equipment (machines, plants, vehicles), which increased by 8.4% compared with the previous year. The data reported by the trade association VDMA confirms this trend. Accordingly, the production volume of the German engineering sector reached a record level of € 181 billion in the year under review. This corresponds to a growth rate of 11% compared with 2006. The VDMA forecasts a sector growth of five percentage points in 2008 compared with 2007. Due to the imminent technology change, which had not yet taken place in 2007, SINGULUS TECHNOLOGIES as well as the entire optical disc equipment sector did not participate in the overall growth of the global economy. In particular, the impact of the “format war” between Blu-ray and HD DVD contributed to this trend, which will be explained in detailed in the following section.

Experts expect the global economy to continue its growth in the year 2008 albeit at a lower rate. However, an economic growth rate of 1.75% is still deemed possible. According to GfK (Gesellschaft für Konsumforschung) the consumption climate in Germany is viewed favorably, but the market researcher fears that it could suffer from recessionary trends in the US or intensifying turbulences on the international financial markets. This is an assessment the VDMA agrees to, while the latter projects a higher degree of independence of the global economy from the US market.



Global market trend recordable and rewritable CDs/DVDs

(million discs)



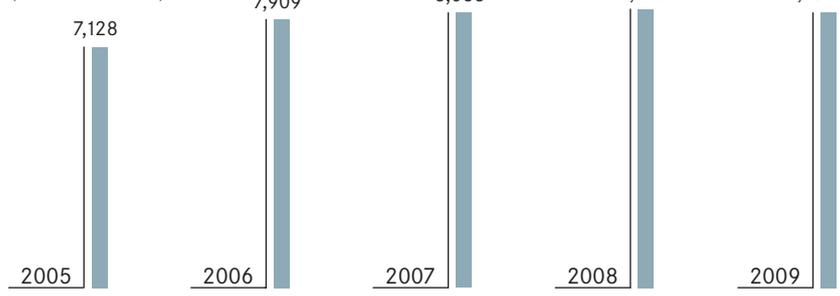
Source: Understanding & Solutions (U&S), May 2007

■ CD ■ DVD



Global market trend prerecorded DVDs

(million discs)



Source: Understanding & Solutions (U&S), Sept./Oct. 2007

Optical disc market

The development in the optical disc market is described by individual data mediums and format generation in the following.

CD: a slight decline

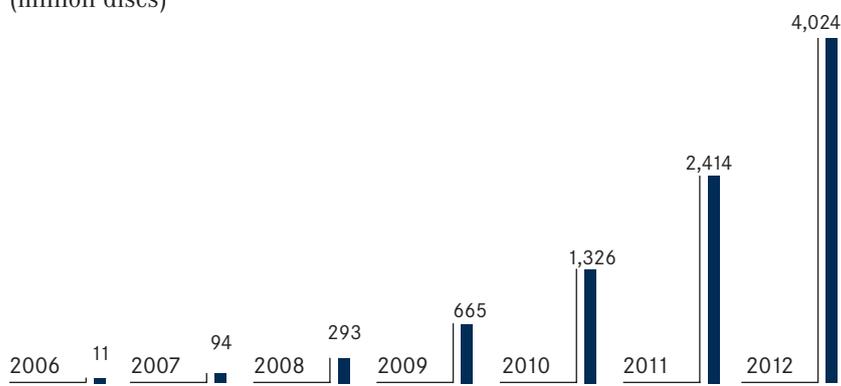
In 2007 the CD celebrated its 25th anniversary. The medium has proven to have a longer life than forecast. Worldwide about 11.8 billion prerecorded CDs and 11.2 billion once-recordable and rewritable CDs were sold in 2007. Due to the high capacities available in the market for CD production, the demand for machines for the production of CDs declined compared with the previous year.

DVD: stable business

The total volume of sold DVDs, the format of the second generation, amounted to 8.1 billion discs for prerecorded DVDs (according to U&S Sept./Oct. 2007). Market researchers project an additional, slight increase to 8.2 billion units in the current business year. The market for once-recordable and rewriteable discs is expected to continue to grow in the next couple of years as well.



Global market trend recordable and prerecorded Blu-ray Disc / HD DVD (million discs)



Source: Techno Systems Research, December 2007

Many regions in the world have not or only to a limited extent been penetrated by DVDs. Therefore, this still offers stable business with resulting equipment investments in the near future.

High-Definition: decision in favor of Blu-ray

The past business year was impacted by the prevalent uncertainties regarding the competing formats of the third generation, namely Blu-ray Disc and HD DVD. This uncertainty resulted in a general restraint in capital spending on part of disc producers of all formats. With the movie studio Warner Bros.' decision in January 2008 to offer its movies exclusively on Blu-ray Discs in high-definition quality, Toshiba was forced to end the "format war" and withdrew its format HD DVD from the market. Therefore, in the end all Hollywood studios, but also other film studios worldwide, will use the Blu-ray technology. SINGULUS TECHNOLOGIES has particularly worked on this technology in its R&D strategy and therefore expects to participate disproportionately from the currently emerging market growth in Blu-ray.

According to studies by the market researchers Techno Systems Research the production of prerecorded Blu-ray Discs is set to more than double from 2008 to 2009 (to 536 million discs compared with forecast 254 million in 2008) and to rise to 2.3 billion discs by 2012. Inexpensive players and blockbuster movies from Hollywood in high definition quality will

lead to rapidly increasing disc sales and require capital spending on part of our customers for new equipment technology according to market observers. The still growing market for game consoles supporting Blu-ray should also have a positive impact on the sales of our production equipment.

Photovoltaics market:

high new investments for the solar cell production expected

The developments in the field of renewable energies, at the forefront solar energy, were fast in the past couple of years. Studies (e.g. Bank Sarasin & Cie AG, November 2007) show that the newly installed power from solar cells amounted to about 1,647 MWp in 2006. The study projects a rise to 2,747 MWp in 2007 and to 3,975 MWp in 2008.

In this process the production capacities in all stages of the value-added chain are expanded and therefore enable the rapid growth of the entire photovoltaics industry. For the future development of the global photovoltaics market some hurdles such as silicon shortages and a lack of support programs have been cleared. In its report in November 2007 Sarasin thus projected a newly installed photovoltaics volume of around 8,25 GWp (gigawatt peak) for 2010. This corresponds to a compounded annual growth rate of approx. 50% for the years 2006 to 2010.

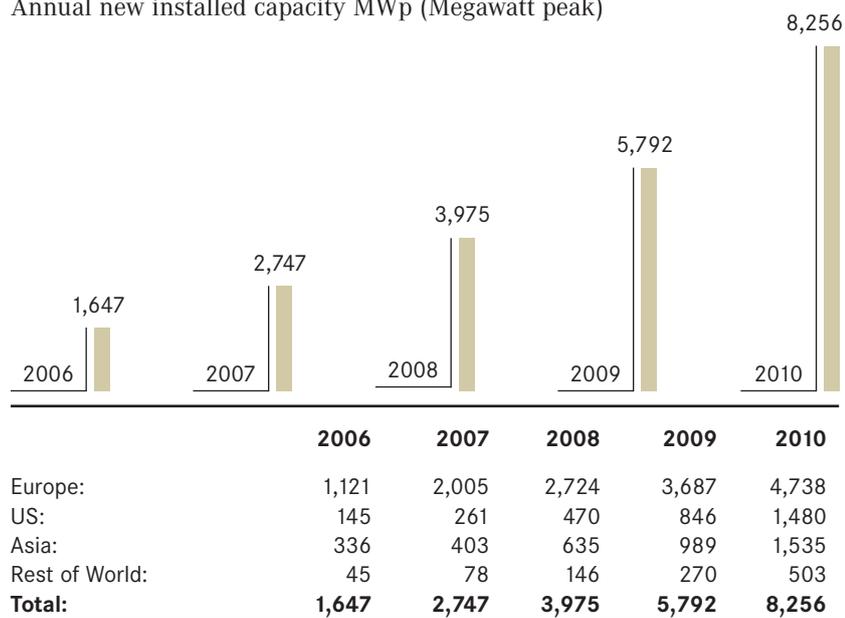




Here, crystalline silicon solar cells represent the majority of the market. In view of these growth rates in the next couple of years, a respectable boost for investment in plant and equipment for new solar cell factories is expected. The market for thin-film solar cells is projected to grow from 511 MWp in 2007 to 1,983 MWp in 2010.

Country-specific projection for the PV market

Annual new installed capacity MWp (Megawatt peak)



Source: Sarasin Sustainability Research, November 2007

Financial Report of the SINGULUS TECHNOLOGIES AG

Sales and earnings

Compared with the previous year sales declined by € 53.6 million from € 283.1 million to € 229.5 million. Adjusted for the companies ETA-Optik and BESS, which were deconsolidated in the meantime, the decrease in sales amounted to € 24.2 million compared with the prior-year. For the first time SINGULUS TECHNOLOGIES reports for the business year 2007 split by the divisions, Optical Disc, Solar, Semiconductor and Coating. In the segment Optical Disc net sales dropped by € 54.5 million compared with the previous year and totaled € 169.8 million in the year under review. The reason for the decline in this segment was mainly a volume effect. In the year under review the segment Solar includes sales in the

Sales	2005	2006	2007
(in million €)			
Sales (gross)	244.4	283.1	229.5
Individual selling expenses	12.1	10.7	6.5
Sales (net)	232.3	272.5	223.0

Breakdown of sales by region	2005	2006	2007
(in %)			
Asia	24.4	27.5	25.9
Americas	20.1	28.0	32.1
Germany	13.3	11.7	11.3
Europe (excl. Germany)	36.5	30.2	28.6
Africa & Australia	5.7	2.6	2.1

Number of invoiced systems	2005	2006	2007
BLULINE (Blu-ray Disc)	-	-	5
SKYLINE (CD)	82	113	80
SPACELINE (DVD)	149	123	113
STREAMLINE (CD R)	11	4	9
STREAMLINE (DVD R)	32	9	6
TAURUS (DVD R)	-	28	23
MASTERING	42	25	14
EMOULD/MoldPro	336	344	311

Key earnings figures (in million €)	2005	2006	2007
EBIT	2.1	4.0	1.1
Earnings before taxes	3.3	4.3	1.6
Net profit	7.3	11.1	3.0
Earnings per share	0.21	0.35	0.05

net amount of € 13.8 million for the first-time consolidated STANGL AG. In the segment Semiconductor sales rose by € 15.4 million to € 37.1 million in total. The segment Coating reporting net sales in the amount of € 2.3 million in the year under review, which means a slight increase compared with the prior-year.

During the year under review sales in the segment Optical Disc were considerably shaped by the Prerecorded business with our SPACELINE and SKYLINE machines.

In the fiscal year 2007, Europe (including Germany) was once again our main sales region with a share of total sales of 39.9% (previous year: 41.9%). In the year-over-year comparison the Americas increased their share slightly to 32.1% (previous year: 28.0%). The region Asia accounted for 25.9% of sales (previous year: 27.5%). On a low level the activities in Africa and Australia declined slightly to 2.1% of sales (previous year: 2.6%).

The gross profit margin rose significantly in the business year 2007. The increase to 29.3% (previous year: 25.2%) was mainly due to the high share of total sales in strong-margin activities in the segments Semiconductor and Solar.

The operating expenses amounted to € 64.2 million and remained close to previous year's level (previous year: € 64.6 million) However, the prior-year operating expenses included extraordinary effects in connection with the first-time consolidation of the HamaTech AG. They stem from an extraordinary gain in the amount of € 33.8 million from the purchase accounting as a result of the acquisition of this company as well as restructuring charges in the amount of € 27.2 million. Overall, the figure for the prior-year results included a positive extraordinary effect in the net amount of € 6.6 million. Adjusted for this effect the operating expenses dropped by € 7.0 million compared with the previous year. Specifically, development expenses in the amount of € 16.4 million (previous year: € 21.2 million) were incurred in the year under review. The expenses for sales & marketing and customer service totaled € 22.9 million (previous year: € 24.0 million), the general, administrative expenses come to € 18.7 million (previous year: € 25.9 million).

The other operating expenses in the amount of € 9.1 million mainly include expenses due to write-offs on accounts receivable totaling € 1.6 million, currency-related losses of € 2.9 million as well as a deconsolidation loss of ETA-Optik in the amount of € 1.1 million.

The earnings before interest and taxes (EBIT) declined to € 1.1 million (previous year: 4.0 million). Specifically, the operating result of the Optical Disc segment including restructuring charges in the amount of € 3.1 million was negative at € 4.2 million. The Solar division posted a positive EBIT in the amount of € 2.9 million. In the Semiconductor segment a positive earnings contribution totaling € 4.8 million was achieved. The Coating segment was negative at € 2.5 million in the year under review.

The EBIT margin within the Group came to 0.5% (previous year: 1.5%). The financial result of € 0.5 million remained around the prior-year level (previous year: € 0.3 million). The net profit amounted to € 3.0 million (previous year: € 11.1 million). This decline is mainly based on an extraordinary effect in the prior-year in the amount of € 8 million in connection with the first-time capitalization of corporate tax assets from the transition to the so-called “half-income procedure” pursuant to the German Tax Reduction Act as of October 23, 2000 through the revision of the “Act on Accompanying Measures for the Introduction of the European Company and Amendment of Further Tax Provisions” (SEStEG) as of December 7, 2006. The tax income in the year under review amounting to € 1.5 million predominantly results from a tax refund in connection with changes in tax assessments for the years 1997 to 2000 due to the acceptance of loss carry-forwards.

Order intake and order backlog (in million €)	2005	2006	2007
Order intake	248.7	319.0	203.8
Order backlog (Dec. 31)	60.9	81.5	55.8

Order backlog and order intake

The order intake including the first-time consolidated STANGL AG came to € 203.8 million in the year under review (previous year: € 319.0 million) and was 36 % below previous year's level. The order backlog as of end of 2007 recorded a significant decline over the previous year (€ 81.5 million) and stood at € 55.8 million including the consolidated STANGL AG.

Balance sheet and liquidity

The non-current assets (excluding long-term receivables and capitalized tax assets) increased by € 83.0 million compared with the previous year mainly due to the acquisition of STANGL. Specifically, the item Goodwill increased by € 45.6 million in connection with the first-time consolidation of the abovementioned company. In addition, intangible assets in the amount of € 39.5 million were recognized in the course of the first-time consolidation. These intangible assets include technology (€ 6.8 million), customer relationships (€ 27.8 million) as well as the "STANGL" brand (€ 4.8 million). Furthermore, the capitalized development expenses increased by € 9.4 million compared with the previous year due to the development activities for new equipment of the third generation of optical discs. The amount of property, plant and equipment recorded an opposite trend with a decline totaling € 9.9 million compared with the prior-year. This reduction is mainly based on the Group management's decision to sell the real estate of the HamaTech AG in Sternenfels. In this context, property, plant and equipment of € 5.7 million were transferred to the item "Assets of a disposal group classified as held for sale".

For the first time in the business year 2006 commercially used land and buildings, which were leased, were recorded under the line item "Real estate held as financial assets" in the amount of € 8.8 million. As of December 31, 2007, the book value of these assets amounted to € 8.7 million.

Depreciation (incl. extraordinary write-offs) on property, plant and equipment and intangible assets amounted to € 18.1 million compared with € 30.6 million in the previous year. This decline is mainly due to an extraordinary effect in the prior-year period in connection with the shut-down of the recordable activities at the site in Kahl am Main and the shut down of the prerecorded operations in Sternenfels as a consequence of the restructuring of the Group and the resulting extraordinary write-offs totaling € 12.6 million.

Current assets were reduced by € 36.1 million during the period under review. Specifically, cash and cash equivalents declined by € 19.3 million. This decline mainly occurred in connection with the payment of the cash components in the amount of € 25 million for 51 % of the shares of STANGL. In addition, compared with the previous year inventories declined by € 14.9 million for balance sheet date related reasons. Other receivable and other assets declined by € 0.1 million compared with the previous year. The short-term accounts receivable decreased slightly by € 1.9 million compared with the prior-year level.

The “Assets of a disposal group classified as held for sale” in the amount of € 5.2 million and consolidated for the first time in the business year 2006 are in connection with the sale of 100 % of the shares of the STEAG ETA-Optik GmbH, Heinsberg, which was completed at the beginning of February 2007. In the year under review this item represents the real estate of the HamaTech AG in Sternenfels.

Compared with the previous year the short-term liabilities decreased by € 9.1 million. This decline is based on opposing effects. Specifically, this amount includes decreases of € 11.7 million for prepayments received, € 3.7 million of accounts payable as well as € 1.8 million of other provisions. In contrast, short-term bank liabilities rose by € 8.2 million. The increase in bank liabilities results mainly from making use of a credit line in the amount of € 10.0 million in connection with the financing of the acquisition of 51 % of the shares of STANGL.

Similar to the previous years, cash discounts for accounts payable were used in the business year 2007, if possible.

Compared with the prior-year the long-term liabilities increased by € 37.2 million and amounted to € 74.1 million at the balance sheet date. This increase in the amount of € 37.2 million is due to the accounting of the put/call option in connection with the acquisition of STANGL. Furthermore, compared with the previous year tax liabilities rose by € 7.9 million. This increase is predominantly due to tax effects stemming from uncovering hidden reserves in the course of the first-time consolidation of STANGL. In contrast, long-term bank liabilities declined by € 6.3 million due to the repayments of loans.

Shareholders' equity

As of the end of 2007 the equity of the Group increased slightly from € 274.7 million as of December 31, 2006 to € 293.3 million. This increase is mainly based on the issuance of 2,004,478 shares in connection with the financing of the acquisition of 51 % of the shares of STANGL. Equity attributable to shareholders of the parent company amounted to € 287.2 million. Minority interests totaled € 6.0 million.

The equity ratio stood at 66.1 % and was thus only slightly below previous year's level (69.1 %). The return on equity - measured by the ratio of earnings before taxes to equity - amounted to 1.1 % (previous year: 1.6 %).

Capital expenditure and financing

The gross addition to property, plant and equipment (including additions due to acquisitions) in the SINGULUS TECHNOLOGIES Group amounted to € 2.4 million in the business year 2007. This is set against depreciation of property, plant and equipment in the amount of € 4.8 million. As of December 31, 2007, the intangible assets amounted to € 176.5 million. This includes € 48.3 million of capitalized development expenses, € 76.8 million of goodwill as well as € 51.4 million of other intangible assets. The depreciation of intangible assets amounted to € 13.3 million in the year under review.

Cash flow

During the year under review the cash flow from operating activities was negative at € 3.6 million. In the prior-year period the operating cash flow had been positive at € 9.0 million. The decline is mainly due to the reduction of prepayments received. In addition, the investments for the development of new equipment for the third generation of optical discs contributed to this.

The cash flow from investing activities was negative at € 16.7 million compared with € 20.3 million in the previous year. This is mainly a result of the acquisition of 51 % of the shares of STANGL. In this connection cash and cash equivalents of the SINGULUS TECHNOLOGIES Group declined by € 18.7 million. In contrast, the proceeds from the sales of ETA-Optik and the minority stake in BESS had a compensating effect totaling € 4.5 million.

In the period under review the cash flow from financing activities amounted to € 1.2 million compared with a negative cash flow of € 0.3 million in the prior-year. The positive cash flow from financing activities mainly results from the use of a current account loans in the amount of € 10.0 million in connection with the financing of the payment of the cash component for the acquisition of 51 % of the shares of STANGL. In contrast, loans in the total amount of € 8.1 million were repaid in the business year 2007.

As an overall result, cash and cash equivalents declined by € 19.3 million in the year under review.

Cash flow (in million €)	2005	2006	2007
Cash flow from operating activities	8.3	9.0	-3.6
Cash flow from investing activities	-9.9	-20.2	-16.7
Cash flow from financing activities	-11.9	-0.3	1.2
Exchange rate related changes	4.1	0	-0.2
Total cash flow	-9.4	-11.5	-19.3
Cash and cash equivalents at the beginning of the business year	77.1	67.7	56.2
Cash and cash equivalents at the end of the business year	67.7	56.2	37.0

Assets	2005	2006	2007
(in million €)			
Cash & cash equivalents	67.7	56.2	37.0
Receivable and other assets (short-term)	92.1	86.3	84.3
Inventories	78.9	105.7	90.8
Non-current assets	121.1	144.2	226.2
Others	-	5.2	5.7
Balance sheet total	359.9	397.6	443.9

Liabilities and shareholders' equity	2005	2006	2007
(in million €)			
Short-term liabilities	68.5	84.5	75.4
Long-term liabilities	35.9	36.9	74.1
Shareholders' equity	255.5	274.7	293.3
Others	-	1.5	1.1
Balance sheet total	359.9	397.6	443.9



Important events after December 31, 2007 Supplementary Report

Important events after the Balance Sheet Date (Dec. 31, 2007)

With effect from January 1, 2008 per resolution of the Supervisory Board on November 15, 2007, Hans-Jürgen Stangl (44) was appointed to the Executive Board of the SINGULUS TECHNOLOGIES AG responsible for the newly established business division Solar.

Warner Bros.' decision in January 2008 to support the Blu-ray optical disc format has definitely changed our future expectations for our core activities Optical Disc. In view of the decision many other studios in the US and in Europe followed and opted for the publication of their movies on Blu-ray Discs. This development forced the Japanese company TOSHIBA, which had been trying to push a competing format to Blu-ray for many years, to withdraw its product HD DVD from the market. The long-time expected breakthrough of the Blu-ray Disc has therefore finally happened and will have a positive impact on the course of the business developments in our view.

SINGULUS TECHNOLOGIES signed an agreement with the Oerlikon Balzers AG (Oerlikon) for the acquisition of the Blu-ray Disc machine activities on January 31, 2008. With this strategic acquisition SINGULUS TECHNOLOGIES took over the entire Blu-ray activities as well as the support of all the Blu-ray production lines already delivered by Oerlikon. In addition, OERLIKON will stop its CD and DVD production line operations.

On January 16, 2008 SINGULUS TECHNOLOGIES decided to double the production capacities for solar equipment at the subsidiary STANGL by the spring of 2009. The expansion of the location offers the opportunity to combine the production of STANGL in Eichenau and surroundings at four assembly sites to one complex of buildings. STANGL intends to use the enlarged production capacity for the processing of the continuing order boom in the solar industry by the first half of 2009.

There were no other events of particular importance of the balance sheet date.

Outlook

Optimistic future outlook

The strength of our company is its unique position in the market for machines for the production of optical storage media. Already a few years after its foundation SINGULUS TECHNOLOGIES had reached a market share of more than 50 % for machines for the production of CDs and DVDs. Today, our market share for machines for the production of DVDs exceeds 65 %. The slump of the optical disc industry in the past three years has even strengthened our market position. SINGULUS TECHNOLOGIES contributed actively to the consolidation of the machine manufacturers of optical disc with the acquisition of HamaTech. Moreover, more competitors have withdrawn from the market.

From this position of strength we expect long-term growth for equipment for the production of Blu-ray Discs. Since the beginning of 2008 the Blu-ray technology has finally shown to be the future storage medium for movies of high definition TV, so-called HDTV.

With the acquisition of the Blu-ray activities from Oerlikon in January 2008 SINGULUS TECHNOLOGIES now also has a unique market position for this future technology.

It is expected, that a majority of households in many parts of the world will use high definition TV sets (HDTV) in a couple of years already. Movies with a significantly improved picture quality, which this TV standard offers compared to the traditional technology, can only be stored on Blu-ray Discs due to the four times higher data volume required. Therefore, there will eventually be a change from the DVD in favor to Blu-ray. For us, this means a return to growth in our core area Optical Disc in the next couple of years.

With respect to our only recently started business activities Nano Deposition Technology, Optical Coatings and Advanced Process Equipment, which have performed favorably in the past year, we will review additional growth opportunities.



In the summer of 2007 the Executive and Supervisory Boards decided the entry into the solar industry. With the acquisition of 51 % of the STANGL Semiconductor Equipment AG SINGULUS TECHNOLOGIES was able to purchase the majority in a leading manufacturer of equipment for the production of solar cells. With this company as a starting point, we will strengthen our market position in the manufacturing of equipment for the solar cell production in the coming years to establish an additional significant business division next to Optical Disc. Moreover, based on our know-how in the area of surface coating, an automated machine for the application of anti-reflective coatings is scheduled to be sold from 2009. This will continue to strengthen our position in the solar market.

The members of the Executive Board are convinced that the two core business divisions Optical Disc and Solar form an attractive combination for the new positioning of the Group and hence look for the development of the company optimistically into the future.

General economic conditions: cautiously optimistic

The general economic situation around the globe in 2008 will still be impacted by the global financial crisis. The weakening economy in the United States could result in a continuing weak Dollar exchange rate. However, we expect that the willingness to invest in equipment for the production of Blu-ray Discs will increase substantially. For the Solar activities we project continuing double-digit growth rates in sales. Overall, the outlook for the current business year 2008 is cautiously optimistic. SINGULUS TECHNOLOGIES will take advantage of its strong position in the market for equipment for the production of optical discs of the third format generation following the acquisition of the Blu-ray activities from Oerlikon to attain market leadership in this new future market as well.

Risk report

On a quarterly basis the different risk positions of the company are reviewed, analyzed and evaluated within the SINGULUS TECHNOLOGIES Group according to the management's best assessment. This report is presented to the Supervisory Board once every year. Insofar there is an extensive gathering of information of the different risk categories within the company in predefined periods of time.

Furthermore, there are regular discussions with the Supervisory Board during the Supervisory Board meetings with respect to potential risks of the further development of the company. This holds also true for the meetings of the Executive Board, which take place on a regular basis. In addition to customer and currency risks, the individual risk categories include procurement and purchasing, IT management, project management, research & development, sales markets, production, financial risks and quality assurance as well as risks stemming from our three producing subsidiaries SINGULUS MASTERING, SINGULUS EMOULD and SINGULUS MOLDING. Furthermore, the HamaTech AG was included in the risk reporting for the first time at the end of 2006. Appropriate key figures, which are part of the risk reporting since the 1st quarter 2007, were included for the joint venture in China. We are currently in the process of developing risk reporting for the subsidiary STANGL acquired in September 2007. This should be included in the risk reporting of the SINGULUS TECHNOLOGIES Group from the 1st quarter 2008.

Basically, the risk management information system is built in a way to classify the individual risk categories as very low, low or high risk. This reflects that from SINGULUS TECHNOLOGIES' specific company perspective different segments also represent different risk potentials for our company. The probability of occurrence of such risks also differs from company to company. The lowest probability of occurrence is set to 0-10%, followed by the categories 10-25% and 25-50%. We do not see higher probabilities of occurrence in any risk category. Furthermore, the potentially resulting impact on the operating result in case of occurrence of a risk is analyzed. This assessment ranges from < k € 250 (very little) to k € 250 - k € 1,250 (medium) up to k € 1,250 - k € 5,000 (high).



The before mentioned risk categories, the definition of probabilities of occurrence as well as the potential impact on the results are evaluations and assessments of the company as a result of a detailed review of the business processes. One example of the process robustness of our risk management system is the early detection of changes in demand in some markets towards the end of 2004 and the immediately initiated cost reduction measures at the beginning of 2005. An analogous analysis of the situation at the end of the business year 2005 induced us to implement additional, significant restructurings in the 1st quarter of 2006.

The individual risk segments are set out below:

For the segment procurement and purchasing credit assessments of our suppliers are performed on a regular basis. In addition, the ability to supply us as well as the meeting our quality requirements for supplier parts are regularly reviewed. This segment also includes the review of the inventory turnover of raw materials and supplies as well as the analysis of the age distribution of our goods. Due to the risk categorization the impact on the operating result, which could potentially arise from the above mentioned risk category, is assessed as being very small. The probability of occurrence is determined to be 0-10 %.

IT management risks include the evaluation of potential failures of servers, data theft or unauthorized data access. In this context relevant security systems have been implemented. The risk of a server failure as well as data theft is regarded as low and assessed with a probability of occurrence of 10-25 %. As a risk precaution daily backups of data on magnetic tape are performed. On a weekly basis, the tapes are stored in a bank's safe deposit box. To prevent data theft the data access is controlled by a special access authorization procedure.

Project management has to make sure that the internal and external logistics can be implemented smoothly. This is important to minimize the acceptance period of our products by the customer. SINGULUS TECHNOLOGIES recognizes sales in the segments Optical Disc and Semiconductor only after the customer's acceptance of the machines.

An exception to this rule is implemented in the Solar segment. Here, production orders are accounted for pursuant to the percentage-of-completion method. With respect to delays a medium range of probability (10–25 %) is assumed. Potential delays in acceptance are prevented through active construction site management, which takes care of the preparation of machine assembly and the ongoing service during commissioning at the site.

The segment R&D is also integrated in the risk management report. One essential aspect of the review of the R&D risk is the analysis of market requirements. The risk of misinterpretation or a delayed development is regarded as relatively high and is assessed at a probability of 25–50 %. Misinterpretations, i.e. development of machines missing the market requirements, have not occurred since the company was founded. However, this risk is high since machines will be developed in the future – as was the case in the past – that, amongst others following the diversification strategy, are not only affecting the core activities. In this area no significant additional risks have arisen compared with 2006, because further developments have been progressed in the course of the already implemented diversification approach.

A risk, which is also the hardest to assess, exists in the sales and marketing segment. The segment's task is to recognize and evaluate sharp declines in demand or risks of potentially misleading assessments in individual markets or products. External data such as market research results but also close contacts with our customers and companies such as SONY or PHILIPS help to improve the evaluation of future trends. These risks are regarded as high and could also result in material effects on the company's results in case of misinterpretations. From a historic point of view it can be seen that market changes are only visible with a lead time of about 3 – 4 months and therefore immediate action is required. With respect to currency risks resulting from invoicing in foreign currencies the principles of hedging are applied. Once again, we did not deviate from this principle in 2007.



In the segment production and quality in particular the processes and potential deficiencies of our machines are analyzed in the course of the risk assessment. Production interruption and process risks are regarded as low and the probability of occurrence determined to be at the medium level of 10–25 %. A comparable risk assessment of the different risk groups is also performed at SINGULUS MASTERING. SINGULUS MOLDING is a pure production operation with an exclusive supply to SINGULUS TECHNOLOGIES and limited to construction, procurement, production and commissioning in terms of risks assessments.

The SINGULUS TECHNOLOGIES Group is primarily exposed to liquidity risks, default risk, exchange rate risks and interest rate risks as financial risks. In order to secure the ability to meet financial obligations and its financial flexibility in the SINGULUS TECHNOLOGIES Group, a liquidity reserve in the form of credit facilities and cash is held. In the connection, a syndicated credit line in the amount of € 60.0 million was negotiated with effect from December 14, 2007. The credit facilities include a loan in the amount of € 25.0 million and a revolving credit facility with a volume of € 35.0 million with the overall duration of five years. The interest rate of the credit commitment is adjusted quarterly on the basis of the “3-months EURIBOR”. To hedge the interest rate risk a corresponding interest hedge in the amount of the loan was concluded in February 2008. To recognize liquidity risks in a timely manner, liquidity forecasts are drawn up on a regular basis. To analyze the default risks the portfolio of receivables of the individual companies in the SINGULUS TECHNOLOGIES Group is examined on a revolving short period of time basis.

We reviewed the instruments used for the monitoring of the risks with our auditors and our Supervisory Board. The instruments are sufficient to identify risks endangering the survival of the company in due time. Risks endangering the survival of the company are neither identifiable for the current business year nor for the following years according to the management’s opinion.

Environment and Sustainability

As a company with state-of-the-art production technology it goes without saying for us to take into account the environment in our production and sustainability in our product development. Many of our coating machines make use of the sputtering principle, which means operating in a vacuum without the emission of environment-polluting chemicals or metals.

In addition progress in terms of productivity and quality of our product developments always focus on a more economic use of resources such as electricity, water and production material. In the summer of 2007 SINGULUS TECHNOLOGIES also entered the fast growing market of solar technology. SINGULUS TECHNOLOGIES and STANGL work extensively to improve the efficiency of thin-film solar cells and crystalline silicon solar cells to enable a more efficient use of solar energy.

The safety precautions in our producing locations are regularly reviewed by an external safety expert. With respect to handling hazardous materials, SINGULUS TECHNOLOGIES strictly pays attention to the compliance with legal rules and regulations. A company medical doctor in Kahl am Main is responsible for the health concerns of our employees.



Compensation Report

This compensation report is an integral part of the combined Status Report for the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG and includes information which pursuant to the German Commercial Act amended by the German Management Compensation Disclosure Act (VorstOG) is an element of the Appendix pursuant to Art. 314 HGB and the Status Report pursuant to Art. 315 HGB.

The compensation report takes into account the recommendation of the German Corporate Governance Code and is included as part of the Status Report in this Annual Report.

Compensation of the Executive Board

Members of the Executive Board in the business year 2007

Stefan A. Baustert	Chief Executive Officer
Dr.-Ing. Anton Pawlakowitsch	Executive Board Member responsible for Technology, Research & Development

As per January 1, 2008 Mr. Hans-Jürgen Stangl was appointed to the Executive Board responsible for the business division Solar.

Individual compensation

For the individual members of the Executive Board the following compensation was paid in the period under review:

	Fixed	Variable	Total
(in € k)			
Stefan A. Baustert	451	815	1,266
Dr.-Ing. Anton Pawlakowitsch	311	160	471
	762	975	1,737

Description of the compensation structure

1. Overview

The compensation of the members of the Executive Board is determined and regularly analyzed by the Supervisory Board. It is the goal to appropriately remunerate the Executive Board members according to their functions and responsibilities and to consider the individual performance as well as the economic situation, the success and the future prospects of the company.

In this context the Supervisory Board assumes a target compensation which is composed of 60 % fixed and 40 % variable components. The Supervisory Board determines the amount of the target remuneration according to the compensation paid to members of management at comparable companies. Through the compensation structure the Supervisory Board also aims to commit the members of the Executive Board to the company in the long-term and to incentivize them to increase the company value.

The Supervisory Board considers the individual performance and the extent of the responsibilities assumed compared with the other members of the Executive Board for the analysis of the compensation. The review is performed during the first meeting of the Supervisory Board in the year.

The compensation generally includes fixed and performance-related components. The fixed parts are composed of a fixed salary and fringe benefits. The performance-related components are split in a variable bonus and a special bonus program with long-term incentivization. The variable bonus is tied to individual target objectives, which are agreed between the individual members of the Executive Board and the Supervisory Board at the beginning of each year. In addition, the Executive Board member agreements are open to one-time extraordinary payments in addition to the variable component to account for specific circumstance and to safeguard an appropriate and competitive compensation. The employment contracts with the Executive Board members include special arrangements concerning change of control. Furthermore, the members of the Executive Board received stock options and pension benefit plans.

Overall, the compensation of the active members of the Executive Board for the business year 2007 amounted to € 1,737 k. The annually fixed remuneration part contributed about 43.9 %, the performance-related variable components about 56.1 % of the total compensation. On June 18, 2007 the Supervisory Board subject to a corresponding clause in the employment contract agreed to grant a one-time special payment in the amount of € 500,000 to Mr. Baustert. This payment was made in appreciation of the successfully concluded acquisition and integration of the HamaTech AG by mid-2007, including the portfolio adjustments which partly refinanced the acquisition. The payment was made under the condition that Mr. Baustert waived his special bonus for the year 2006, which would not have been paid in the course of the special bonus program (cf. further page 69), but locked-up for a payment in the future. Furthermore, the compensation of the members of the Executive Board has not been adjusted. The employment contract with Dr.-Ing. Pawlakowitsch commenced on January 1, 2007 and has not been changed.

2. Fixed salary

The fixed compensation is paid on a monthly salary basis. The appropriateness of the amount is reviewed annually. An adjustment can also be made by granting one-time extraordinary payments. For Mr. Baustert this clause was applied in 2007 due to specific circumstances. The Supervisory Board's review is based on a target income, which is determined on the basis of an analysis of the compensation of the management at comparable companies.

3. Variable compensation

3.1 The variable compensation is tied to meeting individual target objectives, which include financial, corporate, operating and technologic goals. These targets are set afresh annually by the Supervisory Board following the adoption of the budget for the subsequent year. If the targets are not met or only partially met, the Supervisory Board determines whether and what amount of the variable compensation will be paid.

3.2 For the first time, in the business year 2006 an additional variable compensation (special bonus) with a long-term incentivization was agreed with all members of the Executive Board. Accordingly, the company will pay each members of the Executive Board a special bonus in the amount of € 500,000 p.a. subject to meeting specific performance targets, which are amongst others based on the consolidated net profit pursuant to IFRS. The target level to qualify for the bonus increases by 10 % per annum. If the performance target is not achieved, the special bonus for the respective year is locked-up until the performance target in one of the following years is met. In that case all locked-up special bonuses will be paid out cumulatively. This represents an incentive to stay at the company and to sustainably increase the company's value by improving the earnings per share. Instead of the special bonus in cash the members of the Executive Board have the right to acquire virtual shares, which can be sold virtually to the company after expiration of the qualifying period and reaching the performance target.

Locked-up bonuses and the special bonus granted for the current business year expire if the employment contract is terminated during the business year. The same applies to virtual shares, whose lock-up period has not expired.

Mr. Baustert waived his special bonus for the year 2006.

4. Components with long-term incentivization

The third component of the compensation are stock options. The Supervisory Board determined the number of the stock options granted to the individual members of the Executive Board within the range approved by the Annual General Meeting in 2007 and granted Mr. Baustert and Mr. Pawlakowitsch 120,000 and 80,000 stock options respectively in August 2007. At the time of granting the stock options their fair market value pursuant to IFRS 2 amounted to € 235 k in total. The stock options can be exercised in portions of 25 % of the overall granted options semi-annually for the first time after a qualifying period of two years.

The exercise of the first portion is only possible if the stock price of SINGULUS TECHNOLOGIES at the time of the exercise of the option is at least 15 % higher than on the day of granting the stock option (performance target). For each additional portion the performance target increases by 2.5 % points each.

In addition, Mr. Baustert still owns 80,000 options from the stock option program 2005 with identical targets and conditions to the options granted in the summer of 2006. 25% of these options are exercisable for this first time this year. Moreover, Mr. Baustert held 120,000 convertible bonds as of the end of 2007. The expenses for these convertible bonds amounted to € 30 k in the business year 2007 pursuant to IFRS 2.

5. Other compensation

The members of the Executive Board also receive fringe benefits in the form of benefits-in-kind such as company cars as well as casualty and third-party insurance. Each individual Executive Board member has to pay taxes on these fringe benefits as part of the overall compensation. As a basic principle, each member of the Executive Board is granted the same amount.

Dr.-Ing. Pawlakowitsch did receive an additional compensation for his activities as Executive Board member of the HamaTech AG.

Payments from Supervisory Board compensations for the Group's companies are set against the Executive Board compensations. Only 50% of the compensation for membership in the Supervisory Board of the HamaTech AG is deducted. The compensation consists of a fixed and a variable remuneration component with performance targets based on the earnings before taxes (EBT) of the HamaTech AG for the respective business year. A variable compensation was not paid to the members of the Supervisory Board of the HamaTech AG for the business year 2007.

6. Pension plans

Pensions are paid to members of the Executive Board, who have reached the age limit of 63 and 65, respectively. The pension contracts for Executive Board members include the commitment to pay a proportion of the fixed salary received before leaving the Executive Board.

The present value of the entire pension promises for the members of the Executive Board of the SINGULUS TECHNOLOGIES AG amounted to € 518 k as of December 31, 2007.

Instead of provisions for pensions for Dr.-Ing. Pawlakowitsch by the company, life insurance premium were paid. According to the effective conditions there is a pension claim in the amount of a defined percentage of the most recently paid fixed compensation upon reaching the retirement age. Company pensions from former activities are set against this amount.

Committed benefits in case of termination of employment and by third parties

1. Severance policies

The employment contracts of the members of the Executive Board do not include explicit severance payments in case of an early termination of the employment. However, a severance payment can result from an individually settled cancellation agreement.

2. Benefits by third parties

No benefits by third parties were granted or promised to members of the Executive Board with respect to their work as Executive Board members during the period under review.

Compensation of the Supervisory Board

The compensation of the Supervisory Board is determined by the Annual General Meeting and regulated by the by-laws. It is based on the functions and responsibilities of the member of the Supervisory Board as well as the economic success of the Group. The compensation policy currently in place for the Supervisory Board of the SINGULUS TECHNOLOGIES AG was adopted by the Annual General Meeting on May 26, 2003 and is included in Art. 11 of the by-laws.

In addition to the reimbursement of expenses, the members of the Supervisory Board receive a compensation composed of fixed and variables components. Each Supervisory Board member receives a fixed remuneration in the amount of € 15,000, which is paid following the end of the year. A performance-related compensation of € 800.00 per cent of the consolidated net profit per shares pursuant to IFRS exceeding € 0.30 is paid. The variable component is due after adoption of the profit appropriation for the past business year. The company is reimbursing the members of the Supervisory Board the value-added tax on their compensation.

The Chairman of the Supervisory Board receives twice the amount, the Deputy Chairman one-and-a-half times the amount of the fixed and performance-related compensation. Members of the Supervisory Board not sitting on the Board for the full business year will receive a pro-rata compensation.

The members of the Supervisory Board are entitled to the following payments for the year under review:

(in € k)	Fixed	Variable	Total
Roland Lacher	30	0	30
William Slee	23	0	23
Thomas Geitner	15	0	15
	68	0	68

Loans granted to the members of the Executive and Supervisory Board

Loans and advances were not granted to any members of the Executive and Supervisory Boards in the year under review.

Shareholdings of Executive and Supervisory Board members

As of December 31, 2007 the Chairman of the Supervisory Board, Mr. Lacher, held directly and indirectly through the VVG Roland Lacher KG (formerly Roland Lacher GbR) and the Familie Roland Lacher Vermögensverwaltungs GmbH (a company attributed to Mr. Lacher pursuant to Art. 15a Para. 3 Sent. 3 Securities Trading Act (WpHG)) 394,472 shares in total corresponding to around 1 % of the nominal capital of the SINGULUS TECHNOLOGIES AG. No other members of the Executive or Supervisory Board hold directly or indirectly a share of the nominal capital of the company exceeding 1 %.

The following members of the Executive and Supervisory Boards held directly or indirectly shares in the SINGULUS TECHNOLOGIES AG as of December 31, 2007:

Bearer Shares with a nominal amount of € 1,00

Stefan A. Baustert	2,000
Dr.-Ing. Anton Pawlakowitsch	2,500
Roland Lacher	394,472
William Slee	49,520
Thomas Geitner	1,500
	449,992

The following members of the Executive Board held subscription rights through stock options or convertible bonds as of December 31, 2007:

	Convertible Bonds		Stock Options	
	2006	2007	2006	2007
Stefan A. Baustert	120,000	120,000	80,000	200,000
Dr.-Ing. Anton Pawlakowitsch	0	0	0	80,000
	120,000	120,000	80,000	280,000

Directors' Dealings

Pursuant to Art. 15a German Securities Trading Act (WpHG) all members of the Executive and Supervisory Board of the SINGULUS TECHNOLOGIES AG and related persons have to publish the purchase or disposal of shares of the SINGULUS TECHNOLOGIES AG or financial instruments referenced to them, if the cumulated value of the transactions in the business year is € 5,000 or higher. In the course of the business year 2007, the following transactions were published.

Name/Function	Date	Transaction type and market	WKN/ISIN	Quantity	Price €	Volume €
Stefan A. Baustert Chief Executive Officer	01.08.2007	share purchase, Frankfurt am Main	723890 DE0007238909	2,000	8.80	17,594.67
Dr.-Ing. Anton Pawlakowitsch Member of the Executive Board	01.08.2007	share purchase, Frankfurt am Main	723890 DE0007238909	2,500	8.77	21,925.00
Familie Roland Lacher Vermögensverwaltung GmbH (affiliated entity to Supervisory Board member)	01.02.2007	share sale, Frankfurt am Main	723890 DE0007238909	3,689	12.50	46,112.50
William Slee Supervisory Board	17.09.2007	share purchase, Xetra	723890 DE0007238909	20,000	8.70	173,925.00

Information Pursuant to the German Takeover Directive Implementation Act

Composition of the subscribed capital

The nominal capital of the company amounts to € 36,946,407 and is divided into 36,946,407 bearer shares with a nominal value of € 1.00 each. All shares are ordinary shares. They include the rights and obligations arising from the German Stock Corporation Act (AktG).

Restrictions concerning the voting rights or transfer of shares

no

Direct or indirect stock ownership above 10 %

no

Bearers of shares with special rights

no

Type of voting right control in case of employee ownership

no

Legal regulations and by-laws concerning the appointment and dismissal of members of the Executive Board and concerning changes in by-laws:

The appointment and dismissal of members of the Executive Board is pursuant to Art. 84 & 85 German Stock Corporation Act (AktG). Notwithstanding Art. 179 Para. 2 AktG, changes in the by-laws through the Annual General Meeting in addition to the simple majority of votes pursuant to Art. 133 Para. 1 AktG only require the simple majority of the nominal capital present at the adoption of a resolution unless the resolution applies to concerns changing the objective of the company. As for the rest, Art. 133, Art. 179 - 181 AktG apply.

Authorization of the Executive Board to issue and buy-back shares

The Executive Board is authorized to increase the nominal capital of the company at one time or several times up to € 4,983,907.00 in total through the issuance of new, bearer shares with a nominal capital of € 1.00 against cash payments and / or contributions in kind (Authorized Capital I).

Upon approval of the Supervisory Board the subscription rights of the shareholders can be excluded for capital increases for contributions in kind, in particular in the course of the acquisition of companies, company parts, participations in companies or other assets as well as in the course of company mergers in particular by means of amalgamation.

The Executive Board is authorized to issue at one time or at several times interest-yielding bearer warrant bonds and / or convertible bonds with a total nominal value of up to € 250,000,000 with a maximum time to maturity of 20 years and to grant the bearers of the warrant bonds option rights and bearers of the convertible bonds conversion rights for bearer shares of the SINGULUS TECHNOLOGIES AG with a nominal value of € 1.00 each with a proportional amount to the nominal capital of up to € 13,000,000.00 in total. The issuance of warrant and / or convertible bonds against contribution in kind can also be permitted. The subscription rights of the shareholders can be excluded if the issue price does not fall short of the market value of the warrant or convertible bond or if the bond is issued against contribution in kind.

Change of control clauses and compensation agreements

The employment contracts of the Executive Board members include change of control clauses. Accordingly, members of the Executive Board will receive a special payment in the amount of the fixed salary at the point of time of termination of the employment for one year in case the employment is not prolonged, terminated or the Executive Board member is suspended after a change of control at the SINGULUS TECHNOLOGIES AG. A change of control in this sense occurs, if a shareholder gains control over the company pursuant to Art. 29 German Securities Acquisition and Takeover Act (WpÜG), i.e. acquiring at least 30% of the voting rights of the SINGULUS TECHNOLOGIES AG.

In addition, the members of the Executive Board have an extraordinary termination right in case of a change of control, to terminate the employment, if differences with the new majority shareholders arise about the future strategic positioning or if the relationship with the majority shareholder is distressed for others reasons. Each member of the Executive Board is entitled to terminate the employment contract with a notice of 6 months or to resign from the Executive Board within one year after a change of control. In case of such an extraordinary termination the Executive Board member will not receive a severance payments or compensation for the remaining term of the contract from the point of the termination.

The company grants each member of the Executive Board a special bonus in the amount of € 500,000.00 per annum if a specified level of the earnings per share is reached (performance target). Otherwise the special bonus is locked-up until the performance target is met in one of the following years. The same holds true for virtual shares, which members of

the Executive Board can acquire instead of a special bonus in cash. The information is provided in the compensation report as part of the status report. The compensation report sets forth the compensation systems for the members of the Executive Board in detail and also describes the implementation of the stock option plan issued in 2007 and similar incentive systems. If the employment contract after a change of control at the SINGULUS TECHNOLOGIES AG is not prolonged, terminated or if the member of Executive Board is suspended or exercises the right of extraordinary termination, all locked-up special bonuses and locked-up virtual shares become due or are available for sale with termination of the employment contract irrespective of the expiration of lock-up periods or the achievement of performance targets.

The 852,230 stock option issued overall on the basis of the stock option programs in 2005 and 2007 to Executive Board members of the SINGULUS TECHNOLOGIES AG, members of managing bodies of subordinated related companies as well as executives and employees of the SINGULUS TECHNOLOGIES AG can be exercised ahead of schedule after expiration of the qualifying time, if a takeover offer in the sense of Art. 29 Para. 1 German Security Acquisition and Takeover Act (WpÜG) is submitted for the SINGULUS TECHNOLOGIES AG or a person gains control in the sense of Art. 29 Para 2 WpÜG, i.e. holds at least 30 % of the voting rights of the SINGULUS TECHNOLOGIES AG. A control in this sense already exists if a relevant contract regarding the disposal of shares is unconditional even if it has not been executed. However, the exercise of all stock options is only possible if the performance targets according to the respective stock option program are achieved at a later exercise period or at the point in time when the takeover offer or the change of control occurs.

Kahl am Main, February 29, 2008

SINGULUS TECHNOLOGIES AG
The Executive Board

Stefan A. Baustert
Chief Executive Officer

Dr.-Ing. Anton Pawlakowitsch
Executive Board Member

Hans-Jürgen Stangl
Executive Board Member



**Declaration of the Executive Board Pursuant to
Art. 297 Para. 2 Sent. 4, Art 315 Para. 1 Sent. 6 HGB**

We hereby assure that, to the best of our knowledge, the consolidated financial statements pursuant to IFRS according to the generally accepted accounting principles are an actual representation of the assets, financial and earnings position of the SINGULUS TECHNOLOGIES Group, that the combined status report of the SINGULUS TECHNOLOGIES AG as well as of the SINGULUS TECHNOLOGIES Group describe the course of business including the financial results and the status of the SINGULUS TECHNOLOGIES Group in a way that corresponds to the actual situation and that material opportunities and risks of the probable developments in the Group are explained.

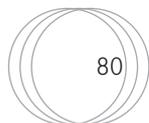
Kahl am Main, February 29, 2008

SINGULUS TECHNOLOGIES AG
The Executive Board

**Consolidated Financial Statements
of SINGULUS TECHNOLOGIES AG**



Audit Opinion



We have audited the consolidated financial statements prepared by SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] and supplementary provisions of the articles of incorporation and bylaws is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 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 combined 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 combined 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 management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

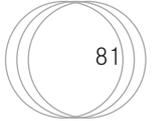
In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined 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 relating to future development.

Eschborn/Frankfurt am Main, Germany, February 29, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Bösser
Wirtschaftsprüfer
[German Public Auditor]

Weber
Wirtschaftsprüfer
[German Public Auditor]



Consolidated Balance Sheets as of December 31, 2006 and 2007



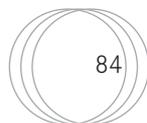
ASSETS	Note no.	Dec. 31, 2007 [€ k]	Dec. 31, 2006 [€ k]*
Cash and cash equivalents	(7)	36,952	56,216
Trade receivables	(8)	68,016	69,881
Other receivables and assets	(9)	16,288	16,398
Total receivables		84,304	86,279
Raw materials, consumables and supplies		34,847	46,181
Work in process		55,948	59,501
Total inventories	(10)	90,795	105,682
Total current assets		212,051	248,177
Non-current trade receivables	(8)	10,544	11,031
Non-current tax refund claims	(9)	8,675	7,996
Property, plant and equipment	(12)	12,474	22,326
Investment property	(4)	8,653	8,770
Capitalized development costs	(11)	48,318	38,949
Goodwill	(11)	76,814	31,249
Other intangible assets	(11)	51,411	13,330
Deferred tax assets	(22)	9,300	10,545
Total non-current assets		226,189	144,196
Non-current assets classified as held for sale	(13)	5,693	5,224
Total assets		443,933	397,597

* Several of the prior year figures above differ from the amounts reported in the financial statements for fiscal year 2006 due to reclassifications (see Note 9 for more detail).

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

LIABILITIES	Note no.	Dec. 31, 2007 [€ k]	Dec. 31, 2006 [€ k]*
Trade payables		16,335	20,042
Current bank liabilities	(18)	18,061	9,850
Other current liabilities	(15)	9,772	21,493
Prepayments received	(14)	22,008	22,940
Tax provisions	(22)	4,551	3,645
Other provisions	(20)	4,673	6,492
Total current liabilities		75,400	84,462
Non-current bank liabilities	(18)	4,018	10,352
Other non-current liabilities	(16)	38,372	3,069
Pension provisions	(19)	6,452	6,115
Deferred tax liabilities	(22)	25,280	17,376
Total non-current liabilities		74,122	36,912
Liabilities in connection with assets held for sale	(13)	1,145	1,479
Total liabilities		150,667	122,853
Equity attributable to shareholders of the parent company			
Subscribed capital	(21)	36,946	34,942
Capital reserve	(21)	47,503	29,879
Other reserves	(21)	-4,428	-2,514
Accumulated profit		207,197	205,538
Minority interests	(21)	6,048	6,899
Total equity		293,266	274,744
Total liabilities and equity		443,933	397,597

Consolidated Income Statements 2006 and 2007



84

	Note no.	2007		2006	
		[€ k]	[in %]	[€ k]	[in %]
Revenues (gross)	(6)	229,514	102.9	283,137	103.9
Revenue deductions and direct selling costs	(25)	- 6,515	- 2.9	- 10,671	- 3.9
Revenues (net)		222,999	100.0	272,466	100.0
Cost of sales		- 157,697	- 70.7	- 203,867	- 74.8
Gross profit on sales		65,302	29.3	68,599	25.2
Research and development	(30)	- 16,401	- 7.4	- 21,229	- 7.8
Sales and customer service		- 22,851	- 10.2	- 24,001	- 8.8
General administration	(29)	- 18,744	- 8.4	- 25,854	- 9.5
Other operating expenses	(32)	- 9,061	- 4.1	- 8,062	- 3.0
Other operating income	(32)	5,952	2.7	8,010	2.9
Restructuring expenses	(31)	- 3,127	- 1.4	- 27,237	- 10.0
Negative difference from the acquisition of HamaTech AG	(5)	0	0.0	33,776	12.4
Total operating expenses		- 64,232	- 28.8	- 64,597	- 23.7
EBIT		1,070	0.5	4,002	1.5
Finance income	(33)	3,632	1.6	3,806	1.4
Finance costs	(33)	- 3,152	- 1.4	- 3,544	- 1.3
EBT		1,550	0.7	4,264	1.6
Tax income / expenses	(22)	1,471	0.7	6,870	2.5
Net Profit		3,021	1.4	11,134	4.1
Thereof attributable to:					
Shareholders of the parent company		1,659		12,182	
Minority interests		1,362		- 1,048	
		3,021		11,134	
Basic earnings per share based on the profit for the period (in €) attributable to shareholders of the parent company		0.05		0.35	
Diluted earnings per share based on the profit for the period (in €) attributable to shareholders of the parent company		0.04		0.35	
Weighted number of shares – basic		35,610,088		34,941,929	
Weighted number of shares – diluted		37,194,844		35,015,262	

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

Statement of Changes in Consolidated Equity as of December 31, 2006 and 2007

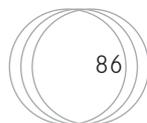
	Equity attributable to shareholders of the parent company				Minority interests		Equity
	Sub- scribed capital	Capital reserve	Other reserves	Accu- mulated profit	Total		
Note no.	(21) [€ k]	(21) [€ k]	(21) [€ k]	Accu- mulated profit [€ k]	Total [€ k]	(4) [€ k]	[€ k]
Balance on 01.01.2006	34,942	29,398	-2,214	193,356	255,482	0	255,482
Derivative financial instruments*			578				578
Exchange differences in the fiscal year			- 878				- 878
Net income / expense recognized directly in equity	0	0	-300	0	0	0	-300
Net Profit				12,182	12,182	- 1,048	11,134
Total recognized income and expense for the period	0	0	-300	12,182	11,882	-1,048	10,834
Minority interests relating to the business combination with HamaTech AG						7,406	7,406
Minority interests relating to the business combination with SMG						541	541
Share-based payment (IFRS 2)		481			481		481
Balance on 31.12.2006	34,942	29,879	-2,514	205,538	267,845	6,899	274,744
Derivative financial instruments*			366		366		366
Exchange differences in the fiscal year			-2,280		-2,280		-2,280
Net income / expense recognized directly in equity	0	0	-1,914	0	-1,914	0	-1,914
Profit for the period				1,659	1,659	1,362	3,021
Total recognized income and expense for the period	0	0	-1,914	1,659	-255	1,362	1,107
Capital increase in connection with the acquisition of STANGL AG**	2,004	16,676			18,680		18,680
Acquisition of minority interests in HamaTech AG						- 1,666	- 1,666
Dividend allocated to minority interests in SMG						- 547	- 547
Share-based payment (IFRS 2)		948			948		948
Balance on 31.12.2007	36,946	47,503	-4,428	207,197	287,218	6,048	293,266

* Including deferred taxes

** After deduction of translation costs of € 120 k

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

Consolidated Cash flow Statements 2006 und 2007



86

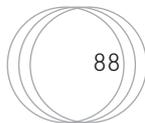
	2007 [€ k]		2006 [€ k]*	
Cash flows from operating activities				
Net profit	3,021		11,134	
Adjustment to reconcile consolidated profit for the period to income / expenses				
Income from the realization of negative goodwill	0		- 33,776	
Amortization, depreciation and impairment losses on non-current assets	18,059		30,456	
Net allocation to pension provisions	337		873	
Other non-cash expenses / income	2,846		- 3,059	
Deferred taxes	- 2,612	18,630	1,019	- 4,487
	21,651		6,647	
Decrease / increase in assets and increase / decrease in liabilities and equity				
Trade receivables	5,545		21,538	
Other receivables and assets	- 2,016		- 4,219	
Capitalized development costs	- 20,661		- 17,646	
Inventories	15,142		5,515	
Trade payables	- 7,729		- 366	
Other liabilities	- 1,116		- 6,559	
Prepayments received	- 11,721		11,827	
Tax provisions	653		- 874	
Other provisions	- 3,302	- 25,205	- 6,823	2,393
Net cash flow from operating activities	- 3,554		9,040	

* The prior-year figures were adjusted for better comparability.

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

	2007 [€ k]		2006 [€ k]*	
Cash flows from investing activities				
Investments in assets	- 2,124		- 3,861	
Disposals of assets (net)	1,786		- 232	
Cash received from the sale of ETA-Optik and minority interest in BESS	4,472		1,419	
Cash paid for the acquisition of consolidated companies net of cash and cash equivalents received	- 20,880	- 16,746	- 17,624	- 20,298
Net expenditure from investing activities	- 16,746		- 20,298	
Cash flows from financing activities				
Cash paid for / received from the raising / redemption of loans	1,878		47	
Capital increase from the conversion of convertible bonds	- 92		- 333	
Cash paid for the dividend allocated to the minority interest in SMG	- 547	1,239	- 286	
Net cash flow from financing activities	1,239		- 286	
Decrease / increase in cash and cash equivalents	- 19,061		- 11,544	
Effect of exchange rate changes	- 203		41	
Cash and cash equivalents at the beginning of the fiscal year	56,216		67,719	
Cash and cash equivalents at the end of the fiscal year	36,952		56,216	
Cash paid in the fiscal year for				
Interest	881		1,722	
Taxes	3,562		2,429	
Payments in the business year for net expenditure from investing activities				
Interest	2,103		1,208	
Taxes	187		3,217	

Notes to the Consolidated Financial Statements as of December 31, 2007



_1 General

The consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG, Hanauer Landstrasse 103, 63796 Kahl am Main, Germany, and its subsidiaries (hereinafter referred to as “SINGULUS TECHNOLOGIES” or the “Company”).

The consolidated financial statements have been prepared in euros (€). Unless stated otherwise, all figures are disclosed in thousands of euros (€ k).

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted in the European Union (EU) and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code].

The term “IFRSs” includes all of the International Financial Reporting Standards and International Accounting Standards (IASs) that must be applied as of the balance sheet date. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly the Standing Interpretations Committee (SIC) – that were mandatory for fiscal year 2007 were likewise applied.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying amounts of recognized assets and liabilities that are hedged items in fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

_2 Business Activities

SINGULUS TECHNOLOGIES’s core technological competence is vacuum thin-film deposition. This entails the depositing of thin-film in a vacuum by way of cathode sputtering.

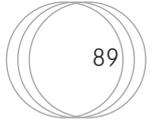
The major area of application of this core competence, which covers all stages of optical disc production, is the manufacture and sale of production systems for CDs, DVDs, HD DVDs and Blu-ray Discs. This includes the manufacture of mastering systems and injection molding machines.

Since 2002, the Company has intensified its search for new key applications for vacuum thin film deposition. Three new products have been developed in this area. A machine has been developed in the Optical Coatings segment which uses automated in-line process technology to coat optical lenses. Another area of application is the manufacture of equipment for the application of decorative layers to three-dimensional plastic or metal. In addition, in 2002, SINGULUS TECHNOLOGIES extended its business activities to include the development of equipment that uses tunnel magnetic resistance (TMR) technology for IT applications, primarily the manufacture of MRAM wafers and thin film heads.

The business activities of the SINGULUS TECHNOLOGIES Group were also extended in fiscal year 2006 with the acquisition of HamaTech AG and its subsidiaries. The focus of the subsidiary APE is on the development and manufacture of equipment for cleaning photomasks.

The acquisition of a majority shareholding in STANGL AG expanded the product portfolio even further. STANGL AG is mainly engaged in manufacturing and selling equipment for use in wet-chemical wafer processing for photovoltaics.

For more information, please see the comments on segment reporting under Note 6.



_3 New Accounting Standards

New Mandatory Accounting Standards

The IASB has made various amendments to the existing IFRSs and published new IFRSs and IFRICs which, unless described otherwise below, are mandatory for companies for all fiscal years beginning on or after January 1, 2007. Below we outline the amendments and publications of relevance for the consolidated financial statements and their effects on accounting and measurement in the Company's consolidated financial statements.

IFRS 7, "Financial Instruments: Disclosures"

This standard requires disclosures to be made in financial statements that enable users to evaluate the significance of financial instruments for the Group's financial position and performance and the nature and extent of risks arising from financial instruments. These new disclosures are reflected throughout the entire set of financial statements. Adoption of this standard did not have any effect on the Group's net assets, financial position and results of operations. The relevant comparative information were adjusted.

IAS 1, "Presentation of Financial Statements"

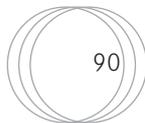
The amendment to IAS 1 enables users of financial statements to assess the Group's objectives, policies and processes for managing capital.

IFRIC 8, "Scope of IFRS 2"

This interpretation requires IFRS 2 to be applied to all transactions in which an entity cannot clearly identify some or all of the goods or services received. This applies in particular if the consideration for the equity instruments issued by the entity appears to be less than the fair value. Since the Group only issues equity instruments to employees and members of the management board as part of a stock option plan, adoption of this interpretation did not have any effect on the Group's net assets, financial position and results of operations.

IFRIC 9, "Reassessment of Embedded Derivatives"

In accordance with IFRIC 9, an entity must assess whether any embedded derivatives are created through a contract as a component of a hybrid instrument when it first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows. Since the Group does not have any embedded derivatives required to be separated from the host contract, this interpretation did not have any effect on the Group's net assets, financial position and results of operations.



IFRIC 10, “Interim Financial Reporting and Impairment”

The Group adopted IFRIC 10 for the first time as of January 1, 2007. This interpretation states that an entity shall not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost in a subsequent period. Since the Group made no such adjustments to impairment losses recognized in the interim period, this interpretation did not have any effect on the Group’s net assets, financial position and results of operations.

Accounting Standards Applied Voluntarily in Advance

Apart from the IFRSs whose application is mandatory for fiscal year 2007, the IASB has also published or amended other IFRSs and IFRICs which have already received EU endorsement but which will only become mandatory at a later date.

IFRS 8, “Operating Segments”

IFRS 8 was issued in November 2006 and becomes effective for fiscal years beginning on or after January 1, 2009. IFRS 8 sets out requirements for the disclosure of information on an entity’s operating segments and substitutes the requirement to determine primary (operating segments) and secondary (geographical segments) segment reporting formats. IFRS 8 follows the management approach to segment reporting which focuses solely on financial information which is evaluated by decision-makers at the entity in managing the business. It is based on the internal reporting and organizational structure as well as on those financial KPIs that are used to make decisions regarding the allocation of resources and the measurement of performance. The Company applied IFRS 8 already in the fiscal year.

Accounting Standards to be Applied in the Future

IASB and IFRIC have also made and published amendments to five of the standards (IAS 1, “Presentation of Financial Statements”, IAS 23, “Borrowing Costs”, IAS 27, “Consolidated and Separate Financial Statements”, IFRS 2, “Share-Based Payment”, IFRS 3, “Business Combinations”), and issued three new interpretations (IFRIC 12, “Service Concession Arrangements”, IFRIC 13, “Customer Loyalty Programs”, IFRIC 14, “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”). As these amendments and interpretations have not yet been endorsed by the EU, SINGULUS TECHNOLOGIES may not apply them. The revised standards will become mandatory at the earliest for fiscal years beginning on or after January 1, 2009, while the new interpretations will become effective at the earliest for fiscal years beginning on or after January 1, 2008. If they are endorsed by the EU, the application of IFRS 3, “Business Combinations” and IAS 1, “Presentation of Financial Statements” in particular may affect recognition, measurement and disclosures.

4 Significant Accounting Principles

Consolidated Group and Consolidation Principles

The consolidated financial statements include the financial statements of SINGULUS TECHNOLOGIES AG and its subsidiaries as of December 31 of each fiscal year.

Subsidiaries are fully consolidated as of the date of acquisition, i.e. the date on which the Group obtains control. Consolidation ends as soon as the parent ceases to have control.

The financial statements of the subsidiaries are prepared for the same reporting year as for the parent, using consistent accounting policies.

All intragroup balances, income and expenses and unrealized gains and losses resulting from intragroup transactions are eliminated in full.

Along with SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all entities under the legal and / or constructive control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS EMOULD GmbH, Würselen, Germany
- SINGULUS MASTERING B.V., Eindhoven, Netherlands
- SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- SINGULUS MOLDING AG, Schaffhausen, Switzerland
- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES SERVICE GROUP Inc., Windsor, USA
- SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Valence, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipei, Taiwan
- SINGULUS CHINA MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany
- SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, Germany (until June 30, 2007)
- HamaTech AG, Kahl am Main, Germany
- HamaTech APE GmbH & Co. KG, Sternenfels, Germany
- HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany
- STEAG ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany (until January 31, 2007)
- HamaTech Slowakei s.r.o., Slovakia (formerly STEAG Electronic Systems spol. s.r.o., Nove Mesto, Slovakia)
- HamaTech USA Inc., Austin, USA (formerly STEAG HamaTech USA Inc.)
- STEAG HamaTech Asia Ltd., Hong Kong, China
- STANGL Semiconductor Equipment AG, Eichenau, Germany (from September 1, 2007)

In September 2006, the former Slovakian subsidiary STEAG Electronic Systems Slowakei spol. s.r.o., Nove Mesto, set up a subsidiary into which all assets and liabilities relating to the operating business were contributed. Only the land and the building remained the property of the former company. Effective as of October 1, 2006, 51 % of the shares in the new subsidiary, Böhm Electronic Systems Slowakei s.r.o., Nove Mesto, were sold to Böhm Fertigungstechnik - Slowakei, Trenčín, Slovakia, a subsidiary of Böhm Fertigungstechnik Suhl GmbH,

Zella-Mehlis. The buyer of the 51 % and HamaTech agreed a put / call option on the remaining 49 %. In October 2007, the remaining 49 % of the shares were sold to Böhmer Fertigungstechnik – Slowakei s.r.o., Trencin, for a purchase price of € 2,000k.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003. However, this company had not been liquidated as of the balance sheet date.

Regarding the investment in STANGL AG, please refer to the section on business combinations under Note 5.

In July 2007, SINGULUS TECHNOLOGIES AG, Kahl am Main, spun off the TMR Technology division to the newly established subsidiary SINGULUS Nano Deposition Technologies GmbH, Kahl am Main.

Effective as of June 30, 2007, SINGULUS TECHNOLOGIES Beteiligungs GmbH was merged into SINGULUS TECHNOLOGIES AG.

The share of equity and profit attributable to minority interests is shown separately in the balance sheet and income statement. However, if the loss attributable to minority interests exceeds the carrying amount of their share of equity, this carrying amount is adjusted to zero and no further proportionate losses are recorded.

The net profit / loss of acquired entities is recognized in the consolidated financial statements from the date of acquisition. All material intragroup transactions are eliminated during consolidation.

At the beginning of February 2007, HamaTech announced that it had sold 100 % of the shares in the former subsidiary STEAG ETA-Optik GmbH (hereinafter referred to as “ETA-Optik”), Heinsberg, Germany, to the Swedish stock corporation AudioDev AB, Malmö, Sweden. The takeover took effect on the same day. In the balance sheet as of December 31, 2006, the company’s assets were disclosed under “assets of a disposal group classified as held for sale”. The company’s liabilities were disclosed under “liabilities in connection with assets held for sale” in the balance sheet as of December 31, 2006. The profit contributions of this unit are not disclosed under discontinued operations in the consolidated income statement for fiscal year 2007 as the Company does not fulfill the criteria to be called a discontinued operation within the meaning of IFRS 5.

Foreign Currency Translation

The financial statements of the foreign subsidiaries are prepared in the currency in which the majority of transactions are concluded (functional currency). The functional currency is the respective local currency. Balance sheet items are translated at the rate on the balance sheet date and income statement items at the average rate of the fiscal year. The capital stock of the investments is measured at the historical rate. Currency differences arising from the application of different rates are recognized under other reserves. Foreign currency monetary items are translated at the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

Management's Use of Judgment and Main Sources of Estimating Uncertainties

The preparation of financial statements in accordance with IFRSs requires estimates and assumptions to be made by management which have an effect on the amounts of the assets, liability, income, expenses and contingent assets and liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the recoverability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values may in some cases differ from the assumptions and estimates. Any changes are recognized in profit or loss as and when better information is available.

In the SINGULUS TECHNOLOGIES Group, use of judgment and estimating uncertainties affect the following areas in particular:

a) Impairment of Goodwill

The Group determines whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the cash-generating units to which goodwill is allocated. In this regard, please also see the comments under "Impairment of Assets".

b) Deferred Tax Assets

Deferred tax assets are recorded for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable in the future that taxable profit will be available against which the unused tax loss carryforwards can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments under Note 22.

c) Share-Based Payment Plans

The Group measures the cost of issuing equity instruments to employees at the fair value of those instruments on the date of issue. In order to estimate fair value, an appropriate measurement approach must be determined for the issue of equity instruments that depends on the terms and conditions of issue. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, and dividend yield, as well as corresponding assumptions must be determined. The assumptions and approaches used are disclosed in Note 17.

d) Pension Obligations

The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. As these plans are of a long-term nature, such estimates are highly uncertain. Please also refer to the comments under Note 19.

e) Development Costs

Development costs are capitalized in accordance with the accounting policies described under the Note "Research and Development Expenses". In order to determine the amounts to be capitalized, management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the discount rates and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments under Note 11.

Revenue Recognition

Revenue relating to the sale of equipment is recognized when a contract has become effective, delivery has been made, the customer has accepted delivery, or a pre-acceptance test has been carried out successfully. Revenue relating to services is recognized when the service has been rendered, a price has been agreed and is determinable and payment thereof is probable.

Regarding the sale of individual components of equipment or replacement parts, revenue is recognized when the risk is transferred in accordance with the underlying agreements.

Revenue is stated net of VAT, returns, sales deductions and credit notes.

Because STANGL AG works not on the basis of serial production, but rather deals in specific customer orders, recognition is in accordance with the percentage-of-completion method (POC method). The applicable stage of completion is calculated using the input-oriented cost-to-cost method. The costs incurred to date are calculated as a proportion of the estimated total costs. These contracts are disclosed under "receivables from work not yet invoiced" or, in the case of potential losses, "liabilities from work not yet invoiced". If prepayments exceed accumulated work performed, this is disclosed under liabilities.

Goodwill

Goodwill resulting from an acquisition is initially measured at cost, that being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. In this context, please see our comments under "Impairment of Assets".

The acquisition of additional shares from subsidiaries that are already fully consolidated is accounted for using the parent-entity-extension method. Under this method, goodwill, or negative goodwill, is determined as the difference between the purchase price and the prorated assets (based on IFRS carrying amounts). Hence, goodwill, or negative goodwill, is accounted for in the same way as that arising from business combinations.

Negative Goodwill From Business Acquisitions

If the share in the assets, liabilities, and contingent liabilities recognized at fair value exceeds the cost of the business acquisition, the excess is to be taken to income immediately following completion of another assessment.

Research and Development Costs

Research costs are expensed in the period in which they were incurred. Pursuant to IAS 38, development costs are recognized as intangible assets at cost, provided that the conditions of IAS 38.57 are fulfilled. Cost encompasses all costs directly allocable to the development process as well as appropriate shares of development-related overheads. Amortization is charged using the straight-line method over the expected useful life of the developed products (generally assumed to be five years).

Other Intangible Assets

Intangible assets acquired separately are recognized at cost, and from a business combination are capitalized at fair value as of the date of acquisition. Intangible assets, excluding development costs, created within the Company are not capitalized; associated costs are expensed as incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized, being tested instead for impairment at least once a year.

The useful lives of intangible assets with limited useful lives are:

- | | |
|--------------------------|--------------|
| • Software | 3 years |
| • Patents | 8 years |
| • Customer relationships | 10 years |
| • Technology | 5 to 8 years |

Cash and Cash Equivalents

Cash and cash equivalents comprise monetary investments with a remaining maturity of up to three months at the time of acquisition as well as bills of exchange with an original maturity of up to three months.

Receivables

Invoices for goods and services are mainly issued in euros.

If there is an objective indication that assets carried at amortized cost are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate determined on initial recognition). The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognized directly in profit or loss. The Company individually recognizes specific bad debt allowances for trade receivables when customers default. This only applies where there is no collateral (e.g. credit insurance policies, etc.).

For trade receivables, if there are objective indications (such as probability of insolvency or significant financial difficulties of the debtor) that not all due amounts will be collected pursuant to the original payment terms, an impairment loss is charged using an allowance account. Receivables are derecognized when they are classified as uncollectible.

If the amount of the impairment decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The new carrying amount of the asset may not exceed the amortized cost at the date of reversal. The reversal is recognized in profit or loss.

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under “Derivative Financial Instruments”.

Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. Raw materials, consumables and supplies including spare parts are measured using the average cost method. Work in process is measured using the full cost approach based on standard cost. The standard costs are reviewed once a year and adjusted if necessary. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

SINGULUS TECHNOLOGIES AG adjusted the allowance on slow-moving and excess inventories in the fiscal year based on experience. The four existing allowance classes for salability were reduced from between 50% and 100% to between 0% and 80%. At the same time, they were reduced in terms of range from between 0% and 100% to between 0% and 80%.

Financial Assets and Liabilities

Financial assets, other than loans granted by the Company or receivables, or those classified as “held for trading” (derivatives) are generally classified as “available-for-sale financial assets”.

All regular way purchases and sales of financial assets are recognized on the trade date, i. e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial investments are non-derivative financial assets. Subsequent to initial measurement, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are posted directly under equity. If such a financial asset is derecognized or impaired, any accumulated gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are financial guarantees or are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognized in profit or loss.

For investments that are actively traded in organized financial markets, fair value is determined by the quoted market bid prices as of the balance sheet date. The fair value of investments that are not quoted on an active market is determined using measurement models. Accounting policies include the use of recent arm's length transactions between knowledgeable, willing and independent parties, the comparison with the current fair value of another financial instrument which is substantially the same, the analysis of discounted cash flows, and the use of other measurement models.

Held-to-maturity investments and loans and receivables are measured at amortized cost, which is determined using the effective interest rate method less any impairment and including discounts and premiums paid upon acquisition as well as transaction costs and fees which are an integral part of the effective interest rate.

All loans and borrowings are initially recognized at fair value net of issue costs directly associated with the borrowing. They are not designated as measured at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss for the period when the liabilities are derecognized, as well as through the amortization process.

Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as "held for trading" unless they are designated as effective hedging instruments. Gains or losses on financial liabilities "held for trading" are recognized in profit or loss.

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to receive the cash flows of a financial asset expire. A financial liability is derecognized if the contractual obligation underlying the liability is discharged, cancelled or expires.

Hedge Accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge continue to be recognized in profit and loss. In this case, the hedged item relating to the hedged exposure is also carried at fair value such that, if a hedge is highly effective, the changes in value in relation to the hedged exposure more or less offset each other.

The derivative designated as a hedge in a cash flow hedge is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in a separate line item in equity if, and to the extent that, the hedging relationship is effective. The non-effective portion of the change in fair value continues to be recognized in profit and loss. The change in fair value recorded in equity is derecognized and recorded in profit and loss as soon as the hedge item has an effect on the income statement, or, if the hedged item is reversed, as soon as the hedged item ceases to exist.

Hedge accounting is only performed as long as a hedge can be proven to be effective (effectiveness of 80% to 125%). Effectiveness is tested retrospectively and prospectively on a regular basis.

As considerable documentation and evidencing obligations are attached to hedge accounting under IAS 39, hedging relationships are only accounted for using hedge accounting if the corresponding conditions are, or were, met.

The Company primarily concludes forward exchange contracts to hedge foreign currency risks from trade receivables. In the case of fair value hedges for existing receivables, the hedging transaction and the risk portion of the hedged item are carried at fair value. Changes in value are recognized in profit or loss.

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other reserves, taking into account any deferred taxes, and only recognized in profit or loss when the cash flow is realized. The ineffective portion is reported immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are carried at cost of purchase plus directly allocable costs, less straight-line depreciation. Finance costs are not recognized. Depreciation is charged over the economic lives of the assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The economic lives are estimated as follows:

Buildings	25 years
Plant and machinery	2 to 10 years
Other assets	1 to 4 years

Gains or losses on the disposal of assets are recognized in profit or loss.

Furthermore, no impairment losses needed to be recognized on property, plant and equipment in the fiscal year.

Depreciation on property, plant and equipment is recognized in the functional area to which the respective assets have been allocated.

For more information on the disclosure of ETA-Optik's assets in fiscal year 2006, please refer to Note 13. All of the Company's assets were recognized as prior-year disposals.

Investment Property

SINGULUS TECHNOLOGIES measures investment property at depreciated cost using the cost model, pursuant to IAS 40. The fair values, determined using a calculation adjusted for inflation, largely correspond to the cost net of depreciation and impairment losses. The majority of these assets comprise commercially used land and buildings which are leased out. In fiscal year 2007, investment property had a carrying amount of € 8,653k (prior year: € 8,770k). Depreciation of investment property amounted to € 300k in the fiscal year. It is charged straight-line over a useful life of between 4 and 40 years. Lease income amounts to € 450k p.a. Operating expenses stood at € 88k.

Leases

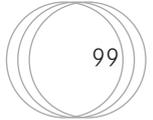
The Company is a lessee of property, plant and equipment and a lessor of replication lines. The criteria defined in IAS 17 for assessing, based on the risks and rewards, whether beneficial ownership of the leased asset is attributable to the lessor (operating lease) or the lessee (finance lease), are used to assess all the leases and account for them accordingly.

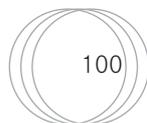
For leases in which the Group is lessee, beneficial ownership of the leased assets is attributable to the lessor pursuant to IAS 17 if the lessor bears all the risks and rewards incidental to ownership of those assets. The leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full.

Assets leased from the Company under operating leases are recognized at cost of conversion and depreciated using the straight-line method over an expected useful life of five years. The related lease income is recognized in income on a straight-line basis over the term of the leases.

Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





In order to test its recoverability, the goodwill acquired in business combinations was allocated to cash-generating units which, at SINGULUS TECHNOLOGIES, correspond to the subsidiaries. In deviation of this method and due to the transfer of SINGULUS EMOULD's business activities to SINGULUS MOLDING, the recoverability of the goodwill arising from the first-time consolidation of SINGULUS EMOULD was tested on the basis of the "injection molding machines" cash-generating unit. This corresponds to the legal entity SINGULUS MOLDING.

Key Assumptions Used in the Value in Use Calculation

The following parameters of the assumptions used in the value in use calculation of intangible assets leave room for estimating uncertainties

- Gross margins
- Discount rates
- Market shares in the reporting period
- Growth rates used to extrapolate cash flow projections beyond the forecast period

Gross margins – Gross margins are determined on the basis of average figures generated in the fiscal years prior to the start of the budget period. The margins are increased or decreased during the budget period by the expected changes in cost or sales revenues.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The return on a government bond with a term of ten years at the start of the budget period was used to determine the appropriate discounting rates for the individual cash-generating units.

Assumptions as to market share – These assumptions are important for helping management assess how the position of the cash-generating unit could change in comparison with its competitors during the budget period (as with determining assumptions as to growth rates – see below). Management expects the cash-generating unit's market share to remain largely unchanged.

Growth rate estimates – Growth rates are based on published industry-specific market research. The growth rate in the perpetual annuity was extrapolated at 1%.

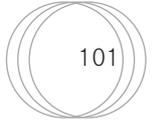
Sensitivity of Assumptions Made

The management is of the opinion that no change, based on prudent business judgment, to the assumptions made for determining the value in use of the cash-generating units MOLDING and STANGL, could lead to a situation in which the carrying amount of these cash-generating units significantly exceeds the recoverable amount.

At the cash-generating unit MASTERING, a change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit significantly exceeds the recoverable amount. This could arise if the capitalization rate increased or the planned gross margins fell. The MASTERING segment is also expected to benefit from the forecast Blu-ray business, and this development is also expected to be reflected in the value in use of the cash-generating unit MASTERING.

Goodwill is presented in the following table:

[€ k]	
SINGULUS EMOULD GmbH	603
SINGULUS MASTERING B.V.	30,646
STANGL AG	45,565
Total goodwill	76,814



The recoverable amount of the cash-generating units was determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 11.9%.

In the fiscal year, no impairment losses were charged on intangible assets.

The impairment losses in fiscal year 2006 of € 12,556k mainly resulted from restructuring measures. Of these, € 10,807k was attributable to capitalized development costs and € 942k to goodwill of ETA-Optik GmbH.

For more information on the disclosure of ETA-Optik in fiscal year 2006, please see Note 13.

Write-downs on intangible assets are recognized in the functional area to which the respective assets have been allocated. In the prior year, impairment losses on development costs were disclosed under “restructuring expenses” because production of the relevant products was discontinued at the respective locations.

Other Receivables and Assets

Other receivables and assets are recognized at amortized cost. Bad debt allowances are recorded for specific identifiable risks and general credit risks.

Current Tax Assets and Liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. They are calculated based on the tax rates and tax laws applicable as of the balance sheet date.

Current tax relating to items which are recognized directly in equity is also recognized in equity and not in the income statement.

Deferred Tax Liabilities and Assets

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax balance sheet and consolidated balance sheet using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax assets, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which at least part of the deferred tax asset can be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Tax loss carryforwards are recognized on the basis of internal tax forecasts.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable profit in the years in which these temporary differences are expected to be settled. In the event of a change in tax rate, the effects on deferred tax assets and liabilities are recognized in profit or loss in the period to which the new tax rate applies. The tax consequences of distributions are not recognized before the resolution on the appropriation of net profit has been passed.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities in the consolidated balance sheet.

Pension Provisions

The actuarial measurement of pension provisions is based on the projected unit credit method prescribed by IAS 19 for benefit obligations for old-age pensions. This method takes into account the pensions known and expectancies earned by the employees as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligations. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Other Provisions

Under IAS 37, provisions are recognized if a present obligation toward a third party as a result of a past event exists which will probably result in a future outflow of resources, and whose amount can be reasonably estimated. Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. The discount factor is based on market interest rates. The settlement amount also includes the expected cost increases.

Provisions for warranty costs are recognized as soon as the respective revenue is realized. The provision is measured on the basis of historical estimates of the costs of meeting warranty obligations, including handling and transport costs.

Liabilities

Current liabilities are stated at the redemption amount or settlement amount. Non-current liabilities are recognized at amortized cost in the balance sheet. Differences between historical cost and the amount repayable are accounted for by using the effective interest rate method. Finance lease liabilities are carried at the present value of the lease payments.

Government Grants

In the fiscal year, research and development costs included government grants. These reduced costs accordingly. These grants were specifically received from the German Federal Ministry of Education and Research [“Bundesministerium für Bildung und Forschung”: BMBF].

They were linked to the successful achievement of project milestones. The grants agreed for SINGULUS TECHNOLOGIES AG amounted to € 136k (prior year: € 252k). The subsidiary HamaTech AG received total grants of € 147k in fiscal year 2007 (prior year: € 432k).

Share-Based Payment Plans

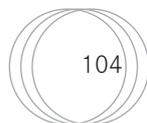
As a reward for services rendered, employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). Senior executives are granted share appreciation rights which can be settled with a cash payment (“cash settled transactions”) or in the form of equity instruments.

The cost of issuing the equity instruments after November 7, 2002 is measured at the fair value of these instruments on the date they were issued. The fair value is determined by an external valuer using a suitable option pricing model, further details of which are given in Note 17.

The recognition of the expenses incurred in connection with the issue of equity instruments and the corresponding increase in equity takes place throughout the period in which the exercise or performance condition must be fulfilled (vesting period). This period ends on the date on which the relevant employees become fully entitled to the award. The cumulative expenses recognized on each reporting date for equity-settled transactions until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period. No expense is recognized for awards that do not vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of the outstanding options is reflected as additional share dilution in the determination of earnings per share, if vesting is deemed to be probable as of the balance sheet date.

The cost of equity-settled transactions is measured using a binominal model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured on each balance sheet date and on the settlement date with changes in fair value recognized in profit or loss.



Earnings per Share

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding plus the number of convertible bonds and stock options outstanding, provided that the exercise of conversion rights and the stock options is reasonably certain.

_5 Business Combinations and Acquisition of Minority Interests

Business Combinations in 2006

Effective as of January 27, 2006, the Company acquired 66.28% of the shares in HamaTech AG. In addition, the seller transferred a shareholder loan to SINGULUS TECHNOLOGIES AG. The preliminary purchase price for the transfer of HamaTech shares and the transfer of the shareholder loan totaled € 12,347k. € 10,100k of this amount relates to the acquisition of the shares and € 2,247k to the transfer of the shareholder loan. The purchase agreement stipulates that the purchase price is to be reduced by 60% if the amount by which HamaTech's consolidated EBIT for 2005 audited in accordance with IFRS falls short of € 5,000k. This resulted in a subsequent reduction in the purchase price of € 4,919k in fiscal year 2006.

In addition, the Company made a public takeover bid (cash bid) to the shareholders of HamaTech. Under the bid, which was limited to the period from December 16, 2005 to February 1, 2006, the Company offered shareholders € 2.40 per HamaTech share. In connection with this takeover bid, the Company acquired a further 14.55% of the shares for a total purchase price of € 12,045k.

The Company had already acquired 6.82% of the shares in this company for a purchase price of € 5,236k in fiscal year 2005.

The purchase price was paid in full from the Company's cash and cash equivalents. The Company accounted for the acquisition in accordance with IFRS 3. € 7,544k of the purchase price was mainly allocated to intangible assets. These relate to patents (€ 2,556k), customer relationships (€ 2,325k), the "HamaTech" brand (€ 2,169k) as well as the order book as of the date of first-time consolidation (€ 494k). Furthermore, other provisions of € 2,418k were recognized as part of first-time consolidation. The resulting negative goodwill of € 33,776k was recognized in income in fiscal year 2006 on the date it was incurred in accordance with IFRS 3.

As of December 31, 2006, the Company held 88.79% of the shares in HamaTech AG.

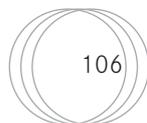
The fair value of the identifiable assets and liabilities of HamaTech AG as of the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition broke down as follows:

[€ k]	Fair value as of the acquisition date	Net carrying amount
Intangible assets	11,392	3,848
Non-current assets	21,347	21,347
Current assets	67,582	67,582
Deferred tax assets	4,195	3,388
Total	104,516	96,165
Non-current liabilities	(2,143)	(2,143)
Current liabilities	(35,142)	(32,724)
Deferred tax liabilities	(2,679)	0
Total	(39,964)	(34,867)
Net assets	64,552	61,298
Minority interests	7,406	
Net assets acquired	57,146	
Negative goodwill from business acquisition	33,776	
Costs with an effect on income:		
Cash acquired		510
Cash paid		23,370
thereof paid in 2005		5,236
Actual cash flow in 2006		17,624

The Company founded SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, with effect as of February 23, 2006. The shares in HamaTech AG, Kahl am Main, were contributed to this company. As of October 19, 2007, SINGULUS TECHNOLOGIES Beteiligungs GmbH was merged into SINGULUS TECHNOLOGIES AG.

In fiscal year 2007, another 759,899 of HamaTech AG's shares were acquired for a purchase price of € 2,218k. The resulting goodwill of € 552k was recognized directly in profit and loss.

As of December 31, 2007, the Company held 91.3% of the shares in HamaTech AG.



Effective as of October 1, 2006, HamaTech AG, Kahl am Main, sold 51 % of the shares in its Slovakian subsidiary STEAG Electronic Systems for a purchase price of € 1,900k. A put / call option on the remaining 49 % of the shares was agreed with the buyer. In October 2007, the remaining 49 % of the shares were sold to Böhm Fertigungstechnik - Slowakei s.r.o., Trencin, for a purchase price of € 2,000k.

The Company founded SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China, with effect as of March 17, 2006 and holds 51 % of this company.

Business Combinations in 2007

Effective as of September 14, 2007, the Company acquired 51 % of the shares in STANGL AG. The purpose of the company is to develop, produce and sell equipment for use in wet-chemical processing of silicon and thin-film solar cells. A purchase price of € 43,800k was agreed for the shares, comprising a cash component of € 25,000k and a share component of € 18,800k. For the share component, a total of 2,004,478 new bearer shares of SINGULUS TECHNOLOGIES AG with a nominal volume of € 1.00 were issued. The incidental acquisition costs directly attributable to the business combination amounted to € 911k. The incidental acquisition costs from the capital increase, which were offset against the capital reserves, amounted to € 120k. SINGULUS TECHNOLOGIES AG was granted a call option on the remaining shares. At the same time, the shareholders of STANGL AG were granted a put option. The call option can be exercised either in the period from January 1, 2010 to May 31, 2010 or in the period from January 1, 2011 to May 31, 2011. The put option can be exercised either in the period from June 1, 2010 to October 31, 2010 or in the period from June 1, 2011 to October 31, 2011. The put / call option was recognized as a liability in the amount of the present value of the estimated cash outflow (€ 36,360k). Goodwill increased accordingly.

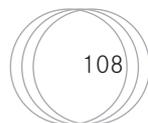
The Company accounted for the acquisition in accordance with IFRS 3. € 39,432k of the purchase price for 51 % of the shares was mainly allocated to intangible assets. These relate to technology (€ 6,846k), customer bases (€ 27,816k) and the "STANGL" brand (€ 4,770k). In addition, there were deferred tax liabilities of € 9,660k arising from first-time consolidation. The resulting positive difference of € 45,565k was recognized as goodwill in fiscal year 2007 in accordance with IFRS 3.

The fair value of the identifiable assets and liabilities of STANGL AG as of the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition break down as follows:

	Fair value as of the acquisition date	Net carrying amount
[€ k]		
Intangible assets	39,714	282
Other non-current assets	618	618
Current assets	13,272	13,272
Total	53,604	14,172
Non-current liabilities	(85)	(85)
Current liabilities	(6,251)	(6,251)
Deferred tax liabilities	(11,761)	(2,101)
Total	(18,097)	(8,437)
Net assets	35,507	5,735
Purchase price incl. put / call-option	80,160	
Capitalized incidental acquisition costs	911	
Total acquisition costs	81,071	
Goodwill from business acquisition	45,565	
Costs with an effect on income:		
Acquired cash and cash equivalents		7,369
Cash paid		25,911
Actual cash flow in 2007		18,542

Assuming that the acquisition date for the business combination was at the beginning of the reporting period, the SINGULUS TECHNOLOGIES Group's revenue stood at € 245,604k and EBIT at € 4,129k.

_6 Segment Reporting



108

The Group's business is organized by product for corporate management purposes and has the following four operating segments which are subject to disclosure:

The optical disc segment is engaged in the development, manufacture and distribution of metallizers for prerecorded, recordable and rewritable CDs and DVDs as well as replication lines for these products. Metallizers are distributed under the brand names "SINGULUS" and "Modulus", and replication lines under the brand names "SKYLINE" (prerecorded CDs and DVDs), "STREAMLINE" (CD-Rs and DVD-Rs), "SPACELINE" (video DVDs and HD DVDs) and "SUNLINE" (CD-RWs and DVD-RWs). Since the acquisition of HamaTech AG, a replication line for manufacturing CD-Rs or DVD-Rs is being distributed under the brand name Taurus. Since fiscal year 2002, the Company has been involved in the manufacture and distribution of mastering systems, which complement the Company's replication lines. In the fiscal year revenues were generated in this segment for the first time from the sale of replication lines for manufacturing third-generation optical Blu-ray Discs ("BLULINE").

Furthermore, in fiscal year 2007, HamaTech's held-for-sale property in Sternenfels was disclosed in the optical disc segment (€ 5,693k).

The solar segment includes the manufacture and distribution of equipment for use in wet-chemical wafer processing for photovoltaics as well as the development of coating equipment for applying anti-reflection coatings for silicon solar technology.

The semiconductor segment focuses on the manufacture of equipment for cleaning photomasks. These are used as projection templates in the semiconductor industry. The semiconductor segment also covers the development and manufacture of equipment that uses TMR technology for IT applications. This equipment can be used to manufacture MRAM wafers and thin film heads.

A machine has been developed in the coating segment which uses automated in-line process technology to coat optical lenses. Another area of this segment is the manufacture of equipment for the application of decorative layers to three-dimensional plastic or metal.

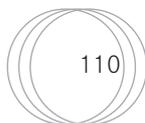
"Other" includes those business units that account for less than 10% of the group assets, net proceeds and operating result. In the fiscal year, this included HamaTech Slovakia's investment properties.

Management monitors the business units' operating results separately in order to facilitate decisions regarding the allocation of resources and determine the unit's performance.

Management manages on the basis of net revenue and EBIT (=operating result). Debt is managed at group level. As of the balance sheet date, assets, revenues and operating results were allocated to the segments as follows.

[€ k]	"Optical disc" segment		"Solar" segment		"Semiconductor" segment	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Segment assets	175,335	233,597	14,004	0	37,859	22,307
Gross revenue	233,597	175,335	0	14,004	22,307	37,859
Sales deductions and direct selling costs	- 5,520	- 9,263	- 201	0	- 783	- 647
Net revenue	169,815	224,334	13,803	0	37,076	21,660
Operating result	- 4,173	7,038	2,885	0	4,791	- 2,247

[€ k]	"Coating" segment		Other		SINGULUS Group	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Segment assets	11,902	7,613	8,973	8,770	443,933	387,597
Gross revenue	2,316	2,039	0	25,194	229,514	283,137
Sales deductions and direct selling costs	- 11	- 34	0	- 727	- 6,515	- 10,671
Net revenue	2,305	2,005	0	24,467	222,999	272,466
Operating result	- 2,463	- 1,351	30	562	1,070	4,002



**The table below shows geographical information
as of 31.12.2007 based on gross revenue**

[€ k]	Germany	Rest of Europe	Americas	Asia	Africa	Aus- tralia
Revenue by						
Country of origin	176,203	21,073	10,314	21,924	0	0
Destination	26,048	65,535	73,588	59,332	3,961	1,051
Assets	320,845	95,002	9,429	18,657	0	0

**The table below shows geographical information
as of 31.12.2006 based on gross revenue**

[€ k]	Germany	Rest of Europe	Americas	Asia	Africa	Aus- tralia
Revenue by						
Country of origin	194,811	52,266	15,584	20,476	0	0
Destination	33,188	85,588	79,333	77,769	7,259	0
Assets	271,741	92,716	24,590	8,550	0	0

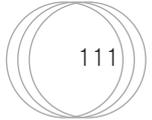
7 Cash and Cash Equivalents

	2007	2006
[€ k]		
Cash on hand and bank balances	36,952	56,216

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is € 36,952k (prior year: € 56,216k).

_8 Trade Receivables

	2007	2006
[€ k]		
Trade receivables (current)	77,886	86,246
Trade receivables (non-current)	10,924	11,531
Less bad debt allowances	(10,250)	(16,865)
	78,560	80,912



As of December 31, 2007, bad debt allowances of a nominal € 10,250k had been charged on trade receivables (prior year: € 16,865k). The account for bad debt allowances developed as follows:

	Specific bad debt allowances 2007
[€ k]	
As of 01.01.	16.865
Allowances recognized in profit or loss	1.617
Utilization	- 4.373
Reversal	- 3.859
As of 31.12.	10.250

The non-current receivables accrue interest at normal market conditions.

As of December 31, the age structure of trade receivables, taking into account specific bad debt allowances, breaks down as follows:

Overdue by	less than	30 to 60	60 to 90	90 to 180	more than
	30 days	days	days	days	180 days
[€ k]					
2006	8,622	3,861	3,341	6,283	18,365
2007	6,588	2,924	1,612	5,034	13,593

The overdue trade receivables are collateralized in the form of retention of title, insurance policies and letters of credit. For trade receivables for which no bad debt allowance has been charged, there were no indications that the debtors will not meet their payment obligations as of the balance sheet date.

In the fiscal year, net gains from trade receivables of € 546k (prior year: net loss of € 6,875k) comprised income from the reversal of specific bad debt allowances of € 3,859k (prior year: € 793k), expenses from allocations to specific bad debt allowances of € 1,617k (prior year: € 7,280k), and exchange losses of € 1,696k (prior year: € 388k) arising on the measurement of trade receivables as of the balance sheet date.

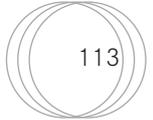


_9 Other Receivables and Assets

	2007	2006
[€ k]		
Tax refund claims	10,360	4,306
Prepaid expenses	1,613	1,340
Loan receivable	1,364	1,787
Forward exchange contracts at fair value	1,214	1,025
Prepayments	1,021	1,473
Loans to employees	72	93
Loan receivable from Böhm Electronic Systems Slovakei s.r.o.	0	2,800
Financial instrument recognized at fair value	0	1,862
Claims against insurance companies	0	12
Other	644	1,700
	16,288	16,398

Tax refund claims of € 2,846k from fiscal year 2007 resulted from amended tax assessment notices for 1997 to 2000. Corporate income tax and trade tax refund claims for 1997 and 1998 arose due to the recognition of additional usable tax loss carryforwards. For more information, please refer to the comments under Note 22 - Income Taxes. Also included was the current portion of a tax refund claim of € 1,167k, which resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act [“Steuersenkungsgesetz”: StSenkG] from October 23, 2000, which came about as a result of the revision of the law governing tax measures intended to accompany the introduction of the European Company and the subsequent amendment of other tax regulations [“Gesetz über steuerliche Begleitmassnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften”: SEStEG] of December 7, 2006. The non-current portion of these claims of € 8,675k was disclosed under other non-current receivables. The prior-year figure was reclassified in the fiscal year to other non-current receivables.

The € 1,364k disclosed under “loan receivable” relates to a loan granted to a customer by HamaTech AG.



The Company hedges foreign currency receivables against potential exchange losses with derivative financial instruments. Primarily forward exchange contracts are used to hedge receivables. On the balance sheet date, receivables totaling \$ 13,883k (prior year: \$ 6,488k) were hedged by derivatives. Due to the continued decline of the \$ against the euro in the fiscal year, the fair value of all derivative financial instruments was € 1,214k as of the balance sheet date.

The positive fair values of the forward exchange contracts concluded to hedge recognized foreign currency receivables will result in cash flows of € 1,214k in the next two years.

Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency.

The item "Financial instrument recognized at fair value" related to the 49 % stake in Böhm Electronic Systems Slowakei s.r.o. (BESS). The buyer of the 51 % and HamaTech agreed a put / call option on the remaining 49 %. In October 2007, the remaining 49 % of the shares were sold to Böhm Fertigungstechnik - Slowakei s.r.o., Trenčin, for a purchase price of € 2,000k.

The loan receivable from Böhm in fiscal year 2006 related to a short-term loan of € 1,343k issued to BESS by SINGULUS TECHNOLOGIES AG. The remaining € 1,457k related to a short-term loan issued to BESS by HamaTech. Both amounts were netted in fiscal year 2007 against trade payables of the two companies to BESS.

_10 Inventories

	2007	2006
[€ k]		
Raw materials, consumables and supplies	40,420	56,327
Work in process	57,950	63,102
Less allowances	(7,575)	(13,747)
	90,795	105,682

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle. In this regard, raw materials, consumables and supplies are treated separately from the other inventories. The net realizable value is determined as the sales price less any selling expenses incurred. The carrying amount of inventories recognized at net realizable value comes to € 6,536k (prior year: € 5,124k).

_11 Intangible Assets

In fiscal year 2007, intangible assets developed as follows (all amounts in € k):

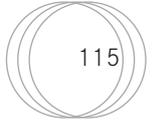


	Good- will	Franchises, industrial rights and other intangible assets	Capita- lized develop- ment costs	Total
[€ k]				
Cost				
As of 31.12.2006	31,249	12,809	57,044	101,102
Exchange rate changes	0	228	0	228
Additions from business acquisition	942	8,378	2,522	11,841
Other additions	0	135	15,124	15,259
Disposals	0	- 878	- 9,493	- 10,371
Disposals ETA-Optik	- 942	- 879	- 761	- 2,582
As of 31.12.2006	31,249	19,793	64,436	115,478
Exchange rate changes	0	- 14	0	- 14
Additions from business acquisition	45,565	39,510	203	85,278
Other additions	0	381	20,661	21,042
Disposals	0	- 41	0	- 41
As of 31.12.2007	76,814	59,629	85,300	221,743
Amortization and Impairment Losses				
As of 01.01.2006	0	3,568	14,961	18,529
Exchange rate changes	0	20	0	20
Other additions (scheduled)	0	3,277	9,973	13,250
Other additions (unscheduled)	942	807	10,807	12,556
Disposals	0	- 329	- 9,493	- 9,822
Disposals ETA-Optik	- 942	- 879	- 761	- 2,582
As of 31.12.2006	0	6,463	25,487	31,950
Exchange rate changes	0	- 4	0	- 4
Other additions (scheduled)	0	1,778	11,495	13,273
Disposals	0	- 19	0	- 19
As of 31.12.2007	0	8,218	36,982	45,200
Carrying amount as of 31.12.2006	31,249	13,330	38,949	83,528
Carrying amount as of 31.12.2007	76,814	51,411	48,318	176,543

Significant additions to intangible assets arose in connection with the acquisition of STANGL AG. Please see also Note 5 – Business Combinations.

€ 20,661k of the development costs incurred in fiscal year 2007 qualify for recognition as an asset under IFRSs (prior year: € 15,124k). The capitalized development costs mainly relate to expenses in the Company's core business areas, optical disc and mastering, as well as the new areas OPTICUS and TMR technology.

Other intangible assets primarily comprise patents and licenses acquired in connection with the acquisition of ODME B.V., Eindhoven, Netherlands (now SINGULUS MASTERING).



_12 Property, Plant and Equipment

In fiscal year 2007, property, plant and equipment developed as follows (all amounts in € k):



	Land, own buildings	Plant and machinery	Other equipment furniture and fixtures	Leased assets	Assets under construc- tion	Total
[€ k]						
Cost						
As of 01.01.2006	8,432	4,916	9,779	385	409	23,921
Exchange rate changes	1,086	9	998	0	0	2,093
Additions from business acquisition	14,454	1,124	2,102	0	0	17,680
Other additions	325	1,749	1,212	1,302	4	4,592
Disposals	0	- 1,742	- 2,492	0	- 308	- 4,542
Reclassifications	- 10,492	- 364	385	- 385	0	- 10,856
Disposals ETA-Optik	- 44	- 76	- 83	0	0	- 203
As of 31.12.2006	13,760	5,617	11,902	1,302	105	32,685
Exchange rate changes	5	12	71	0	0	88
Additions from business acquisition	97	397	124	0	0	618
Other additions	68	976	695	0	3	1,742
Disposals	- 110	- 1,028	- 1,637	- 1,302	0	- 4,076
Reclassifications	- 6,357	0	0	0	0	- 6,357
As of 31.12.2007	7,463	5,974	11,155	0	108	24,700
Amortization and Impairment Losses						
As of January 1, 2006	2,556	1,721	6,715	42	0	11,034
Exchange rate changes	311	6	103	0	0	420
Other additions (scheduled)	1,004	1,390	2,198	0	0	4,591
Other additions (unscheduled)	0	57	172	0	0	229
Disposals	0	- 1,155	- 2,472	0	0	- 3,627
Reclassifications	- 1,865	- 222	0	0	0	- 2,086
Disposals ETA-Optik	- 44	- 76	- 83	0	0	- 203
As of 31.12.2006	1,962	1,721	6,633	42	0	10,358
Exchange rate changes	5	7	47	0	0	59
Other additions (scheduled)	994	1,426	2,046	319	0	4,786
Disposals	- 75	- 417	- 1,459	- 361	0	- 2,312
Reclassifications	- 665	0	0	0	0	- 665
As of 31.12.2007	2,221	2,737	7,268	0	0	12,226
Carrying amount as of 31.12.2006	11,798	3,895	5,268	1,260	105	22,326
Carrying amount as of 31.12.2007	5,242	3,237	3,887	0	108	12,474

_13 Assets and Liabilities of Disposal Groups Classified as Held For Sale

HamaTech AG's optical disc business was gradually relocated to Kahl in fiscal year 2007. In the last quarter of fiscal year 2007, the Company decided in connection with the reorganization to sell the building in Sternenfels that had previously been used by HamaTech AG in 2008. Part of the property is owned by the Company, whereas part has been purchased by a lease SPE and is leased back by HamaTech AG under a finance lease. Due to the intention to sell, the property, including the related liabilities, was reclassified from property, plant and equipment to non-current assets classified as held for sale. The fair value of the property more or less corresponds to the carrying amount of € 5,693k.

The following carrying amounts of certain assets and liabilities held for sale as of December 31, 2006 relate to ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany.

	Dec. 31, 2006
[€ k]	
Receivables	1,134
Inventories	3,883
Other assets	207
Assets held for sale	5,224
Trade payables	280
Financial liabilities	505
Provisions	456
Other liabilities	238
Liabilities held for sale	1,479

Effective as of February 8, 2007, ETA-Optik was sold for a purchase price of € 3,250k. The company was deconsolidated with effect as of January 31, 2007.




_14 Other Current Liabilities

	2007	2006
[€ k]		
Outstanding invoices	6,353	3,407
Sales commissions for foreign agents	4,237	4,172
Outstanding liabilities to personnel	3,990	4,869
Tax liabilities	1,601	346
Employee bonuses	1,297	656
Current portion of convertible bonds issued	562	598
Dividend claims of minority interests	547	0
Financial statement, legal and consulting fees	475	701
Obligation to pay a guaranteed dividend	400	281
Deferred interest portion of installment payment plans	397	887
Liabilities in connection with social security	201	501
Outstanding credit notes	107	1,598
Liabilities from the acquisition of patents	0	1,000
Measurement of the option on a loan receivable	0	503
Finance lease liabilities	0	1,260
Other	1,841	2,161
	22,008	22,940

_15 Payments Received on Account

	2007	2006
[€ k]		
Prepayments received from customers	9,772	21,493

Prepayments received as of December 31, 2007 and 2006 mainly relate to prepayments for replication lines and TMR technology, which are disclosed in inventories under work in process.

_16 Other Non-Current Liabilities

Non-current liabilities include a provision for the acquisition of minority interests of € 37,505k discounted to December 31, 2007. This arose in connection with the put / call option agreed as part of the acquisition of shares in STANGL AG. It can be assumed that one of the parties will exercise their option at the exercise date. Please refer to our comments under Note 5 – Business Combinations.

In addition, € 846k of non-current liabilities relates to remaining purchase prices for acquisitions of intangible assets in fiscal year 2004.

The item also contains liabilities from convertible bonds as part of a stock option plan for management board members and senior employees.

	2007	2006
[€ k]		
Non-current portion of convertible bonds	21	77

For more information on the performance of outstanding convertible bonds we refer to Note 17 – Convertible Bonds Issued. The nominal value of the outstanding bonds amounts to € 1.00 per convertible bond.

As of December 31, 2007, the total value of all four tranches of convertible bonds amounted to € 583k. Based on the stipulated conversion dates, the value at maturity of the convertible bonds is as follows:

[€ k]	
Maturing in 2008	562
Maturing in 2009	21
	583

According to the above table, the current portion of convertible bonds due within one year (€ 562k) is disclosed under “other current liabilities” as of the balance sheet date.

_17 Share-Based Payment Plans

The share-based payment plans are as follows:

Convertible Bonds Issued

By resolution approved at the extraordinary shareholder meeting on November 6, 1997 and the ordinary shareholder meetings on May 7, 1999 and May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue convertible bonds in one or more tranches with a total nominal value of up to € 1,597,104 until September 30, 2002, and to issue convertible bonds in one or more tranches with a total nominal value of up to € 1,800,000 and a maturity up to December 31, 2010 until September 30, 2005 to management board members and senior employees. The purpose of the stock option plan was to motivate the management board and senior employees and encourage them further to contribute toward the success of the Company.



The following table summarizes the information on the convertible bonds outstanding as of December 31, 2007 and December 31, 2006:

	2007		2006	
	Number of bonds	Weighted average exercise price (€)	Number of bonds	Weighted average exercise price (€)
Change in convertible bonds				
Outstanding at the beginning of the fiscal year	674,682	20.74	1,007,682	23.95
Issued in the fiscal year	0	-	0	-
Returned in the fiscal year	91,932	19.53	333,000	30.45
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	582,750	25.33	674,682	20.74
Exercisable at the end of the fiscal year	582,750	25.33	556,682	21.18

The options issued through the convertible bond were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. SINGULUS TECHNOLOGIES has not exercised the option right afforded to it as a result of early application of IFRS 2. As a result, only the 270,000 convertible bonds issued after November 7, 2002 were recorded in income in fiscal year 2007 or in prior periods.

The market value of the respective options was determined using a binomial model. The determinants used for option measurement on the grant date were:

Tranche	I/2003	II/2003	I/2004	II/2004
Grant Date	May 31, 2003	Sept. 12, 2003	Jun. 18, 2004	Aug. 20, 2004
Exercise price	17.95 €	26.03 €	19.70 €	16.95 €
Dividend yield	0.00%	0.00%	0.00%	0.00%
Interest rate	4.97%	6.11%	5.03%	4.39%
Volatility SINGULUS	50.00%	50.00%	50.00%	50.00%
Fair value per option	4.36 €	6.42 €	4.89 €	4.10 €

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the convertible bond was used as an historical timeframe. In fiscal year 2007, personnel expenses of € 68k were incurred in connection with convertible bonds (prior year: € 221k).

Stock Option Plan 2005

In order to provide its management staff and other top-performers with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a stock option plan (SOP) in 2005 entitling these employees to subscribe for up to 1,200,000 no-par value registered shares.

The term of the subscription rights is five years. They can be exercised at the earliest upon expiry of the two-year vesting period within the space of 14 trading days beginning on the sixth trading day following publication of the quarterly reports for the first or third quarter; up to 25 % of the stock options held by the respective employee can be exercised during the first exercise period and then a further 25 % every six months during each subsequent exercise period. The options may only be exercised if the average (arithmetic mean) closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15 % higher than the strike price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the strike price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the strike price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the strike price during the reference period for the last 25 %. If the stock options of a tranche cannot be exercised within the respective exercise period because the aspired earnings target has not been reached, the stock options of this tranche can be exercised in subsequent exercise period(s) on the condition that the previously unmet earnings target is achieved in these reference exercise period(s). The reference period is the period of five trading days from the date of publication of the quarterly report applicable to the beginning of the exercise period.

500,000 subscription rights with an exercise price of € 10.05 were issued in fiscal year 2006 (SOP I). In fiscal year 2007, 472,230 subscription rights with an exercise price of € 8.58 were issued (SOP II). This tranche benefited the entire workforce of the Company and the managers of the subsidiaries.



	SOP I			SOP II	
	2007 Number of options	2006 Number of options	Average exercise price (€)	2007 Number of options	Average exercise price (€)
Change in subscription rights					
Outstanding at the beginning of the fiscal year	380,000	0	-	0	-
Issued in the fiscal year	0	500,000	10.05	472,230	8.58
Revoked in the fiscal year	0	120,000	10.05	0	8.58
Exercised during the fiscal year	0	0	-	0	-
Expired in the fiscal year	0	0	-	0	-
Outstanding at the end of the fiscal year	380,000	380,000	10.05	472,230	8.58
Exercisable at the end of the fiscal year	0	0	-	0	-

The subscription rights were measured using a Monte-Carlo simulation. When applying this model, early exercise of the subscription rights was assumed in all situations in which the closing rate on the exercise date corresponds to at least 200 % of the exercise price. Furthermore, we also simulated a situation in which 3 % of the subscription right holders leave the Company following expiry of the lockup period and, where possible, exercise their subscription right. We applied the following parameters to the process of measuring the options.

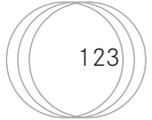
	SOP II	SOP I
Grant Date	Aug. 8, 2007	Aug. 10, 2006
Exercise price	8.58 €	10.05 €
Closing rate SINGULUS	9.30 €	9.89 €
Dividend yield	0.00%	0.00%
Interest rate	4.33%	3.68%
Volatility SINGULUS	43.04%	50.30%
Total fair value	4.03 €	4.41 €

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the options was used as an historical timeframe.

In fiscal year 2007, personnel expenses of € 874k were incurred in connection with stock options of HamaTech AG (prior year: € 218k).

HamaTech's Stock Option Program

To implement the employee and manager stock option program, a resolution was approved at the shareholder meeting of HamaTech AG on May 18, 2001 to conditionally increase the capital of HamaTech AG by € 1.0m. The conditional capital serves the one-time issue or issue on several occasions of options on company shares and thus only results in a capital increase to the extent that the owners of the options actually exercise them. The resolution was entered in the commercial register on June 8, 2001.



	2007 Tranche I	2007 Tranche II	2006 Tranche I	2006 Tranche II
Granted	388,100	578,800	388,100	578,800
As of January 1	156,200	258,800	196,200	389,400
Exercised	-	-	-	-
Expired	156,200	258,800	40,000	130,600
As of December 31	0	0	156,200	258,800
Thereof exercisable	-	-	-	-

Expired options relate to employees who have left the company as well as to the expiry of the exercise period.

Stock option plan

	Tranche 1	Tranche 2
Subscription price per share	7.78	3.54
Date the options were granted	30.11.2001	02.12.2002
End of the lockup period	For 33 % of the options issued after two or three years. For the remaining 34 % after four years.	
End of the lockup period (% of total options)	100 %	66 %
Exercise periods	4th to 18th banking day following the shareholder meeting of HamaTech AG or the publication of the quarterly report for the second or third quarters.	
Final opportunity to exercise an option	The 15 banking days prior to expiry of the option on 30.11.2007	4th to 18th banking day following publication of the quarterly report for the third quarter; however, no later than 31.12.2007

Furthermore, authorization to exercise options depends on the fulfillment of certain performance criteria. The stock option plan requires the closing price of the HamaTech share on the last banking day before commencement of the exercise period to be higher than the subscription price. As a rule, the options that cannot be exercised because the exercise period has elapsed can be exercised in one of the subsequent exercise periods.

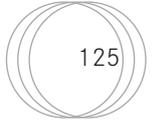
The options were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. The reasons why HamaTech opted for early application of IFRS 2 include the opportunity to measure and expense those options eligible for exercise on the basis of the performance of the HamaTech AG share in the last three years. The market value of the respective options was determined using the Black-Scholes option pricing model. The determinants used for option measurement in Tranche 2 on the grant date were:

Share volatility	64.84 %
Expected dividend yield	0.00 %
Average risk-free interest rate	3.82 %
Market value of each option of the three tranches	1.32 € 1.54 € 1.73 €
This results in an average market value of the three tranches of	1.53 € 1.54 € 1.73 €
This results in an average market value per option of	1.53 €

In fiscal year 2007, personnel expenses of € 6k were incurred in connection with stock options (prior year: € 42k).

The total expense recognized in the fiscal year for payments received in connection with the abovementioned option programs is as follows:

	2007	2006
[€ k]		
Expenses from the issue of convertible bonds	68	221
Expenses from the SINGULUS stock option program (SOP I and II)	874	218
Expenses from the HamaTech stock option program	6	42
Total expenses from share-based payment transactions	948	481



_18 Liabilities to Banks

Liabilities to banks amounted to € 22,079k as of December 31, 2007 and related to three loans totaling € 25,000k granted in October 2004 and April 2006. As of the end of the fiscal year, the loans had a value of € 11,440k (prior year: € 16,563k). The loans are repayable in equal annual installments. For the loans issued in October 2004, the last installments are payable on September 30, 2008. For the loan issued in fiscal year 2006, the last installment is payable on March 31, 2010. The interest rate on the loans is adjusted to the 3-month EURIBOR rate on a quarterly basis. At year-end, the effective interest rate for the loans issued in October 2004 was 4.6315 % p.a. (prior year: 3.876 % p.a.). At year-end, the effective interest rate for the loans issued in April 2006 was 4.7815 % p.a. (prior year: 4.026 % p.a.)

Furthermore, there were bank liabilities of € 10,000k arising from the utilization of a credit facility as of September 13, 2007. The effective interest rate for this liability was 5.220 % p.a. at year-end.

There are also bank liabilities of € 200k (prior year: € 3,405k) resulting from the discounting of bills. The fair values of the bank liabilities largely approximate the carrying amounts.

Financial liabilities measured at carrying amounts posted a net loss of € 825k (prior year: € 575k).

Effective December 14, 2007, SINGULUS TECHNOLOGIES AG underwrote a syndicated credit facility of € 60,000k. The credit facility includes a loan of € 25,000k and a revolving credit line of € 35,000k with a total term of five years. The interest rate on the loan commitment is adjusted to the 3-month EURIBOR rate on a quarterly basis. The guarantors are SINGULUS TECHNOLOGIES Inc. and SINGULUS MASTERING B.V. The credit facility primarily serves to refinance the takeover of 51 % of the shares in STANGL AG and to finance operating activities. The loan commitment had not been utilized as of December 31, 2007.

_19 Pension Obligations

Both SINGULUS TECHNOLOGIES AG and HamaTech AG operate defined benefit pension plans.

SINGULUS TECHNOLOGIES AG operates a pension plan for employees who were taken over from Leybold AG, employees hired by Leybold AG on behalf of the Company, and the management board. The pension plan is based on the benefit plan established in 1969 and the amendments thereto as of 1977, 1986 and 2001.

The pension plan operated by HamaTech AG is solely for members of the management board.

Consistent with German practice, the pension plan is not funded. Pension provisions are determined by an independent actuarial reporter. Pension benefits under the plan are based on a percentage of the employees' current compensation and their years of service.

The pension obligations and underlying assumptions are described in the following.



The change in SINGULUS TECHNOLOGIES AG's pension liabilities as of December 31, 2007 and 2006 is presented in the following tables:

	2007	2006
[€ k]		
Change in pension liabilities:		
Projected benefit obligation at the beginning of the fiscal year	6,564	6,209
Current service cost	234	339
Interest expense	287	273
Actuarial gains / (losses)	737	103
Benefits paid in the fiscal year	(239)	(154)
Projected benefit obligation at the end of the fiscal year	6,109	6,564
Unrecognized actuarial gains / (losses)	(96)	(844)
Pension provisions recognized in the balance sheet	6,013	5,720

Net pension expenses break down as follows:

	2007	2006
[€ k]		
Current service cost	234	339
Interest expense	287	273
Actuarial gains / losses	11	19
	532	631

The pension liabilities of HamaTech AG as of December 31 are presented below:

	2007	2006
[€ k]		
Change in pension liabilities:		
Projected benefit obligation at the beginning of the fiscal year	395	298
Current service cost	24	82
Interest expense	20	15
Actuarial gains / (losses)	145	10
Projected benefit obligation at the end of the fiscal year	294	385
Unrecognized actuarial gains / (losses)	145	10
Pension provisions recognized in the balance sheet	439	395

Net pension expenses of HamaTech AG break down as follows:

	2007	2006
[€ k]		
Current service cost	24	82
Interest expense	20	15
Actuarial gains / losses	0	0
	44	97



The assumptions on which the calculation of pension liabilities are as follows:

	2007	2006
Discount rate (future pensioners)	5.70%	4.50%
Discount rate (current pensioners)	5.30%	4.10%
Estimated future wage and salary increases	2.75%	2.75%
Estimate future pension increases	1.80%	1.90%

20 Other Provisions

Other provisions developed as follows in the fiscal year:

	01.01. 2007	Addition from business acquisition	Utili- zation	Reversal	Allo- cation	31.12. 2007
[€]						
Warranties	3,873	275	1,885	1,207	1,789	2,845
Redundancy plan	2,500	0	2,500	0	1,603	1,603
Other	119	0	0	0	106	225
	6,492	275	4,385	1,207	3,498	4,673

Provisions for warranty costs are recognized as a percentage of revenue as well as for individual warranty risks. The percentages are based on historical values and amounted to 0.9% of net revenue in fiscal year 2007 (prior year: 0.9%).

The provisions for redundancy plans were recognized for the first time in fiscal year 2006 for termination benefits resulting from the restructuring measures initiated at various subsidiaries at the end of 2006; they were utilized in the fiscal year. In fiscal year 2007, provisions of € 1,603k were recognized in connection with the relocation of SINGULUS EMOULD's business activities.

_21 Equity

128

Subscribed Capital

By resolution approved at the shareholder meeting on June 23, 2006, the management board was authorized to acquire shares representing up to € 3,494,192.00 of capital stock in full or in part until November 22, 2007 and cancel them with the consent of the supervisory board. No treasury shares were acquired or redeemed in 2007.

Capital stock was increased by € 2,004,478.00 in connection with the acquisition of STANGL AG and the associated purchase price component of € 18,800k in shares. The capital stock totals € 36,946,407.00 and consists of 36,946,407 ordinary bearer shares with a par value of € 1.00 each.

As of November 21, 1997, the entire capital stock was admitted to the regulated market (Neuer Markt) of the Frankfurt Stock Exchange.

Conditional Capital

By resolution approved at the shareholder meeting on November 6, 1997, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to € 1,597k (convertible to shares with a nominal value of € 1.00) and a maturity up to December 31, 2010 (conditional capital I).

By resolution approved at the shareholder meeting on May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to € 1,800k (convertible to shares with a nominal value of € 1.00) and a maturity up to December 31, 2010 (conditional capital II). On November 30, 1997, convertible bonds with a total nominal value of € 383k were issued as part of a stock option plan for management board members and other employees of the Company. In fiscal years 1999 and 2000, convertible bonds with a total nominal value of € 494k were issued as part of another stock option plan. In fiscal year 2001, convertible bonds with a total nominal value of € 711k were issued. In fiscal year 2002, convertible bonds with a total nominal value of € 563k were issued as part of a further stock option plan. In fiscal year 2003, convertible bonds with a total nominal value of € 130k were issued. In fiscal year 2004, convertible bonds with a total nominal value of € 140k were issued. The non-current portion of the convertible bonds is disclosed under non-current liabilities and the current portion under other current liabilities.

A resolution was approved at the shareholder meeting on May 13, 2004 to increase the capital stock of the Company by € 15,617,364.00 (conditional capital III). On May 30, 2005, a resolution was approved at the shareholder meeting to cancel this conditional capital III.

By resolution approved at the shareholder meeting on May 30, 2005, conditional capital IV was created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 13,000,000 bearer shares with a nominal value of € 1.00 each. The conditional capital increase will be made use of to the extent that the holders of options or conversion rights issued or guaranteed by the Company on the basis of the authorization approved by resolution at the shareholder meeting on May 30, 2005 exercise these options or conversion rights. The new shares are included in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights.

Conditional capital V has also been created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 1,200,000 bearer shares with a nominal value of € 1.00 each. The sole purpose of the conditional capital increase is to grant subscription rights (stock options) to members of the Company's management board, to executive bodies of affiliates and to other management staff and employees of the Company in line with the provisions of the authorization approved by resolution at the shareholder meeting on May 30, 2005. The new shares are included in profit from the beginning of the fiscal year in which they result through the exercise of the said options. Conditional capital V was reduced by € 380,000.00 through the issue of 380,000 stock options to members of the management board and senior employees. Following this partial utilization, conditional capital V stood at € 820,000.00 as of December 31, 2007.

There is also a conditional capital VI. By a resolution of the shareholder meeting dated June 6, 2007, the Company's capital stock can be conditionally increased by € 600,000.00. The conditional capital serves to grant stock options to employees and managers of the Company or an affiliate. Conditional capital VI was reduced by € 472,230.00 through the issue of 472,230 stock options to the workforce of SINGULUS TECHNOLOGIES AG. Following this partial utilization, conditional capital VI stood at € 127,770.00 as of December 31, 2007.

Authorized Capital

The management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 on one or several occasions and by a maximum of € 7,363k through the issue of new bearer shares with a nominal value of € 1.00 each in return for cash and / or non-cash contributions (approved capital 1). Furthermore, the management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 on one or several occasions and by a maximum of € 1,841k through the issue of new bearer shares with a nominal value of € 1.00 each in return for cash and / or non-cash contributions (approved capital 2). For both approved capital amounts, the subscription rights of shareholders may, with the consent of the supervisory board, be excluded under certain conditions.

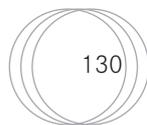
By virtue of a resolution adopted by the shareholder meeting on June 6, 2007, the management board is authorized until December 31, 2012 to increase capital stock on one or several occasions by up to € 6,988,385.00 in total in return for contributions in cash or in kind, subject to the consent of the supervisory board; the shareholders' right to subscribe can be excluded. Some of this capital (€ 2,004,478.00) was used for the acquisition of STANGL AG, Eichenau, Germany. This brings authorized capital, after partial utilization, to € 4,983,907.00.

Capital Reserves

The capital reserves were increased by € 16,676k in connection with the acquisition of STANGL AG and the associated purchase price component of € 18,800k in shares. The capital reserves also increased in fiscal year 2007 in connection with share-based compensation of € 948k. In fiscal year 2006, the capital reserves were increased by a total € 481k in connection with share-based compensation.

Other Reserves

Other reserves include changes in the market value of cash flow hedges as well as exchange differences from translating the financial statements of foreign entities.



Minority Interests

Minority interests represent third party shareholdings in group entities. Minority interests relate mainly to HamaTech AG and SINGULUS MANUFACTURING GUANGZHOU.

22 Income Taxes

In fiscal year 2006, tax income of € 7,996k resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act [“Steuersenkungsgesetz”: StSenkG] from October 23, 2000, which came about as a result of the revision of the law governing tax measures intended to accompany the introduction of the European Company and the subsequent amendment of other tax regulations [“Gesetz über steuerliche Begleitmassnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften”: SEStEG] of December 7, 2006.

The last tax field audit of SINGULUS TECHNOLOGIES AG was completed in 2006 and relates to the period from 2001 to 2004 inclusive. Additional taxes for the tax audit period including interest of approximately € 595k are disclosed under tax expenses for fiscal year 2006.

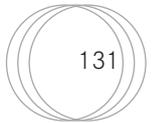
Furthermore, the tax field audit for the period from 1997 to 2000 led to objections in 1997 as to the use of tax loss carryforwards pursuant to Sec. 8 (4) KStG [“Körperschaftsteuergesetz”: Corporate Income Tax Act]. This resulted in a tax risk of approximately € 10.6m plus interest (approximately € 4m) for 1997. However, an appeal was lodged against the tax audit assessment and an application for the suspension of execution filed. The appeal was allowed in full in 2007 and the use of the tax loss carryforward was recognized. Furthermore, as applied for, an additional loss from 1993 from a former subsidiary partnership was taken into account for corporate tax purposes (pursuant to the notice of determination). The accordingly amended assessment notices for 1997 to 2000 were issued at the start of January 2008. Corporate income tax and trade tax refund claims for 1997 and 1998 arose due to additional usable tax losses. The amended assessment notices for 1997 to 2000 resulted in an overall tax refund of € 1,959k and interest on tax refunds of € 887k (each offset against backpayments). These amounts were recognized in profit or loss in the fiscal year.

Due to the now recognized loss utilization in 1997 and 1998, and the additional loss from a former subsidiary partnership, the existing corporate income tax credits increased. The current amount of corporate income tax credit and the present value adjustment were taken into account in the capitalization in the fiscal year. As of December 31, 2007, the present value for the existing corporate income tax credit was recognized at € 9,842k.

The Bundestag, the Lower House of the German Parliament, adopted the German Corporate Tax Reform Act [“Unternehmensteuerreformgesetz”] on May 25, 2007. The corresponding resolution of the Bundesrat, the Upper House of the German Parliament, was adopted on July 6, 2007. The key objective of the tax reform is to bring the corporate income tax rate down from 25% to 15% as of 2008; equally, the trade tax base rate is to sink from the current 5% to 3.5%. Hence, the total tax burden of SINGULUS TECHNOLOGIES AG will fall from the current 35.976% to 26.325% in 2008.

As of 31.12.2007 and 2006, income tax data break as follows:

	2007	2006
[€ k]		
EBT:		
Germany	5,339	(30,524)
Other countries	1,893	1,000
	7,232	(29,524)
Consolidation adjustments recognized in profit and loss	(5,683)	33,788
	1,549	4,264
Current income tax expense:		
Germany:		
Corporate income tax	672	288
Trade tax	475	241
Other countries:		
Tax expenses	2,014	1,179
	3,161	1,708
Income from the recognition of corporate income tax credits	0	(7,996)
Income from the amendment of tax assessment notices	(2,846)	0
Interest income	(296)	0
	19	(6,288)
Deferred taxes:		
Germany	(1,256)	(2,962)
Other countries	(234)	2,380
Total tax expenses / (income)	(1,471)	(6,870)



Under German tax law, taxes on income are composed of corporate income tax, trade taxes and the solidarity surcharge.



Deferred tax assets break down as follows:

	2007	2006
[€ k]		
Differences between the commercial balance sheet and the tax accounts due to		
Inventory allowances	1,622	3,247
Bad debt allowances	105	138
Pension provisions	403	593
Other provisions / liabilities	54	327
Deferred taxes on loss carryforwards	6,013	4,937
Other differences between the commercial balance sheet and the tax accounts	100	96
Consolidation adjustments	1,003	1,207
	9,300	10,545

At SINGULUS TECHNOLOGIES AG, there were deferred tax assets of € 6,013k, with a trade tax loss carryforward of € 21,903k (prior year: € 14,649k) and a corporate income tax loss carryforward of € 23,464k (prior year: € 15,408k). A trade tax loss carryforward of € 7,255k (prior year: € 7,727k) and a corporate income tax loss of € 8,057k (prior year: € 8,021k) related to the fiscal year. Under German law, the loss carryforwards may be utilized for an indefinite period.

At HamaTech AG, since the usability of the tax loss carryforwards cannot be demonstrated, no deferred taxes were recognized on loss carryforwards.

Deferred tax liabilities break down as follows:

	2007	2006
[€ k]		
Capitalized development costs	9,181	10,433
Disclosed hidden reserves from first-time consolidation	13,820	4,992
Differences between the commercial balance sheet and the tax accounts	2,279	1,951
	25,280	17,376

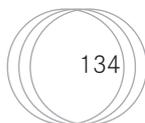
The German statutory tax rate (for corporate income tax, trade tax and solidarity surcharge) remained at 36.0% as in the prior years. The reconciliation from the statutory tax rate to the effective tax rate is as follows:

	2007	2006
Statutory tax rate	36.0%	36.0%
Loss carryforwards for the current period for which no deferred taxes were recognized	102.6%	185.3%
Write-down on deferred tax assets for tax loss carryforwards of HamaTech AG	0%	78.3%
Tax backpayments following tax field audit	0%	14.0%
Non tax-deductible expenses	- 10.2%	3.1%
Tax refunds / backpayments for prior years	- 183.7%	1.5%
Change in the tax rate	- 73.2%	0%
Differences in foreign tax rates	54.2%	- 6.7%
Recognition of corporate income tax credits	- 20.6%	- 187.5%
Tax-free income from negative goodwill	0%	- 285.1%
Effective tax rate	- 94.9%	- 161.1%

_23 Earnings Per Share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.



The table below shows the figures used to calculate basic and diluted earnings per share:

	2007	2006
Net profit [€ k]	3,021	11,134
Weighted average number of ordinary shares for basic earnings per share	35,610,088	34,941,929
Effect of dilution:		
Stock options SOP Tranche I	380,000	73,333
Stock options SOP Tranche II	157,410	0
Put / call option acquisition of minority interests STANGL AG	1,047,346	0
Weighted average number of ordinary shares adjusted for the effect of dilution	37,194,844	35,015,262

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

The constructive obligation arising from the put / call option for the minority interests in STANGL AG will partially be settled in the form of ordinary shares. This must be taken into account when calculating the effect of dilution. This calculation is based on the SINGULUS TECHNOLOGIES share price on the last trading day of 2007.

_24 Contingent Liabilities and Other Financial Obligations

Contingent liabilities and other financial obligations not recognized in the consolidated balance sheet amount to € 11,623k (prior year: € 11,074k) and chiefly represent buy-back guarantees given to leasing companies relating to the sale of equipment. Any claims under the guarantees given to the leasing companies will be offset by the revenue realized from the resale of the returned machines.

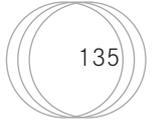
The management board is not aware of any other matters that would have a material adverse effect on the Company's business, financial situation or results of operations.

_25 Sales Deductions and Direct Selling Costs

Sales deductions comprise all discounts granted. Direct selling costs mainly relate to packing, shipping and commission expenses.

_26 Cost of Materials

The cost of sales for fiscal year 2007 includes material costs of € 141,739k (prior year: € 184,828k).



_27 Personnel Expenses

Personnel expenses of € 46,946k (prior year: € 66,500k) were recognized in the income statement in fiscal year 2007.

_28 Amortization and Depreciation

Amortization and depreciation amounted to € 18,059k (prior year: € 17,841k).

_29 General and Administrative Expenses

Administrative expenses include management expenses, personnel expenses and finance and accounting expenses as well as the premises and vehicle expenses attributable to such areas. Ongoing IT costs, legal and consulting fees, investor relations costs as well as costs of shareholder meetings and the financial statements are also recognized in this item.

_30 Research and Development Expenses

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of € 11,495k (prior year: € 9,973k).

_31 Restructuring Expenses

Restructuring expenses in the fiscal year included costs relating to the relocation of SINGULUS EMOULD's operations (€ 1,875k) and costs resulting from a restructuring program at HamaTech AG (€ 57k). Expenses relating to the applied for merger of HamaTech AG into SINGULUS TECHNOLOGIES AG (€ 1,195k) are also included.

Restructuring expenses in fiscal year 2006 primarily related to the costs of terminating certain product lines at the Kahl am Main and Sternenfels sites. The restructuring expenses mainly contained impairment losses on capitalized development costs (€ 10,807k), inventory allowances (€ 6,765k), redundancy plan costs (€ 5,092k), goodwill amortization (€ 942k) and the amortization of trademarks (€ 807k).

_32 Other Operating Income / Expenses

Other operating expenses primarily comprise exchange losses (€ 2,852k; prior year: € 182k), the loss from the deconsolidation of ETA-Optik (€ 1,058k), and expenses resulting from bad debt allowances (€ 1,617k; prior year: € 7,280k). Other operating income mainly relates to income from the reversal of bad debt allowances (€ 3,859k; prior year: € 793k) and income from the reversal of liabilities and provisions (€ 1,234k; prior year: € 567k).



_33 Finance Income and Finance Expenses

Interest income / expenses break down as follows:

	2007	2006
[€ k]		
Interest income from non-current receivables from customers	1,316	2,326
Interest income from time / overnight deposits	1,363	1,146
Other interest income	953	334
(Finance costs)	(3,152)	(3,544)
	480	262

Interest expenses include the unwinding of the discount for the put / call option from the acquisition of STANGL AG of € 1,145k.

_34 Rentals and Leases

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease came into force on July 1, 2000 and expires on June 30, 2018. The annual lease payment is € 1,481k.

As of December 31, 2007, the future minimum payments arising from rental agreements and operating leases in total are:

[€ k]	
2008	1,904
2009	1,744
2010	1,562
2011	1,481
2012 and beyond	9,629
	16,320

_35 Events After The Balance Sheet Date

Events after the balance sheet date are those events, both favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Events that provide evidence of conditions that existed at the balance sheet date are considered in the consolidated financial statements. Events that are indicative of conditions that arose after the balance sheet date are presented in the notes to the consolidated financial statements and the combined management report if they are significant.

Hans-Jürgen Stangl was elected to the management board of SINGULUS TECHNOLOGIES AG effective as of January 1, 2008.

On January 31, 2008, SINGULUS TECHNOLOGIES AG signed an agreement with Oerlikon Balzers AG concerning the takeover of the Blu-ray Disc systems business. With this strategic acquisition, SINGULUS TECHNOLOGIES took over Oerlikon's entire Blu-ray business as well as the customer service for all Blu-ray Disc product lines already delivered. Oerlikon also withdrew its CD and DVD product line business.

_36 Related Party Transactions

SINGULUS TECHNOLOGIES AG renders various services for related parties in its ordinary course of business. Conversely, the various group companies also render services within the SINGULUS TECHNOLOGIES AG Group as part of their business purpose. This extensive intragroup trade is transacted at market prices.

In accordance with the articles of incorporation, the supervisory board of SINGULUS TECHNOLOGIES AG has three members. The members of the Supervisory Board in fiscal year 2007 were:

Roland Lacher, Gelnhausen, Germany	Chairman
William Slee, London, UK	Deputy chairman
Thomas Geitner, Düsseldorf, Germany	

The aforementioned members of the supervisory board are appointed until the shareholder meeting which decides on their exoneration for the fiscal year in 2010 is closed.

In addition to compensation for expenses, each member of the supervisory board receives fixed remuneration amounting to € 15,000.00 for each full fiscal year of supervisory board membership. In addition, following the decision on profit appropriation, each supervisory board member receives, for membership on the supervisory board during the preceding fiscal year, performance-based remuneration of € 800.00 for each cent by which the consolidated earnings per share, pursuant to International Financial Reporting Standards, exceeds the amount of € 0.30. The basis of assessment is at most equal to the Company's accumulated profit less an amount of four percent of the capital invested in the lowest issue amount of the shares.

The chairman of the supervisory board receives twice this amount, and the deputy chairman one and a half times this amount. The remuneration of the supervisory board of SINGULUS TECHNOLOGIES AG (including payments for supplementary services) totaled € 68k in 2007 (prior year: € 86k).

The following supervisory board members hold shares in the Company:

	2007	2006
[No.]		
Shares as of 31.12.		
William Slee	49,520	29,520
Thomas Geitner	1,500	1,500
	51,020	31,020

Furthermore, VVG Robert Lacher KG (formerly: VVG Roland Lacher GbR) and Familie Roland Lacher Vermögensverwaltungsgesellschaft mbH together held 394,472 (prior year: 398,161) shares in the Company as of December 31, 2007.

The management board member Stefan A. Baustert and Dr.-Ing. Anton Pawlakowitsch and the former management board member Dr. Reinhard Wollermann-Windgasse hold the following numbers of convertible bonds and stock options:

	Convertible bonds		Stock options	
	2007	2006	2007	2006
[No.]				
Stefan A. Baustert	120,000	120,000	200,000	80,000
Dr.-Ing. Anton Pawlakowitsch	0	0	80,000	0
Dr. Reinhard Wollermann-Windgasse	110,000	110,000	0	0
	230,000	230,000	280,000	80,000

The stock options granted in the fiscal year to Stefan A. Baustert had a fair value of € 484k. The stock options granted to Dr.-Ing. Anton Pawlakowitsch had a fair value of € 322k.

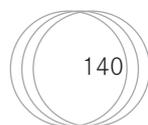
The personnel expenses for management board members recognized in fiscal years 2007 and 2006 in accordance with IFRS 2 amounted to:

	2007	2006
[€ k]		
Stefan A. Baustert	225	161
Dr.-Ing. Anton Pawlakowitsch	41	0
	265	161

In addition, the members of the management board held the following number of shares in SINGULUS TECHNOLOGIES AG as of the fiscal year-end:

	2007	2006
[No.]		
Stefan A. Baustert	2,000	0
Dr.-Ing. Anton Pawlakowitsch	2,500	0
	4,500	0

_37 Information on Shareholdings



	Currency	Share- holding %	Equity in thousands	Profit / loss for the period in thousands
Germany:				
SINGULUS EMOULD GmbH, Würselen, Germany	EUR	100	8,228	649
STANGL Semiconductor Equipment AG, Eichenau, Germany	EUR	51	8,339	2,605
HamaTech AG, Kahl am Main, Germany	EUR	91.3	51,049	288
HamaTech APE GmbH & Co. KG, Sternenfels, Germany	EUR	100	8,348	2,028
HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany	EUR	100	20	2
SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany	EUR	100	5,032	- 1,579
Other Countries:				
SINGULUS TECHNOLOGIES Inc. Windsor, USA	USD	100	28,215	3,831
SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK	GBP	100	1,454	- 164
SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore	SGD	100	10,488	- 709
SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brasil	EUR	91.5	1,592	- 229
SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain	EUR	100	1,613	202
SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong	HKD	51	- 330	- 108
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Valence, France	EUR	100	91	-76
SINGULUS TECHNOLOGIES Italia s.r.l., Ancona, Italy	EUR	99.99	875	-37
SINGULUS MASTERING B.V., Eindhoven, Netherlands	EUR	100	21,624	-1,018
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipeh, Taiwan	TWD	100	- 18,380	- 6,081
SINGULUS MOLDING AG, Schaffhausen, Switzerland	EUR	100	1,684	- 3,707
SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China	CNY	51	49,059	28,894
HamaTech Slovakei s.r.o., Nova Mesto, Slovakia	SKK	100	412,026	8,440
HamaTech USA Inc., Austin, USA	USD	100	- 1,021	- 495
STEAG HamaTech Asia Ltd., Hong Kong, China	USD	100	0	0

SINGULUS MASTERING B.V., Eindhoven, Netherlands, wholly owns MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland. Also, SINGULUS TECHNOLOGIES Inc., Windsor, USA, wholly owns SINGULUS TECHNOLOGIES SERVICE GROUP Inc., Windsor, USA.

The remaining 8.5% stake in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil, is held by SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain.

In addition to the 2,045,954 shares in HamaTechAG acquired in fiscal year 2005, SINGULUS TECHNOLOGIES AG acquired a further 24,592,352 shares in fiscal year 2006. The shares were acquired by way of a share takeover bid and purchase on the free market; 19,884,672 of the shares were bought from the former majority shareholder SES. In fiscal year 2007, another 759,899 of HamaTech AG's shares were acquired. The total 27,398,205 acquired shares represented a share of approx. 91.3% in the subscribed capital of HamaTech AG as of December 31, 2007.

Also, in fiscal year 2006, the Company joined forces with VIKA International Ltd. to found SINGULUS MANUFACTURING GUANGZHOU Ltd., China, with capital stock of USD 1,400,000.00; SINGULUS TECHNOLOGIES AG owns 51% of this company.

In fiscal year 2007, NDT was established with a contribution to capital stock of € 25k. Under the agreement dated July 1, 2007, the MRAM division was transferred to NDT at a net carrying amount of € 6,586k. The carrying amount of the investment in NDT was increased accordingly.

38 Financial Risk Management

The main financial instruments used by the Group comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables as well as cash and cash equivalents and short-term deposits which result directly from operating activities.

The Group also has derivative financial instruments, particularly forward exchange contracts. Their purpose is to hedge against currency risks arising from the Group's business activities.

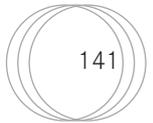
In accordance with group guidelines, no trading with derivatives took place in fiscal years 2007 and 2006, nor will it take place in the future.

The financial instruments result primarily in interest, liquidity and currency risks.

Currency Risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some of the revenue generated by the SINGULUS TECHNOLOGIES Group are exposed to the risk of US dollar fluctuation. As a result, derivative financial instruments are used to hedge USD exchange rate risks. Foreign currency risks are constantly assessed as part of the risk management system.

The following table shows the sensitivity of consolidated profit or loss before tax (due to the change in the fair values of monetary assets and liabilities) and consolidated equity (due to the change in the fair values of forward exchange contracts) to a reasonable possible change in the € / USD exchange rate. All other factors remain unchanged.





	Development of the USD	Effect on EBT	Effect on equity
		[€ k]	[€ k]
2006	+ 10 %	- 8	- 46
	- 10 %	8	46
2007	+ 10 %	- 53	- 37
	- 10 %	53	37

The effect of potential changes in the USD on SINGULUS TECHNOLOGIES's EBT relate exclusively to trade payables denominated in USD. Such payables are not hedged.

The effects on equity comprise the potential change in the fair value of forward exchange contracts recognized directly in equity.

Liquidity Risk

The Group has adequate cash and cash equivalents to cover all its payment obligations. No liquidity risk exists for the Group at present.

SINGULUS TECHNOLOGIES AG was granted a call option for the acquisition of the remaining 49 % of the shares in STANGL AG. At the same time, the shareholders of STANGL AG were granted a put option. The call option can be exercised either in the period from January 1, 2010 to May 31, 2010 or in the period from January 1, 2011 to May 31, 2011. The put option can be exercised either in the period from June 1, 2010 to October 31, 2010 or in the period from June 1, 2011 to October 31, 2011. To cover the liquidity requirements expected to result from this, the Company underwrote a syndicated credit facility of € 60,000k. Please refer to our comments under Note 18.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended December 31, 2007	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	[€ k]					
Interest-bearing loans	1,965	11,911	4,185	3,933	85	22,079
Interest payments	0	136	225	137	0	498
Other liabilities	3,548	10,423	4,967	41,032	410	60,380
Trade payables	2,137	13,839	359	0	0	16,335
	7,650	36,309	9,736	45,102	495	99,292

The positive fair values of the forward exchange contracts concluded to hedge recognized foreign currency receivables will result in cash flows of € 1,214k in the next two years.



Fiscal year ended 31.12.2007	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
[€ k]						
Interest-bearing loans	31	3,418	5,123	11,630	0	20,202
Interest payments	0	164	392	402	0	958
Other liabilities	530	12,483	8,804	3,611	581	26,009
Trade payables	3,141	16,387	514	0	0	20,042
	3,702	32,452	14,833	15,643	581	67,211

Interest Rate Risk

As of December 31, 2007, the Company recognized bank liabilities of € 22,079k stemming mainly from three loans granted in October 2004 and April 2006 in the amount of € 25,000k and the utilization of a credit facility of € 10,000k. The interest rate on the bank liabilities is adjusted to the 3-month EURIBOR rate on a quarterly basis. No notable interest rate risks exist as a result of these loans. Furthermore, there were no other circumstances which posed interest rate risks as of the balance sheet date. Financial instruments were therefore not used to hedge interest rate risks.

Capital Management

The Group's capital management activities are primarily aimed at ensuring a good equity ratio. The Group monitors capital using a debt-to-equity ratio which corresponds to the ratio of net financial liabilities to the sum of equity and net financial liabilities. Net financial liabilities comprise interest-bearing loans, trade payables and other liabilities less cash and short-term deposits.

The table below shows the debt-to-equity ratio as of December 31.

	2007	2006
[€ k]		
Interest-bearing loans	22,079	20,202
Trade payables	16,335	20,042
Less cash and short-term deposits	36,952	56,216
Net financial liabilities	1,462	- 15,972
Equity	293,266	274,744
Unrealized gains	366	578
Total equity	292,900	274,166
Equity and net financial liabilities	294,362	258,194
Debt-to-equity ratio	0.5%	0.0%

_39 Financial Instruments

Fair Values

The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements.

	Measurement category	Carrying amount		Fair value	
		2007 [€ k]	2006 [€ k]	2007 [€ k]	2006 [€ k]
Financial assets					
Cash	L&R	36,952	56,216	36,952	56,216
Derivative financial instruments	FAHfT/n.a.	1,214	1,025	1,214	1,025
Trade receivables	L&R	78,560	80,912	78,560	80,912
Financial liabilities					
Floating-rate loans	FLAC	22,079	20,202	22,079	20,202
Convertible bonds	FLAC	583	675	583	675
Trade payables	FLAC	16,335	20,042	16,335	20,042

Abbreviations:

L&R: Loans and receivables

FAHfT: Financial assets held for trading

FLAC: Financial liabilities measured at amortized cost

n.a.: not applicable

Cash and cash equivalents and trade payables are generally due in the short-term. The balance sheet figures represent approximately the fair values. The same applies for trade receivables.

The fair values of non-current trade receivables correspond to the present values of the payments relating to the assets taking into account the corresponding interest parameters.

The fair values of the convertible bonds correspond to the amount repayable upon return or maturity of the bonds.

Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency.

The fair values of the liabilities to banks correspond to the amounts repayable on the bank loans as of the balance sheet date.

The maximum credit risk is reflected in the carrying amounts of the financial assets and liabilities.



Hedges

As of December 31, 2007, the Group held forward exchange contracts designated as hedges of expected future sales to customer in the United States, for which the Group has firm commitments.

	2007	2006	2007	2006
	Assets	Assets	Liabilities	Liabilities
[€ k]				
Forward exchange contracts				
Fair value	1,214	1,025	0	0

The main terms of the forward currency contracts have been negotiated to match the terms of the underlying commitments.

The cash flow hedges of expected future purchases were assessed to be highly effective and an unrealized gain of € 366k with deferred tax liabilities of € 131k relating to the hedging instrument was included in consolidated equity.

The category financial instruments measured at fair value posted net gains of € 150k (prior year: € 929k).

40 Employees

In the fiscal year, the Company had an annual average of 717 permanent employees. In the prior year, the annual average was 1,129. The Group had 764 employees as of December 31, 2007 (prior year: 796).

41 Auditor's Fees (Disclosure Pursuant to Sec. 314 (1) No. 9 HGB)

In the fiscal year, the following auditor's fees were invoiced to SINGULUS TECHNOLOGIES AG and its subsidiaries:

	2007	2006
[€ k]		
a) for tax advisory services	195	233
b) for transaction advisory services	180	194
c) for audit services	319	286
d) for other services	74	83

_42 Corporate Governance

On January 22, 2008, the management and supervisory boards submitted the declaration for 2007 pursuant to Sec. 161 AktG [“Aktengesetz”: German Stock Corporation Act] and made this available to shareholders on a permanent basis.

Kahl am Main, Germany, February 29, 2008

SINGULUS TECHNOLOGIES AG
The Executive Board

Stefan A. Baustert

Dr.-Ing. Anton Pawlakowitsch

Hans-Jürgen Stangl



According to international standards our report is concentrated on SINGULUS TECHNOLOGIES Group.

On the following pages you will find the balance sheets and the income statement of the legal entity SINGULUS TECHNOLOGIES AG in prepared conformity with German accounting principles and translated into English.



The complete German report (HGB) is available on request:

SINGULUS TECHNOLOGIES AG

Hanauer Landstraße 103
D-63796 Kahl

Tel.: +49-6188-440-0
Fax: +49-6188-440-110

Internet: www.singulus.de
E-Mail: investor-relations@singulus.de

SINGULUS TECHNOLOGIES AG

Balance Sheets as of December 31, 2006 and 2007

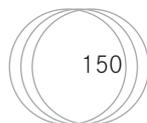


(according to HGB)

ASSETS	Dec. 31, 2007 [€]	[€]	Dec. 31, 2006 [in €]
A. NON-CURRENT ASSETS			
I. Intangible assets			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		293,674.23	46,261.53
II. Property, plant and equipment			
1. Land, land rights and buildings including buildings on third-party lan	17,401,491.06		18,308,749.63
2. Technical equipment and machines	272,002.45		649,616.43
3. Other equipment, furniture and fixtures	1,260,975.84		2,458,377.84
4. Payments on account and assets under construction	55,635.41		0.00
		18,990,104.76	21,416,743.90
III. Leased assets		0.00	1,301,683.51
IV. Shares in affiliates			
1. Shares in affiliates	138,078,491.75		85,651,396.18
2. Loans to affiliates	28,461.83		28,461.83
3. Loans to affiliated companies	0.00		1,343,072.01
	87,022,930.02	138,106,953.58	
	109,787,618.96	157,390,732.57	
B. CURRENT ASSETS			
1. Raw materials, consumables and supplies	13,591,205.27		9,735,415.80
2. Work in process	28,541,425.00		47,329,179.31
3. Advance payments	584,731.19		1,051,627.32
4. Advance payments received	- 4,305,190.92		- 12,811,500.71
	45,304,721.72	38,412,170.54	
II. Receivables and other assets			
1. Trade receivables	40,598,081.91		39,440,441.32
2. Receivables from affiliates	25,691,981.84		29,417,766.21
3. Other assets	15,743,010.91		10,117,091.98
		82,033,074.66	78,975,299.51
III. Cash on hand, balances at banks		19,039,835.60	38,356,280.70
		139,485,080.80	162,636,301.93
C. PREPAID EXPENSES		1,218,599.06	1,080,120.06
Total Assets		298,094,412.43	273,504,040.95

EQUITY AND LIABILITIES	Dec. 31, 2007 [€]	[€]	Dec. 31, 2006 [in €]
A. EQUITY			
I. Share capital	36,946,407.00		34,941,929.00
Conditional capital of € 17,588,362.00			
II. Capital reserves	45,202,051.62		28,406,529.62
III. Revenue reserves	120,060,253.98		120,032,963.18
IV. Accumulated profit	- 25,175,768.39		27,290.80
	183,408,712.60	177,032,944.21	
B. PROVISIONS			
1. Pension provisions	6,012,560.00		5,719,948.00
2. Tax provisions	676,770.04		698,708.91
3. Other provisions	12,048,062.78		11,977,995.89
	18,396,652.80	18,737,392.82	
C. LIABILITIES			
1. Bonds	582,750.00		674,682.00
2. Liabilities to banks	21,693,712.36		16,594,631.34
3. Trade payables	6,215,356.30		9,353,787.41
4. Liabilities to affiliates	56,444,572.09		24,314,163.81
5. Other liabilities	17,011,929.55		19,960,439.42
thereof taxes € 449,836.85 (prior year: € 631,108.94)			
thereof for social security € 22,396.70 (prior year: € 102,353.12)			
		101,948,320.30	70,897,703.98
D. DEFERRED INCOME		375,755.10	800,971.57
Total liabilities and shareholders' equity		298,094,412.43	273,504,040.95

SINGULUS TECHNOLOGIES AG Income Statements 2006 and 2007



(according to HGB)

	2007 [€]	[€]	2006 [€]
1. Revenue	128,485,035.28		159,929,285.68
2. Increase (prior year: reduction) in finished goods and goods in process	- 9,094,960.99		722,475.66
3. Other own work capitalized	0.00		1,301,683.51
4. Other operating income	7,624,481.81		5,672,508.29
	127,014,556.10	167,625,953.14	
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased goods	- 76,253,291.40		- 112,828,607.90
b) Cost of purchased services	- 8,848,879.34		- 7,059,137.42
6. Personnel expenses			
a) Wages and salaries	- 15,671,951.22		- 20,594,087.27
b) Social security, pension and other benefit costs thereof for old-age pensions € 654,534.00 (prior year: € 646,366.51)	- 3,191,037.43		- 3,263,010.33
7. Amortization on intangible assets and property, plant and equipment	- 2,039,909.30		- 2,001,898.70
8. Other operating expenses	- 25,230,728.26		- 30,290,157.61
	- 131,235,796.95	- 176,036,899.23	
9. Income from investments thereof from affiliates € 713,192.16 (prior year: € 1,889,834.83)	713,192.16		1,889,834.83
10. Other interest and similar income thereof from affiliates € 690,783.35 (prior year: € 276,036.93)	4,095,421.58		2,760,860.69
11. Interest and similar expenses thereof from affiliates € 1,367,517.67 (prior year: € 452,180.24)	- 3,919,832.75		- 3,409,537.18
12. Expenses from transfer of losses	- 1,367,522.24		0.00
	- 478,741.25	1,241,158.34	
13. Profit / loss from ordinary operations		- 4,699,982.10	- 7,169,787.75
14. Extraordinary expenses		- 23,972,454.9	10.00
15. Income taxes	3,557,575.21		7,335,379.62
16. Other taxes	- 60,906.59		- 111,010.27
	3,496,668.62	7,224,369.35	
17. Profit / Loss for the period		- 25,175,768.39	54,581.60
18. Accumulated profit of the prior year		27,290.80	1,573,070.99
19. Transfer to other revenue reserves		- 27,290.80	- 1,600,361.79
20. Accumulated profit / loss		- 25,175,768.39	27,290.80

Corporate Calendar 2008

March 28, 2008

Annual Press Conference, Frankfurt am Main
Annual Analysts' Conference, Frankfurt am Main

May 8, 2008

Q 1/2008 Report

June 6, 2008

Annual Shareholders Meeting, Frankfurt am Main

August 5, 2008

Q 2/2008 Report

November 5, 2008

Q 3/2008 Report



Annual Shareholders Meeting 2008 June 6, 2008

Please refer to SINGULUS TECHNOLOGIES' webpage
<http://www.singulus.de/en/investor-relations/hauptversammlung/2008.html>
for detailed information (available from April 2008 or June 6, 2008):

1_Driving instruction to Hermann-Josef-Abs Hall

- _Frankfurt city map
- _Routing
- _Your way by the German railway
- _Agenda of the Annual General Meeting
- _Invitation as PDF-file

2_Counter Motions

3_Important questions at the Annual General Meeting as HTML-document

4_ About the Annual General Meeting:

- _Speech of the Chief Executive Officer (CEO) as text document
- _Presentation for the Annual General Meeting as PDF-file

Imprint

SINGULUS TECHNOLOGIES AG

Hanauer Landstraße 103
D-63796 Kahl am Main
Tel. +49 6 188 440-0
Fax +49 6 188 440-110
Internet: www.singulus.de

Investor Relations

Maren Schuster
Tel. +49 6 188 440-612
Fax +49 6 188 440-110
investor.relations@singulus.de

Published by

SINGULUS TECHNOLOGIES AG,
Kahl am Main

Production

MetaCom
Corporate Communications GmbH

Conception and Idea

Bernhard Krause

Text

Bernhard Krause
Georg Biekehör
SINGULUS TECHNOLOGIES

Artwork/DTP

Metacom
Michaela Schäfer

Photographie

Company photos SINGULUS TECHNOLOGIES
CENTROSOLAR Group AG
STANGL Semiconductor Equipment AG
Rüdiger Dunker

Printing

Braun & Sohn, Maintal
Printed on chlorine-free bleached paper

