2009

ANNUAL REPORT
OF SINGULUS TECHNOLOGIES AG

SINGULUS

AT A GLANCE
CONSOLIDATED KEY FIGURES 2007-2009 (IFRS)

		2007	2008	2009
Sales	in million €	229.5	212.1	**116.6**
Order intake	in million €	203.8	226.4	**81.1**
Order backlog (Dec. 31)	in million €	55.8	70.2	**34.7**
EBIT	in million €	1.1	-46.2	**-73.2**
Earnings before taxes	in million €	1.6	-54.1	**-79.4**
Net profit	in million €	3.0	-49.3	**-78.8**
Operating cash flow	in million €	-3.6	-11.2	**0.2**
Shareholders' equity	in million €	293.3	245.5	**165.7**
Balance sheet total	in million €	443.9	424.6	**263.6**
Expenses research & development	in million €	25.6	20.1	**15.1**
Employees (Dec. 31)		764	722	**572***
Weighted number of shares, basic		35,610,088	36,946,407	**37,294,111**
Earnings per share, basic	€	0.05	-1.32	**-2.11**

* (after disposal of HamaTech APE 487 employees)

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ANNUAL REVIEW 2009

JANUARY	CES Las Vegas: Blu-ray established as standard format
FEBRUARY	SINGULUS reports preliminary figures for 2008
	The merger of the HamaTech AG, Kahl am Main, becomes effective on February 24, 2009.
MARCH	STANGL presents new inline machine for wet-chemical cleaning of silicon solar cells
	SINGULUS develops new production machine for once-recordable Blu-ray Disc (BD-R)
	SINGULUS adjusts headcount to changed market requirements
APRIL	Substantial success in the development of mastering systems for dual layer Blu-ray
	Presentation of SINGULUS and STANGL at the professional solar fair Photon Expo in Munich
	Successful exhibition participation at the MEDIA-TECH in Frankfurt
MAY	SINGULUS reports Q1 results
	Participation at the professional solar exhibition SNEC in China
JULY	SINGULUS resolves extensive restructuring program and reports preliminary results for the first half of 2009
	Participation at the Intersolar fair in the US
	First Blu-ray system delivered to Japan

AUGUST

SINGULUS announces changes in the Executive and Supervisory Boards

Brazil's Microservice orders first Blu-ray BD-R production line

SEPTEMBER

SINGULUS announces the worldwide installation of more than 60 production lines for Blu-ray Disc

Participation at the 24th EUPVSEC exhibition in Hamburg

OCTOBER

U-TECH, Taiwan, accepts first dual layer Blu-ray Disc on Mastering System CRYSTALLINE

Participation at the professional solar exhibition SPI in the US and the solar fair SOLARCON in India

NOVEMBER

SINGULUS reports 9-month results and adjusts balance sheet to economic conditions

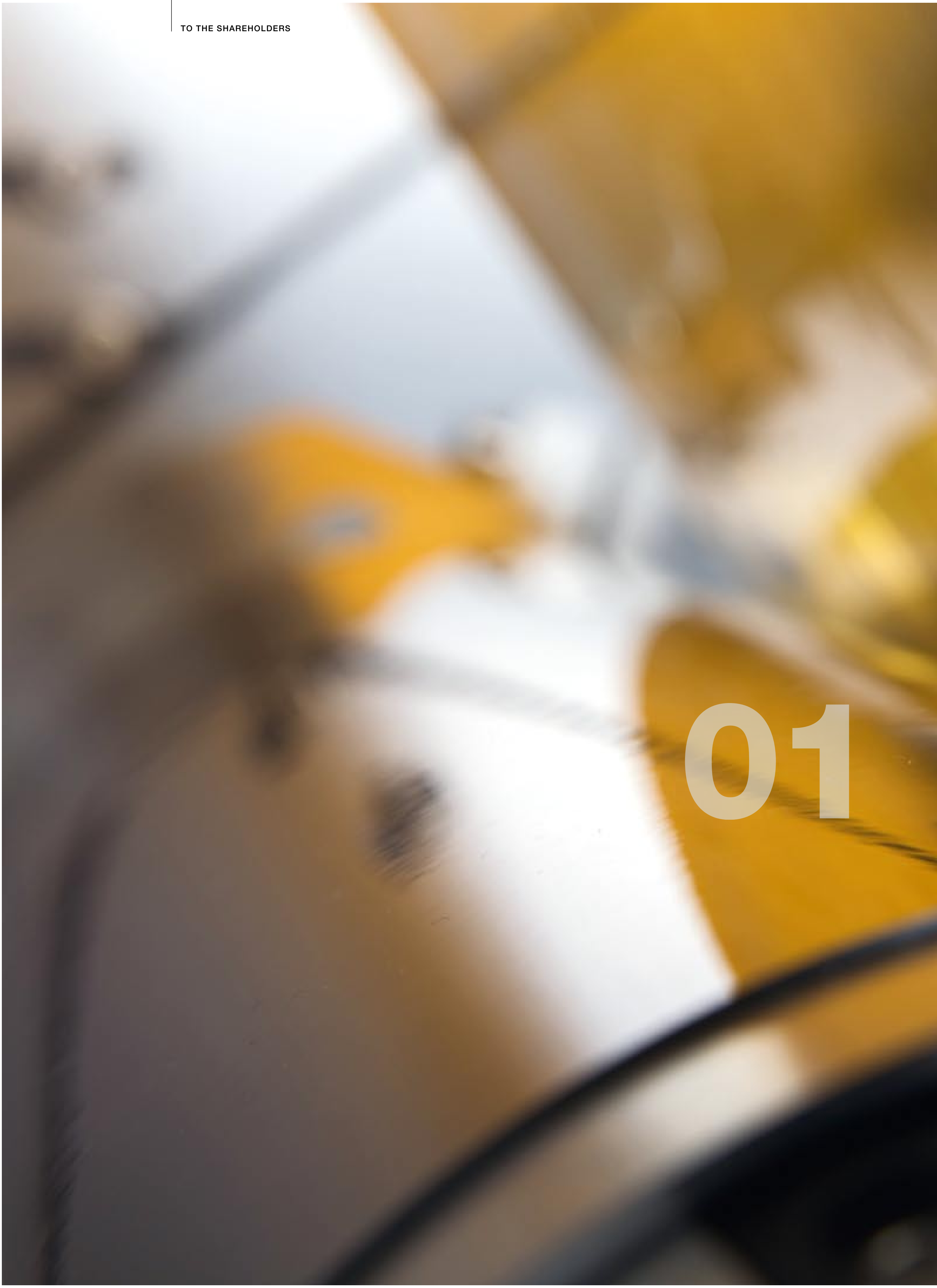
Participation at the professional solar exhibition HiTech in Italy

DECEMBER

SINGULUS delivers first coating machine for silicon solar cells

SINGULUS acquires 100 % of the shares of solar technology company STANGL ahead of schedule

SINGULUS agrees to sell HamaTech APE, Sternenfels



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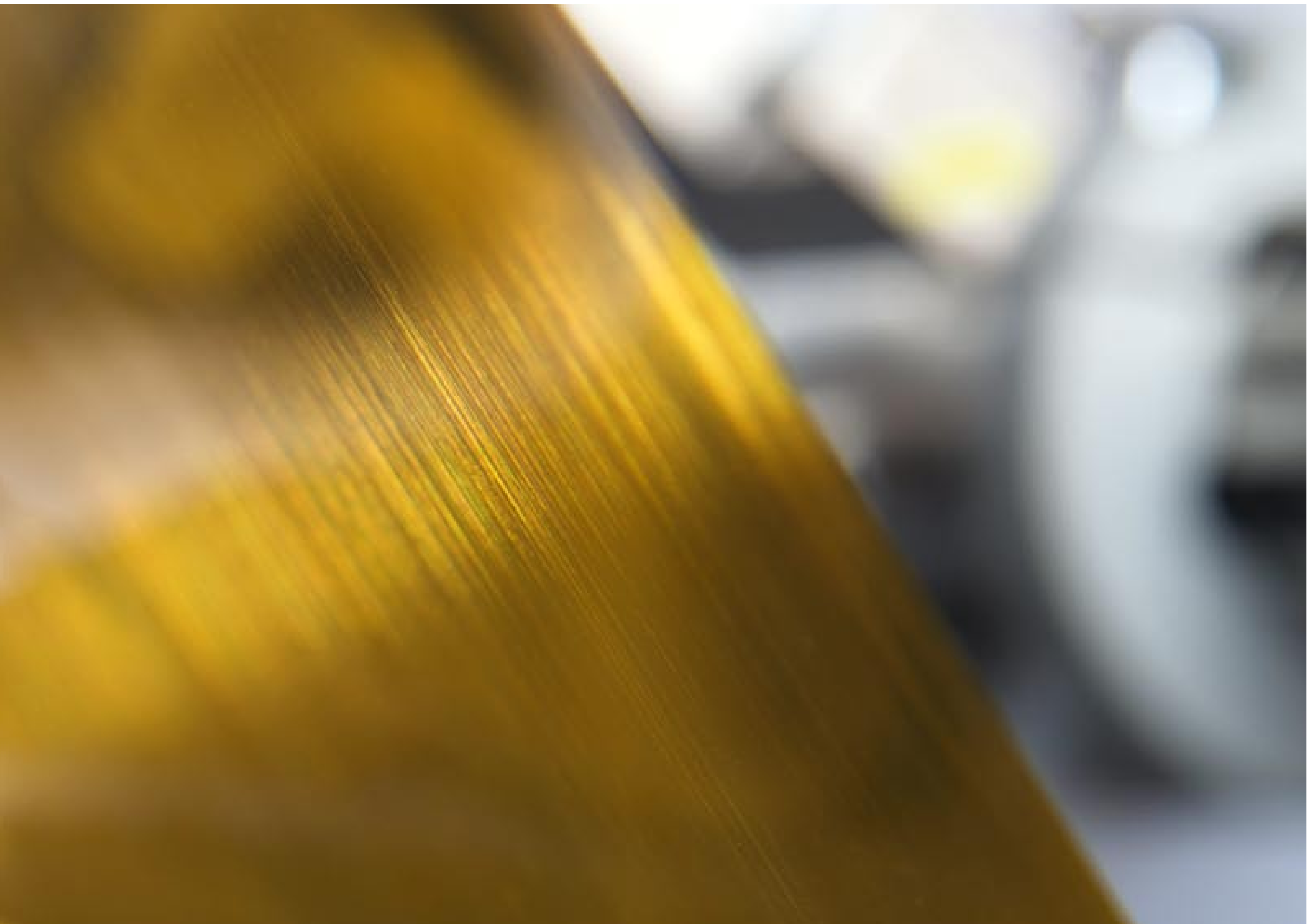


TO THE SHAREHOLDERS
OF THE SINGULUS TECHNOLOGIES AG

Flexible thin-film solar cells produced on STANGL's machines

Thin-film solar cells using flexible substrates are often more cost-efficient in the production than most of the traditional solar panels. These solar panels are used in building services engineering, for large-scale installations of solar equipment, in space and also for entertainment electronics with portable power sources. STANGL received a large order for eight roll-to-roll production machines of the IMPEDIO type for the wet-chemical coating of flexible solar cells on the basis of the CIS/CIGS technology in 2008.

TO THE SHAREHOLDERS OF THE SINGULUS TECHNOLOGIES AG
REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDER!

The year 2009 will go down in the history of the global economy as the year of great financial and economic crisis. The governments of European industrialized countries and the US have made every endeavor to counteract this crisis and thus to secure the continuation of the Western economic systems by means of financial support measures and economic stimulus programs. This meant accepting a generally further increase in deficit spending, whose repayment is unforeseeable in the future so far.

SINGULUS TECHNOLOGIES was also substantially impacted by the financial economic crisis in both core activities - the activities in Optical Disc and Solar - and had to suffer a decline in sales of about 40 % compared with the previous year. Already in spring 2009 the Executive Board responded with measures to reduce costs with respect to both general, administrative expenses and personnel expenses, in order to achieve relieves immediately and for the following years. In Q3/2009 additional restructuring programs and considerable write-offs on intangible assets, inventories and accounts receivable were recognized to reflect the economically strained situation of the company to a full extent.

With the acquisition of a 51 % participation in the STANGL Semiconductor Equipment AG (STANGL) in September 2007 SINGULUS TECHNOLOGIES was successful in entering the market for photovoltaic equipment. In December 2009 the remaining 49 % of the shares were purchased from the sellers so that the way was paved to fully integrate this participation into the SINGULUS Group in the following years and to rapidly realize the medium-term strategy for expanding a powerful product range for this new market.

With the sale of the HamaTech APE subsidiary including the real estate in Sternenfels during the turn of the year 2009/2010 the portfolio was further optimized to focus exclusively on the business areas of equipment for Optical Disc and Solar.

CHANGES IN THE SUPERVISORY AND EXECUTIVE BOARDS

Mr. Thomas Geitner, member of the Supervisory Board of our company since its IPO in November 1997, had stepped down from his position after almost twelve years with effect from the Annual General Meeting in May 2009 due to work-related reasons. As a replacement the Annual General Meeting 2009 appointed Dr.-Ing. Wolfhard Leichnitz as a new member to the Supervisory Board.

The Supervisory Board and the Executive Board express their deep gratitude to Mr. Geitner for his more than eleven year tenure as member of the Supervisory Board of the SINGULUS TECHNOLOGIES AG. With his profound knowledge regarding issues of general company leadership, technologic dependencies and technologic developments, but also with respect to corporate governance and compliance of a stock-listed company, he was always a loyal and far-sighted advisor.

The mandate of Mr. Hans-Jürgen Stangl as Executive Board Member of the SINGULUS TECHNOLOGIES AG was terminated as of July 30, 2009. His position as Chief Executive Officer of the STANGL Semiconductor Equipment AG was not affected by this.

In mutual consent with the Supervisory Board Mr. Stefan A. Baustert stepped down from his position as member of the Executive Board and Chief Executive Officer with effect from August 17, 2009. At the same time the Supervisory Board resolved to appoint the Chairman of the Supervisory Board, Mr. Roland Lacher, to the Executive Board with immediate effect and temporarily until March 31, 2010 pursuant to Art. 105 Para 2 AktG. Here, Mr. Lacher took over the position as Chief Executive Officer until he will return to the Supervisory Board of SINGULUS on April 1, 2010.

For the time of Mr. Lacher’s appointment to the Executive Board the Deputy Chairman of the Supervisory Board, Dr. Wolfhard Leichnitz will be

Chairman of the Supervisory Board. To avoid a vacancy at the Supervisory Board of SINGULUS, which according to the company's articles of incorporation is comprised of three members, pursuant to the recommendation of the Supervisory Board and at the same time of the Local Court Aschaffenburg, Mr. Jürgen Lauer (Dipl.-Betriebswirt and MBA) was temporarily appointed to the Supervisory Board of the company until March 31, 2010. In the succeeding meeting the Supervisory Board voted the member Günter Bachmann as Deputy Chairman of the Supervisory Board.

With effect from September 1, 2009 Dr.-Ing. Stefan Rinck was appointed as member of the Executive Board of the SINGULUS TECHNOLOGIES AG. In personal union Dr.-Ing. Rinck was also appointed as member of the Executive Board of the STANGL Semiconductor Equipment AG and will become Chief Executive Officer of SINGULUS on April 1, 2010.

MAIN ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board was regularly and in detail apprised of the course of business as well as the Group's situation during the fiscal year 2009 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 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.

In addition, at all times there was timely reporting about the planned measures to reduce costs, their implementation and contribution to stabilize earnings. The Chairman of the Supervisory Board also regularly 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 meeting in detail thereafter.

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 proposed procedures. A special focus was set on the mutual efforts to build the new business area for solar equipment as a second pillar and as an addition to the existing core business activities of optical disc machines.

As aforementioned, the discussions of the Supervisory Board concerned various Executive Board issues to a considerable extent. The compensation structure was reviewed and the compensation in place reduced due to the losses in the business year 2009 pursuant to the Appropriateness of Management Compensation Act (VorstAG). The achievement of individual targets for the members of the Executive Board for 2009 was reviewed and the variable compensation resolved for reaching the targets. The amount of the compensation paid to the members of the Executive Board in 2009 is presented in the Compensation Report (cf. pages 49 to 55 of this Annual Report).

During the business year 2009 the Supervisory Board convened 13 times, thereof six meetings were ordinary and seven meetings extraordinary (five as conference calls). In each quarter at least one meeting was convened. A regular topic on the agenda of the ordinary meetings 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 30, 2009
A revised budget for 2009 and medium-term planning until 2011 were discussed and resolved. Application of "Authorized Capital" for Annual General Meeting 2009.

The risk report and the corporate governance declaration were adopted pursuant to Art. 161 AktG.

MEETING ON MARCH 13, 2009 (ANNUAL RESULTS SUPERVISORY BOARD MEETING)
In the presence of the auditors Ernst & Young 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 2008. The annual results 2008 including the combined status report were approved and adopted pursuant to Art. 172 S. 2 AktG.

An additional topic was the preparation of a recommendation of the Supervisory Board with respect to the other topics of the agenda of the invitation to the ordinary Annual General Meeting 2009 of the SINGULUS TECHNOLOGIES AG.

MEETING ON APRIL 2, 2009 (CONFERENCE CALL)
The Executive Board informed the Supervisory Board about the weak order intake in Q1/2009 at both STANGL and SINGULUS in Kahl. At this point in time a redundancy program affecting 95 employees within the Group was already being implemented. Short-term work was introduced in Kahl until the end of June 2009.

The recommendation to reappoint the Ernst & Young GmbH for the audit of the year 2009 was resolved.

MEETING ON MAY 19, 2009 (CONFERENCE CALL)
The Executive Board informed about the continuing tense order situation in the Group. Due to the global financial crisis the multi-year growth of the market for photovoltaic equipment came to a standstill. A sellers' market turned into a buyers' market with a simultaneous price deterioration for solar cells and machine equipment.

MEETING ON MAY 29, 2009
The meeting served to prepare for the Annual General Meeting held on the same day.

Initial discussions between the Executive Board and the Supervisory Board were held regarding advancing the purchase of the 49 % of the shares of the STANGL Semiconductor Equipment AG scheduled for 2010 in the year 2009 already.

MEETING ON JULY 2, 2009
Once again, the Executive Board informed about the unsatisfactory order intake and the strained business situation. The Supervisory Board decided to schedule an extraordinary Supervisory Board meeting for July 24, 2009 to clarify this issue.

Discussions about the impact of the Appropriateness of Management Compensation Act (VorstAG) recently passed by the German Parliament were held.

MEETING ON JULY 24, 2009 (EXTRAORDINARY MEETING)
The necessity of additional restructuring programs was discussed. For this, the Executive Board presented revised, medium-term financial and liquidity planning.

Problems with the integration of the 51 % participation in STANGL were discussed in detail; alternative actions for the Executive Board were defined.

MEETING ON AUGUST 17, 2009 (EXTRAORDINARY MEETING)
Stefan A. Baustert stepped down from his position as Chief Executive Officer of SINGULUS TECHNOLOGIES. The Supervisory Board suspended Mr. Baustert from his duties with immediate effect.

Adoption of the appointment of Dr. Stefan Rinck as member of the Executive Board with effect from September 1, 2009.

Resolution of the Supervisory Board to appoint the Chairman of the Supervisory Board, Mr. Roland Lacher, to the Executive Board with immediate effect and temporarily until March 31, 2010 pursuant to Art. 105 Para 2 AktG.

Resolution of the recommendation of the Local Court Aschaffenburg to appoint Mr. Jürgen Lauer (Dipl.-Betriebswirt and MBA) as a third member of the Supervisory Board.

MEETING ON SEPTEMBER 14, 2009
The members of the Supervisory Board voted Dr. Wolfhard Leichnitz as Chairman of the Supervisory Board and Mr. Günter Bachmann as Deputy Chairman.

Report of the Executive Board about the resolutions of the extraordinary shareholders' meeting and the Supervisory Board meeting of the STANGL Semiconductor Equipment AG on September 8, 2009.

Report of the Executive Board about the current liquidity budget and the recent talks with underwriting banks.

An update of the restructuring plan was discussed while the headcount reduction in Kahl was significantly lowered in expectation of new orders in the Solar division.

MEETING ON OCTOBER 27, 2009 (CONFERENCE CALL)
The Executive Board informed about the recent negotiations with underwriting banks with respect to the current loan agreements and further liquidity budgets.

MEETING ON OCTOBER 30, 2009
Detailed discussion about the financial report for Q3/2009 and the extrapolation until the end of 2009.

On the basis of preliminary results the Executive Board reported about potentially required write-offs on inventories, accounts receivable and impairments at the Group level.

Presentation of the revised medium-term budgets from 2010 to 2012.

Report about the sale negotiations with a new potential buyer for HamaTech APE.

MEETING ON NOVEMBER 20, 2009
Report of the Executive Board about the results of a restructuring audit, which was drawn up by PwC upon request of the underwriting banks. The audit confirmed the forecasts for 2010 for the business segment Optical Disc as well as for the Solar division to a full extent.

Report of the Executive Board about the ongoing negotiations about the purchase of the remaining 49 % of STANGL ahead of schedule in 2009.

Description and discussion of the expanded business model for photovoltaic machines to develop from today's activities for individual machines towards a system supplier.

MEETING ON DECEMBER 16, 2009 (CONFERENCE CALL)
The agreement for the sale of HamaTech APE including the real estate in Sternenfels concluded by the Executive Board was approved.

The agreement to purchase 49 % of the shares of the STANGL Semiconductor Equipment AG concluded by the Executive Board was approved. The application for a KfW loan for the financing of the purchase price was approved.

The Executive Board informed about the negotiations with the underwriting banks with respect to the current loan agreements.

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 2009. The Supervisory Board is constantly reviewing its efficiency - in particular in view of the preparation of meetings, flow of information and reporting by the Executive Board, to enable efficient supervisions and timely decisions.

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. Therefore, the Supervisory continued to refrain from forming auditing committees or other Supervisory Board committees in the business year 2009 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.

The members of the Executive and Supervisory Boards have published a joint declaration of conformity pursuant to Art. 161 AktG in March 2010 (cf. page 18 of this Annual Report 2009) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 16 to 18 of this Annual Report 2009. This report 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 modifications 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 49 to 55 of this Annual Report 2009.

RISK MANAGEMENT
According to relevant regulations of stock corporation and commercial laws the SINGULUS TECHNOLOGIES AG is subject to special requirements with respect to internal risk management and thus set up a corresponding 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 54 of this Annual Report 2009).

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS 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, 2009 were audited by the auditors Ernst & Young GmbH, Eschborn.

Pursuant to the requirements of the German Corporate Governance Code, the auditors Ernst & Young GmbH declared in writing to the Chairman of the Supervisory Board on March 12, 2009, that there are no circumstances possibly affecting the independence as auditors. In the course of the Supervisory Board meeting on April 2, 2009, the suitability of the auditors Ernst & Young GmbH as auditors for the business year 2009 were discussed in detail by the Supervisory Board and affirmed; in the course of the ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG on May 29, 2009, the auditors were appointed for the business year 2009 upon recommendation of the Supervisory Board.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2009 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 auditors Ernst & Young GmbH 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, 2009 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 15, 2010.

The appointed auditor participated at the Supervisory Board meeting on March 8, 2010 to comment on the audit in detail and informed the Supervisory Board about the focal points of the audit. The results of the audit were discussed by the Supervisory Board and the auditors in details 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, 2009. In its meeting on March 15, 2010, the Supervisory Board established the financial statements of the SINGULUS TECHNOLOGIES AG drawn up by the Executive Board and approved the consolidated financial statements.

In recognition of the accomplishments achieved during the business year 2009, which was characterized by many internal and external difficulties, the Supervisory Board expresses its thanks and appreciation to the Executive Board and all employees of the company. Nevertheless, the members of the Supervisory Board in mutual consent with the Executive Board are confident of the future business development of the company.

The business segment Optical Disc will benefit from the accelerating growth of the Blu-ray Disc just as the business division Solar, for which a new, economic upturn in the current year 2010 is clearly visible.

Kahl am Main, March 2010

Dr.-Ing. Wolfhard Leichnitz

Chairman of the Supervisory Board

TO THE SHAREHOLDERS OF THE SINGULUS TECHNOLOGIES AG
REPORT OF THE EXECUTIVE BOARD

DEAR SHAREHOLDERS OF THE SINGULUS TECHNOLOGIES AG, DEAR LADIES AND GENTLEMEN!

You have followed us through a difficult year in the business year 2009. We are grateful to all the shareholders of the SINGULUS TECHNOLOGIES AG (SINGULUS) for their trust and understanding.

The year 2009 was a year during which the international economies and financial markets in Europe, North America and Asia were exposed to extreme difficulties. Following the crisis of the US real estate market in 2008 and the breakdown of several major banks the economic expectations for 2009 deteriorated abruptly. The big economies were in the middle of a recession at the end of 2008, whose extent reminded of the Big Depression after World War I.

Only the immediate response of governments worldwide with direct participation in the crisis-stricken financial institutions and the initiation of extensive economic stimulus programs resulted in a gradual stabilization of the global financial system. Also the German economy and in particular the machine and engineering sectors were impacted by this adverse development to a great extent.

The Executive Board of the SINGULUS TECHNOLOGIES AG had decided in September 2008 to focus the company exclusively on the segments Optical Disc and Solar in the future. The clear concentration on those two growth areas should result in significantly improved sales and earnings in the coming years.

The international crisis made the achievement of these goals impossible and substantially negatively impacted the trends in the two core areas Optical Disc and Solar in the year 2009. The business figures of the SINGULUS TECHNOLOGIES AG for 2009 reflect this. Our customers' investment spending was very cautious at the end of 2008 and partly even came to a standstill in 2009. Started projects were postponed and indispensable orders placed as late as possible.

2009: FURTHER CONSOLIDATION MEASURES NECESSARY

The difficult situation in the optical disc sector has increasingly deteriorated due to the global economic and financial crisis as well as due to restrained investment spending in the past twelve months, while in particular the creditworthiness of individual customers has declined. This trend inevitably resulted in negative impacts on the recoverability of our receivables and inventories.

Accordingly, the Executive Board of the SINGULUS TECHNOLOGIES AG reviewed all positions in the company in detail with respect to necessary adjustments and write-offs. In the course of the meeting on November 4, 2009 the Board agreed to perform balance sheet-relevant write-offs of € 37.4 million in total.

SINGULUS TECHNOLOGIES SELLS HAMATECH APE, STERNENFELS

SINGULUS sold 100 % of the shares of the HamaTech APE GmbH & Co. KG, Sternenfels, to the SÜSS MicroTec AG (SÜSS), Garching. In December 2009 SINGULUS signed a letter of intent relating to the sale of 100% of the shares in HamaTech APE GmbH & Co. KG, Sternenfels, and the factory building in Sternenfels to SÜSS MicroTec AG, Garching. The final purchase agreement was signed by both parties on 12 January 2010. A purchase price of € 3,644k was agreed for APE. On top of the purchase price for HamaTech APE, an earn-out component of € 1,000k was agreed which is linked to the revenue of HamaTech APE in 2010. Furthermore, a purchase price of € 4,500k was agreed for the acquisition f the property and building in Sternenfels. € 1,100k of the proceeds were used to repay lease liabilities. This contract also includes the continuing employment of the 80 employees by SÜSS at the site in Sternenfels and the international subsidiaries. In the business year 2009 the company realized sales in the amount of about € 11 million. The closing was completed in February 2010.

SINGULUS TECHNOLOGIES AG ACQUIRES 49 % OF THE SHARES OF THE SOLAR TECHNOLOGY COMPANY STANGL IN DECEMBER 2009 AHEAD OF SCHEDULE

On December 7, 2009 the SINGULUS TECHNOLOGIES AG acquired the remaining 49 % of the STANGL Semiconductor Equipment AG (STANGL), Fürstenfeldbruck near Munich. The closing of the transaction took place at the end of the year and after the acquisition SINGULUS now owns 100 % of the shares of STANGL. Compared with earlier plans SINGULUS thus succeeded in advancing the purchase of the STANGL shares ahead of schedule in 2009 and at the same time paid a significantly lower purchase price than for the first tranche in 2007.

BUSINESS TRENDS IN THE OPTICAL DISC SEGMENT

The activities with production equipment for CD, DVD and Blu-ray remained weak in the business year 2009. Used machine offers significantly impacted the activities for new CD and DVD machines in 2009 as well.

In contrast, the new Blu-ray format continues to develop favorably and established itself as a standard for movies in high-definition quality. The first and foremost reason is apparent: Large flat-screen TVs with widths exceeding one meter show Blu-ray movies with considerably higher resolution of details and substantially clearer contrasts than the same movies on a DVD.

From as early as 2005 SINGULUS has been delivering its first production systems for Blu-ray to major international customers. Except for SONY almost all Blu-ray Disc manufacturers are today producing on equipment made by SINGULUS.

Despite the continuing crisis SINGULUS was successful in developing new regions for its Blu-ray production machines in 2009 as well. For example the first BLULINE II system was sold in Japan and additional machines in Brazil. Up to now, SINGULUS has delivered more than 70 Blu-ray production machines to customers around the world.

The latest technologic developments will enable additional new applications for the Blu-ray Disc format in the future. For this, amongst others, Blu-ray Discs for the new 3D movie and television technology in HD-quality with more than 100 Gbyte storage capacity have to be developed.

Due to these recent trends we expect substantial growth impulses for our Blu-ray machine activities in 2010 and thereafter.

BUSINESS TRENDS IN THE SOLAR SEGMENT

Until mid-2008 the boom in the solar sector remained intact and was even in a stage of strong overheating. Here, the international economic crisis in 2009 also resulted in deep cuts. SINGULUS used this phase to intensify the development of its solar activities.

The final acquisition of the remaining 49 % of STANGL was one of the important prerequisites for SINGULUS to progress the further expansion in the Solar segment. STANGL was the first acquisition outside of the traditional work area of optical disc production machines.

This enabled the strategically important market access to the solar sector. In the future we will focus rigorously on the system activities with production equipment for solar cells and leverage our know-how of coating and automation technology as well as system concepts. SINGULUS and STANGL are cooperating with leading cell producers in the development of new production technologies and new plant concepts. The first orders received in 2010 confirm the favorable prospects of our strategy.

The goal is to build a leading position for production machines and systems for solar cells in the next couple of years and to benefit from the future growth in this market.

ADDITIONAL TRENDS 2010

Economists and experts of various economic institutes see a beginning positive economic trend for the year 2010. If the overall economic situation improves from 2010 this will provide a new stimulus for our activities as well. Our declared goal is to return the company as quickly as possible back to profitability. Our defined target for 2010 is to break even on an EBIT basis. The Executive Board and all employees are working determinedly to achieve this goal.

We would also like to express our gratitude to the shareholders as well as all business partners and employees of the SINGULUS TECHNOLOGIES AG for their support and loyalty.

Kahl am Main, March 19, 2010

Roland Lacher
Chief Executive Officer

Dr.-Ing. Stefan Rinck
Executive Board Member

Dr.-Ing. Anton Pawlakowitsch
Executive Board Member, responsible for Technology, Research and Development

Dipl.-Ing. Roland Lacher

Roland Lacher (67) majored in mechanical engineering at the Technical University in Munich. As a graduate engineer (Dipl.-Ing.), he began his career in manufacturing followed by many years as a general manager at major plastic injection molding companies. He joined LEYBOLD AG, Hanau in 1984. In 1988/89 he served as President and CEO in one of LEYBOLD's U.S. subsidiaries in Connecticut. He returned to Hanau in 1989 as director of Vacuum Coating Systems Division.

Roland Lacher was founder of the SINGULUS TECHNOLOGIES GmbH. Following conversion of SINGULUS TECHNOLOGIES into a public company in August 1997, Roland Lacher was appointed as CEO. In this function he attended to SINGULUS TECHNOLOGIES' Initial Public Offering on November 25, 1997 and led the company until the beginning of 2006. At the Annual General Meeting in June 2006 Roland Lacher was elected Member of the Supervisory Board and he was appointed Chairman during the constituent meeting of the Supervisory Board.

The Advisory Board decided in its meeting on August 17, 2009 to delegate Mr. Roland Lacher temporarily and with immediate effect to the Executive Board (pursuant to Art.105 Para.2 AktG) until March 31, 2010. Mr. Roland Lacher took on the post of Chief Executive Officer of the company and return to the SINGULUS Supervisory Board as of April 1, 2010.

Dr.-Ing. Stefan Rinck

Dr.-Ing. Stefan Rinck (52) studied Engineering with a Major in Production Technology at the Rheinisch-Westfälische Technische Hochschule (RWTH) in Aachen. Following his graduation as Dipl.-Ing. he worked at the Institute for Hydraulics and Pneumatics at RWTH from 1987 to 1992 as a scientific assistant where he earned his doctorate with distinction.

In 1992 Dr.-Ing. Rinck joined the Mannesmann Rexroth AG where he started his career in Technical Sales and Distribution. In 1999 he was appointed to the Management Board of the Mannesmann Rexroth AG in Lohr am Main where he was responsible for Technical Sales and Distribution in the business area Hydraulics. Dr.-Ing. Rinck was appointed business manager Technology of the Bosch Rexroth AG for the business unit Mobile Hydraulics in Ulm in 2001. In 2003 Dr.-Ing. Rinck joined Linde Material Handling as Spokesperson of the Management Board and Divisional Board Member of the Linde AG in Wiesbaden. He was appointed Chairman of the Management Board of the Linde Material Handling GmbH & Co. KG / Kion Group in Aschaffenburg in 2006 and member in the Executive Committee of the Kion Group. From 2007 Dr.-Ing. Rinck was Managing Director of the Linde Material Handling GmbH & Co. KG / Kion Group in Aschaffenburg. Dr.-Ing. Rinck worked as a consultant for a renowned consulting company from late 2007 until 2009.

Dr.-Ing. Rinck was appointed as a member of the Executive Board of SINGULUS TECHNOLOGIES as of September 1, 2009 and will become Chairman of the Executive Board of the SINGULUS TECHNOLOGIES AG on April 1, 2010.

Dr.-Ing. Anton Pawlakowitsch

The Board of Directors appointed Dr.-Ing. Anton Pawlakowitsch (57) to the Executive Board of SINGULUS TECHNOLOGIES AG, Kahl/Main effective January 1, 2007. In this capacity, Dr.-Ing. Pawlakowitsch is responsible for the company's Technology division. Following an apprenticeship, Anton Pawlakowitsch attended the University of Stuttgart where he graduated with a degree in mechanical engineering. Upon completing his doctoral studies, he received a Ph.D. from the University of Stuttgart's Faculty of Engineering.

His career at Leybold AG in Hanau spanned from 1984 to 1995 where he last held the position of Division Manager of Engineering. His subsequent leading management positions at various companies included MAN Roland and most recently Focke & Co. in Verden as Technical Managing Director.

He was a member of the Managing Board at HamaTech AG in Sternenfels from February 15, 2006 and assumed the post of CEO at HamaTech AG effective April 1, 2006 until the merger with SINGULUS TECHNOLOGIES.

CORPORATE GOVERNANCE DECLARATION PURSUANT ART. 289a HGB (CORPORATE GOVERNANCE REPORT IN UNISON)

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 2009. The Executive and Supervisory Boards unanimously agreed the implementation of the changed guidelines of the German Corporate Governance Code. The Executive and Supervisory Boards regard corporate governance as a process integrated into the company's development, which is constantly progressed. 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 work closely together for the benefit of the company. 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 constantly in contact with the Executive Board to be informed about the course of business and to advise the Executive Board with respect to its 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 2009 the Supervisory Board convened thirteen times in total, thereof 5 conference calls.

MEMBERS AND WORK OF THE EXECUTIVE BOARD

The Executive Board of the SINGULUS TECHNOLOGIES AG is comprised of three members. 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 was the Chief Executive Officer until August 17, 2009 and responsible for the departments Finance, Sales & Marketing, Strategy and Public Relations. As member of the Executive Board, Dr.-Ing. Anton Pawlakowitsch heads the divisions Technology and Research & Development of the SINGULUS TECHNOLOGIES AG. Mr. Hans-Jürgen Stangl, responsible for the new business division Solar, was a member of the Executive Board until his dismissal on July 30, 2009.

Since August 17, 2009 Mr. Roland Lacher, who was temporarily appointed to the Executive Board by the Supervisory Board until March 31, 2010 pursuant to Art. 105 Para. 2 AktG, has been Chief Executive Officer. In addition, the Supervisory Board agreed on August 17, 2009 to appoint Dr.-Ing. Stefan Rinck as the third member of the Executive Board with effect from September 1, 2009. Dr.-Ing. Rinck will take over the position as Chief Executive Officer from Mr. Lacher on April 1, 2010.

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.

Mr. Thomas Geitner, member of the Supervisory Board of our company since its IPO in November 1997, had stepped down from his position after almost twelve years with effect from the Annual General Meeting in May 2009 due to work-related reasons. As a replacement the Annual General Meeting 2009 appointed Dr.-Ing. Wolfhard Leichnitz as a new member to the Supervisory Board.

The Supervisory Board resolved to appoint the Chairman of the Supervisory Board, Mr. Roland Lacher, to the Executive Board with immediate effect and temporarily until March 31, 2010 pursuant to Art. 105 Para 2 AktG. Here, Mr. Lacher took over the position as Chief Executive Officer until he will return to the Supervisory Board of SINGULUS on April 1, 2010.

For the time of Mr. Lacher's appointment to the Executive Board the Deputy Chairman of the Supervisory Board, Dr. Wolfhard Leichnitz will be Chairman of the Supervisory Board. To avoid a vacancy at the Supervisory Board of SINGULUS, which according to the company's articles of incorporation is comprised of three members, pursuant to the recommendation of the Supervisory Board and at the same time of the Local Court Aschaffenburg, Mr. Jürgen Lauer (Dipl.-Betriebswirt and MBA) was temporarily appointed to the Supervisory Board of the company until March 31, 2010. In the succeeding meeting the Supervisory Board voted the member Günter Bachmann as Deputy Chairman of the Supervisory Board.

The Supervisory Board advises and monitors the Executive Board with respect to the company's management. It discusses the business trends and planning, the strategy and 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 also refrained from forming audit committees or other Supervisory Board committees in 2009 since committees are not reasonable with a Supervisory Board with three members.

For additional information about the work of the Supervisory Board in the business year 2009 please refer to the Report of the Supervisory Board on page 6.

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 COMMUNICATION

The Executive Board publishes potentially share price-relevant information concerning the SINGULUS TECHNOLOGIES AG immediately unless being exempt in individual cases. All ad hoc announcements published in 2009 are available on our website. 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 two analyst conferences and numerous one-on-one discussions with investors.

Besides the ad hoc announcements and the Directors' Dealings pursuant to § 15a WpHG as well as the voting right announcements pursuant to Art. 21 et seqq., 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' 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 auditors Ernst & Young GmbH. 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. Half-year and quarterly financial reports are not subject to an audit. Important aspects are discussed with the Supervisory Board before the publication.

The annual report for the business year 2009 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 Corporate Governance Report on page 49 of this nnual 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 current stock option plans and similar incentive systems. In addition, the remuneration of the members of the Supervisory Board is stated individually.

DIRECTORS' DEALINGS / SHAREHOLDINGS

The information about securities transactions of the members of the Executive Board and the Supervisory Board of the SINGULUS TECHNOLOGIES AG and related persons pursuant to § 15a German Securities Trading Act (WpHG) as well as shareholdings are listed in the Compensation Report as part of the Corporate Governance Report on page 54 and also on the website under Investor Relations / Singulus Stock / Directors' Dealings.

DECLARATION OF CONFORMITY
OF THE SINGULUS TECHNOLOGIES AG PURSUANT TO ART. 161 STOCK CORPORATION ACT (AKTG)

The Executive and Supervisory Boards of the SINGULUS TECHNOLOGIES AG declare pursuant to Art. 161 AktG:

The Federal Department of Justice published an amendment of the German Corporate Governance Code in 2009. During the current business year 2010 the SINGULUS TECHNOLOGIES AG will adhere to the recommendations of the German Corporate Governance Code as per June 18, 2009. The recommendations of the German Corporate Governance Code as per June 6, 2008 and June 18, 2009 were adhered to during the past business year 2009. This excludes the following recommendations for the business years 2009 and 2010 listed under items 1 – 5:

1. **regarding Art. 3.8 Para. 2 of the Code**
   In connection with the conclusion of a liability insurance the company has not agreed a deductible with the members of its Boards ("D&O insurance"). However, the company agreed with the members, that they pay the insurance premiums for the D&O insurance themselves. Accordingly, the members of the Executive and Supervisory Boards are economically treated as if the company had not concluded a D&O insurance but they themselves. A D&O insurance paid by a member of the Boards does not have to include a deductible.

2. **regarding Art. 5.1.2 Para. 2 of the Code**
   A statutory age limit for members of the Executive Board does not exist. Such a limitation has not been incorporated since the by-laws of the Supervisory Board provide for an age limit for the members of the Executive Board, which has to be considered for the succession planning.

3. **regarding Art. 5.3.1, 5.3.2 and 5.3.3 of the Code**
   As long as the Supervisory Board is only comprised of three members, there were and will not be committees since a proper fulfillment of the tasks of the Supervisory Board can only be achieved in a plenary meeting of the three-person Supervisory Board. Moreover, regulations according to stock corporation law would require decision-making Supervisory Board committees to be comprised of three Super-visory Board members. For this reason a delegation of tasks is not reasonable either.

4. **regarding Art. 5.4.1 of the Code**
   A statutory age limit for members of the Supervisory Board does not exist. Such a limitation has not been incorporated since the by-laws of the Supervisory Board provide for an age limit for the members of the Supervisory Board, which has to be considered for the succession planning. The limitation of a rigid statutory maximum age policy for Supervisory Board members according to the by-laws would restrict the selection of suitable Supervisory Board members across-the-board.

5. **regarding Art. 4.2.5 in connection with 4.2.3 of the Code**
   There is no individual information about annual contributions to the provisions for pensions or pension funds for pension obligations for Executive Board members. The Compensation Report as part of the Group's Status Report already includes information about the compensation of the individual Executive Board members and the total extent of pension promises pursuant to the requirements of the Executive Board Compensation Disclosure Act (Vorstandsvergütungsoffenlegungsgesetz). The SINGULUS TECHNOLOGIES AG does not view a more detailed reporting of the provisions for pensions as necessary.

Kahl, March 2010
SINGULUS TECHNOLOGIES AG

Executive Board:
Dipl.-Ing. Roland Lacher
Dr.-Ing. Anton Pawlakowitsch
Dr.-Ing. Stefan Rinck

Advisory Board:
Dr.-Ing. Wolfhard Leichnitz
Günter Bachmann
Jürgen Lauer

THE SINGULUS TECHNOLOGIES STOCK
BACK IN THE TECDAX FROM MARCH 22, 2010

CAPITAL MARKETS
Following the deepest financial crisis since the 1930s the stock market recorded new lows in the spring of 2009. Favorable aspects around the turn of the year 2008/2009 could not balance the loss of confidence which heavily weighed on the financial markets. Investors had mostly lost confidence in the financial markets. The same held and still partially holds true with respect to the trust among market participants. Many banks are not willing to provide liquidity for each other.

In April 2009 it slowly became apparent that the global interventions of governments and central banks – through interest rate cuts amongst others – could have a positive impact on the financial markets. The analysts' earnings estimates are once again in an uptrend since mid-2009. Since then, almost all asset classes were able to recover until the end of 2009.

The shares of the SINGULUS TECHNOLOGIES AG were not able to track the performance of the TecDAX in the first months of the year 2009. The stock only recovered at the beginning of November 2009. A first uptrend became visible. This continued into 2010, while the catch-up to the index came within a couple of percentage points.

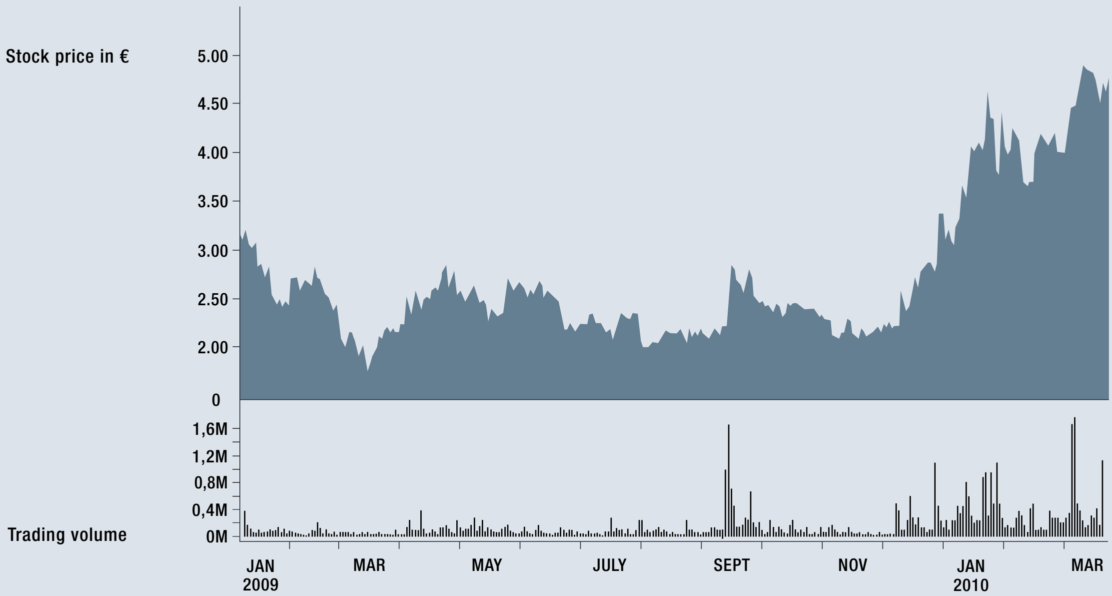
Since the beginning of January the performance of the TecDAX compared with the SINGULUS TECHNOLOGIES shares was more or less equal.

THE SINGULUS TECHNOLOGIES STOCK
The SINGULUS stock began the year 2009 slightly above € 3.00 and subsequently followed the general downtrend of the equity markets. The share price low was reached at € 1.76 in March 2009. Thereafter the shares moved sideways. Although the stock broke through € 2.75, it was only able to exceed the € 3.00 mark again in the second half of December. Following this trend the stock rose to € 4.08 in January 2010 and closed at € 4.80 on March 19, 2010.

SINGULUS TECHNOLOGIES RETURNS TO TECDAX ON MARCH 22, 2010
During its regular index review Deutsche Börse decided on March 3, 2010 to add SINGULUS to the TecDAX as per March 22, 2010 once again. SINGULUS had been removed from the TecDAX on September 3, 2009 and was thus able to return to the growth segment of Deutsche Börse after merely six months. Accordingly, the SINGULUS stock will gain increasing interest from national and international investors and moved into the focus of funds which are only allowed to invest within the respective indices.

INDEXED PERFORMANCE SINGULUS TECHNOLOGIES SHARES
COMPARED WITH TECDAX

SINGULUS TECHNOLOGIES
STOCK PRICE AND TRADING VOLUME



SINGULUS TECHNOLOGIES SUCCESSFULLY COMPLETES CAPITAL INCREASE ON MARCH 5, 2010
With consent of the Supervisory Board on March 4, 2010 the Executive Board of the SINGULUS TECHNOLOGIES AG decided on March 4, 2010 to increase the nominal capital of the company from € 37,355,471 divided into 37,355,471 common bearer shares with a nominal value of € 1.00 each by an amount of up to € 3,694,640 up to € 41,050,111 against payment in cash.

The placement of the shares was successfully conducted by an accelerated book-building process with German and international investors on March 5, 2010. 3,694,640 shares entitled for profit attribution from the business year 2009 were placed at a price of € 4.10 per share. The gross cash flow for the company amounted to € 15,148,024.00.

Accordingly, the nominal capital of the company of € 37,355,471 divided into 37,355,471 common bearer shares with a nominal value of € 1.00 each was thus increased by an amount of € 3,694,640 to € 41,050,111.

INVESTOR RELATIONS
SINGULUS TECHNOLOGIES attaches great importance to the continuous and open exchange with all capital market participants to communicate the company’s strategy and all current events concerning the company. We inform institutional investors in the course of numerous conference, one-on-one discussions and road shows in many countries. The large number of private investors is provided information about the company’s situation during the Annual General Meeting and our manifold publications amongst others.

	2007	2008	2009
Outstanding shares as of December 31	36,946,407	36,946,407	**37,294,111**
Nominal capital in €	36,946,407	36,946,407	**37,294,111**
Nominal capital after capital increase on March 4, 2010 in €	-	-	**41,050,111**
No. of shares after capital increase on March 4, 2010 in €	-	-	**41,050,111**
Market capitalization as of December 31 in million €			**197**
Lowest share price for the year in €	6.85	2.53	**1.76**
Highest share price for the year in €	12.79	10.97	**4.66**
Year-end share price in €	6.97	3.50	**3.07**
End share price at March 19, 2010 in €	-	-	**4.80**
∅ daily turnover (Xetra) 2009	141,248	268,987	**240,794**
Earnings per share in €	0.05	-1.32	**-2.11**

KEY STOCK FIGURES

ISIN:	DE0007238909
WKN:	723890
Stock symbol:	SNG / Reuters SNGG.DE / Bloomberg SNG.NM
Type of shares:	Ordinary bearer shares at a par value of € 1 each
Prime Standard:	Technology TecDAX

Under www.singulus.de SINGULUS TECHNOLOGIES provides current information about the stock and the company through devices such as mobile handsets, Blackberrys and PDAs.

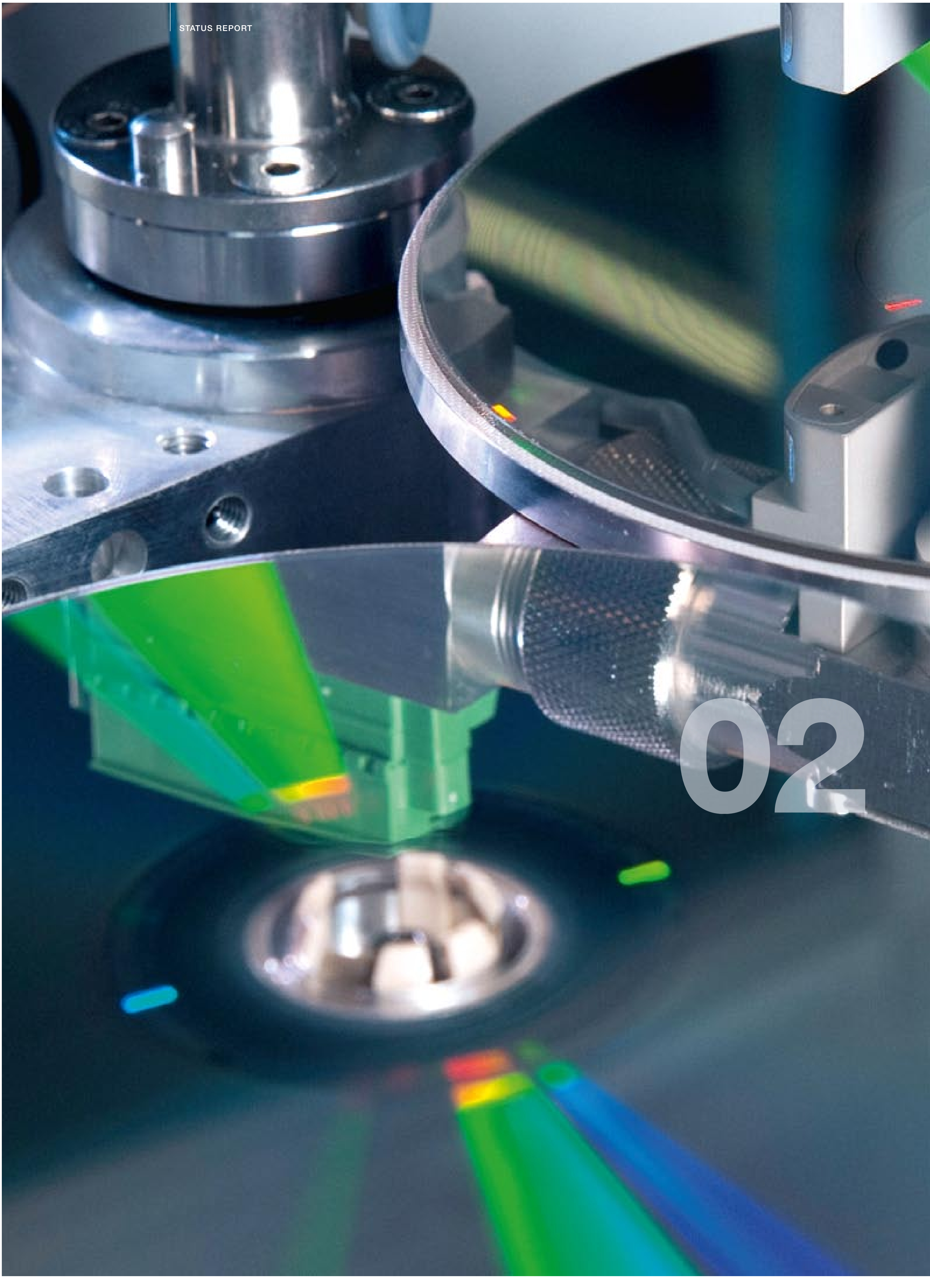
The new RSS offer (news ticker) by SINGULUS TECHNOLOGIES is a service to automatically receive newly-published information about the company.

ANALYSTS' RECOMMENDATIONS

In 2009 about 20 financial analysts routinely published reports about the SINGULUS TECHNOLOGIES AG. Towards the end of 2009, two additional analysts picked up the coverage. Moreover, in February 2010 a third broker house released a research report for the first time. This shows that the SINGULUS TECHNOLOGIES has been increasingly moved in the investors' focus in the past couple of months.

ANALYST COVERAGE

_B. Metzler Seel. Sohn & Co.
_BHF Bank
_Citigroup
_Close Brothers
_CSFB Credit Suisse
_Deutsche Bank AG
_DZ Bank
_equinet
_HSBC Trinkaus & Burkhardt KG
_Kepler Capital Markets
_Landesbank Baden-Württemberg
_Mainfirst Bank AG
_Merrill Lynch
_Mirabaud Securities
_Morgan Stanley
_SES Research
_Steubing
_UniCredit
_West LB Equity Markets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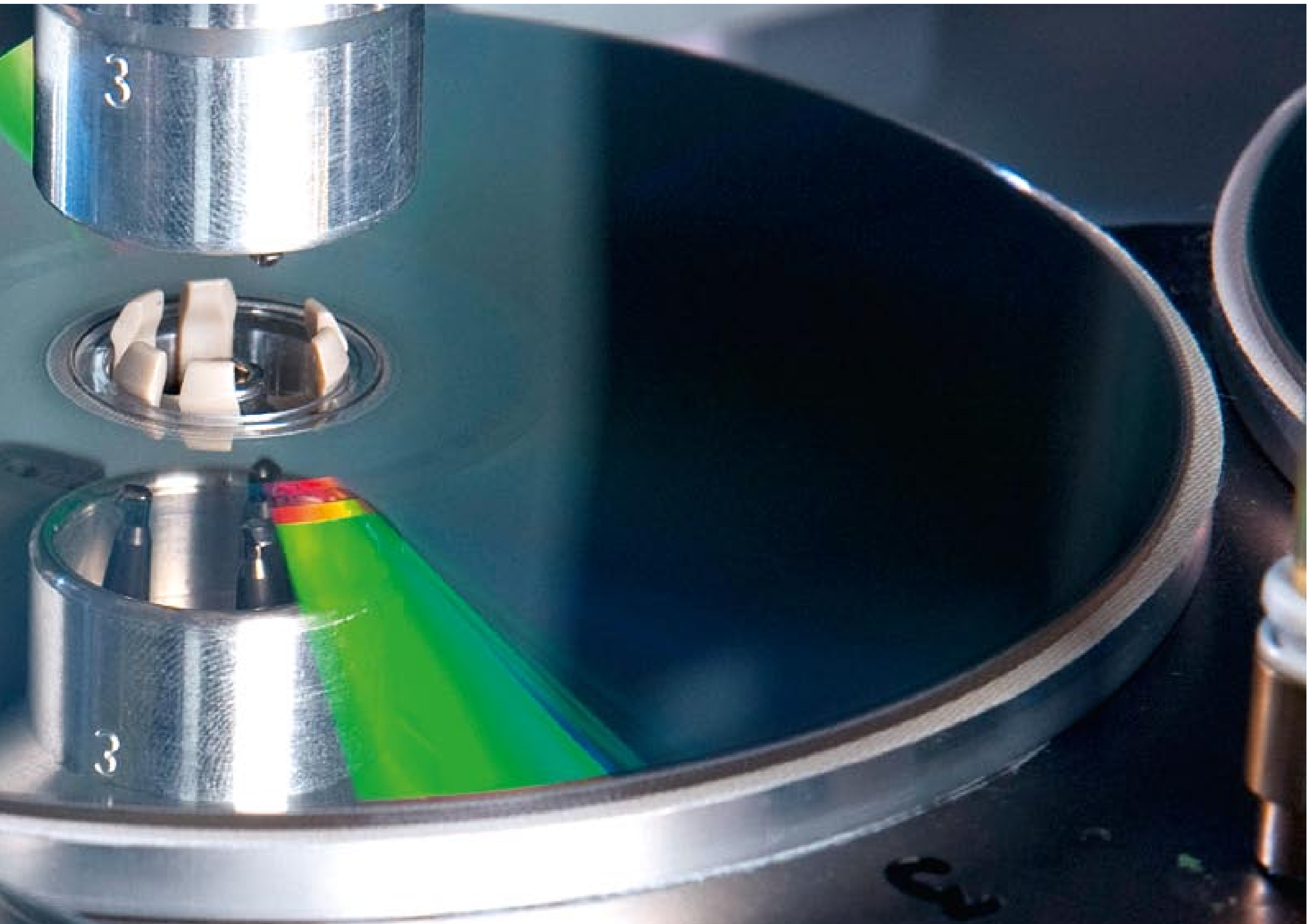


STATUS REPORT THE SINGULUS TECHNOLOGIES GROUP AND THE SINGULUS TECHNOLOGIES AG

Blu-ray technology by SINGULUS

All around the world companies are working with Blu-ray production equipment supplied by SINGULUS. With the innovative Blu-ray technology, which successfully followed the DVD, the idea of future-oriented technology for home cinemas and IT becomes reality. Blu-ray: movie pictures in HD quality, that means sharpness and brilliance never experienced before. Exciting, dynamic sound effects on up to 7.1 channels. At the Consumer Electronics Show (CES) in Las Vegas 3D-Blu-ray players and 3D-televisions were introduced. After the launch of high-definition television consumers can now look forward to the next innovation. The Blu-ray Disc with a storage capacity of 50 Gbyte is the only inexpensive storage medium for the sale of 3D movies in high-definition movie technology. Blu-ray Discs with 75 and 100 Gbyte, respectively, are being developed.

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 developments 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 if not stated otherwise.

OVERALL BUSINESS SITUATION

GROUP STRUCTURE AND BUSINESS ACTIVITIES

SEGMENTS

In 2009 the SINGULUS TECHNOLOGIES AG focused on the two core business areas Optical Disc and Solar.

In the Optical Disc segment SINGULUS TECHNOLOGIES offers production equipment for the manufacturing of CDs, DVDs and Blu-ray Discs. For the products of the first and second generation, CD and DVD, SINGULUS has a global market share of about 70 %. In the realms of the new third optical disc format Blu-ray our company is the global No. 1 with the production line BLULINE II as well as the mastering system CRYSTALLINE for single and dual layer Blu-ray and aside from Sony SINGULUS is the only company to possess such technologies. SINGULUS TECHNOLOGIES will actively participate in the development of new machines for Blu-ray Discs with a capacity of 100 Gbyte and more in the future.

SINGULUS TECHNOLOGIES' subsidiary STANGL produces cleaning, etching and texturing machines with wet-chemical processes for the production of silicon solar cells and thin-film solar cells in Fürstenfeldbruck near Munich. In Kahl am Main SINGULUS develops and assembles new machine concepts for the vacuum coating and other "dry processes".

Accordingly, SINGULUS delivered the first SINGULAR coating plant for silicon solar cells to a key customer in November 2009. In addition, automated solar wafer handling systems were developed and already installed at a customer in 2009. For the thin-film solar technology SINGULUS develops machines for several production processes and will deliver the first plant in the business year 2010.

WORLDWIDE PRESENCE

SINGULUS TECHNOLOGIES has a global sales & marketing and service network in all the important regions. The company offers its customers advice and services around the world.

Production sites:

_ SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany

_ SINGULUS MASTERING B.V., Eindhoven, Netherlands

_ SINGULUS MANUFACTURING GUANGZHOU Ltd. (SMG), Guangzhou, China

_ HamaTech APE GmbH & Co. KG, Sternenfels, Germany (until February 2010)

_ STANGL Semiconductor Equipment AG, Fürstenfeldbruck, Germany

Distribution subsidiaries:

_ 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., Illzach, France

_ SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy

_ SINGULUS TECHNOLOGIES Inc., Windsor, USA

_ SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paolo, Brasil

_ SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore

_ SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipei, Taiwan

Except for the SINGULUS MANUFACTURING GUANGZHOU, SINGULUS TECHNOLOGIES directly or indirectly holds all of the shares of the aforementioned companies.

In December 2009 SINGULUS TECHNOLOGIES acquired the remaining 49% of the STANGL Semiconductor Equipment AG, Fürstenfeldbruck. The closing of the transaction took place at the end of 2009 and after the acquisition SINGULUS now owns 100 % of the shares of STANGL.

HamaTech AG, Kahl am Main

On February 24, 2009 SINGULUS TECHNOLOGIES AG announced that the merger of the HamaTech AG became legally effective with the entry into the Commercial Register at the Local Court Aschaffenburg. The HamaTech AG, Kahl am Main, has ceased with the merger.

Some investors of the HamaTech AG had filed a legal challenge against the merger resolution agreed during the extraordinary general meeting of the HamaTech AG on December 17, 2007. Upon request of the HamaTech AG the District Court Nuremberg-Fürth ordered on August 14, 2008 that the filing of lawsuits does not oppose the entry of the merger into the commercial register. The immediate appeal against this order filed by some shareholders was finally dismissed by decision of the Higher Regional Court Nuremberg on February 17, 2009. Therefore, the registering of the merger in the commercial register could be performed.

The objection proceedings at the Regional Court Mannheim for the review of the appropriateness of the guaranteed dividend granted to the remaining shareholders in the course of the domination agreement as of April 21, 2006 are still pending.

At the Regional Court Nuremberg-Fürth objection proceedings for the review regarding the exchange ratio of two SINGULUS shares for nine HamaTech shares in the course of the merger are still pending.

HamaTech APE, Sternenfels

At HamaTech APE, Sternenfels, the activities with equipment for the cleaning of photo masks stabilized and developed favorably in 2009. In 2009, HamaTech APE generated sales of € 11.4 million.

SINGULUS TECHNOLOGIES sold the HamaTech APE GmbH & Co. KG (APE) to the SÜSS MicroTech AG on January 12, 2010. A purchase price in the amount of € 3.6 million for the APE enterprise as well as additional € 3.4 million for the acquisition of the land and buildings at the site in Sternenfels were realized. In addition to the purchase price for HamaTech APE a variable compensation component (“Earn-out component”) in the amount of € 1.0 million was agreed which is tied to the development of sales at HamaTech APE in the year 2010. The SÜSS MicroTec AG took over all employees of HamaTech APE. The closing of the transaction took place on February 15, 2010.

SINGULUS MANUFACTURING GUANGZHOU (SMG), China

In the joint venture SINGULUS MANUFACTURING GUANGZHOU in Guangzhou, South China, DVD and DVD-R production machines are manufactured.

SINGULUS TECHNOLOGIES owns 51 % of the shares in this company. As of December 31, 2009, SMG employed 29 people overall in Guangzhou.

SINGULUS MASTERING B.V., Eindhoven, Netherlands

In October 2009 SINGULUS MASTERING received the first technical acceptance for the dual layer Blu-ray mastering system CRYSTALLINE and achieved the technical breakthrough with this. SINGULUS MASTERING has very good market prospects in the growing Blu-ray Disc market with this system, since worldwide the only other supplier for this extremely demanding technology is SONY.

As of December 31, 2009 SINGULUS MASTERING employed 35 people overall.

STANGL Semiconductor Equipment AG, Fürstenfeldbruck
The SINGULUS TECHNOLOGIES AG, Kahl am Main, has been consolidating the STANGL Semiconductor Equipment AG since September 2007. Pursuant to IFRS STANGL generated gross sales of € 34.7 million in the business year 2009 and benefited mainly from the order backlog dating from the year 2008. STANGL offers machines in the area of wet-chemical processes for silicon as well as thin-film solar cells.

In mid-2009 the administration and assembly were relocated from Eichenau to the new headquarters in Fürstenfeldbruck. STANGL had 148 permanent employees and 18 temporary employees at the end of 2009.

STRATEGY

FURTHER CONSOLIDATION MEASURES REQUIRED IN 2009
The difficult situation in the optical disc industry has increasingly deteriorated due to the global economic and financial crisis and the restrained capital spending in the past 12 months. In particular the creditworthiness of individual customers continued to decrease. This trend inevitably resulted in negative impacts on the recoverability of our receivables and inventories.

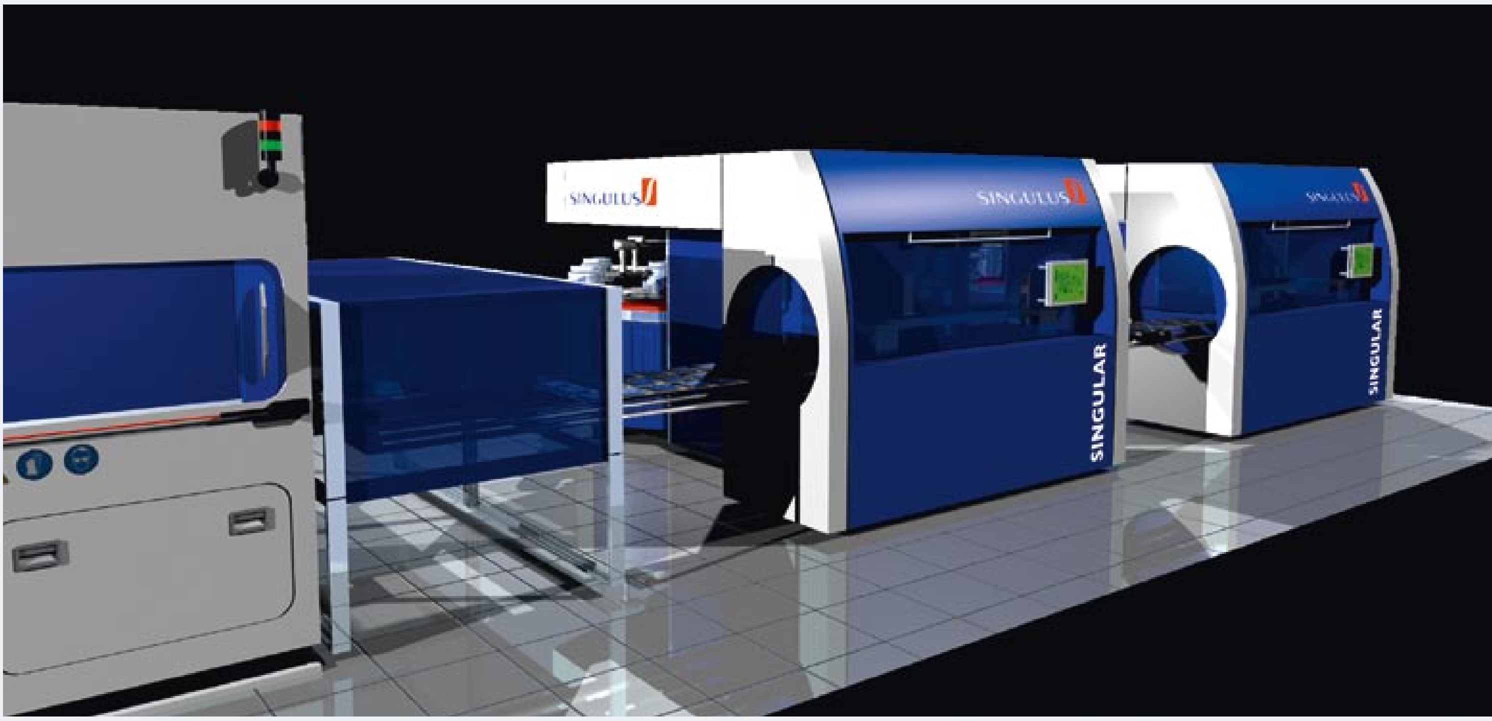
Accordingly, at the end of 2009 the Executive Board of the SINGULUS TECHNOLOGIES AG once again reviewed all balance sheet positions in the company in detail with respect to necessary adjustments and write-offs. In the course of its meeting on November 4, 2009 the Executive Board agreed to perform additional balance sheet-relevant non-cash write-offs of € 37.4 million in total. Therefore, until December 31, 2009 impairment and restructuring charges totaling € 32.9 million as well as other extraordinary write-offs in the amount of € 10.1 million were recognized within the Group.

FROM COST TO PRODUCT INITIATIVE IN THE MARKET
SINGULUS TECHNOLOGIES reduced the operating costs significantly and adjusted capacities to the declining activities in several steps during the difficult business years up to 2009.

OPTICAL DISC: MARKET AND INNOVATION LEADER
SINGULUS is by far the market leader for production equipment in the optical disc segment. With its mastering system CRYSTALLINE and the replication line BLULINE II SINGULUS is very will equipped for the future growth in the Blu-ray segment and will benefit substantially from this in the coming years.

The company's declared strategy is to remain the global market in this market. On the one hand this means the expansion of intensification of the marketing of the production machines for Blu-ray Disc worldwide. On the other hand, SINGULUS participates in the development of new machine concepts for so-called hybrid Blu-ray Disc, i. e. a combined Blu-ray and DVD. Also for the upcoming market of 3D movies the company will work on ideas for production concepts for Blu-ray Disc with storage volumes of 75 to 100 Gbyte and more. For the recently presented three-dimensional television technology the storage capacity of a dual layer Blu-ray Disc of 50 is not sufficient. Here 75 or 100 Gbyte are required. With other coding algorithms and additional layers the Blu-ray format can achieve higher storage volumes. This will considerably expand the lifecycle of the Blu-ray Disc. SINGULUS will develop the required production machines for this in a timely manner.

SOLAR: TRANSITION FROM PROVIDER OF INDIVIDUAL MACHINES TOWARDS SYSTEM SUPPLIER
In the Solar segment SINGULUS cooperates with leading cell producer for the development of new production technology and new machine concepts for improved cell concepts with higher efficiency and lower production costs at the same time.
The company's goal is to become a leader for the introduction of new technologies in both the silicon and thin-film solar technology. In the next couple of years SINGULUS will launch a broad product range



with new machines for the photovoltaics industry, which will offer manufacturers of both silicon and thin-film solar cells particular cost advantages. In particular during times of cost pressures in the photovoltaics market interest for new machine concept with lower production costs than in the past increases.

SINGULUS and STANGL will make a transition towards a joint supplier of complete production systems with process know-how and offer such systems in the solar market as soon as 2010.

This expansion of the business model was the successful way in the market for optical disc equipment a couple of years ago. The same strategy should also pave the way to success in the Solar segment.

RESEARCH AND DEVELOPMENT

SINGULUS TECHNOLOGIES optimized its new Blu-ray production line BLULINE II to a stable manufacturing system in 2009 and is thus global leader next to SONY. Several detailed improvements have been incorporated into the system since then.

The mastering system CRYSTALLINE for dual layer Blu-ray Disc was successfully established in the market in 2009 and technologically accepted and qualified by disc manufacturers. Only SINGULUS supplies the free market for independent disc producers.

In the course of the development projects new machine concepts for hybrid Blu-ray Disc and for three and four layer Blu-ray Disc with more than 100 Gbyte storage capacity is worked on in the Optical Disc segment.

In the realms of the silicon solar technology SINGULUS TECHNOLOGIES delivered the first inline coating machine for anti-reflective coating of silicon solar cells under the product name SINGULAR to a European manufacturer of silicon solar cells in November 2009. In the mean-time the SINGULAR machine is operating in daily production and produces solar cells with excellent quality. In addition, the customer received the newly developed inline cleaning and etching system LINEA from STANGL with the correspondingly fully-automated wafer handling system. Accordingly, SINGULUS will commission a front end reference line at this key customer in the spring of 2010.

The special know-how and the longtime experience of SINGULUS in the area of vacuum coating technology, the handling and automation technology tied in with the intelligent integration of different processing steps in one system was and is the guarantee for the excellent market position in Optical Disc. These qualities were applied to the development of the SINGULAR and form the foundation for future new developments such as integrated front end lines for the production of silicon cells for example. The anti-reflective coating is an important component in the production process of solar cells and in the process flow ties directly to STANGL's phosphor etching machine LINEA. For the direct combination of both machines SINGULUS developed a modular and fully-automated handling system.

In the segment thin-film solar technology SINGULUS TECHNOLOGIES works on the development of the new plant technology for the spray ion layer gas reaction (ILGAR) process, amongst others. SINGULUS TECHNOLOGIES' subsidiary STANGL and the Helmholtz Zentrum Berlin für Materialien und Energie (HZB) had presented the new process for the production of thin-film solar cells at the photovoltaics fair in Valencia, Spain, in September 2008. The procedure was developed and patented at the HZB and licensed by STANGL. This new ILGAR process is used to apply buffer layers of indium sulfide, which are able of replacing the poisonous cadmium sulfide in some thin-film solar cells. The spray technology is rapidly reproducible and very cost-efficient.

In close cooperation with a key customer SINGULUS had developed a new diffusion process machine for the thin-film solar technology and was able to win the production order for this plant at the beginning of 2010. With this SINGULUS expands its product portfolio in the area of photovoltaic machines and will offer this technology on the market from now on. This order is an essential and further step towards the broadening of our portfolio for important process steps in the Solar business division.

EMPLOYEES

SINGULUS TECHNOLOGIES continued to adjust capacities to the market trends in the business year 2009 and achieved additional savings with this. The measures included headcount and material cost reduction. The number of employees at STANGL was reduced by 24 in the course of the business year 2009. At the end of the year under review the headcount at STANGL came to 148 employees. The number of employees at HamaTech APE declined by 13 people in 2009. At the end of 2009 the SINGULUS TECHNOLOGIES Group including APE employed 572 people in total previous year: 722 employees). With the sale of HamaTech APE at the beginning of 2010 the headcount within the scope of consolidation was reduced by 85 employees, so that the staff declined to 487 people.

Despite the economically difficult times we continued to invest in the training of our employees. Accordingly, in the course of the year targeted, advanced training was offered and attended by employees in the areas of personnel management, development methods, several software applications and foreign languages.

EMPLOYEES AS OF DECEMBER 31
EMPLOYEES

	2007	2008	2009
HamaTech APE	111	98	**85**
STANGL	122	172	**148**
SINGULUS TECHNOLIGIES	531	452	**339**
SINGULUS TECHNOLIGIES Group	764	722	**572**
thereof Germany	498	515	**418**
thereof outside Germany	266	207	**154**

ECONOMIC SITUATION

THE GLOBAL ECONOMY

Except for China, there was hardly a national economy in 2009 that was not affected by the financial and economic crisis. The negative trend was extreme and its impact only comparable with the global economic crisis following World War I.

Since the end of last year the outlook has improved somewhat and first positive signs have become visible. The forecasts for the year 2010 are cautiously revised upwards. The Organisation for Economic Co-operation and Development (OECD) recently even increased its forecast for global growth in 2010 from 2.3 % to 3.4 %. Jim O'Neill, Chief Economist at Goldman Sachs, is even more optimistic: According to a new report he expects the global economy to even expand by 4.4 %. A particular growth momentum - also undisputed amongst experts - will emanate from emerging markets. In its "Economic Outlook" the OECD projects the gross domestic product in China to grow by 10.3 % in 2010, for example. Goldman Sachs even deems a growth of 11.4 % possible.

However, from our company's point of view we regard these forecasts to be very optimistic and believe that the business year 2010 will be a year of transition. The recession in the important global economies was extreme in 2009 and the impacts will still be visible and noticeable in 2010 as well. Nevertheless, we project a "positive trend" again as well.

GERMANY

The German economic output declined very sharply in the past year since exports and investments have dropped dramatically. The gross domestic product decreased by 5 %. The weakness was very particularly pronounced in the winter half-year 2008/2009. Since summer 2009 the situation has stabilized on a new, low level.

The German Chambers of Industry and Commerce (DIHK) projects a growth of 2.3 % for Germany in 2010 again. However, according to the DIHK many companies do not see the financial crisis to be left behind. More than a quarter of the companies are worried about increasing financing problems.

The German Engineering Federation (VDMA) expects German engineering to have suffered a nominal decline in sales of 23.1 % in the past year 2009. The utilization ratio of the production capacities in the engineering sector amounted to 70.7 % on average in 2009. According to the VDMA orders jumped by 8 % in December 2009 compared with the same month one year ago. However, the length of this trough is still uncertain

BLU-RAY DISC READY FOR SUCCESS:
THE SUCCESSOR FORMAT OF THE DVD ARRIVED AT THE MASS MARKET – THEREFORE OPTIMUM GROWTH PROSPECTS

The true secret of success is enthusiasm, noted the US-American industrial pioneer Walter Chrysler. I'm saying: Enthusiasm is also the key for the remarkable success of the Blu-ray Disc, because more and more home cinema aficionados, music lovers and IT professionals appreciate the qualities of the high-resolution standard. The Blu-ray Disc is on a dynamic and continuing growth path worldwide - despite the global economic crisis.

But the fact that today one in ten European household own a BD player and the Blu-ray Disc is increasingly gaining market share from the DVD, is not only due to the brilliant pictures and rich sound for home cinema enthusiasts. Blu-ray can do much more: the direct connection to the internet - keyword "BD Live" - enables BD players to become the heart of modern multimedia centers. In addition, the discs are convincing as robust and mobile storage media with large capacity for high-definition pictures and videos. Of course, key factors for success are the consumer-friendly price trends of hard- and software, which make Blu-ray products affordable for broad groups of buyers as well as the continuously growing BD library. One can see what's possible if manufacturers and film studios pull together and offer a future-proof technology at attractive prices.

I'm certain: The Blu-ray Disc will also prove its role as a growth driver in the future. That's because by far the technology's potential is not yet maxed out as the new 3D technology demonstrates. The next BD generation already looms and will offer even better settings for exceptional home cinema experiences - this is how tomorrow's entertainment will look like. Therefore I have no doubt: Blu-ray is the future."

Niels Leibbrandt, Blu-ray Disc Association Europa (BDA)

according to the statements by the VDMA expert Dr. Ralph Wiechers. With the current formation of a bottom the machine production in Germany dropped to the level of 2005. In case of moderate growth it will thus take years until the sector will return to the level achieved in the record year 2008.

BLU-RAY: GROWTH DRIVER IN THE OPTICAL DISC SEGMENT: 60 % PLUS EXPECTED

The development of the Blu-ray Disc market and therefore our machine activities are still strongly characterized by the production capacities of the format developer SONY, who built up large production capacities for Blu-ray Disc in a short period of time from 2006 to 2008. In 2008 SONY still had a global market share of about 70 %. In 2009 this share subsequently dropped to 58 %, since the other big disc manufacturers were able to expand their market share in the Blu-ray market.

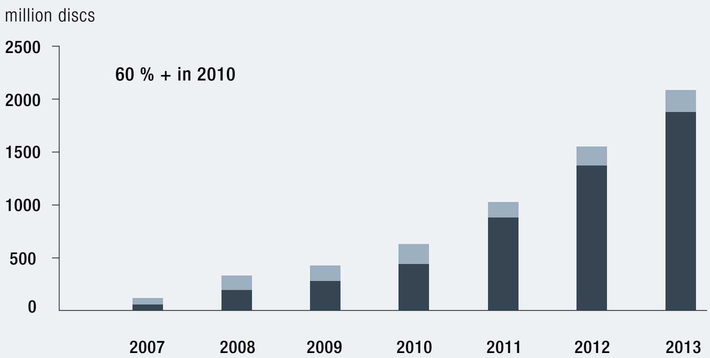
The latest report of the market research institute Futuresource Consulting from December 2009 regarding Blu-ray Disc production numbers for the past year 2009 show impressive gains and clearly show the growth potential of the Blu-ray Disc.

According to Futuresource the Blu-ray production rose by 30 % in 2009 compared with 2008. The growth rate for movies on Blu-ray Disc was even more pronounced with an increase of 46 % in 2009 compared with 2008. However, the industry had expected even higher growth rates. In addition to the current crisis, the production behavior of the so-called "Independents" contributed to the slightly lower increase. For cost reasons, smaller, often also national film productions were only marketed through the DVD format in 2009.

This marketing strategy has changed since mid-2009. Production and licensing costs have decreased in 2009. Besides the big Hollywood studios, “Independents” now publish significantly more films in the Blu-ray format. This trend has already become visible in the 4th quarter 2009. All large disc manufacturers reported full order books. The Digital Entertain Group, US, reported that the sales of Blu-ray Disc in the US rose by 35 % to 38.6 million discs overall in the 4th quarter 2009. Total revenues for Blu-ray increased to US $ 1.5 billion. Sales rose by 70 % to US $ 500 million, rental revenues by 48 % to about US $ 1 billion. In the US more than 7 million Blu-ray players have been sold. At the end of 2009 households owned about 17 million Blu-ray players. This corresponds to a growth rate of 76 % compared with 2008. Also in Europe the sales of Blu-ray movies even jumped by 167 % in 2009.

For 2010 Futuresource projects a growth of Blu-ray production by 60 % compared with the previous year. The drivers for this growth are mainly high-definition movies with a growth rate

BLU-RAY DISC PRODUCTION 2007 TO 2013

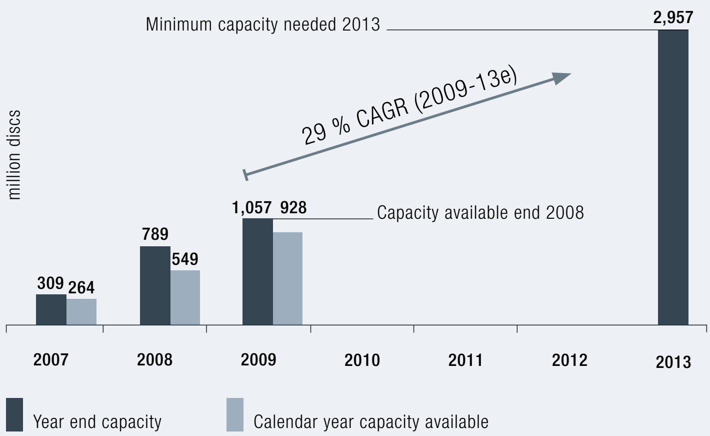


	2007	2008	2009	2010	2011	2012	2013
BD-Video:	64	184	268	478	881	1401	1882
BD-ROM*:	67	116	121	144	156	163	188

* Comprises PS3, PS4 and PC based BD-ROM software

Source: Futuresource Consulting, Dec. 2009

DEVELOPMENT BLU-RAY PRODUCTION UNTIL 2013



Source: Futuresource Consulting, Dec. 2009 of nearly 80 %. Until 2013 production capacities for the manufacturing of around 3 billion Blu-ray Disc should be installed.

6.2 MILLION BLU-RAY DISCS IN GERMANY UNTIL THE END OF SEPTEMBER 2009
According to statements by the German Association of Audiovisual Media (BVV) the sales of DVD in Germany still increased by +5 % to 106.5 million units in 2009 (2008: 101.3 million units). However, the Blu-ray market achieved new record levels. Accordingly, already 6.2 million high-definition audiovisual discs were sold until the end of 2009, which meant an almost quadrupling compared with the 1.7 million sold Blu-ray Discs in 2008 (+264 %).

The association's forecasts regarding the success of the high-definition formats in 2009 have substantially materialized through the actual annual high-definition sales in the amount of € 119 million. The share of Blu-ray Disc sales to the overall sales of the audiovisual buying market already amounted to about 9 % in 2009. For the current year the BVV Spokesperson Oliver Trettin expects the high-end AV media to excel: "Thanks to the much larger Blu-ray player base in particular in the 4th quarter 2009 and the lower average selling prices for the discs we already expect a Blu-ray Disc market share to overall sales of 20 % - 25 %.

One reason for the rapid increase in sales is the very inexpensive hardware in the meantime" Large electronics retailers currently offer Blu-ray player for less than € 100. Even discount retailers are selling inexpensive Blu-ray players. Only a few years ago the lowest prices were around € 500. The market researchers at Futuresource estimate that the sales of players will rise by 150 % overall compared with the previous year.

THE THIRD DIMENSION: 3D IS A REVOLUTION
The visitors at the Consumer Electronics Show (CES) in Las Vegas at the beginning of 2010 were already able to enjoy three-dimensional television. The media sector is facing an additional technologic revolution with 3D TV sets. 3D TV sets were in the spotlight at the electronics show CES in Las Vegas. According to the Consumer Electronics Association already 4.3 million HDTVs with 3D functionality could be sold in the US in 2010. Almost all of the consumer electronics companies have announced new, 3D enabled TVs. The euphoria for the market success of the new TV sets is big. Commentary of the Samsung TV boss Boo Keun Yong: "3D is a bigger revolution than the transition from black-and-white TV to color" (FAZ, March 15, 2010).

The recent box office success of the movie Avatar produced by Twentieth Century Fox makes the entire sector hopeful for a new growth boost. The studios of Disney and Dreamworks are working on several 3D movies and announced to produce all animated movies in 3D format in the future. Also Japanese movie studios follow this trend with their TV animation movie projects.

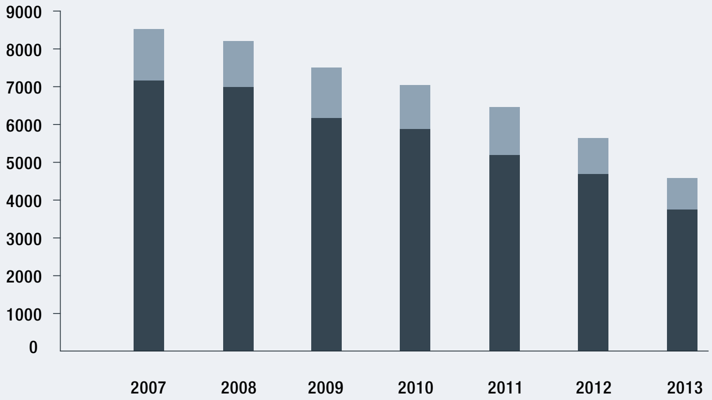
High-definition movies in 3D require substantially more storage capacity than standard HD movies. The capacity of a Blu-ray with 50 Gbyte is insufficient for this. At the beginning the studios are planning to publish such movies on two Blu-ray Discs. At the same time, the development of Blu-ray Discs with storage capacity of more than 100 Gbyte is considered.

The Blu-ray Disc is the preferred storage medium of the future for high-definition 3D movies. With 3D movies the lifecycle of the Blu-ray Disc will be considerably extended.

CD AND DVD CONTINUE TO DECLINE
There are no important changes for the CD at the moment. The market continues to decline. Nevertheless, the CD as a storage medium for music and data will remain current for a long time. For the machine activities we only see limited replacement demand.

According to Futuresource the decline of DVD with a total production of 7.6 billion discs for the year 2009 amounted to 9 %. In the US, revenues from DVD sales and DVD rentals decreased by 11 % to US $ 16.4 billion. However, volume-wise the number of DVDs still rose in 2009 compared with 2008, but revenues per disc dropped due to the decline in prices.

DEVELOPMENT OF GLOBAL DVD PRODUCTION

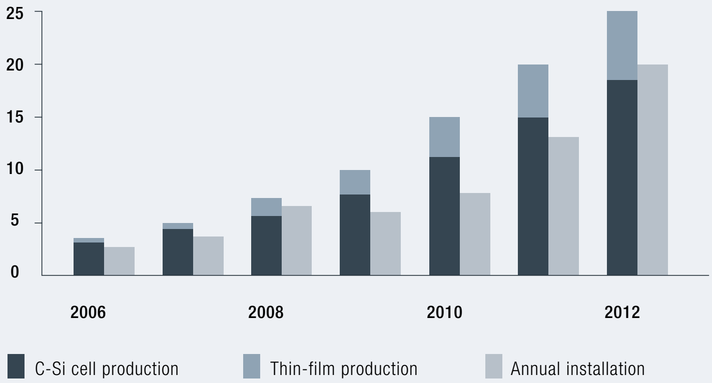


	2007	2008	2009	2010	2011	2012	2013
DVD-Video:	7317	6952	6277	5817	5258	4583	3768
DVD-ROM:	1213	1382	1293	1241	1165	1043	889
DVD-Audio:	10	0	0	0	0	0	0

Source: Futuresource Consulting, Dec. 2009

Nevertheless, SINGULUS still sees the potential to sell new DVD lines to the large disc manufacturers in exchange for older machines, since the new machines offer higher production capacity and thus significant cost advantages.

COMPARISION BETWEEN ANNUAL CELL PRODUCTION CAPACITY AND PV INSTALLATION



Source: Bank SARASIN, Dec. 2009

SOLAR INDUSTRY – 2010 A GROWTH SECTOR AGAIN: 40 % PLUS EXPECTED

Solar energy increasingly emancipates itself from governmental incentive programs and start-up financing and moves rapidly towards net parity. In addition to photovoltaics (PV) this also includes CSP (Concentrating Solar Power) power plants, such as the DESERTEC project in the Sahara for example. Solar heat also continues to play an important role.

The global photovoltaics industry was caught in a sales crisis at the end of 2008, which is only slowly being resolved. After booming years the solar market was slowed down to zero growth in 2009. Since the end of 2008 prices for solar panels have declined by 30 to 40 %. The German and European cell manufacturers have thus come under massive pressure and due to international competition are forced to reduce production costs significantly. In contrast, consumers benefit from this favorable price trend for them. Accordingly, consumer investments into solar technology have increased substantially since the second half of 2009.

In its report “Solar Energy 2009”, which was published in last year’s November, the Bank SARASIN projects a “green” recovery in 2010 again. Due to cost reductions, increases in efficiency and the expansion of sales & marketing channels, SARASIN expects a growth of 46 % for the global PV market in 2010 already despite reduced governmental incentive programs. Growth rates between 45 % and 50 % are deemed possible until 2012. Key factors of this forecast are the market growth rates of 132 % for China as well as about 100 % growth each for India and the US. Europe is expected to grow at moderate 14 % per year.

The price pressures will cause the production to meet demand in the future. The excess production of solar cells compared with the amount of already installed panels continued to increase in 2009, but from the second half of 2010 SARASIN expects this excess to decline and accordingly, supply is expected to trend towards the continuously increasing demand.

According to its research SARASIN expects at least ten new PV markets with an annual volume of more than 500 MW to evolve by 2011, which will form a broad foundation for stable, future growth. The global market volume is expected to increase to 155 GW by 2020.

SARASIN sees the possibility of net parity of small PV plants for private end consumers to be reached with the next five years.

National PV support programs – key changes for 2010 compared with 2009

Belgium	Incentive declines from € 450/MWh to € 350 MWh.
China	Chinese government announced feed-in-tariff of 1.2 CNY/kWh (€ 0,12/kWh) for freestanding system for 2010.
Germany	New coalition possibly plans increased degression from currently 11 to about 20 % for freestanding systems, schedule uncertain.
France	New introduction of incentive of € 0.45/kWh for roof-top systems with >3 kWh expected.
Greece	Special tariff of € 0.55/kWh for smaller roof-top plants (<10 kW) from 2010.
Canada	Feed-in-tariff for roof-top systems increases from CAD 0.42/kWh to CAD 0.80/kWh (from € 0.26/kWh to € 0.50/kWh), tariff for large plants increases from CAD 0.42/kWh to CAD 0.44/kWh (from € 0.26/kWh to € 0.28/kWh).
Czech Republic	After strong growth in 2009 degression intended to be increased from 5 to 20%.
South Africa	Introduction of feed-in-tariff for large systems (>1 MW) of ZAR 3.94/kWh (€ 0.35/kWh) from 2010.
UK	Introduction of feed-in-tariff for roof-top systems (€ 0.35/kWh) and for large systems (€ 0.29/kWh) in 2010.
Others	No changes in feed-in-tariffs in the US, Spain, India, Italy, Japan and the Netherlands.

Source: Bank Sarasin, Nov. 2009

TRENDS IN GERMANY

According to information by the German Solar Industry Association (BSW-Solar) within four years solar energy can be generated on German roofs at costs comparable to those of traditional consumer electricity rates. “Already at the end of this election period solar power generated on private households’ roofs will come at the same cost as power from the socket", asserts BSW-Solar Managing Director Carsten Körnig. “Therefore in the long-term solar energy will contribute to consumer protection, supply security and the achievement of climate targets”.

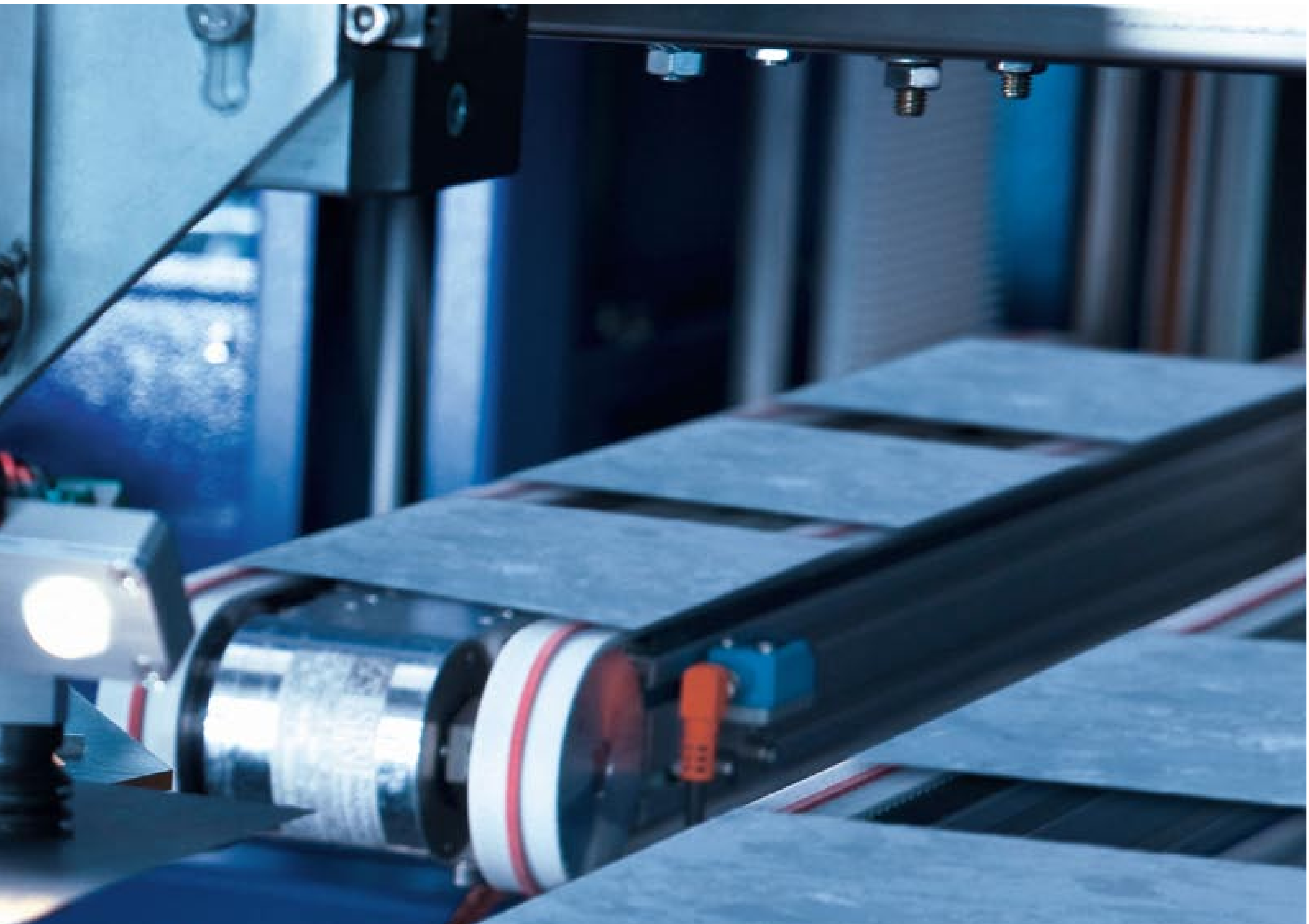
Nevertheless, the national solar industry and homeowners have to prepare for substantial cuts of solar energy incentives in Germany pursuant to announcements of German politicians. The German government's target is to reduce excess subsidization, but to also continue to proactively attend to the further expansion of the solar sector.

According to the most recent legislative draft the feed-in compensation is set to be reduced by 16 percent on roof-tops and by 15 percent on freestanding systems. However, solar equipment on agricultural land will not be subsidized anymore. Nevertheless, solar plants next to train tracks and highways will be subsidized. Due to protection for reliance on existing law the former incentive tariff will apply to freestanding systems, which had received a construction approval before January 1, 2010 and which will feed solar power into the grid by the end of 2010. In addition, the own consumption of electricity from photovoltaic equipment will be subsidized to a larger extent in the future. Private households using their own generated solar electricity will receive eight instead of three cents per kilowatt-hour in the future. Moreover, commercial consumers will also benefits from the increased support of own consumptions since the program will be extended to plants up to a size of 800 kilowatt.

The already implemented annual degression provided for in the Renewable Energies Act will be further accelerated: from January 2011 the degression will be increased from 9 % on average by additional 2.5 percentage points, if the expansion of solar plants exceeds 3500 megawatt in a given year. From 2012 the degression is scheduled to increase by additional three percentage points.

A corresponding legislative draft was resolved by the German government on March 3, 2010.

03



FINANCIAL SITUATION
OF THE SINGULUS TECHNOLOGIES AG

Silicon solar cells by SINGULUS

In 2008 SINGULUS started the market introduction of the new inline coating machine for silicon solar cells under the product name SINGULAR. The new inline coating machine is built for a capacity of more than 4500 silicon solar cells per hour. With the SINGULUS coating machine the manufacturing of anti-reflective layers on solar wafers will be automated in the future. Looking forward SINGULUS will not only provide individual machines and equipment for the silicon solar technology but also actively offer so-called front end systems and complete production systems for the complete cell production with process know-how in the solar market. SINGULUS and STANGL both already posseses the required basic know-how in the realms of wet-chemical and AR-coating.

FINANCIAL REPORT
OF THE SINGULUS TECHNOLOGIES GROUP

SALES AND EARNINGS

On an annual comparison sales declined by € 95.5 million from € 212.1 million to € 116.6 million. In the Optical Disc segment sales dropped by € 84.7 million compared with the previous year's level and totaled € 68.8 million as of the end of the period under review. The reasons for the decline in this segment were mainly volume effects. During the year under review sales in the Optical Disc segment were considerably shaped by the prerecorded business with our BLULINE machines as well as replacement and service activities.

The Solar segment predominantly realized sales from the consolidation of the STANGL Semiconductor Equipment AG in the year under review. Overall, sales in the amount of € 36.0 million were achieved. Therefore, sales in the year under review remained around the previous year's level (previous year: € 37.9 million). In the Semiconductor segment sales declined substantially compared with the prior-year period. In this business division sales declined by € 8.9 million compared with the previous year and amounted to € 11.9 million as of the end of the period under review.

In the fiscal year 2009, Europe (including Germany) was once again our main sales region with a share of total sales of 42.7 % (pervious year: 39.4 %). In the year-over-year comparison the Americas' share declined to 23.3 % (previous year: 33.1 %). The region Asia accounted for 32.7 % of sales (previous year: 27.0 %). On a low level, the activities in Africa and Australia increased slightly to 1.3 % of sales (previous year: 0.5 %).

The gross margin in the business year 2009 decreased slightly. The decline to 28.9 % (previous year: 31.6%) is mainly due to a decrease in the high-margin activities with our Blu-ray replication lines compared to overall sales in a year-over-year comparison.

The operating expenses came to € 106.4 million in the business year 2009 (previous year: € 111.9 million). This includes restructuring and impairment charges in the amount of € 32.9 million. Specifically, the restructuring charges concern € 10.3 million from the revaluation of the assets of HamaTech APE as well as an amount of € 5.9 million for social plan charges in connection with the reduction of staff at the SINGULUS TECHNOLOGIES AG and several subsidiaries. In addition, restructuring charges in the amount of € 10.3 million were recognized due to individual value adjustments of several positions in the inventory. Due to the revaluation of the customer base from the acquisition of the Blu-ray activities of Oerlikon Balzers an impairment in the amount of € 9.5 million also resulted. In contrast, the revaluation of the connected purchase price liabilities yielded a gain of € 4.0 million. In addition, extraordinary write-offs on other intangible assets amounting to € 0.9 million were recognized. Adjusted for the one-time charges the operating expenses in the period under review totaled € 73.5 million.

Adjusted for restructuring and impairment charges as well as adjusted for the extraordinary income from the first-time consolidation of the Blu-ray activities of the Oerlikon Balzers AG (€ 16.8 million), operating expenses in the amount of € 80.6 million were recognized in the previous year.

SALES
IN MILLION €

	2007	2008	2009
Sales (gross)	229.5	212.1	**116.6**
Individual selling expenses	6.5	4.3	**1.6**
Sales (net)	223.0	207.8	**115.0**

BREAKDOWN OF SALES BY REGION
IN %

	2007	2008	2009
Asia	25.9	27.0	**32.7**
Americas	32.1	33.1	**23.3**
Germany	111.3	12.3	**18.4**
Europe (excl. Germany)	28.6	27.1	**24.3**
Africa & Australia	2.1	0.5	**1.3**

This decline is based on contrary effects. Specifically, general and administrative expenses declined by € 4.4 million. At the same time the expenses for marketing and sales and customer service were reduced by € 2.0 million as well as the expenses for research and development by € 1.1 million. The other operating income increased by € 4.6 million. In contrast, the other operating expenses rose by € 5.1 million compared with the prior-year period.

In the period under review the other operating income mainly included income from the reversal of provisions in the amount of € 2.8 million (previous year: € 0.6 million), foreign exchange gains in the amount of € 0.9 million (previous year: € 0 million) as well as income from the reversal of individual value adjustments on accounts receivable in the amount of € 1.0 million (previous year: € 0.6 million).

In the period under review the other operating expenses mainly included additions to individual value adjustments on accounts receivable in the amount of € 11.2 million (previous year: € 7.6 million), foreign exchange losses in the amount of € 1.2 million (previous year: € 3.0 million) as well as expenses from returned machines in the amount of € 2.6 million (previous year: € 1.9 million).

The earnings before interest and taxes (EBIT) were negative at € -73.2 million (previous year: € -46.2 million). Adjusted for restructuring and impairment expenses an EBIT in the amount of € -40.3 million resulted (previous year: € 2.0 million). Specifically, the operating result including restructuring charges in the segment Optical Disc was negative at € -59.2 million. Adjusted for the restructuring charges in the amount of € 21.5 million a negative EBIT in the amount of € -37.7 million resulted for this segment. The Solar segment achieved a positive EBIT in the amount of € 0.3 million. This included one-time expenses in the amount of € 1.1 million. Adjusted for this effect this segment posted on operating result in the amount of € 1.4 million. In the Semiconductor segment including one-time charges in the amount of € 10.3 million an EBIT in the amount of € -14.4 million resulted.

The financial result was negative at € -6.1 million and therefore significantly better than in the previous year (previous year: € -8.0 million). This rise is mainly due to decreased interest expenses in connection with the accrued interest of purchase price liabilities from the acquisition of the STANGL Semiconductor Equipment AG as well as the acquisition of the Blu-ray activities from the Oerlikon Balzers AG. On the basis of these facts interest expenses in the overall amount of € 3.1 million were recognized. The other expenses predominantly resulted from interest on loans and credit facilities. This resulted in expenses in the amount of € 1.5 million in the year under review (previous year: € 3.0 million). In contrast, financial income in the amount of € 1.4 million was achieved. This mainly results from short-term investments of liquid funds as well as the income from interest due to the financing of accounts receivable.

The net result was negative at € -78.8 million and therefore mainly characterized by the one-time expenses in the year under review as well as by the considerably lower sales compared with the same period one year ago (previous year: € -49.3 million). Excluding restructuring charges a negative result in the amount of € -45.9 million was incurred (previous year: € -1.1 million).

KEY EARNINGS FIGURES
IN MILLION €

	2007	2008	2009
EBIT	1.1	-46.2	**-73.2**
Earnings before taxes	1.6	-54.1	**-79.4**
Net profit/loss	3.0	-49.3	**-78.8**
Earnings per share	0.05	-1.32	**-2.11**

ORDER BACKLOG AND ORDER INTAKE

The order intake came to € 81.1 million in the year under review (previous year: € 226.4 million) and was 64.2 % below previous year's level. As per year-end 2009 the order backlog of € 34.7 million also posted a considerable decrease compared with the previous year (€ 70.2 million).

ORDER INTAKE AND ORDER BACKLOG
IN MILLION €

	2007	2008	2009
Order intake	203.8	226.4	**81.1**
Order backlog (Dec. 31.)	55.8	70.2	**34.7**

BALANCE SHEET AND LIQUIDITY

The long-term assets amounted to € 139.6 million and were therefore significantly below previous year's level (previous year: € 200.9 million). Specifically, the goodwill was reduced by € 23.9 million in connection with the acquisition of the remaining 49 % of the shares of STANGL ahead of schedule. The purchase price for the remaining 49 % of the nominal capital of STANGL amounted to € 20.0 million in total. Thus, the purchase price was € 23.9 million lower than the value calculated for the first-time consolidation on the basis of the agreed put / call option.

In addition, the capitalized other intangible assets declined by € 22.9 million. This decline is mainly due to the write-offs on the customer base from the acquisition of the Blu-ray activities from the Oerlikon Balzers AG (€ 9.5 million) as well as the regrouping of assets of the HamaTech AG to the item “Long-term assets held for disposal” (€ 5.6 million). Moreover, the deferred tax assets were reduced by € 13.1 million. This is mainly caused by the loss history and a resulting more cautious assessment of the value and usability of deferred tax assets.

The capitalized development expenses declined by € 3.7 million. Property, plant and equipment amounted to € 12.3 million and were above previous year's level (previous year: € 10.3 million). Additions to property, plant and equipment amounted to € 3.5 million (previous year: € 2.5 million). Most of the spending was used for replacement investments.

Current assets declined by € 104.9 million during the period under review. Specifically, inventories declined by € 35.6 million compared with the previous year, the accounts receivable and other assets were reduced by € 44.3 million. The decline of these items is mainly due to the reduced business activities as well as the individual value adjustments performed in the year under review. As of the end of the period under review liquid funds stood at € 15.2 million. The net liquidity as of December 31, 2009 was negative at € 11.7 million.

The increase in the item “Long-term assets held for disposal” (+ € 9.7 million) resulted from a regrouping of assets of the HamaTech APE in connection with the sale of these activities. In this connection assets in the amount of € 6.5 million were regrouped under this item.

Compared with the previous year the short-term liabilities decreased by € 6.6 million. This decline is based on contrary effects. Specifically, prepayments received (€ -10.7 million), the accounts payable (€ -6.8 million) as well as deferred tax liabilities (€ -1.7 million) declined due to the significantly lower business volumes compared with the previous year. In contrast the short-term bank liabilities rose by € 6.5 million in connection with not reaching the financial figures agreed with the bank consortium in the course of the syndicated loan agreement due to the sharply deteriorated earnings situation. As a result, as contractually agreed the loans became due immediately during the period of renegotiations of the financing which extended over the balance sheet date. The other short-term liabilities increased by € 4.9 million. This increase is mainly due to the acquisition of the remaining 49 % of the shares of STANGL ahead of schedule. Overall, the purchase price amounted to € 20.0 million.

At the balance sheet date the remaining purchase liability amounted to € 10.1 million, which is due by December 31, 2010 at the latest.

Compared with the previous year the long-term liabilities decreased by € 76.0 million. This decline is mainly due to lower other long-term liabilities (€ 45.3 million). The decrease of this item predominantly arises from the aforementioned acquisition of the remaining 49 % of the shares of STANGL ahead of schedule. As per December 31, 2008, a purchase liability in the amount of € 40.4 million was recognized under this item. In addition, the long-term component of the purchase price liability from the acquisition of the Blu-ray activities from the Oerlikon Balzers AG declined by € 3.7 million. The deferred tax liability decreased by € 14.2 million due to write-offs on intangible assets in the year under review and due to higher netting of deferred tax assets and deferred tax liabilities.

SHAREHOLDERS' EQUITY

Accordingly, the equity ratio amounted to 62.9 % (previous year: 57.8 %). The shareholders' equity in the Group amounted to € 165.7 million as of December 31, 2009 and is below the level of year-end 2008 (€ 245.5 million). Equity in the amount of € 163.2 million is attributable to the shareholders of the parent company and € 2.6 million to minorities.

CASH FLOW

In the year under review the cash flow from operating activities was positive at € 0.2 million. In the prior-year period the operating cash flow was negative at € -11.2 million.

The cash outflow from investing activities amounted to € 14.7 million compared with € 9.1 million in the prior-year period. This results mainly from payments in connection with the development activities in the Solar segment. In addition, the remaining 49 % of the shares of STANGL were acquired in the business year 2009. In this connection the first purchase price installment in the amount of € 10.0 million was paid.

ASSETS
IN MILLION €

	2007	2008	2009
Cash & cash equivalants	37.0	40.1	**15.2**
Accounts receivable and other assets (short-term)	84.3	85.7	**41.4**
Inventories	90.8	93.4	**57.7**
Long-term assets	226.2	200.9	**139.6**
Others	5.7	4.5	**9.7**
Balance sheet total	443.9	424.6	**263.6**

LIABILITIES AND SHAREHOLDERS' EQUITY
IN MILLION €

	2007	2008	2009
Short-term liabilities	75.4	79.1	**72.5**
Long-term liabilities	74.1	99.0	**23.0**
Shareholders' equity	293.3	245.5	**165.7**
Others	1.1	1.0	**2.4**
Balance sheet total	443.9	424.6	**263.6**

CASH FLOW
IN MILLION €

	2007	2008	2009
Cash flow from operating activities	-3.6	-11.2	**0.2**
Cash flow from investing activities	-16.7	-9.1	**-14.7**
Cash flow from financing activities	1.2	23.5	**-10.5**
Exchange rate related changes	-0.2	-0.1	**0.0**
Total cash flow	-19.3	3.1	**-25.0**
Cash and cash equivalents at the beginning of the business year	56.2	37.0	**40.1**
Cash and cash equivalents at the end of the business year	37.0	40.1	**15.2**

In the period under review the cash outflow from financing activities amounted to € 10.5 million. In the same period one year ago, the cash flow from financing activities had amounted to € 23.5 million in total. The negative cash flow from financing activities mainly results from the repayments of loans in the amount of € 10.3 million.

As a result, cash and cash equivalents decreased by € 25.0 million in the year under review.

FINANCIAL REPORT OF THE SINGULUS TECHNOLOGIES AG (INDIVIDUAL FINANCIAL STATEMENTS PURSUANT TO HGB)

KEY FIGURES FOR INDIVIDUAL FINANCIAL STATEMENTS PURSUANT TO HGB
IN MILLION €

	2008	2009
Sales	132.5	**54.0**
Cost of goods sold	-101.4	**-37.6**
Personnel expenses	-17.7	**-19.8**
Other operating expenses/income	-27.1	**-26,1**
Extraordinary result	-11.8	**-2.4**
Net loss	-24.3	**-54.0**
Fixed assets	114.2	**130,3**
Current assets	132.3	**74,0**
Liquidity	20.1	**2,9**
Shareholders' equity	152.7	**99,5**

The order intake at the SINGULUS TECHNOLOGIES Aktiengesellschaft amounted to € 34.6 million while the order backlog stood at € 13.7 million.

In the following the most important effects on the assets, liabilities, financial situation and the earnings in the previous business year are discussed:

The significant decline in sales by € 78.5 million or 59.2 % to € 54.0 million was mainly due to the continuing global economic crisis in the business year 2009 as well.

The material expenses declined from € 101.4 million to € 37.6 million. In this connection the increase in the material cost ratio is mainly due to extensive adjustments of the inventories.

The personnel expenses in the amount of € 19.8 million (previous year: € 17.7 million) in the business year 2009 were characterized by expenses for severance payments and restructuring programs in the amount of € 3.9 million.

The other operating expenses in the amount of € 37.7 million include accounts receivable from third parties amounting to € 9.3 million as well as necessary write-offs concerning the intercompany area in the amount of € 12.4 million. The write-offs concerning the intercompany area result mainly in extraordinary depreciation of the receivables against SINGULUS MASTERING (€ 12.0 million).

In the year under review the merger of the SINGULUS Nano Deposition Technologies GmbH (NDT) and the SINGULUS Emould GmbH (Emould) to SINGULUS was effected as of January 1, 2009 and June 30, 2009, respectively. From the merger of NDT a merger loss in the amount of € 1.0 million resulted in the individual financial accounts of SINGULUS; the merger of Emould to SINGULUS generated a merger gain in the amount of € 8.5 million. Both effects were included in the extraordinary result. In the connection with the disposal of HamaTech APE extraordinary write-offs in the amount of € 9.8 were also necessary.

Overall the liquid funds declined by € 17.2 million in the business year 2009. The shareholders' equity declined by € 53.2 million to € 99.5 million in the year under review.

IMPORTANT EVENTS AFTER DECEMBER 31, 2009 / SUPPLEMENTARY REPORT

DISPOSAL OF HAMATECH APE

In December 2009 SINGULUS had signed a letter of intend to sell 100 % of the shares of the HamaTech APE GmbH & Co. KG, Sternenfels, to the SÜSS MicroTec AG (SÜSS), Garching. The final purchase agreement was signed by both parties on January 12, 2010. In December 2009 SINGULUS signed a letter of intent relating to the sale of 100 % of the shares in HamaTech APE GmbH & Co. KG, Sternenfels, and the factory building in Sternenfels to SÜSS MicroTec AG, Garching. The final purchase agreement was signed by both parties on 12 January 2010. A purchase price of € 3,644k was agreed for APE. On top of the purchase price for HamaTech APE, an earn-out component of € 1,000k was agreed which is linked to the revenue of HamaTech APE in 2010. Furthermore, a purchase price of € 4.5m was agreed for the acquisition of the property and building in Sternenfels. € 1.1m of the proceeds were used to repay lease liabilities. SÜSS continued to employ all employees of APE at the Sternenfels site and the international subsidiaries.

MAJOR ORDER FOR SOLAR MACHINES RECEIVED

In February 2010 SINGULUS received an order in the amount of about € 19 million from a leading European solar cell manufacturer for production equipment for the production of a new generation of thin-film solar cells. The new process machine for the thin-film solar technology was developed in close cooperation with this customer in 2009. With this SINGULUS broadens its product portfolio in the segment of photovoltaic equipment and will start to market this technology with immediate effect.

MEDIUM-TERM DEBT FINANCING AGREED

SINGULUS has agreed medium-term financing with a consortium of banks. A corresponding agreement with the involved banks for a syndicated loan facility with new terms until the end of 2012 was agreed in March 2010. The financing forms the basis for the realization of our expanded solar strategy. In order to safeguard sufficient liquidity as well as the financial flexibility of the SINGULUS TECHNOLOGIES Group, the company will also continue to maintain sufficient credit lines and cash.

SINGULUS TECHNOLOGIES RESOLVES CAPITAL INCREASE EXCLUDING SUBSCRIPTION RIGHTS FROM AUTHORIZED CAPITAL ON MARCH 4, 2010

With consent of the Supervisory Board on March 4, 2010 the Executive Board of the SINGULUS TECHNOLOGIES AG decided on March 4, 2010 to increase the nominal capital of the company from € 37,355,471 divided into 37,355,471 common bearer shares with a nominal value of € 1.00 each by an amount of up to € 3,694,640 up to € 41,050,111 against payment in cash.

The placement of the shares was successfully conducted by an accelerated book-building process with German and international investors on March 5, 2010. 3,694,640 shares entitled for profit attribution from the business year 2009 were placed at a price of € 4.10 per share. The gross cash flow for the company amounted to € 15,148,024.00.

Accordingly, the nominal capital of the company of € 37,355,471 divided into 37,355,471 common bearer shares with a nominal value of € 1.00 each was thus increased by an amount of € 3,694,640 to € 41,050,111.

The proceeds from the capital increase are mainly intended for the financing of the further growth and partly for the reduction of debt financing. SINGULUS will considerably expand its activities in the Solar segment and intensify its market activities. The company's target is to position itself at the forefront for the introduction of new technologies with respect to silicon as well as thin-film solar technology.

SINGULUS TECHNOLOGIES RETURNS TO TECDAX ON MARCH 22, 2010

During its regular index review Deutsche Börse decided on March 3, 2010 to add SINGULUS to the TecDAX as per March 22, 2010 once again. SINGULUS had been removed from the TecDAX on September 3, 2009 and was thus able to return to the growth segment of Deutsche Börse after merely six months. Accordingly, the SINGULUS stock will gain increasing interest from national and international investors and moved into the focus of funds which are only allowed to invest within the respective indices.

OUTLOOK

POSITIONING OF THE GROUP: RIGOROUS MARKET DEVELOPMENT IN THE SOLAR SEGMENT AND EXPANSION OF MARKET LEADERSHIP AT BLU-RAY

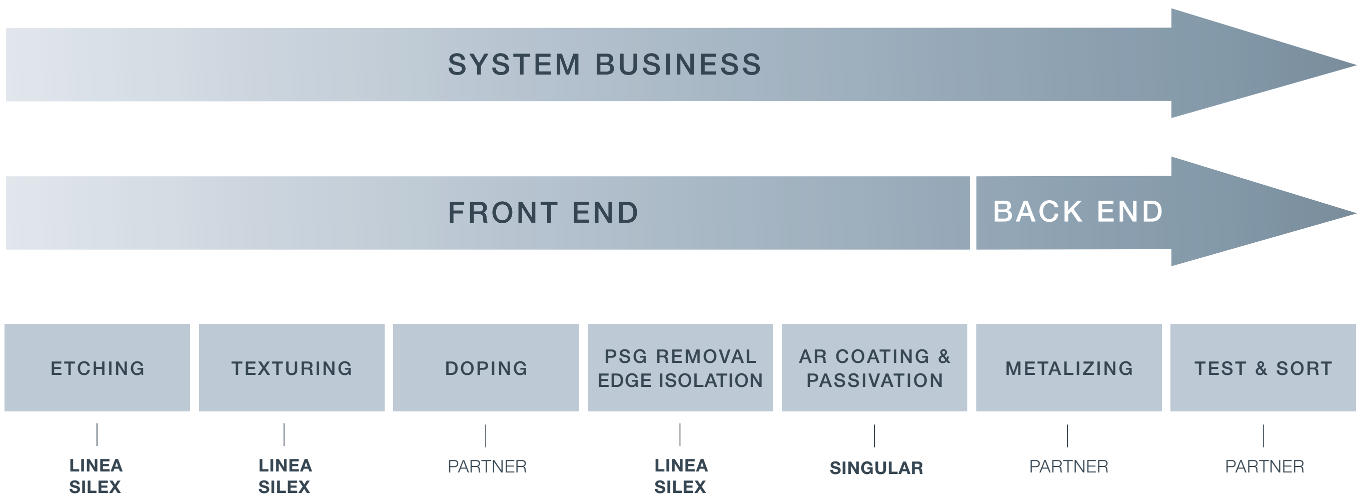
SINGULUS has used the time of consolidation in the years 2008/2009 to develop its Solar activities and to cooperate with important customers in the solar market. The company's goal is to build a strong brand position for production equipment for solar cells in the next couple of years and to benefit from the upcoming growth in the solar market. This holds true for the introduction of new technologies for both the silicon and thin-film solar technology.

In the area of silicon solar technology SINGULUS entered strategic partnerships and since the beginning of 2010 offers so-called front-end systems as a one-stop supplier as well as complete production systems. Such a complete system covers all individual production steps from the first cleaning process of the silicon wafer to the finished silicon solar cell. In the future SINGULUS will focus rigorously on the system activities with production equipment for solar cells and leverage the know-how of coating and automation technology, the wet-chemical processes as well as system concepts.

The expansion of the business model towards system activities was also the successful way in the market for optical disc equipment a couple of year ago. The same strategy should also pave the way to success in the Solar segment.

In the realm of thin-film solar technology SINGULUS will also introduce new products to the market and offer cell producers considerable cost advantages with this. Especially the increasing cost pressures in the photovoltaics industry forces manufacturers to be innovative. Accordingly, SINGULUS TECHNOLOGIES works on the development and market introduction of a new plant technology for the spray ion layer gas reaction (ILGAR) process, amongst others. Additional new concepts are being prepared and discussed with potential partners. The first order received for the new process plant in the thin-film solar technology confirms this strategy.

SINGULUS SYSTEM BUSINESS:
FROM WAFER TO SI-SOLAR CELLS



ECONOMIC FRAMEWORK CONDITION, RISKS AND OPPORTUNITIES OF THE SEGMENTS OPTICAL DISC AND SOLAR

The crisis of the global economy had a strong impact on the business activities of the SINGULUS TECHNOLOGIES AG in 2009. For the year 2010 experts are expecting a gradual improvement of the economy. How quickly this will happen, cannot be forecast reliably. However, fortunately the project activities at SINGULUS TECHNOLOGIES improved in both segments and therefore an improvement in the order intake is expected.

In the Optical Disc segment the forecast increase of 60 % for Blu-ray Disc leaves us optimistic. In case of such growth rates disc manufacturers will quickly reach their capacity limits and have to invest in new production equipment.

For the Solar segment we also expect an economic recovery. Inventories of cell manufacturers declined once again and the demand has improved considerably again. In many regions of the world the generation of electricity with photovoltaics will continue to expand. For this SINGULUS offers modern plant systems, which provide cost reduction potential in the production for the cell manufacturers.

The strategic transition from a pure OEM provider towards a system supplier will open new opportunities for the company.

EXPECTED EARNINGS SITUATION AND FUTURE OPPORTUNITIES

The overall economic situation is expected to improve once again in 2010. In addition, the restructuring programs implemented in 2009 will result in considerable cost reductions in the coming years.

The Blu-ray format has prevailed internationally and develops increasingly towards a mass market. SINGULUS is excellently positioned for this as market leader in the Optical Disc segment with mastering and its production line BLULINE II.

The goal in the business segment Solar is to offer a broad product range of new equipment for the photovoltaics industry in the next couple of years. These machines will offer manufacturers of silicon as well as thin-film solar cells new production technologies and thus particular cost advantages. Especially now, in a time of a global transition in the photovoltaics market, we see rising interest for new plant concepts.

The Executive Board and all employees are working determinedly to provide the condition for this. We are thus deeply convinced that SINGULUS TECHNOLOGIES will return to profitability in its operating activities as market leader in the Optical Disc segment and with new products in the Solar segment. It is the declared target of the Executive Board and the entire management to generate profits on an EBIT basis in 2010 again and to realize sustainable positive earnings from 2011 onwards once again.

RISK REPORT (INCLUDING DECLARATION PURSUANT TO ART. 289 PARA. 5 HGB)

The following information applies to the parent company SINGULUS TECHNOLOGIES AG as well as to the SINGULUS TECHNOLOGIES Group. In the course of our opportunities and risk management the parent company occupied a leading role.

RISK MANAGEMENT

The risk management system is an integral component of the entire planning, controlling and reporting processes in all relevant legal entities and business divisions and targets the systematic identification, assessment, monitoring and documentation of risks. Taking into account defined risk categories, the risks of the business areas and operating units are identified and evaluated with respect to probability of occurrence and amount of damage. This includes risks, which are material to the assets, liabilities, earnings and financial position of the company.

The assessment of the amount of damage is usually performed in view of the impact of the risks on the operating result (EBIT). The tasks of the people responsible include the development and, if applicable, the initiation of measures to avoid, reduce, hedge and insure risks. In the course of our controlling processes throughout the year essential risks as well as initiated countermeasures are monitored. In addition to the regular reporting there is a group-internal reporting obligation for unexpectedly occurring risks. The central risk management reports to the Executive Board about the identified risks once per quarter and once per business year to the Supervisory Board. The risk management system enables the Executive Board to identify essential risks at an early stage and to initiate countermeasures.

The identified risks are correspondingly taken into account within the accounting and reporting of the companies.

Corporate opportunities are not considered within the risk management system but discussed in the course of regular strategy meetings, analyzed in Executive and Supervisory Board meetings and, if applicable, taken into account within the annually prepared operating budgets. In the course of the strategy processes the opportunities for additional, profitable growth are determined and included in the decision-making process. The direct responsibility for the early identification of opportunities and their realization rests upon the Executive Board. The efficiency of the risk management processes as well as the adherence of the rules and regulations defined in the risk management manual of SINGULUS TECHNOLOGIES are subject to a routinely review by the auditors in the course of the legal audit requirements in the course of the audit of the financial statements. In this connection it is reviewed whether the early risk detection system is suitable of identifying company-threatening risks and developments at an early point in time. If scope for improvement is identified, the necessary corrective measures for the modification of the risk management are implemented.

The risk management system of the SINGULUS TECHNOLOGIES AG safeguards that the corporate opportunities and risks are identifiable at an early stage and that the Group is able to respond actively and efficiently. Therefore, this system meets the legal requirements for an early risk detection system and is in accordance with the German corporate governance principles.

The following paragraphs explain the risk areas and individual risks, which are able to materially affect the assets, the financial and the earnings position of the SINGULUS TECHNOLOGIES AG from today's perspective, on the basis of the overall Group.

RISK AREAS

As a globally operating company we are dependent on the economic trends of the global economy. In addition, due to competition there is a risk of losing market shares.

In addition to the segment Optical Disc the SINGULUS TECHNOLOGIES Group is active in the industrial areas of solar and semiconductors. This diversification serves for the reduction of dependency from only one business division. We are continuously analyzing our market environment and our competitive situation. Constant customer contact and the resulting market proximity provide us with important information about the requirements of our customers. The information gained enables us to develop and offer products suitable to meet the market's requirements and to further expand our competitive position. With this we intend to neutralize negative overall economic trends to a large extent. In the following the existing individual risk are described in detail.

PROCUREMENT MARKET RISKS
The availability, price increases and quality of procured components pose a risk for SINGULUS TECHNOLOGIES. For the segment procurement and purchasing credit assessments of our suppliers are thus performed on a regular basis. Moreover, the deliverability as well as the meeting of our quality requirements for supplied parts are constantly monitored. A further part of the risk management is performed through inventory management. This task includes the review of the turnover and scope of raw materials and supplies as well as the analysis of the age distribution of goods and purchased parts. Due to a significant decline in demand for our products increased write-offs on our inventories in the Optical Disc segment became necessary in the business year 2009. In addition, in this connection write-offs were necessary due to the value adjustment of several semi-finished and finished products in the Optical Disc segment. Overall, write-offs of inventories in the amount of € 15.1 million were recognized in the year under review.

If the demand does not improve in the business year 2010, increased write-offs on inventories will be indispensable due to large scope and movement figures in the future.

IT RISKS
In order to safeguard orderly business operations companies have to rely on information technology. To minimize the risk of a discontinuation of business processes because of a system failure, several safety measures have been implemented. Amongst others, this includes access control systems, emergency plans, and an uninterrupted power supply of critical systems, backup systems as well as regular data mirroring. To ensure data safety against unauthorized access we employ firewall systems and virus scanners. Furthermore, the privacy of data and their availability is safeguarded through relevant access restriction systems.

PROJECT MANAGEMENT RISKS
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.

In the segments Optical Disc and Semiconductors SINGULUS TECHNOLOGIES only recognizes sales after the final acceptance by the customers. Potential delays in acceptance are circumvented by on-site management and ongoing support of the commissioning at the site.

An exception to the principle of sales realization after acceptance exists in the segment Solar. Here, production orders are booked pursuant to the percentage-of-completion method. Potential risks already emerge during the calculation of projects under uncertainty. To manage the risks within this segment we already use proven methods during the proposal stage to assess the impact of potential cost deviations compared with the forecast figures. With a continuing monitoring of changes in the parameters parallel to the project’s progress potential project risks can be identified at an early stage and necessary measures initiated.

TECHNOLOGY RISK

The SINGULUS TECHNOLOGIES Group is operating in competitive markets. To ensure market success products with reliable state-of-the-art technology are required. This requires the continuous improvement of the products already available on the market.
A key aspect of the review of the development risk is the analysis of market requirements. The risk of an erroneous development or a late development has to be regarded as quite high. We reduce this risk through the cooperation with partners and customers as well as through our evaluation process, which continuously assesses the efficiency, success probabilities and general conditions of the development projects. An essential part of this is the monitoring of the planning of the different development projects. The analysis of success probabilities and therefore the identification and seizing of opportunities, which safeguards the competitiveness of the company and increases it, is therefore an essential aspect of the strategy planning.

SALES MARKET RISKS

A high risk exists in the marketing and sales area. 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 help to improve the evaluation of future trends. These risks are considered materially and can result in substantial impacts on the company's results. Due to the global economic slump the demand for capital goods declined dramatically. This resulted in a decline in sales of 45 % in 2009 compared with the previous year. The order backlog as of December 31, 2009 was 50.6 % below the prior-year level. Both the Optical Disc segment and the Solar division were affected by this decline. In addition, write-offs in the amount of € 9.5 million were recognized in the business year 2009, which concerned the reduction of the fair values of customer relationships from the acquisition of the Blu-ray activities from the Oerlikon Balzers AG. This was mainly due to the aforementioned decline in overall economic activities as well as uncertainties with respect to the further development of production capacities of the format developer SONY. The resulting burden on earnings was significant in the year under review, but non-cash and therefore not threatening the substance of the company.

FOREIGN EXCHANGE AND COUNTERPARTY RISKS

With respect to currency risks resulting from invoicing in foreign currencies the principles of hedging are applied. As the main instrument to hedge specific country risks we employ export credit insurance. The creditworthiness and payment behavior of customers are constantly monitored and relevant credit limits are determined. In addition, risks are limited through credit insurances and bank guarantees. The payment performance of some customers continued to deteriorate in the business year 2009. In this connection accounts receivable from machine deliveries in previous years, which were neither covered by credit insurance nor bank guarantees, were written off. Specifically, in the year under review individual value adjustments on accounts receivable in the amount of € 11.2 million in total were recognized. Overall, the write-offs at the end of the year under review amounted to € 7.3 million. From today's point of view we therefore expect this to sufficiently cover the counterparty risks.

FINANCIAL RISKS

The SINGULUS TECHNOLOGIES Group is exposed to financial risks in particular with respect to liquidity risks, default risks, foreign-exchange risks and interest rate risks. To safeguard the financial solvency as well as the financial flexibility of the SINGULUS TECHNOLOGIES Group at all times, a liquidity reserve in the form of credit lines and cash is held.

In this connection with effect from December 14, 2007 a syndicated credit facility in the amount of € 60.0 million was signed.

Due to the drop in sales in 2009, it became clear in the summer 2009, that the agreed covenants could not be met until Q4/2009. Therefore, the Executive Board proactively engaged in talks with the loan-providing banks and in March 2010 agreed a new maximum credit line € 41.5 million with a term until the end of 2012.

As of December 31, 2009 the net debt amount to € 11.7 million and the equity ratio 62.9 %.

Within the scope of this medium-term loan facility, the financing banks demanded extensive securities. In addition, new financial covenants were agreed in this loan agreement, whose breaching entitles the banks to demand repayment of the loan. Forward-looking, the compliance with the covenant is monitored by the company and the banks. The Executive Board is currently expecting to be able to comply with the covenants until the end of the loan agreement.

If the operating result improves in 2010, there will not be a liquidity squeeze. In particular, the second purchase price installment for the acquisition of the remaining shares of STANGL has to be paid by the end of 2010. For the payment of the outstanding purchase price installment (€ 10 million) the credit line may not be used. To secure the second purchase price installment SINGULUS transferred the 100 % of the STANGL shares held to a security trustee, who holds these shares as security for the claims of the former STANGL shareholders and the syndicated loan providers.

In addition to the already mentioned capital increase of € 15.1 million, the sale of the subsidiary HamaTech APE and the real estate in Sternenfels was already realized in February 2010 to improve the liquidity situation. In this connection a liquidity inflow in the amount of € 6.5 million was recorded in March 2010.

To detect liquidity risks at an early stage, liquidity budgets are drawn up on a regular basis. To analyze default risks the portfolios of accounts receivable of the individual companies in the SINGULUS TECHNOLOGIES Group are reviewed in short time intervals.

STRATEGY RISK

The SINGULUS TECHNOLOGIES AG has developed a long-term growth strategy. In periodical meetings the Executive Board and the Supervisory Board as well as the senior managers evaluate the growth strategy of the Group and, if necessary, initiate corrective measures.

ASSESSMENT OF THE OVERALL RISK SITUATION

The scope of the reduced credit line is sufficient, if a pick-up in demand for Blu-ray machines will materialize in 2010. Additional risks resulting in a permanent or material deterioration of the assets, financial and earnings situation of the SINGULUS TECHNOLOGIES Group do not exist from today's point of view. From an organizational point of view all requirements are met to gain knowledge about emerging risk situations at an early stage.

ESSENTIAL FEATURES OF THE INTERNAL MONITORING SYSTEM AND THE RISK MANAGEMENT SYSTEM OF THE SINGULUS TECHNOLOGIES AG GROUP WITH RESPECT TO ACCOUNTING PROCESSES.

In the SINGULUS TECHNOLOGIES Group the internal monitoring and risk management system is considered an integrated system following the definition of the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Auditors in Germany), Düsseldorf. Accordingly, an internal monitoring system includes the principles, procedures and measures implemented by the management of the company for the organizational implementation of the decisions of the management. Specifically this includes:

_ securing the efficacy and efficiency of business operations

_ the correctness and reliability of internal and external accounting

_ the compliance with regulations relevant for the company

The risk management system includes the entirety of all organizational rules and measures for the identification of risks as well as the handling of identified risks from entrepreneurial activities. With respect to the accounting process and the consolidated accounting process the following structures and processes have been implemented within the SINGULUS TECHNOLOGIES Group:

The overall responsibility for the internal monitoring system with respect to the accounting process and the consolidated accounting process rests upon the Executive Board. By means of a clearly defined management and reporting organization all companies included in the consolidated financial statement are included.

In the course of the accounting process and the consolidated accounting process, the characteristics of the internal monitoring and risk management system are deemed material, which materially affect the consolidated financial statements and the overall statement of the consolidated statements including the consolidated status report. This includes primarily the following elements:

_ identification of material risk areas and monitoring with impact on the Group-wide accounting process.

_ monitoring of the Group-wide accounting process and the relevant results at the Executive Board level

_ preventive monitoring measures in the finance and accounting departments of the Group as well as in the subsidiaries included in the consolidated financial statements

In addition, the insights gained from the ongoing reporting process influence the further development of the internal monitoring system.

ENVIRONMENT AND SUSTAINABILITY

For a sustainable treatment of our home plant we require knowledge about the effects of the industrialized countries and the impact of the globally increasing consumption on a system Earth. For this, the pollution of the atmosphere, the green house effect, the climate-effecting ocean currents and the ice at the poles provide just as important information as the shrinking area of rain forests and the resulting changes.

Insights about the reasons for climate change are decisively contributing to the fact, that sustainability in the economy has become an important corporate goal and at the same time a competitive factor. No matter if in the health care sector, agriculture, forestry, production, logistics or the provision and consumption of energy – everywhere greater utility for all people with significantly less burdens for the environment is tried to be achieved. Environmental protection and technologic innovation support a more efficient use of natural resources (source: “The German Ministry for Education and Research”).

ENVIRONMENT AND SUSTAINABILITY AT SINGULUS TECHNOLOGIES
Sustainability at SINGULUS TECHNOLOGIES means more than just environmental protection. In addition to ecologic goals, it also includes economic and social aims.

SINGULUS TECHNOLOGIES is a technology group with high aspirations for itself and its products. Machines and equipment by SINGULUS operate environmentally-friendly and resource-efficiently. The machines in the segments Optical Disc and Solar meet the latest requirements in terms of environmental aspects, energy consumption and safety.

Our production employs modern methods to recover energy and raw materials. High safety standards for all employees are a matter of course.

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.

With the exception of the modifications discussed in the declaration pursuant to Art. 161 AktG, the compensation report applies the recommendation of the German Corporate Governance Code and is printed in the Annual Report as a part of the Status Report.

A. COMPENSATION OF THE EXECUTIVE BOARD

I. MEMBERS OF THE EXECUTIVE BOARD IN THE BUSINESS YEAR 2009

Roland Lacher
Chief Executive Officer following the appointment to the Executive Board by the Supervisory Board (from August 17, 2009 and limited until March 31, 2010)
Dr.-Ing. Anton Pawlakowitsch
Executive Board member responsible for Technology, Research & Development
Dr.-Ing. Stefan Rinck
Executive Board member (since September 1, 2009), responsible for Marketing and Sales
Stefan A. Baustert
Chief Executive Officer (until August 17, 2009)
Hans-Jürgen Stangl
Executive Board members responsible for the Solar division (until July 31, 2009)

II. INDIVIDUAL COMPENSATION

The regular total compensation of the members of the Executive Board for their current activities is composed as follows:

	Fixed compensation [in '000 EUR]	Other compensation [in '000 EUR]	Variable compensation [in '000 EUR]	Total [in '000 EUR]
Roland Lacher	149.2	5.8	0.0	155.0
Dr.-Ing. Anton Pawlakowitsch	261.6	28.9	90.0	380.5
Dr.-Ing. Stefan Rinck	133.3	8.8	66.7	208.8
Stefan A. Baustert	270.3	23.4	117.0	410.7
Hans-Jürgen Stangl	251.3	65.2	9.3	325.8
Total	**1.065.7**	**132.1**	**283.0**	**1.480.8**

III. 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.

The compensation structure is aligned towards a sustainable development of the company. he compensation is comprised of a fixed and a variable monetary component, stock options, pension promises, and non-cash benefits. In this context the Supervisory Board assumes a target compensation which is composed of 60 % fixed and 40 % variable components. The Supervisory Board sets the level of target income at the compensation paid by comparable companies to the members of their management as well as at the vertical appropriateness in comparison to the salary of other employees in the company. 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.

For the determination of the compensation the Supervisory Board takes into consideration the individual performance and the extent of the responsibilities assumed compared with the other members of the Executive Board as well as the economic situation of the company. 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 based components are split into a variable bonus and a special bonus program with long-term incentivization, which is not granted to all of the members of the Executive Board. The variable bonus is tied to individual goals set, which are specified for each Executive Board member by the Supervisory Board at the beginning of the year. The contract of the members of the Executive Board also provide for the possibility to grant one-time special payments in addition to the variable compensation to account for special situations and to enable 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 pension benefit plans. Dr.-Ing. Anton Pawlakowitsch holds stock options, which were granted in previous business years.

The Supervisory Board member Roland Lacher, who was appointed to the Executive Board pursuant to Art. 105 Para. 2, only receives fixed components as compensation for his activities.

Overall, the compensation of the members of the Executive Board for the business year 2009 amounted to € 1,480.8 million. The annually fixed remuneration part contributed about 81 %, the performance-related variable components about 19 % of the total compensation. Due to the changes in the members of the Executive Board compared with the previous year (termination of the Executive Board contract of Hans-Jürgen Stangl as of July 31, 2009; leaving of Stefan A. Baustert with effect from August 17, 2009; appointment of Dr.-Ing. Stefan Rinck as of September 1, 2009 as well as appointment of Roland Lacher by the Supervisory Board pursuant to Art. 105 Para 2 AktG) and the differing composition of the compensation (only fixed compensation for Roland Lacher), the total compensation of the Executive Board in 2009 cannot be reasonably compared with the prior-year compensation.

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. 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 and in consideration of the general salary level within the company. The Executive Board members Mr. Baustert and Dr.-Ing. Pawlakowitsch had voluntarily waived 20% of their annual gross fixed compensation until September 30, 2009.

Due to the difficult economic situation of the company the Supervisory Board decided to adjust the compensation of the Executive Board pursuant to Art. 87 Para. 2 AktG and to reduce the annual gross fixed compensation for Dr.-Ing. Pawlakowitsch by 20 % from October 1, 2009.

3. Variable compensation

3.1 The variable compensation is tied to achieving individual targets, 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.

The Supervisory Board decided to extend the adjustment of the Executive Board compensation pursuant to Art. 87 Para. 2 AktG to the variable compensation components as well, so that the maximum of the annual performance-based compensation for Dr.-Ing. Pawlakowitsch was reduced by 20% from October 1, 2009.

The Supervisory Board decided on March 8, 2010 to grant Dr.-Ing. Pawlakowitsch a variable compensation in the amount of € 90,000.00 for 2009. Dr.-Ing. Rinck receives a variable compensation in the amount of € 66,750.00.

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 member of the Executive Board. Accordingly, the company will pay each member 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 with 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 partly also 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. In case of a negative trend the bonus is restricted and will only be paid if the negative trend not only has stopped, but the annually increasing target has been reached again.

Hans-Jürgen Stangl and Roland Lacher did not have special bonus agreements.

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.

4. Components with long-term incentivization

The third component of the compensation is granted in the form of stock options. The number of stock options granted to individual members of the Executive Board is determined by the Supervisory Board. As of December 31, 2009 Dr.-Ing. Pawlakowitsch held 80,000 stock option.

At the time of granting the stock options their fair market value pursuant to IFRS 2 amounted to € 67,000. 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 of the stock price of SINGULUS 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 the period under review no new stock options were granted.

5. Other compensation

In addition, the members of the Executive Board receive fringe benefits in kind (e.g. company cars or lump-sum compensation for use of private cars for professional purposes) as well as casualty and personal liability insurances. 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.

Mr. Stangl received a separate compensation for his activities as Chief Executive Officer of the STANGL Semiconductor Equipment AG. Dr.-Ing. Pawlakowitsch does not receive a separate compensation for his position as Executive Board member of the HamaTech AG. The HamaTech AG was merged to the SINGULUS TECHNOLOGIES AG in February 2009.

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 (EBIT) of the HamaTech AG for the respective business year. Mr. Baustert received a separate compensation for his activities as Supervisory Board member of the HamaTech AG.

6. Pension plans

Pensions are paid to members of the Executive Board, who have reached the age limit of 63. 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 € 4.293 million as of December 31, 2009.

The former pension benefits to Dr.-Ing. Pawlakowitsch in form of a premium for a life insurance was modified to a pension promise in the business year 2009. Company pension from former position are taken into account.

IV. COMMITTED BENEFITS IN CASE OF TERMINATION OF EMPLOYMENT AND BY THIRD PARTIES, CHANGE OF CONTROL CLAUSES

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.

For Mr. Stefan A. Baustert a severance payment (including other compensation) in the amount of € 1,036,400 was agreed for the remaining tenure of his employment contract until November 30, 2011 after his stepping down from the Executive Board on August 17, 2009.

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

3. Change of control clauses

3.1 Except for the employment contract of Mr. Lacher for the period of his appointment to the Executive Board, 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 meaning occurs if a shareholder gains control over the company in the sense of Art. 29 Wertpapiererwerbs- und Übernahmegesetzes (WpÜG), i. e. at least 30 % of the voting rights of the SINGULUS TECHNOLOGIES AG. In this case, upon termination of the employment contract also all locked-up special bonuses or locked-up virtual shares are due or can be sold irrespective of the expiration or lock-up period and reaching the performance targets (for special bonuses and virtual shares please refer to III. 3.2 above).

In addition, the members of the Executive Board (except for Mr. Lacher for the period of his appointment to the Executive Board) have an extraordinary right of termination in case of a change of control.

3.2 The stock options granted to the Executive Board members can be exercised early in case of a change of control, provided that the waiting period has lapsed.

B. 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 members 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 June 6, 2008 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 € 30,000 which is paid following the end of the year. In addition, there is a performance related compensation of € 800 per cent of the consolidated net profit per share pursuant to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS). The maximum amount of the assessment base equals the net profit of the company less an amount 4 % of the contributions paid for the lowest issue amount of the shares. 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 compensation for the year 2009 under review, whereas the variable compensation will only be paid after adoption of the profit nual General Meeting 2010:

_ Roland Lacher (appointed to the Executive Board from August 17, 2009 until March 31, 2010)
_ Dr.-Ing. Wolfhard Leichnitz (since May 29, 2009)
_ Thomas Geitner (until May 29, 2009)
_ Jürgen Lauer (since August 17, 2009)
_ Günter Bachmann

	Fixed compensation [in '000 EUR]	Variable compensation [in '000 EUR]	Total [in '000 EUR]
Roland Lacher	37.6	-	37.6
Dr. Wolfhard Leichnitz	32.2	-	32.2
Thomas Geitner	18.4	-	18.4
Jürgen Lauer	11.2	-	11.2
Günther Bachmann	35.6	-	35.6
Total	**135.0**	-	**135.0**

C. 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.

D. SHAREHOLDINGS OF EXECUTIVE AND SUPERVISORY BOARD MEMBERS

As of December 31, 2009 the Chief Executive Officer, Mr. Lacher, held directly and indirectly through the VVG Roland Lacher KG (a company attributed to Mr. Lacher pursuant to Art. 15a Para. 3 Sent. 3 Securities Trading Act (WpHG)) 594,472 shares in total corresponding to 1.6 % 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 Board held directly shares in the SINGULUS TECHNOLOGIES AG as of December 31, 2009:

	Bearer shares with a nominal amount of EUR 1.00
Executive Board:	
Roland Lacher	594,472
Dr.-Ing. Anton Pawlakowitsch	6,000
Dr.-Ing. Stefan Rinck	0
Supervisory Board:	
Dr.-Ing. Wolfhard Leichnitz	10,000
Günter Bachmann	10,000
Jürgen Lauer	0

The following members of the Executive Board held subscription rights through stock options or convertible bonds as of December 31, 2009:

	Stock options	Convertible bonds
Dr.-Ing. Anton Pawlakowitsch	80,000	none

E. 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 business year 2009 the following transactions were published:

Name/ function	Date	Transaction type and market	WKN/ISIN	Quantity	Price in €	Volume in €
Günter Bachmann, Mitglied des Aufsichtsrates	11/12/2009	Purchase of shares, Düsseldorf	723890/ DE0007238909	8,000	2.84	22,720.00
Günter Bachmann, Mitglied des Aufsichtsrates	13/01/2010	Purchase of shares, Düsseldorf	723890/ DE0007238909	5,000	4.13	20,650.00

CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH ART. 289a HGB

A corporate governance declaration in accordance with Art. 289a HGB is available on the website www.singulus.de.

STATUS REPORT PURSUANT TO ART. 289 PARA. 4, ART. 315 PARA. 4 HGB

INFORMATION PURSUANT TO THE GERMAN TAKEOVER DIRECTIVE IMPLEMENTATION ACT

1. Composition of the subscribed capital
The nominal capital of the company amounts to € 37,355,471 and is divided into 37,355,471 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).

2. Restrictions concerning the voting rights or transfer of shares: None

3. Direct or indirect stock ownership above 10 %: None

4. Bearers of shares with special rights: None

5. Type of voting right control in case of employee ownership: None

6. 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 he 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.

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

7.1. The Executive Board is authorized to increase the nominal capital of the company at one time or several times up to € 4,574,843.00 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 III). With approval of the Supervisory Board the subscription rights of shareholders can be excluded in case of capital increases against contributions in kind, especially in the course of the acquisition of companies, parts of companies, participations in companies or other assets as well as in the course of mergers, in particular by means of amalgamations.

7.2. The Executive Board is authorized to increase the nominal capital of the company at one time or several times up to € 7,000,000 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). With approval of the Supervisory Board the subscription rights of shareholders can be excluded in case of capital increases against contributions in kind, especially in the course of the acquisition of companies, parts of companies, participations in companies or other assets as well as in the course of mergers, in particular by means of amalgamations.

7.3 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 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.

8. Change of control clauses and compensation agreements

8.1 Except for the employment contract of Mr. Lacher for the period of his appointment to the Executive Board, 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 meaning occurs if a shareholder has gained control over the company in the sense of Art. 29 Wertpapiererwerbs- und Übernahmegesetzes (WpÜG), i.e. at least 30 % of the voting rights of the SINGULUS TECHNOLOGIES AG.

In addition, the members of the Executive Board – except for Mr. Lacher – 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 Dr.-Ing. Rinck and Dr.-Ing. Pawlakowitsch a special bonus in the amount of € 500,000 per annum if a specified level of 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 describes the compensation of the member of the Executive Board in detail and also includes the incentive systems. If the employment contract after a change of control at the SINGULUS TECHNOLOGIES AG is not prolonged or terminated, 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.

8.2 The overall stock options issued on the basis of the stock option programs 2005, 2007 and 2008 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 pursuant to the relevant stock option plan 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, March 2010

SINGULUS TECHNOLOGIES AG
The Executive Board

Roland Lacher
Chief Executive Officer

Dr.-Ing. Stefan Rinck
Executive Board Member

Dr.-Ing. Anton Pawlakowitsch
Executive Board Member

DECLARATION OF THE EXECUTIVE BOARD PURSUANT TO ART. 297 PARA. 2 S. 4, ART. 315 PARA. 1 S. 6 HGB

We assert to our best knowledge and belief that pursuant to the applied principles of correct consolidated reporting the consolidated financial accounts pursuant to IFRS reflect the true situation of the asset, financial and earnings situation of the SINGULUS TECHNOLOGIES Group, that the combined status report of the SINGULUS TECHNOLOGIES AG as well as of the SINGULUS TECHNOLOGIES Group depicts the course of business including the business events and the situation of the SINGULUS TECHNOLOGIES Group in a way reflecting the true situation and that the material opportunities and risks of the foreseeable development of the Group have been described.

Kahl/Main, March 19, 2010

SINGULUS TECHNOLOGIES AG

The Executive Board

SINGULUS TECHNOLOGIES HEADQUARTERS
KAHL, GERMANY

STANGL SEMICONDUCTOR EQUIPMENT AG
FÜRSTENFELDBRUCK, GERMANY


04

CONSOLIDATED FINANCIAL ACCOUNTS OF THE SINGULUS TECHNOLOGIES AG

Thin-film solar cells by SINGULUS

Thin-film solar panels offer specific advantages over silicon solar technology. They are excellently suited as architectural design elements. SINGULUS has a leading position in the wet-chemical cleaning for CIS and CdTe processes. New machine concepts, such as the spray ion layer gas reaction (ILGAR) process for example, expand the portfolio and the value-added chain in the thin-film solar technology. The company's goal is to become a leader for the introduction of new technologies in both the silicon and thin-film solar technology. SINGULUS will also further progress towards a system supplier in this solar segment step by step.

AUDITORS' REPORT

We have issued the following unqualified audit opinion on the consolidated financial statements and the combined management report:

"We have audited the consolidated financial statements prepared by SINGULUS TECHNOLOGIES AG, Kahl am Main, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from 1 January to 31 December 2009. 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 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, 19 March 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller	Winterling
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008

		Dec. 31, 2009	Dec. 31, 2008
ASSETS	Note no.	[€ k]	[€ k]
Cash and cash equivalents	(7)	15,185	40,143
Trade Receivables	(8)	34,420	76,353
Other receivables and other assets	(9)	6,986	9,350
Total receivables and other assets		41,406	85,703
Raw materials, consumables and supplies		25,996	39,049
Work in process		31,735	54,311
Total inventories	(10)	57,731	93,360
Total current assets		114,322	219,206
Non-current trade receivables	(8)	4,575	3,838
Property, plant and equipment	(12)	12,268	10,309
Investment property	(13)	6,814	7,150
Capitalized development costs	(11)	26,534	30,279
Goodwill	(11)	42,542	66,404
Other intangible assets	(11)	45,485	68,421
Deferred tax assets	(23)	1,358	14,468
Total non-current assets		**139,576**	**200,869**
Non-current assets held for sale	(14)	9,699	4,515
Total assets		**263,597**	**424,590**

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

		Dec. 31, 2009	Dec. 31, 2008
LIABILITIES	Note no.	[€ k]	[€ k]
Trade payables		7,612	14,381
Current bank liabilities	(19)	26,749	20,218
Prepayments	(16)	4,825	15,493
Other current liabilities	(15)	27,875	22,970
Tax provisions	(23)	1,966	3,673
Other provisions	(21)	3,432	2,384
Total current liabilities		**72,459**	**79,119**
Non-current bank liabilities	(19)	87	16,891
Other non-current liabilities	(17)	2,482	47,807
Pension provisions	(20)	6,973	6,692
Deferred tax liabilities	(23)	13,416	27,603
Total non-current liabilities		**22,958**	**98,993**
Liabilities from assets classified as held for sale	(14)	2,431	1,021
Total liabilities		**97,848**	**179,133**
Subscribed capital	(22)	37,355	36,946
Capital reserves	(22)	48,690	48,782
Other reserves	(22)	–2,700	–2,717
Retained earnings		79,835	158,441
Equity attributable to equity holders of the parent		163,180	241,452
Minority interests	(22)	2,569	4,005
Total equity		165,749	245,457
Total equity and liabilities		**263,597**	**424,590**

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

CONSOLIDATED INCOME STATEMENTS FOR 2009 AND 2008

		2009		2008	
	Note no.	[€ k]	[in %]	[€ k]	[in %]
Revenue (gross)	(6)	**116,631**	**101.5**	**212,133**	**102.1**
Sales deductions and direct selling costs	(26)	–1,675	–1.5	–4,269	–2.1
Revenue (net)		**114,956**	**100.0**	**207,864**	**100.0**
Cost of sales		–81,773	–71.1	–142,088	–68.4
Gross profit on sales		**33,183**	**28.9**	**65,776**	**31.6**
Research and development	(31)	–18,564	–16.1	–19,661	–9.4
Sales and customer service		–20,638	–18.0	–22,668	–10.9
General administration	(30)	–17,648	–15.4	–22,092	–10.6
Other operating expenses	(33)	–22,714	–19.8	–17,605	–8.5
Other operating income	(33)	6,036	5.3	1,433	0.7
Impairment and restructuring expenses	(32)	–32,887	–28.6	–48,191	–23.2
Negative goodwill from the acquisition of Oerlikon	(5)	0	0.0	16,849	8.1
Total operating expenses		–106,415	–92.6	–111,935	–53.8
EBIT		**–73,232**	**–63.7**	**–46,159**	**–22.1**
Finance income	(34)	1,501	1.3	1,570	0.8
Finance costs	(34)	–7,632	–6.6	–9,520	–4.6
EBT		**–79,363**	**–69.0**	**–54,109**	**–26.0**
Tax income	(23)	542	0.5	4,837	2.3
Profit or loss for the period		**–78,821**	**–68.5**	**–49,272**	**–23.7**
Thereof attributable to:					
Equity holders of the parent		–78,606		–48,756	
Minority interests		–215		–516	
		–78,821		**–49,272**	
Basic earnings per share based on the profit for the period (in EUR) attributable to equity holders of the parent		(2.11)		(1.32)	
Diluted earnings per share based on the profit for the period (in EUR) attributable to equity holders of the parent		(2.11)		(1.32)*	

*Prior-year figure adjusted for diluted earnings per share based on the profit for the period (in EUR) attributable to equity holders of the parent. Please refer to Note 24 for more information.

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF DECEMBER 31, 2009 AND 2008

	Attributable to equity holders of the parent						
	Sub-scribed capital [€ k]	Capital reserves [€ k]	Other reserves [€ k]	Revenue reserves [€ k]	Total [€ k]	Minority interests [€ k]	Equity [€ k]
Note no.	[21]	[21]	[21]			[4]	
As of 1 January 2008	36,946	47,503	–4,428	207,197	287,218	6,048	293,266
Other comprehensive income	**0**	**0**	**1,711**	**0**	**1,711**	**0**	**1,711**
Profit or loss for the period				–48,756	–48,756	–516	–49,272
Total comprehensive income	**0**	**0**	**1,711**	**–48,756**	**–47,045**	**–516**	**–47,561**
Acquisition of minority interests in HamaTech AG						–1,527	–1,527
Share-based payment (IFRS 2)		1,279			1,279		1,279
As of 31 December 2008	**36,946**	**48,782**	**–2,717**	**158,441**	**241,452**	**4,005**	**245,457**
Other comprehensive income	**0**	**0**	**17**	**0**	**17**	**–51**	**–34**
Profit or loss for the period				–78,606	–78,606	–215	–78,821
Total comprehensive income	**0**	**0**	**17**	**–78,606**	**–78,589**	**–266**	**–78,855**
Acquisition of minority interests in HamaTech AG					0	–1,170	–1,170
Capital increase	409	405			814		814
Share-based payment (IFRS 2)		–497			–497		–497
As of 31 December 2009	**37,355**	**48,690**	**–2,700**	**79,835**	**163,180**	**2,569**	**165,749**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2009 AND 2008

		2009	2008
	Note no.	[€ k]	[€ k]
Profit or loss for the period		–78.821	–49.272
Derivative financial instruments*		0	–20
Exchange differences in the fiscal year	(22)	–34	1.731
Other comprehensive income		–34	1.711
Total comprehensive income		**–78.855**	**–47.561**
Thereof attributable to:			
Equity holders of the parent		–78.589	–47.045
Minority interests		–266	–516

* Including deferred taxes

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

CONSOLIDATED CASH FLOW STATEMENTS FOR 2009 AND 2008

		2009		2008	
	Note no.		[€ k]		[€ k]
Cash flows from operating activities					
Profit or loss for the period			–78,821		–49,272
Adjustment to reconcile profit or loss for the period to net cash flow					
Net income from the realization of negative goodwill	(5)	0		–16,849	
Amortization, depreciation and impairment of non-current assets	(11/12)	30,569		56,499	
Write-down of investment property and assets and liabilities classified as held for sale	(13/14)	8,489		2,783	
Net reversal of / allocation to pension provisions	(20)	281		240	
Loss on the disposal of non-current assets		21		0	
Other non-cash expenses / income		–837		2,730	
Deferred taxes	(23)	598	39,121	–8,574	36,829
			–39,700		–12,443
Decrease / increase in assets and increase / decrease in equity and liabilities					
Trade receivables		38,258		–6,920	
Other receivables and assets		2,212		13,870	
Capitalized development costs	(11)	–8,971		–12,523	
Inventories		29,540		3,531	
Trade payables		–5,578		–1,975	
Other liabilities		–4,711		3,004	
Prepayments		–10,312		5,721	
Tax provisions		–1,707		–878	
Other provisions		1,206	39,937	–2,543	1,287
Net cash from / used in operating activities			**237**		**–11,156**

(Die beigefügten Erläuterungen sind Bestandteil des Konzernabschlusses)

	Note no.	2009 [€ k]		2008 [€ k]	
Cash flows from investing activities					
Cash paid for investments in intangible assets and property, plant and equipment	(11/12)	– 4,033		– 3,224	
Cash received from the disposal of assets		477		1,519	
Cash paid for the acquisition of 49 % of the shares in Stangl AG		– 10,000		0	
Cash paid for the acquisition of Oerlikon's Blu-ray business	(5)	– 1,204		– 5,303	
Cash paid for the acquisition of minority interests in HamaTech		0	– 14,760	– 2,064	– 9,072
Net cash used in investing activities			**– 14,760**		**– 9,072**
Cash flows from financing activities					
Cash received from / paid for the raising / redemption of loans		– 10,273		15,030	
Issue / redemption of convertible bonds		– 78		– 420	
Sale of corporate income tax credits	(23)	0		8,880	
Cash repayments of lease liabilities		– 135	– 10,486	0	23,490
Net cash from / used in financing activities			**– 10,486**		**23,490**
Decrease / increase in cash and cash equivalents			**– 25,009**		**3,262**
Effect of exchange rate changes			51		– 71
Cash and cash equivalents at the beginning of the fiscal year			**40,143**		**36,952**
Cash and cash equivalents at the end of the fiscal year	(7)		**15,185**		**40,143**
Cash paid in the fiscal year for					
Interest			*3,914*		*3,041*
Taxes			*1,830*		*2,282*
Cash received in the fiscal year for					
Interest			*1,353*		*1,677*
Taxes			*1,638*		*3,684*

(Die beigefügten Erläuterungen sind Bestandteil des Konzernabschlusses)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

01 GENERAL

The consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG, Hanauer Landstrasse 103, 63796 Kahl am Main ("SINGULUS TECHNOLOGIES AG") and its subsidiaries ("SINGULUS TECHNOLOGIES", the "Company" or the "Group").

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

The consolidated financial statements of SINGULUS TECHNOLOGIES AG have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by 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 were effective as of the balance sheet date. All interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") – formerly the Standing Interpretations Committee ("SIC") – that were effective for fiscal year 2009 were also applied.

The consolidated financial statements have been prepared using the cost method, except for derivative financial instruments and available-for-sale financial assets which are 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.

The consolidated financial statements include all business activities of SINGULUS TECHNOLOGIES AG, Kahl/Main and its subsidairies.

Management prepared the consolidated financial statements on a going concern basis.

02 BUSINESS ACTIVITIES

SINGULUS TECHNOLOGIES' 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, and Blu-ray discs. This includes the manufacture of mastering systems and injection molding machines.

The subsidiary STANGL Semiconductor Equipment AG ("STANGL AG") is mainly engaged in manufacturing and selling equipment for use in wet-chemical wafer processing for photovoltaics. SINGULUS has been channeling its optical disc know-how into the Solar segment and developed a new solar coating system which it rolled out in fiscal year 2009.

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

03 NEW ACCOUNTING STANDARDS

<u>New accounting standards and interpretations which are effectives.</u>

The International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") issued the accounting standards listed below in prior years. These standards have been endorsed by the EU as part of the endorsement project and became effective for fiscal year 2009.

- IAS 1, "Presentation of Financial Statements" (amendments to provide additional information)
- IAS 23, "Borrowing Costs" (amendments concerning the elimination of the option of recognizing borrowing costs as an expense)
- IFRS 1 / IAS 27, "Consolidated and Separate Financial Statements" (amendments to specific issues for first-time adopters)
- IAS 32, "Financial Instruments: Presentation" (amendments to puttable financial instruments and obligations arising on liquidation)

- IAS 39, "Financial Instruments: Recognition and Measurement" (amendments concerning the accounting treatment of embedded derivatives when reclassifying financial instruments and transitional provisions when reclassifying financial assets)
- IFRS 2, "Share-Based Payment" (amendments concerning vesting and non-vesting conditions as well as cancellations)
- IFRS 4, "Insurance Contracts" (amendments requiring enhanced disclosures about fair value measurements and liquidity risk)
- IFRS 7, "Financial Instruments: Disclosures" (amendments requiring enhanced disclosures about fair value measurements and liquidity risk and about the transitional provisions when reclassifying financial assets)
- IFRS 8, "Operating Segments" (new standard)
- IFRIC 9, "Reassessment of Embedded Derivatives" (amendments concerning the accounting treatment of embedded derivatives when reclassifying financial instruments)
- IFRIC 13, "Customer Loyalty Programs" (new interpretation)
- IFRIC 14 / IAS 19, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" (new interpretation)
- Collection of improvements to IFRSs (amendments to 35 standards covering presentation, recognition and measurement as well as terminology and editorial amendments)

The following provisions which are relevant for the SINGULUS Group as well as their impact on the consolidated financial are outlined below:

- The revised version of IAS 1, "Presentation of Financial Instruments", was issued by the IASB in September 2007 and is effective for fiscal years beginning on or after 1 January 2009. The revised standard contains significant changes regarding the presentation and disclosure of financial information in financial statements. In the future, the consolidated statement of changes in equity may only contain transactions with equity holders acting in their capacity as owners. All non-owner changes in equity must be disclosed in a presentation of comprehensive income, either in the form of a single statement or in the form of two statements with a separate income statement and a statement of comprehensive income. In addition, this standard requires an entity to present a balance sheet as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy or makes a retrospective restatement or when the entity reclassifies items in the financial statements. The new standard will change the nature and manner of presenting the Group's financial information, but will not have any effect on the recognition or measurement of assets and liabilities in the consolidated financial statements. SINGULUS has decided to present a separate income statement and an additional presentation of comprehensive income in the statement of comprehensive income.
- The revised version of IAS 23, "Borrowing Costs", was issued by the IASB in March 2007 and is effective for fiscal years beginning on or after 1 January 2009. The standard eliminates the option that has existed to date and requires borrowing costs attributable to a qualifying asset to be capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The standard must be applied prospectively. To date, qualified assets have only been reported by the subsidiary STANGL AG. As this subsidiary did not have any material borrowings as of 31 December 2009, there were not significant effects on the consolidated financial statements.
- IFRS 7, "Financial Instruments: Disclosures" requires enhanced disclosures about fair value and liquidity risk. Fair value measurements related to items recorded at fair value must be disclosed by source of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. Please refer to our comments under Note 40.
- The Company opted for early adoption of IFRS 8, "Operating Segments" and applied it in preparing its consolidated financial statements for 2007. IFRS 8 was issued by the IASB in November 2006 and is effective for fiscal years beginning on or after 1 January 2009. IFRS 8 sets out requirements for the disclosure of information on an entity's operating segments and does away with the requirement to determine primary (business 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. Please refer to the section on segment reporting under Note 6.

New and revised accounting standards
and interpretations that are not yet effective

In addition to the new accounting standards and interpretations published by the IASB and IFRIC which are effective, other standards and interpretations have also been published, some of which have already been endorsed by the EU but will only become effective at a later date. The following standards were adopted on the date on which they became effective, assuming that they had not been adopted voluntarily at an earlier date.

The following standards and interpretations had already been endorsed by the EU as of 31 December 2009:

- IAS 32, "Financial Instruments: Presentation" (amendments concerning the classification of rights)
- IAS 39, "Financial Instruments: Recognition and Measurement" (amendments concerning qualifying items)
- IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (amendments concerning the new structure and easier first-time adoption)
- IAS 27 / IFRS 3, "Business Combinations" (phase II: general revision as part of the convergence project of the IASB and the FASB)
- IFRIC 12, "Service Concession Arrangements" (new interpretation)
- IFRIC 15, "Agreements for the Construction of Real Estate" (new interpretation)
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" (new interpretation)
- IFRIC 17, "Distributions of Non-Cash Assets to Owners" (new interpretation)
- IFRIC 18, "Transfer of Assets From Customers" (new interpretation)

The adoption of these standards – with the exception of IAS 27 and IFRS 3 – is not expected to have a significant effect on future sets of consolidated financial statements of the SINGULUS Group:

- The revised standards IAS 27 and IFRS 3 were issued by the IASB in January 2008 and become effective for reporting periods beginning on or after 1 July 2009. The standards were extensively revised as part of the convergence project of the IASB and the FASB. The main changes include the introduction of an option for the measurement of minority interests, allowing the reporting entity to use either the purchased goodwill method (recognition at the proportionate share of the acquiree's identifiable net assets) or the full goodwill method (the total amount of the goodwill acquired, including goodwill attributable to minority interests). Other important aspects include the revaluation to profit or loss of existing capital interests when control is initially obtained (business combination achieved in stages), mandatory accounting for contingent consideration at the date of acquisition and the recognition of transaction costs in profit or loss. The transitional provisions require prospective application of the revised standard. Assets and liabilities acquired in business combinations prior to the first-time application of the new standard are not affected. Application of the full goodwill method, the recognition of business combinations achieved in stages and the mandatory recognition of contingent consideration at the time of acquisition could mean that the goodwill recognized will tend to be higher.

The EU had not endorsed the following standards and interpretations which had already been published as of 31 December 2009:

- IAS 24, "Related Party Disclosures" (amendments concerning the disclosure requirements for government-related entities)
- IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (amendments introducing additional exemptions)
- IFRS 2, "Share-Based Payment" (clarification on the accounting for group cash-settled share-based payment transactions in the separate financial statements of a subsidiary)
- IFRS 9, "Financial Instruments" (new standard)
- IFRIC 14 / IAS 19, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" (amendments concerning prepayments of minimum funding requirements)
- IFRIC 19, "Extinguishing Financial Liabilities With Equity Instruments" (new interpretation)

The effects of the above standards and interpretations on the Group's net assets, financial position and results of operations are currently being analyzed.

In addition, the IASB issued its second collection of improvements to IFRS in the fiscal year. These improvements have not yet been endorsed by the EU.

04 SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation and consolidation principles

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

Besides 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 (until 30 June 2009)
- SINGULUS MASTERING B.V., Eindhoven, Netherlands
- SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- SINGULUS MOLDING AG, Schaffhausen, Switzerland (in liquidation)
- 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
- SINGULUG TECHNOLOGIES LATIN AMERICA Ltda., Sao Paolo, Brazil
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong (until October 2008)
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Illzach, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipeh, Taiwan
- SINGULUS CHINA MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany (until 1 January 2009)
- HamaTech AG, Kahl am Main, Germany (until 31 December 2008)
- HamaTech APE GmbH & Co. KG, Sternenfels, Germany
- HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany
- 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, Fürstenfeldbruck, Germany

The merger of HamaTech AG, Kahl am Main, as the transferring entity, into SINGULUS TECHNOLOGIES AG, Kahl am Main, as the acquiring entity, took effect on 24 February 2009 following entry of the merger in the commercial register for SINGULUS TECHNOLOGIES AG's registered office. As such, the assets and liabilities of HamaTech AG were transferred to SINGULUS TECHNOLOGIES AG. HamaTech AG, Kahl am Main, ceased to exist when the merger took effect.

SINGULUS Nano Deposition Technologies GmbH was merged into SINGULUS TECHNOLOGIES AG as the acquiring entity effective 1 January 2009.

SINGULUS Emould GmbH was merged into SINGULUS TECHNOLOGIES AG as the acquiring entity effective 30 June 2009.

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

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

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. Exchange 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 consolidated 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 Group, use of judgment and estimating uncertainties affect the following areas in particular:

a) Impairment of assets

The Group determines whether goodwill is impaired at least once a year. If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

This requires an estimate of the recoverable amount of the assets or cash-generating units to which goodwill or asset is allocated. Please also refer to the comments under "Impairment losses" further below in this section.

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 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 23.

c) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments that depend on the terms and conditions of the grant. 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 under Note 18.

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 20.

e) Development costs

Development costs are capitalized in accordance with the accounting policies described under "Research and development costs" further below in this section. 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.

f) Leases

The Group has entered into lease agreements. The test to determine whether an agreement constitutes a lease is performed on the basis of the substance of the agreement on the date it was concluded and requires an estimate of the opportunities and risks being transferred in connection with the leased asset. Please also refer to the comments under Note 35.

g) Non-current assets held for sale

Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and the sale must be highly probable. This requires an estimation by management on the probable sale. Please also refer to the comments under Note 14.

Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc and Semiconductor segments is recognized when a contract has become effective, the delivery has been made, and, if required, the equipment has been installed for and accepted by the customer. 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.

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. The orders are disclosed as assets under “Receivables from work not yet invoiced” or as liabilities under “Liabilities from work not yet invoiced” if the prepayments exceed the accumulated work performed.

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.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, 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 assumed. After 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” further below.

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 acquired in business combinations.

Negative goodwill from business acquisitions

If the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, any excess remaining after reassessment is recognized immediately in profit or loss.

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 comprises all costs directly attributable 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 which is generally assumed to be five years.

Amortization and impairment of intangible assets are recognized in the functional area to which the respective assets are allocated. Impairment losses on development costs were disclosed under "Restructuring expenses" if production of the relevant products was discontinued at the respective locations.

Other intangible assets

Intangible assets acquired separately are recognized at cost. Intangible assets acquired in a business combination are recognized at fair value as of the date of acquisition. Internally generated immaterial assets are recognized if the criteria for recognition are met. If the criteria are not met, they are not recognized as assets and the related costs are recognized as expenses in the period in which they are 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. No intangible assets with indefinite useful lives were recognized in the fiscal year except for the brand acquired in the business combination with STANGL AG.

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

- Software 3 years
- Patents 8 years
- Customer lists 10 to 11 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 yet 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 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. Receivables are derecognized when they are classified as uncollectible.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, the reversal may not result in a carrying amount of the asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under "Hedge accounting" and "Foreign currency translation".

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 necessary to make the sale. Raw materials, consumables and supplies including spare parts are measured using the weighted average cost formula. Work in process is measured using the full-cost approach. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

The four existing allowance classes for salability are from between 0 % and 80 % of amortized cost. The four existing allowance classes for days inventory held ("DIH") are from between 0 % and 80 % of amortized cost.

Financial assets and liabilities

Financial assets, other than loans granted by the Company or receivables, or those classified as "held for trading" (derivatives) are 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 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 recognized directly in 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.

The group of financial assets measured at fair value through profit or loss includes financial assets held for trading and financial assets which are designated upon initial recognition as at fair value. The Group has not classified any financial assets as at fair value through 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 from 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. These measurement models include the use of recent arm's length transactions between knowledgeable, willing 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.

Loans and receivables are recognized at amortized cost, which is determined using the effective interest 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 transaction 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 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 when the obligation under the liability is discharged or cancelled or expires.

Hedge accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge are recognized in profit or loss. The hedged item attributable to the hedged risk is also recognized at fair value, with the hedge expected to be highly effective in offsetting the changes in the fair value of the hedged item.

The derivative designated as a hedge in a cash flow hedge in carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in a separate line item in other reserves under 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 or loss. The change in fair value recorded in equity is derecognized and recorded in profit or loss as soon as the hedged 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 and impairment of property, plant and equipment are recognized in the functional area to which the respective assets are allocated.

Investment properties

SINGULUS TECHNOLOGIES measures investment property at depreciated cost using the cost model, pursuant to IAS 40. This relates to commercially used land and buildings which are leased out.

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 there are indications of impairment or if an annual impairment test is required, the Group makes a formal estimate of the 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 / cash-generating unit exceeds its recoverable amount the asset / cash-generating unit is considered impaired and is written down to its recoverable amount.

If a cash-generating unit is impaired, the assets in the unit are depreciated as follows:

a) First, the carrying amount of goodwill is allocated to the cash-generating unit
b) Then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit (however, not below its fair value, value in use or zero)

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.

The following carrying amounts were recognized for goodwill as of the balance sheet date and in the prior year:

	2009	**2008**
Cash-generating unit (segment)	[€ k]	[€ k]
MASTERING (Optical Disc)	20,839	20,839
STANGL AG (Solar)	21,703	45,565
	42,542	**66,404**

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 revenue.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The weighted average cost of capital ("WACC") for each cash-generating unit was used as the discount rate. The underlying base interest rate was determined using the Svensson method using yields equivalent to those of German government bonds (Bunds).

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).

Growth rate estimates – Growth rates are based on published industry-specific market research. The growth rate in the perpetual annuity using the discounted cash flow model ("DCF model") was extrapolated at 1 %.

Sensitivity of assumptions made

For the MASTERING cash-generating unit, a change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit exceeds the recoverable amount. This could arise if the capitalization rate increased by 0.1 % or the planned gross margins fell by 0.5 %. The MASTERING unit 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 MASTERING cash-generating unit.

For the STANGL AG cash-generating unit, a change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit exceeds the recoverable amount. This could lead to a decrease of 2.8 % in the planned gross margin and to the expected growth rate being 6.25 % below target. Management expects growth rates in the Solar segment from systems business in particular.

The recoverable amount of the cash-generating units was determined based on a value-in use calculation, using cash flow projections based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections in the Optical Disc segment is 10.4 % and in the Solar segment 14.0 %.

Impairment test for customer lists

The fair value of customer lists acquired in the combination of the Blu-ray business from Oerlikon was determined using a DCF model. A useful life of 11 years was attributed to customer lists in the purchase price allocation ("PPA") in accordance with IFRS 3. The key parameter used in determining the value of customer lists was the expected revenue from the Blu-ray business. This is influenced by market share and market demand.

In the wake of the financial crisis and the related economic slump and due to the uncertainty surrounding the further development of production capacities, an impairment loss of EUR 9,500k had to be recognized on customer lists. This expense was recognized in profit and loss in the fiscal year in the line item "Impairment and restructuring expenses."

If the market recovers, the impairment loss on customer lists will need to be reversed in subsequent periods. If, contrary to expectations, the market share of SINGULUS' Blu-ray business should decrease or if the forecast demand for Blu-ray discs fails to materialize over the coming years, additional impairment losses may need to be recognized.

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 accounts and the 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 reversed. 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.

Deferred tax assets and deferred tax liabilities are offset if SINGULUS TECHNOLOGIES or one of its subsidiaries has a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority.

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 using the effective interest method. Finance lease liabilities are recognized at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

Non-current assets held for sale and disposal groups

An entity shall measure a non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is only the case when the sale is highly probably and the asset or the disposal group are in a condition that allows them to be sold immediately. Management must make the sale within one year from the date of the classification for it to qualify for recognition as a closed sale.

Non-current assets held for sale are not written down.

Share-based payment

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 7 November 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 18.

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 reflect 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, 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 cash-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 profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing 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.

05
BUSINESS COMBINATIONS

Exercise of call / put option STANGL 2009

Effective 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 EUR 43,800k was agreed for the shares, 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 could be exercised either in the period from 1 January 2010 to 31 May 2010 or in the period from 1 January 2011 to 31 May 2011. The put option could be exercised either in the period from 1 June 2010 to 31 October 2010 or in the period from 1 June 2011 to 31 October 2011. The put / call option was recognized as a liability in the amount of the present value of the estimated cash outflow. On 7 December 2009, the parties agreed to the early acquisition of the remaining 49 % of the shares for a purchase price of EUR 20,000k. EUR 10,000k was paid upon acquisition of the shares and the remaining purchase price liability of EUR 10,000k is payable by 31 December 2010 at the latest. Early repayment is permitted. Interest is charged at 9.00 %.

The difference between the actual lower purchase price and the estimated liability for the 49 % shareholding (contingent consideration) was recognized as an adjustment to goodwill recognized in the period under review. Due to this adjustment, the goodwill of the cash-generating unit STANGL decreased by EUR 23,862k.

Business combinations in 2008

Effective as of 31 January 2008, the Company acquired the Blu-ray Disc business from Oerlikon Balzers AG. The acquisition covered business knowledge, trade receivables, customer contracts, parts of production and work in process. A price of EUR 5,303k was paid. Patented technology was also acquired. The price for the patented technology was determined on the basis of an earn-out model applied to the next four years, which, in turn, used the net revenue generated from the business with Blu-ray equipment. As of the balance sheet date, a price of EUR 8,979k was determined for the earn-out, including the minimum license. The incidental acquisition costs directly attributable to the business combination amounted to EUR 226k.

The Company accounted for the acquisition in accordance with IFRS 3. EUR 28,780k of the purchase price was allocated to intangible assets. These relate to individual customer lists (EUR 23,729k) and technology (EUR 5,051k). In addition, EUR 6,957k was assigned to tangible assets when allocating the purchase price. In addition, there were deferred tax liabilities of EUR 7,091k arising from first-time consolidation as well as deferred tax assets of EUR 1,508k. The resulting negative goodwill of EUR 15,646k was recognized in profit or loss in accordance with IFRS 3 in fiscal year 2008.

The fair value of the identifiable assets and liabilities of Oerlikon Balzers AG's Blu-ray Disc business 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	Carrying amount
	[€ k]	[€ k]
Intangible assets	28,780	0
Current assets	6,957	5,303
Deferred tax assets	1,508	0
Total	**37,245**	**5,303**
Deferred tax liabilities	(7,091)	0
Total	**(7,091)**	**0**
Net assets	30,154	5,303
Purchase price incl. earn-out liability	14,282	
Capitalized incidental acquisition costs	226	
Total costs	14,508	
Negative goodwill from business combination	15,646	
Costs with an effect on cash:		
Cash and cash equivalents acquired		0
Cash outflow		5,303
Actual cash outflow in 2008		5,303

As the business combination took place on 31 January 2008 and the revenue and profit earned by the Group in the month of January is not significant when compared to the year as a whole, there would be no material change in the Group's revenue and earnings if the combination had taken place at the beginning of the reporting period.

In fiscal year 2008, the acquired technology was subject to an impairment charge of EUR 5,051k and was thus written off in full. This was necessary because of a strategic change by the Company which resulted in the technology acquired from Oerlikon no longer being required. SINGULUS decided to use only its own developments in Blu-ray business. In addition, an impairment loss of EUR 9,500k was recognized on the customer list acquired in this connection in fiscal year 2009. In the wake of the financial crisis and the related economic slump and due to the uncertainty surrounding the further development of production capacities, an impairment loss had to be recognized on customer lists.

The earn-out liability was adjusted in line with the plans prepared at year-end. The adjustment of EUR 3,971k was recognized in profit or loss in fiscal year 2009.

06 SEGMENT REPORTING

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-R and DVD-R), "Spaceline" (Video DVD) and "Sunline" (CD-RW and DVD-RW). Since fiscal year 2007, revenue has been generated in this segment from the sale of replication lines for manufacturing third-generation optical Blu-ray discs. Since the acquisition of HamaTech AG, a replication line for manufacturing CD-Rs or DVD-Rs is being distributed under the "Taurus" brand. Since fiscal year 2002, the Company has been involved in the manufacture and distribution of mastering systems, which complement the Company's replication lines. Furthermore, in fiscal year 2009, HamaTech's property held for sale in Sternenfels was disclosed in the Optical Disc segment (EUR 3,156k).

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. In addition, the activities in connection with the development of selenisation oven for the thin film solar cell technology are reported in this segment.

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. The photomask cleaning business was transferred to SÜSS MicroTec AG, Garching ("SÜSS") with the sale of HamaTech APE effective 15 February 2010. Please refer to our comments under "Events after the balance sheet date" in Note 36.

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 was the manufacture of equipment for the application of decorative layers to three-dimensional plastic or metal. The operations in this segment were discontinued in fiscal year 2008. Please refer to Note 32 for more information.

The segment "Other" includes those business units that account for less than 10 % of the Group's 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.

The key figures for management are net revenue and EBIT (operating result). Debt is managed at group level. As of the balance sheet date, assets, revenue and operating results were allocated to the segments as follows:

	"Optical disc" segment		"Solar" segment		"Semiconductor" segment	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Segment assets	165,343	287,964	78,213	108,515	13,227	20,961
Gross revenue	68,752	153,404	35,961	37,905	11,918	20,824
Sales deductions and direct selling costs	–1,250	–3,312	–383	–651	–42	–306
Net revenue	67,502	150,092	35,578	37,254	11,876	20,518
Restructuring expenses	–21,466	–26,155	–1,118	0	–10,303	–10,232
Operating result	–59,268	–15,926	309	1,729	–14,431	–19,052

	"Coating" segment		Other		SINGULUS Group	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Segment assets	0	0	6,814	7,150	263,597	424,590
Gross revenue	0	0	0	0	116,631	212,133
Sales deductions and direct selling costs	0	0	0	0	–1,675	–4,269
Net revenue	0	0	0	0	114,956	207,864
Restructuring expenses	0	–9,587	0	–2,217	–32,887	–48,191
Operating result	0	–10,693	158	–2,217	–73,232	–46,159

The table below shows geographical information as of 31 December 2009 based on gross revenue:

	Germany	Rest of Europe	Americas	Asia	Africa	Australia
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Revenue by						
Country of origin	85,632	10,315	13,427	7,257	0	0
Destination	21,458	28,362	27,144	38,134	1,075	458

	Germany	Rest of Europe	Americas	Asia	Africa	Australia
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Assets	192,551	61,500	6,635	2,911	0	0

The table below shows geographical information as of 31 December 2008 based on gross revenue:

	Germany	Rest of Europe	Americas	Asia	Africa	Australia
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Revenue by						
Country of origin	172,805	11,405	9,675	18,248	0	0
Destination	25,970	57,526	70,272	57,295	1,070	0

	Germany	Rest of Europe	Americas	Asia	Africa	Australia
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Assets	330,178	67,883	8,198	18,331	0	0

07 CASH AND CASH EQUIVALENTS

	2009	2008
	[€ k]	[€ k]
Cash on hand and bank balances	15,185	40,143

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 EUR 15,185k (prior year: EUR 40,143k).

08 TRADE RECEIVABLES

	2009	2008
	[€ k]	[€ k]
Trade receivables – current	40,676	90,359
Trade receivables – non-current	5,585	3,838
Less bad debt allowances	–7,266	–14,006
	38,995	**80,191**

As of 31 December 2009, bad debt allowances of a nominal EUR 7,266k had been charged on trade receivables (prior year: EUR 14,006k). Bad debt allowances developed as follows:

	2009	2008
	[€ k]	[€ k]
As of 1 January	14,006	10,250
Allowances recognized in profit or loss	11,189	7,554
Utilization	– 16,926	– 3,777
Reversal	– 1,003	– 21
As of 31 December	**7,266**	**14,006**

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, broke down as follows:

	Overdue by				
	less then 30 days	30 to 60 days	60 to 90 days	90 to 180 days	more than 180 days
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
2009	4,547	465	332	714	6,002
2008	3,475	2,884	1,429	7,130	15,672

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

In the fiscal year, net losses from trade receivables of EUR 10,258k (prior year: net losses of EUR 5,830k) comprised income from the reversal of specific bad debt allowances of EUR 1,003k (prior year: EUR 21k), expenses from allocations to specific bad debt allowances of EUR 11,189k (prior year: EUR 7,554k), and exchange loss of EUR 72k (prior year: exchange gains of EUR 1,703k) arising on the measurement of trade receivables as of the balance sheet date.

Current trade receivables include POC receivables of EUR 8,484k (prior year: EUR 10,346k) and are all due in up to one year.

POC receivables arise when revenue can be recognized as generated according to the stage of completion (using the cost-to-cost method) and the criteria set forth in IAS 11.23 have been fulfilled but this revenue cannot yet be invoiced to customers under the respective contract. The costs and expected profits contain direct costs and the portion of overheads attributable to production. The POC receivables and the project-related advances offset against them break down as follows:

	2009	2008
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	37,738	26,258
Progress billings received	– 29,254	– 15,912
POC receivables	**8,484**	**10,346**
Prepayments	– 5,037	– 3,792
Gross amount due from customers for contract work	3,447	6,554

There are also gross amounts due from customers for construction work which have been disclosed as liabilities from POC under prepayments. They break down as follows:

	2009	2008
Aggregate amount of costs incurred and recognized losses (less recognized losses)	5,322	2,989
Progress billings received	– 5,763	– 6,451
Gross amount due to customers for contract work	– 441	– 3,462

In the fiscal year, order revenue of EUR 34,632k (prior year: EUR 37,905k) was recognized.

09
OTHER RECEIVABLES AND OTHER ASSETS

Other receivables and other assets break down as follows:

	2009	2008
	[€ k]	[€ k]
Tax refund claims	3,461	5,290
Prepayments	1,799	1,080
Prepaid expenses	1,039	1,481
Forward exchange contracts	112	0
Loans to employees	92	137
Other	483	1,362
	6,986	**9,350**

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 USD 4,791k (prior year: USD 18,690k) and YEN 149,492k (prior year: YEN 0k) had been hedged by derivatives. The fair value of all forward exchange contracts stood at EUR 112k (prior year: -EUR 746k disclosed under other liabilities) on the balance sheet date. Please refer to Note 15 for more information.

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.

Tax refund claims of EUR 2,059k from fiscal year 2009 are attributable to SINGULUS TECHNOLOGIES AG and mainly relate to input tax reimbursements. EUR 769k is attributable to tax refund claims from STANGL AG and mainly relates to input tax reimbursements.

10
INVENTORIES

	2009	2008
	[€ k]	[€ k]
Raw materials, consumables and supplies	38,378	45,199
Work in process	42,836	62,020
Less allowances	– 23,483	– 13,859
	57,731	**93,360**

The inventory allowances relate to reductions in value in accordance with the “lower of cost or net realizable value” principle. Raw materials, consumables and supplies are treated separately from the other inventories. In addition, raw materials, consumables and supplies and work in process were written down by EUR 10,327k in the fiscal year as part of the restructuring.

The net realizable value is the sales price less costs to sell. The carrying amount of inventories recognized at net realizable value comes to EUR 5,314k (prior year: EUR 2,456k).

11
INTANGIBLE ASSETS

In fiscal year 2009, intangible assets developed as follows (all amounts in EUR k):

	Goodwill	Franchises, industrial rights and other intangible assets	Capitalized development costs	Total
Cost				
As of 1 Jan. 2008	**76,814**	**59,629**	**85,300**	**221,743**
Exchange rate changes	0	0	0	0
Addition from business combination	0	28,780	0	28,780
Other additions	0	746	12,579	13,325
Disposals	0	– 213	– 56	– 269
As of 31 Dec. 2008	**76,814**	**88,942**	**97,823**	**263,579**
Exchange rate changes	0	9	– 9	0
Addition from business combination	0	0	0	0
Other additions	0	554	8,971	9,525
Disposals	– 23,862	– 8,335	– 6,205	– 38,402
As of 31 Dec. 2009	**52,952**	**81,170**	**100,580**	**234,702**
Amortization and impairment losses				
As of 1 Jan. 2008	**0**	**8,218**	**36,982**	**45,200**
Exchange rate changes	0	0	3	3
Other additions (scheduled)	0	7,689	12,157	19,846
Exchange rate changes	10,410	4,795	18,402	33,607
Disposals	0	– 181	0	– 181
As of 31 Dec. 2008	**10,410**	**20,521**	**67,544**	**98,475**
Exchange rate changes	0	0	– 9	– 9
Other additions (scheduled)	0	7,244	9,904	17,148
Other additions (unscheduled)	0	10,370	0	10,370
Disposals	0	– 2,450	– 3,393	– 5,843
As of 31 Dec. 2009	**10,410**	**35,685**	**74,046**	**120,141**
Carrying amounts 31 Dec. 2008	**66,404**	**68,421**	**30,279**	**165,104**
Carrying amounts 31 Dec. 2009	**42,542**	**45,485**	**26,534**	**114,561**

EUR 8,971k of the development costs incurred in fiscal year 2009 qualify for recognition as an asset under IFRSs (prior year: EUR 12,579k). The capitalized development costs mainly relate to expenses in the Company's core optical disc and solar business.

In connection with the early acquisition of the remaining 49 % shareholding in STANGL AG, the goodwill in the purchase price allocation decreased EUR 23,862k due to the reduced purchase price.

Due to the sale of HamaTech APE and the ensuing reclassification of assets to non-current assets held for sale, acquisition cost of EUR 6,205k and amortization and impairment losses of EUR 3,393k were reclassified out of capitalized development costs. In the same connection, the acquisition cost of other intangible assets decreased by EUR 8,250k and the related amortization and impairment losses by EUR 2,626k.

Significant additions to intangible assets in fiscal year 2008 arose in connection with the acquisition of Blu-ray activities from Oerlikon Balzers AG. For more information, please refer to “Business combinations” under Note 5.

12
PROPERTY, PLANT AND EQUIPMENT

In fiscal year 2009, property, plant and equipment developed as follows (all amounts in EUR k):

	Land, own buildings	Plant and machinery	Equipment	Leased assets	Assets under construction	Total
Cost						
As of 1 Jan. 2008	**7,463**	**5,974**	**11,155**	**0**	**108**	**24,700**
Exchange rate changes	0	0	0	0	0	0
Other additions	88	1,203	1,094	0	93	2,478
Disposals	–913	–1,616	–627	0	–39	–3,195
Reclassifications	0	0	0	0	0	0
As of 31 Dec. 2008	**6,638**	**5,561**	**11,622**	**0**	**162**	**23,983**
Exchange rate changes	0	–2	8	0	0	6
Other additions	133	364	330	2,162	2,652	5,641
Disposals	0	–506	–1,725	0	0	–2,231
Reclassifications	0	0	0	0	0	0
As of 31 Dec. 2009	**6,771**	**5,417**	**10,235**	**2,162**	**2,814**	**27,399**
Depreciation and impairment						
As of 1 Jan. 2008	**2,221**	**2,737**	**7,267**	**0**	**0**	**12,225**
Exchange rate changes	113	0	0	0	0	113
Additions (scheduled)	460	1,266	1,317	0	0	3,043
Disposals	–380	–835	–492	0	0	–1,707
Reclassifications	0	0	0	0	0	0
As of 31 Dec. 2008	**2,414**	**3,168**	**8,092**	**0**	**0**	**13,674**
Exchange rate changes	0	0	–7	0	0	–7
A dditions (scheduled)	439	999	1,150	463	0	3,051
Disposals	0	–462	–1,125	0	0	–1,587
Reclassifications	0	0	0	0	0	0
As of 31 Dec. 2009	**2,853**	**3,705**	**8,110**	**463**	**0**	**15,131**
Carrying amounts 31 Dec. 2007	**4,224**	**2,393**	**3,530**	**0**	**162**	**10,309**
Carrying amounts 31 Dec. 2008	**3,918**	**1,712**	**2,125**	**1,699**	**2,814**	**12,268**

13
INVESTMENT PROPERTY

The investment property recognized by the Company relates to property in Slovakia which is leased out. In fiscal year 2009, investment property had a carrying amount of EUR 6,814k (prior year: EUR 7,150k). The fair value largely corresponds to the carrying amount reported. Depreciation of investment property amounted to EUR 336k in the fiscal year. The depreciation is charged straight-line over a useful life of between 4 and 40 years. Lease income amounts to EUR 462k p. a.

14
NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES FROM ASSETS CLASSIFIED AS HELD FOR SALE

HamaTech AG's optical disc business was gradually relocated to Kahl am Main. In connection with the reorganization, a decision was made to sell the property previously used by HamaTech AG in Sternenfels. Part of the property is owned by the Company, and part by a leasing property company which leases it back to HamaTech AG under a finance lease. Because the Company intends to sell this property, it was classified under "Non-current assets held for sale."

Effective 15 February 2010, the property was sold to SÜSS MircoTec AG for a purchase price of EUR 3,402k (repayment of lease liabilities). Accordingly, the property was carried at fair value in fiscal year 2009, being the purchase price less costs to sell. The lease liability was also transferred to the buyer.

In addition, this item includes assets and liabilities attributable to HamaTech APE GmbH & Co. KG and HamaTech Inc. The shareholding in HamaTech APE GmbH & Co. KG and the assets and liabilities of HamaTech Inc. were sold effective as of 15 February 2010 for a purchase price of EUR 3,644k plus a potential earn-out component of EUR 1,000k which is linked to conditions. In this connection, assets were recognized at their fair value of EUR 6,543k and liabilities of EUR 2,431k:

	[€ k]
Assets	
Trade receivables	2,525
Inventories	3,442
Other assets	576
	6,543
Sternenfels property	3,156
Non-current assets held for sale	**9,699**
Liabilities	
Trade payables	1,191
Other liabilities	1,240
Liabilities from assets classified as held for sale	**2,431**

In this connection, impairment losses of EUR 9,719k were recognized for the write-down to fair value and were disclosed under the item "Impairment and restructuring expenses" due to their special nature and connection with the reorganization of the SINGULUS Group.

HamaTech APE GmbH & Co. KG's photomask cleaning business was reported in the segment "Semiconductors". Please refer to Note 6 for more information.

15 OTHER CURRENT LIABILITIES

Other liabilities break down as follows:

	2009 [€ k]	2008 [€ k]
Purchase price liability relating to STANGL	10,063	0
Sales commissions for agents	1,924	5,090
Liabilities from redundancy plan	1,884	1,182
Liability from the acquisition of patents and licenses	1,755	2,204
Financial statement, legal and consulting fees	1,559	703
Outstanding liabilities to personnel	1,508	3,753
Outstanding invoices	1,116	3,345
Tax liabilities	802	857
Employee bonuses	708	1,005
Interest rate swap	662	544
Debtors with credit balances	649	393
Outstanding credit notes	374	372
Current portion of convertible bonds issued	85	163
Liabilities in connection with social security	69	142
Forward exchange contracts	0	746
Other	4,717	2,471
	27,875	**22,970**

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

	2009 [€ k]	2008 [€ k]
Current portion of convertible bonds	85	163

For more information on the performance of outstanding convertible bonds we refer to “Share-based payment” (convertible bonds issued) under Note 18. The nominal value of the outstanding bonds amounts to EUR 1.00 per convertible bond.

As of 31 December 2009, the total value of all the remaining tranches of convertible bonds amounted to EUR 85k.

EUR 1,250k of the liabilities from the acquisition of patents and licenses are attributable to the current portion of the purchase price liability from the acquisition of Oerlikon Balzers AG’s Blu-ray activities. Please refer to our comments under Note 5. In addition, EUR 505k of non-current liabilities relates to the remaining purchase price liability for acquisitions of Mold Pro rights in fiscal year 2004.

16 PREPAYMENTS

	2009 [€ k]	2008 [€ k]
Prepayments from customers	4,825	15,493

Prepayments as of 31 December 2009 and 2008 mainly relate to advances for replication lines, which are disclosed in inventories under work in process.

In addition, gross amounts due to customers for construction work of EUR 441k (prior year: EUR 3,462k) are included in other liabilities. Please refer to our comments under Note 8.

17 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities contain a purchase price liability from the acquisition of Oerlikon Balzers AG’s Blu-ray activities (i. e., the technology acquired). The price for the patented technology was determined on the basis of an earn-out model for the next three years which is based on the net revenue generated from the business with Blu-ray equipment. As of the balance sheet date, a price of EUR 8,979k was determined for the earn-out, including the minimum license. As of the balance sheet date, the amount recognized under non-current liabilities was EUR 2,402k (prior year: EUR 7,457k). Please refer to our comments under “Business combinations” in Note 5.

In the prior year, non-current liabilities included a liability for the acquisition of the outstanding shares in STANGL AG which had been discounted to 31 December 2008 (EUR 40,350k). This arose in connection with the put / call option agreed as part of the acquisition of shares in STANGL AG. It was assumed that one of the parties will exercise their option within the exercise period. Please refer to our comments under "Business combinations" in Note 5.

18 SHARE-BASED PAYMENT

The various share-based payment plans launched in previous years are described below.

Convertible bonds issued

By resolution approved at the extraordinary shareholder meeting on 6 November 1997 and the ordinary shareholder meetings on 7 May 1999 and 7 May 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 EUR 1,597,104 until 30 September 2002, and to issue convertible bonds in one or more tranches with a total nominal value of up to EUR 1,800,000 and a maturity up to 31 December 2010 until 30 September 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 to contribute toward the success of the Company.

The following table summarizes the information on the convertible bonds outstanding as of 31 December 2009 and 31 December 2008:

Change in convertible bonds	2009 Number of bonds	2009 Weighted average exercise price (€)	2008 Number of bonds	2008 Weighted average exercise price (€)
Outstanding at the beginning of the fiscal year	162,500	43.63	582,750	25.33
Issued in the fiscal year	0	–	0	–
Returned in the fiscal year	78,000	26.71	89,000	23.70
Exercised during the fiscal year	0	–	0	–
Expired in the fiscal year	0	–	331,250	16.80
Outstanding at the end of the fiscal year	84,500	59.24	162,500	43.63
Exercisable at the end of the fiscal year	84,500	59.24	162,500	43.63

The options issued through the convertible bonds were measured at market value in accordance with IFRS 2, which is applicable to options issued after 7 November 2002. SINGULUS TECHNOLOGIES decided not to opt for early adoption of IFRS 2. As a result, only the 270,000 convertible bonds issued after 7 November 2002 were recorded in income in fiscal year 2008 or in prior periods. These convertible bonds expired in fiscal year 2009. Hence, no expenses were posted in the fiscal year. At the end of fiscal year 2008, 60,000 of these 270,000 convertible bonds were still outstanding (tranche II / 2004).

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

Tranche	II/2004
Grant date	20 Aug. 2004
Exercise price	16.95 €
Dividend yield	0.00 %
Interest rate	4.39 %
Volatility SINGULUS	50.00 %
Fair value per option	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 bonds was used as an historical timeframe. In fiscal year 2008, personnel expenses of EUR 10k were incurred in connection with convertible bonds.

Stock option plan 2005

In order to provide its senior executives 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 of SINGULUS TECHNOLOGIES AG shares is (i) at least 15 % higher than the exercise price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the exercise price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the exercise price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the exercise 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 EUR 10.05 were issued in fiscal year 2006 ("SOP I"). In fiscal year 2007, 472,230 subscription rights with an exercise price of EUR 8.58 were issued ("SOP II"). This tranche benefited the entire workforce of the Company and senior executives of the subsidiaries.

The two-year vesting period for SOP I expired at the end of fiscal year 2008. This means that 75 % of the options issued could be exercised as of 31 December 2009. The two-year vesting period for SOP II expired in the fiscal year. This means that 25 % of the options issued may now be exercised. However, as the option terms of both SOPs had not been fulfilled (closing share price), it was not possible to exercise any options as of the end of the fiscal year.

As a number of option holders left the Company in 2009, 186,000 options from SOP I and 159,875 options from SOP II were withdrawn from the respective employees and executives.

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 I			SOP II		
Change in subscription rights	**2009 Number of options**	**2008 Number of options**	**Average exercise price (€)**	**2009 Number of options**	**2008 Number of options**	**Average exercise price (€)**
Outstanding at the beginning of the fiscal year	380,000	380,000	10.05	472,230	472,230	8.58
Issued in the fiscal year	0	0	–	0	0	–
Revoked in the fiscal year	–186,000	0	–	–159,875	0	–
Exercised in the fiscal year	0	0	–	0	0	–
Expired in the fiscal year	0	0	–	0	0	–
Outstanding at the end of the fiscal year	194,000	380,000	12.06	312,355	472,230	9.87
Exercisable at the end of the fiscal year	0	0	–	0	0	–

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

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 2009, personnel expenses of EUR 537k were incurred in connection with stock options (prior year: EUR 1,269k). Income of EUR 1,034k was recognized when option holders left the Company.

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

	2009	2008
	[€ k]	[€ k]
Expenses from issuing convertible bonds	0	10
Expenses (+) / income (–) from the SINGULUS stock option plan (SOP I and II)	– 497	1.269
Total expenses from share-based payment transactions	**– 497**	**1,279**

19 LIABILITIES TO BANKS

Liabilities to banks amounted to EUR 26,836k as of 31 December 2009 (prior year: EUR 37,109k).

Effective 14 December 2007, SINGULUS TECHNOLOGIES AG underwrote a syndicated credit facility of EUR 60,000k. The credit facility included a loan of EUR 25,000k and a revolving credit line of EUR 35,000k with a total term of five years.

Due to the slump in revenue in 2009, the Company was not in a position to meet the covenants agreed for the third quarter in the summer of 2009. The management board took a proactive approach and entered into discussions with the lending banks.

At the end of the fiscal year, EUR 5,400k of the loan had been repaid (prior year: EUR 3,400k). The outstanding loan liability thus amounted to EUR 16,200k (prior year: EUR 21,600k). Furthermore, EUR 10,000k of the revolving credit facility had been utilized at the end of the fiscal year.

The interest rate on the loan commitment is adjusted to the 3-month EURIBOR on a quarterly basis. At year-end, the effective interest rate on this loan was 3.603 % p. a. (prior year: 5.815 % p. a.). The effective interest rate for the revolving credit facility was 2.895 % p. a. at year-end (prior year: 6.202% p.a.).

Following negotiations, the syndicated credit facility was reduced to EUR 41,500k at the beginning of 2010. The new credit facility is made up of an amortizing loan of EUR 25,000k and a revolving loan of EUR 16,500k. EUR 6,500k of this amount is a guarantee facility. SINGULUS TECHNOLOGIES Inc. and SINGULUS MASTERING B.V. are the guarantors. In addition, the following collateral has been transferred to the lenders:

- SINGULUS TECHNOLOGIES AG
  - Shares in STANGL AG, SINGULUS TECHNOLOGIES Inc., SINGULUS MASTERING B.V., SINGULUS TECHNOLOGIES FRANCE s.a.r.l., SINGULUS TECHNOLOGIES ITALIA, SINGULUS TECHNOLOGIES ASIA PACIFIC Pte., HamaTech Slowakei s.r.o.
  - All bank balances at all German banks
  - Transfer of significant assets as collateral
- SINGULUS MASTERING B.V.
  - Bank balances at all Dutch banks
  - Transfer of significant assets as collateral
- SINGULUS TECHNOLOGIES Inc.
  - Transfer of all assets as collateral
- HamaTech Slovakei s.r.o.
  - Guarantee for land and buildings in Slovakia

The credit facility (the new amortizing loan of EUR 25,000k) cannot be drawn on to pay the outstanding purchase price payment from the acquisition of the 49 % stake in STANGL AG (EUR 10,000k).

For more information, please refer to “Events after the balance sheet date” under Note 36.

In April 2006, another loan with a total nominal value of EUR 10,000k was raised. At the beginning of the fiscal year, the loan outstanding was EUR 4,610k. This amount had been fully repaid by 31 December 2009. The effective interest rate for this loan was 2.522 % p. a. (prior year: 5.360 %).

In addition, STANGL AG reported EUR 2,000k in undrawn credit facilites as of the balance sheet date.

In the prior year, the fair values of the bank liabilities largely approximated the carrying amounts.

Financial liabilities measured at amortized cost resulted in a net loss of EUR 1,507k (prior year: EUR 1,966k). The net losses are solely attributable to interest.

20 PENSION OBLIGATIONS

Both SINGULUS TECHNOLOGIES AG and HamaTech AG operated defined benefit pension plans. In connection with the merger in fiscal year 2009, HamaTech AG’s benefit obligations were transferred to SINGULUS TECHNOLOGIES AG. To enable comparison with the prior year, the prior-year figures for the two pension plans have been aggregated.

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 for 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.

HamaTech AG’s pension plan, which was transferred in the merger, was operated solely for former members of that company’s management board.

Consistent with German practice, the pension plan is not funded. Pension provisions are determined on the basis of an independent actuarial report. 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 overleaf.

The change in SINGULUS TECHNOLOGIES AG’s pension obligations as of 31 December 2009 and 2008 is presented in the following tables:

	2009	**2008**
	[€ k]	[€ k]
Change in pension obligations:		
Present value at the beginning of the fiscal year	6,232	6,444
Service cost	192	205
Interest expense	348	346
Actuarial losses	– 134	– 524
Benefits paid in the fiscal year	**– 260**	**– 239**
Present value at the end of the fiscal year	**6,378**	**6,232**
Unrecognized actuarial gains	**595**	**460**
Pension provisions recognized in the balance sheet	**6,973**	**6,692**

Net pension expenses break down as follows:

	2009	2008
	[€ k]	[€ k]
Service cost	192	205
Interest expense	348	346
Actuarial gains/losses	0	– 5
	540	**546**

The figures for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Present value of the defined benefit obligation	6,378	6,232	6,444	7,000	6,209

The assumptions underlying the calculation of the pension provision are as follows:

	2009	2008
Discount rate (future pensioners)	5.85 %	5.70 %
Discount rate (current pensioners)	5.30 %	5.70 %
Estimated future wage and salary increases	2.00 %	2.50 %
Estimated future pension increases	1.75 %	1.80 %

For 2010, the actuary estimated pension costs of EUR 607k.

21 OTHER PROVISIONS

Other provisions developed as follows in the fiscal year:

	1 Jan 2009	Utili-zation	Re-versal	Allo-cation	31 Dec 2009
	[€]	[€]	[€]	[€]	[€]
Warranties	2,128	1,151	146	2,345	3,176
Other	256	0	0	0	256
	2,384	1,151	146	2,345	3,432

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 0.85 % of net revenue in fiscal year 2009 (prior year: 0.8 %).

22 EQUITY

Subscribed capital

In connection with the merger of HamaTech AG with SINGULUS TECHNOLOGIES AG and the related buy-out of minority shareholders, the capital stock was increased by EUR 409,064.00 in the fiscal year. The capital stock totals EUR 37,355,471.00 and consists of 37,355,471 ordinary bearer shares with a par value of EUR 1.00 each.

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

Conditional capital

Conditional Capital I:

The Company's capital stock has been increased conditionally by a maximum of EUR 988,362.00 through the issue of a maximum of 988,362 ordinary bearer shares with a par value of EUR 1.00 each carrying dividend rights from the 1 January of the year of their issue ("Conditional Capital I"). The conditional capital increase covers the options granted under the convertible bond, as resolved by the shareholder meeting on 6 November 1997. The issue amount of shares from conditional capital is equal to the conversion price defined in the bond terms. Conditional capital will only be created to the extent that convertible bonds are issued and holders exercise the option to convert them to shares. The management board, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Conditional Capital II:

In addition, the Company's capital stock has been increased conditionally by a maximum of EUR 1,800,000.00 by issuing a maximum of 1,800,000 bearer shares with a par value of EUR 1.00 each ("Conditional Capital II"). Conditional capital will only be created to the extent that the holders of convertible bonds issued with the authorization of the shareholder meeting of 7 May 2001 exercise the option to convert them into shares in the Company. The new shares carry a share in profit from the beginning of the fiscal year for which no resolution on the appropriation of accumulated profit has been adopted at the time of exercising the conversion option.

Conditional Capital III:

On 30 May 2005, a resolution was approved at the shareholder meeting to cancel this conditional capital III.

Conditional Capital IV:

By resolution approved at the shareholder meeting on 30 May 2005, conditional capital IV was created. In addition, the Company's capital stock has been increased conditionally by a maximum of EUR 13,000,000 by issuing a maximum of 13,000,000 bearer shares with a par value of EUR 1.00 each ("Conditional Capital IV"). Conditional capital will only be created to the extent that the holders of options or convertible bonds issued or guaranteed until 30 May 2010 under the authorization resolution passed by the shareholder meeting of 30 May 2005 exercise the option to convert them. The new shares participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights.

Conditional Capital V:

The Company's capital stock has been conditionally increased by a maximum of 1,200,000 ordinary bearer shares with a par value of EUR 1.00 each ("Conditional Capital V"). 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 senior executives and employees of the Company in line with the provisions of the authorization approved by resolution at the shareholder meeting on 30 May 2005. The new shares participate in profit from the beginning of the fiscal year in which they result through the exercise of the said options.

Conditional Capital VI:

By resolution of the shareholder meeting on 6 June 2007, the Company's capital stock may be increased conditionally by a maximum of EUR 600,000.00, divided into a maximum of 600,000 bearer shares with a par value of EUR 1.00 each ("Conditional Capital VI"). The conditional capital serves to grant subscription rights (stock options) to employees and managers of the Company or an affiliate. Capital will only be increased to the extent that the said stock options are exercised and the Company does not grant treasury shares to fulfill the share options. The new shares participate in profit from the beginning of the fiscal year in which they are issued.

Conditional Capital VII:

The capital stock has been conditionally increased by a maximum of EUR 600,000.00 ("Conditional Capital VII"). The sole purpose of the conditional capital increase is to grant subscription rights (stock options) to members of the Company's management board, to other executive employees of the Company and their subordinate affiliates in Germany and in other countries (including members of executive bodies of subordinate affiliates) and to other employees of the Company and subordinate affiliates in Germany and in other countries in line with the authorization approved by resolution passed by the shareholder meeting on 6 June 2008. Capital will only be increased to the extent that the said stock options are exercised and the Company does not grant treasury shares to fulfill the share options. The new shares participate in profit from the beginning of the fiscal year in which they are issued.

Approved capital

Approved Capital I:

Following expiry of Approved Capital I on 21 June 2007, the shareholder meeting resolved on 6 June 2008 to create new Approved Capital I in accordance with Art. 5 (2) of the articles of incorporation.

The management board was authorized to increase the Company's capital stock within a five-year period following the date on which its authorization is entered in the commercial register by a maximum of EUR 7,000,000.00 in total. This amount will be raised through the issue of 7,000,000 new bearer shares with a par value of EUR 1 each in one or more tranches in return for cash and / or non-cash contributions ("Approved Capital I"). The shareholders will be granted a subscription right. However, the management board is authorized, with the approval of the supervisory board, to exclude the shareholders' legal subscription right if this is required to issue subscription rights for new shares to the owners of the options and convertible bonds issued by SINGULUS AG or its direct and / or indirect subsidiaries in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion or option obligations.

The management board was also authorized, with the consent of the supervisory board, to exclude the shareholders' legal subscription right when new shares are issued in return for cash contributions during a capital increase at an issue price that is not significantly lower than the stock market price of the shares already in circulation at the time the issue price is finally determined (which should be as close to their issue date as possible) and the notional capital stock attributable to the issued shares does not exceed 10 % of the total capital stock at the time that such authorization becomes effective or is exercised. The capital stock attributable to the shares to be issued in order to meet the option and / or convertible bond obligation must be deducted from this capital limit. However, this only happens when, in accordance with Sec. 186 (3) 4 AktG ["Aktiengesetz": German Stock Corporation Act], the options and / or convertible bonds are issued excluding shareholders' subscription rights during the period of authorization. The capital stock attributable to the shares issued during the period of authorization pursuant to or in accordance with Sec. 186 (3) Sentence 4 AktG on the basis of approved capital or sold by the Company (following their buy-back as treasury shares).

Furthermore, the management board was also authorized, with the consent of the supervisory board, to exclude the shareholders' legal subscription right in cases where capital is increased in return for non-cash contributions, especially when companies, parts of companies, investments in companies or other assets are acquired as part of a business combination (in particular though merger).

The management board was also authorized, with the consent of the supervisory board, to determine further details of capital increases from approved capital I. The new shares may also be acquired by banks determined by the management board subject to the requirement that they are offered to shareholders (indirect subscription right).

Approved Capital II:

Approved Capital II expired on 21 June 2007.

Approved Capital III:

By resolution adopted by the shareholder meeting on 6 June 2007, the management board was authorized, with the consent of the supervisory board, to increase capital stock on one or more occasions by a maximum of EUR 6,988,385.00 in total in return for cash or non-cash contributions until 31 December 2012; the shareholders' right to subscribe may be excluded. Some of this capital (EUR 2,004,478.00) was used for the acquisition of STANGL Semiconductor Equipment AG, Fürstenfeldbruck, Germany, in fiscal year 2007. In the fiscal year, EUR 409,064.00 of Approved Capital III was used for the merger of HamaTech AG with the Company. Thus, approved capital, after partial utilization, still amounted to EUR 4,574,843.00 as of 31 December 2009.

At the shareholder meeting on 29 May 2009, all resolutions relating to changes in approved and conditional capital were rejected as the necessary 75 % majority was not reached. As a result, the arrangements resolved by the shareholder meeting on 6 June 2008 remain in place.

Capital reserves

In fiscal year 2009, the capital reserves decreased by a net EUR 92k. Capital was increased to cover the buy-out of the minority shareholders of HamaTech AG in connection with the merger of HamaTech AG with SINGULUS AG. This capital increase led to a EUR 405k increase in the capital reserves. At the same time, the capital reserves decreased by EUR 497k as a number of stock option holders left the Group and the related stock options were withdrawn. The capital reserves increased by EUR 1,279kin the prior year in connection with share-based payments.

Other reserves

Other reserves include changes in the fair 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. In the fiscal year, the minority interests related to SINGULUS MANUFACTURING GUANGZHOU. In the prior year, they also included minority interests in HamaTech AG.

23 INCOME TAXES

The last tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2001 up to and including 2004. The tax office has completed its audit procedures, but no final audit report is available to date. The provisional effects from the findings have been taken into account in the tax provisions and, as in the prior year, come to EUR 656k.

In fiscal year 2008, SINGULUS TECHNOLOGIES AG sold its corporate tax credit at its present value of EUR 8,910k (discount rate of 5.34 %) less a structuring fee of EUR 30k. As the receivable was transferred to the Bank without recourse, it was accounted for as a non-recourse factoring transaction. This resulted in the elimination of the receivable from the tax authority. The Company recognized the discounting expense incurred as a result of the transaction through profit or loss (in the financial result) in fiscal year 2007.

As of 31 December 2009 and 2008, income tax data are as follows:

	2009	2008
	[€ k]	[€ k]
EBT:		
Germany	–35,137	–39,510
Other countries	–10,147	–8,152
	–45,284	–47,662
Consolidation adjustments recognized in profit or loss	–34,079	–6,447
	–79,363	**–54,109**
Current income tax expenses:		
Germany		
Corporate income tax	73	711
Trade tax	72	448
Other countries		
Tax expenses	179	2,578
	324	**3,737**
Deferred taxes:		
Germany	–714	–7,201
Other countries	–152	–1,373
Total tax expenses / income	**–542**	**–4,837**

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

Deferred tax assets relate to the following:

	2009	2008
	[€ k]	[€ k]
Differences between the IFRS accounts and the tax base due to		
Inventory allowances	2,972	1,867
Purchase price liability for Oerlikon	339	1,362
Pension provisions	467	483
Other provisions/liabilities	555	412
Bad debt allowances	2,922	143
Deferred taxes on loss carryforwards	866	9,127
Consolidation entries	266	1,074
	8,387	**14,468**

The EUR 13,110k decrease in deferred tax assets is due to the reversal of the deferred tax assets recognized on the loss carryforwards of SINGULUS AG and Mastering (EUR 8,312k) and to the netting of deferred tax assets relating to SINGULUS AG with the related deferred tax liabilities (EUR 7,029k). Deferred tax assets had to be adjusted in light of the loss history and the associated more cautious estimate of the future use of the loss carryforwards at SINGULUS TECHNOLOGIES AG and SINGULUS MASTERING B.V.

As of 31 December 2009, SINGULUS TECHNOLOGIES AG reported temporary tax loss carryforwards of EUR 65.0m from loss carryforwards for the years 2007 up to and including 2009.

Deferred tax liabilities break down as follows:

	2009	2008
	[€ k]	[€ k]
Capitalized development costs	4,161	5,057
Disclosed hidden reserves from first-time consolidation	11,150	18,712
Construction contract by STANGL AG	3,673	2,343
Other differences between the IFRS accounts and the tax base	1,461	1,491
	20,445	**27,603**

In the fiscal year, deferred tax liabilities decreased by EUR 14,187k to EUR 13,416k. This decrease is attributable to the extensive amortization and impairment of intangible assets and the netting of deferred tax assets of SINGULUS TECHNOLOGIES AG with the related deferred tax liabilities (EUR 7,029k).

The effective tax rate in Germany (for corporate income tax, trade tax and the solidarity surcharge) is 27.725 % (prior year: 27.725 %). The effective tax rate is reconciled to the actual tax rate as follows:

	2009	2008
Effective tax rate *	– 27.73 %	– 27.73 %
Loss carryforwards for the current period for which no deferred taxes were recognized	20.37 %	12.48 %
Tax backpayments following the tax field audit	0.00 %	0.77 %
Non-tax-deductible expenses	4.77 %	1.35 %
Change in tax rates	0.00 %	– 0.58 %
Differences in foreign tax rates	0.36 %	0.44 %
Unwinding of the discount for the STANGL AG put / call option	0.99 %	1.81 %
Impairment of goodwill	0.00 %	5.33 %
Tax-free income from negative goodwill	0.00 %	– 8.63 %
Other consolidation adjustments	0.56 %	5.83 %
Actual tax rate	**– 0.68 %**	**– 8.93 %**

* Negative figures represent tax income

24
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 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:

	2009	2008
	[€ k]	[€ k]
Profit attributable to equity holders of the parent for calculating basic earnings per share	–78,606	–48,756
Weighted average number of ordinary shares for calculating basic earnings per share	37,294,111	36,946,407
Dilution effect	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**37,294,111**	**36,946,407**

* Adjusted prior-year figures

Apart from the capital increase from approved capital, there have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of preparation of these consolidated financial statements.

As no anti-dilutive effects are allowed in determining diluted earnings per share, neither the issue of new shares for the HamaTech AG merger (409,064 shares were issued in 2009) nor the issue of new shares for the capital increase of 4 March 2010 (3,694,640 new shares entitled to profit shares from 2009) have a dilutive effect.

Contrary to the wording of IAS 33.5, in the prior year the constructive obligation resulting from the acquisition of the remaining 49 % shareholding in STANGL AG was included in the average number of ordinary shares outstanding and in the profit attributable to ordinary equity holders of the parent when calculating diluted earnings per share. This gave rise to negative diluted earnings per share of – EUR 1.04. Eliminating this dilutive effect leads to a value of – EUR 1.32 (equal to basic earnings per share).

25
CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Off-balance sheet contingent liabilities and other financial obligations amount to EUR 3,430k (prior year: EUR 11,097k) and represent buy-back guarantees relating to the sale of equipment and bank guarantees for prepayments.

Any claims under the guarantees given to leasing companies will be offset by the revenue realized from the resale of the returned machines. For more information on contingent liabilities from rental agreements and operating leases, please refer to Note 35.

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.

The loan agreement with the banking syndicate was renegotiated after the balance sheet date. As a result, the Company has to furnish additional collateral. Please refer to Note 36 for more information.

26
SALES DEDUCTIONS AND DIRECT SELLING COSTS

Sales deductions comprise all cash discounts granted. Direct selling costs mainly relate to commissions paid.

27
COST OF MATERIALS

The cost of sales for fiscal year 2009 includes material costs of EUR 56,960k (prior year: EUR 133,188k).

28
PERSONNEL EXPENSES

Personnel expenses of EUR 45,923k (prior year: EUR 52,250k) are recognized in the income statement for fiscal year 2009. Adjusted for personnel expenses incurred in connection with the restructuring, expenses amount to EUR 40,065k (prior year: EUR 50,079k).

29
DEPRECIATION AND AMORTIZATION

Depreciation and amortization amount to EUR 30,569k (prior year: EUR 22,889k).

30
ADMINISTRATIVE EXPENSES

Administrative expenses include management expenses, HR 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.

31
RESEARCH AND DEVELOPMENT COSTS

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of EUR 9,932k (prior year: EUR 12,157k).

32
IMPAIRMENT AND RESTRUCTURING EXPENSES

EUR 10,303k of the restructuring expenses relates to the revaluation of the assets of HamaTech APE, EUR 5,858k relates to redundancy plan expenses in connection with the reduction of headcount at SINGULUS TECHNOLOGIES AG and various subsidiaries. Restructuring expenses of EUR 10,327k were recognized for specific valuation allowances on inventories in discontinued product areas. The revaluation of customer relationships from the takeover of Oerlikon Balzers' Blu-ray activities also led to an impairment of EUR 9,500k. By contrast, the valuation of the related purchase price liabilities resulted in income of EUR 3,971k. Furthermore, other impairments of EUR 870k were recognized on other intangible assets.

Impairment and restructuring expenses of EUR 48,191k were recognized in the prior year. These are mainly connected to the focus on the Optical Disc and Solar segments and the related realignment of the product portfolio. Capitalized development costs totaling EUR 18,402k were written down. These write-downs mainly relate to the Semiconductor segment (EUR 8,966k) and the Coating segment (EUR 5,717k). Write-downs of capitalized development costs amounting to EUR 3,719k were also recognized in the Optical Disc segment in the fiscal year. Furthermore, the Semiconductor segment also contains restructuring expenses of EUR 1,266k from redundancy plans. Goodwill was written down by EUR 10,408k. This write-down mainly relates to the goodwill of SINGULUS MASTERING (EUR 9,800k). The remaining goodwill of SINGULUS EMOULD was written down in full (by EUR 608k). In addition to goodwill, other intangible assets in the Optical Disc segment were written down by EUR 4,701k. Expenses totaling EUR 1,980k were incurred in this segment in connection with the relocation of SINGULUS MOLDING's business activities to the main office in Kahl am Main. The other restructuring expenses mainly relate to write-downs of EUR 8,378k on current assets. Write-downs of EUR 3,056k were also recognized in connection with adjustments of the carrying amount of the buildings in Sternenfels and Slovakia.

33
OTHER OPERATING INCOME / EXPENSES

In the fiscal year, other operating income mainly contained income from the reversal of provisions and accrued liabilities of EUR 2,771k (prior year: EUR 551k), exchange gains of EUR 929k (prior year: EUR 0k) and income from the reversal of specific bad debt allowances of EUR 1,003k (prior year: EUR 0k).

The other operating expenses in the fiscal year largely comprised allocations to specific bad debt allowances of EUR 11,189k (prior year: EUR 7,554k), exchange losses of EUR 1,230k (prior year: EUR 2,981k) and expenses from returned equipment of EUR 2,636k (prior year: EUR 1,856k).

34
FINANCE INCOME AND FINANCE COSTS

Interest income / expenses break down as follows:

	2009	2008
	[€ k]	[€ k]
Interest income from non-current receivables from customers	1,188	938
Interest income from time / overnight deposits	271	564
Other interest income	42	68
(Finance costs)	–7,632	–9,520
	–6,131	**–7,950**

Interest expenses include the unwinding (EUR 2,828k; prior year: EUR 3,530k) of the discount on the put / call option and the related liability from the acquisition of STANGL AG as well as EUR 281k from the unwinding of the discount on the earn-out liability from the acquisition of Oerlikon Balzers AG's patented Blu-ray technology (prior year: EUR 382k). Finance costs also contain interest of EUR 1,507k accrued on loan outstandings (prior year: EUR 1,966k).

35
RENTS AND LEASES

Under a real estate lease concluded on 24 September 1999 and supplemented on 27 December 2004, the Company leased the office building and production hall in Kahl am Main. The lease began on 1 July 2000 and expires on 30 June 2018. The annual lease payment is EUR 1,476k.

As of 26 September 2008, STANGL AG entered into a lease with Steatit Grundstücksverwaltungsgesellschaft mbH covering a production and administrative building in Fürstenfeldbruck. The total investment costs of the property amount to EUR 17,500k and the lease period runs for 15 years (plus an extension option of five years). The lease term begins on the first day of the calendar quarter that follows the date on which STANGL AG takes over the property. At the inception of the lease (1 January 2009), STANGL AG made a lump-sum payment to the lessor, comprising (advance) lease payments of EUR 1,398k plus a 0.2 % administration fee. Disbursements of EUR 341k were made in fiscal year 2009. Annual lease payments, advance lease payments and administration fees are due at the end of each quarter.

Pursuant to IAS 17, the lease is an operating lease. All the opportunities and risks connected to ownership of the property remain with the lessor.

As of 31 December 2009, the future minimum payments arising from rental agreements and operating leases in the Group were:

	[€ k]
2010	3,633
2011	2,876
2012	2,259
2013	2,263
2014 and thereafter	24,829
	35,860

36
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.

The following reportable events occurred after the end of fiscal year 2009:

Sale of HamaTech APE

In December 2009 SINGULUS signed a letter of intent relating to the sale of 100% of the shares in HamaTech APE GmbH & Co. KG, Sternenfels, and the factory building in Sternenfels to SÜSS MicroTec AG, Garching. The final purchase agreement was signed by both parties on 12 January 2010. A purchase price of EUR 3,644k was agreed for APE. On top of the purchase price for HamaTech APE, an earn-out component of EUR 1,000k was agreed which is linked to the revenue of HamaTech APE in 2010. Furthermore, a purchase price of EUR 4,500k was agreed for the acquisition of the property and building in Sternenfels. EUR 1,100k of the proceeds were used to repay lease liabilities. SÜSS took over all APE employees in Sternenfels and at the foreign companies.

Major solar plant contract

In February 2010 SINGULUS was awarded a contract worth approximately EUR 19m from a leading European solar cell manufacturer for production equipment for manufacturing a new generation of thin-film solar cells.

Medium-term debt finance arranged

SINGULUS has agreed on a medium-term finance arrangement with a banking syndicate. An agreement was signed with the banks in March 2010 for a syndicated credit facility with new terms until the end of 2012. Please see Note 19 for the collateral provided.

Ex-rights capital increase from approved capital

On 4 March 2010, the management board of SINGULUS TECHNOLOGIES AG, with the approval of the supervisory board on the same date, resolved to increase the Company's capital stock from currently EUR 37,355,471 divided into 37,355,471 ordinary bearer shares with a par value of EUR 1.00 each by a maximum of EUR 3,694,640 to a maximum of EUR 41,050,111 in return for cash contributions.

The share placement among German and international investors in an accelerated bookbuilding procedure was successfully completed on 5 March 2010. 3,694,640 shares carrying a share in profits from fiscal year 2009 were placed at a price of EUR 4.10 per share. This led to a gross cash inflow of EUR 15,148,024.00m for the Company.

The funds from the capital increase will be used to finance further growth and repay debt.

SINGULUS TECHNOLOGIES returns to the TecDAX on 22 March 2010

During Deutsche Börse's regular index review on 3 March 2010, it decided to reinstate SINGULUS in the TecDAX as of 22 March 2010. SINGULUS was removed from the TecDAX on 3 September 2009 and thus returns to Deutsche Börse's growth segment after a six-month absence.

The management board endorsed the consolidated financial statements on 19 March 2010 and passed them on to the supervisory board for review.

37
RELATED PARTY DISCLOSURES

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 Group as part of their normal course of business. 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 2009 were:

Roland Lacher, Gelnhausen	Chairman, until 17 August 2009
Dr.-Ing. Wolfhard Leichnitz, Essen	Deputy Chairman , since 29 May 2009; Chairman, since 17 August 2009
Thomas Geitner, Düsseldorf	Deputy Chairman, until 29 May 2009
Günter Bachmann, Bad Homburg	Deputy Chairman, since 17 August 2009
Jürgen Lauer, Weissenhorn	Since 17 August 2009

The members of the supervisory board have been appointed until the end of the shareholder meeting which decides on their exoneration for fiscal year 2009. Dr.-Ing. Wolfhard Leichnitz was appointed to the supervisory board by the shareholder meeting on 29 May 2009. He takes over from Mr. Thomas Geitner, who resigned in 2009.

At the extraordinary supervisory board meeting on 17 August 2009, Mr. Roland Lacher resigned as chairman of the supervisory board and was temporarily appointed chairman of the management board until 31 March 2010. After his period of office as chairman of the management board, Mr. Lacher will resume office as chairman of the supervisory board. The interim supervisory board member Mr. Jürgen Lauer will then leave the supervisory board.

In addition to compensation for expenses, each member of the supervisory board receives fixed remuneration amounting to EUR 30k 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. As of 7 June 2008, this amounted to EUR 800.00 for each cent of consolidated earnings per share, determined in accordance with IFRSs. 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 fixed remuneration is to be added to the performance-related remuneration. The amendment of the articles of incorporation with regard to supervisory board remuneration was resolved by the shareholder meeting on 6 June 2008.

The chairman of the supervisory board receives twice and the deputy chairman one and a half times this fixed and performance-based remuneration. Supervisory board members who were only on the supervisory board for part of the fiscal year receive proportionately lower remuneration than the other supervisory board members.

For their work in the fiscal year, the supervisory board members received their fixed remuneration in accordance with the articles of incorporation of EUR 135k. As a loss was incurred in 2009, no variable components were paid. In addition, the supervisory board members were reimbursed expenses of EUR 11k. Due to the merger with HamaTech AG as of 24 February 2009, the supervisory board of 24 February 2009 was paid remuneration of EUR 4k pro rata for that year.

The following supervisory board members hold shares in the Company:

	2009	**2008**
Shares as of 31 December	[No.]	[No.]
Dr.-Ing. Wolfhard Leichnitz	10,000	–
Günter Bachmann	10,000	2,000
	20,000	**2,000**

Mr. Günter Bachmann acquired a further 5,000 shares in the Company after the balance sheet date on 13 January 2010.

The current occupations of supervisory board members are listed below along with any additional supervisory board positions held or memberships of similar bodies:

	Occupation	Membership of other supervisory boards and similar bodies
Roland Lacher (until 17 August 2009)	Supervisory board member (interim chairman of the management board of SINGULUS TECHNOLOGIES AG until 31 March 2010)	WashTec AG, member of the supervisory board OPTIXX AG, member of the administrative board (vice-president) until 30 April 2009
Günter Bachmann	Chairman of the management of Coperion Capital GmbH and Coperion GmbH	–
Dr.-Ing. Wolfhard Leichnitz	Supervisory board member	Tempton AG, member of the supervisory board
Jürgen Lauer	General manager of JüLa Beteiligungs GmbH	Weissenhorn Pulsion Medical Systems AG, deputy chairman of the supervisory board Medica Medizintechnik GmbH, member of the advisory board; WashTec AG, deputy chairman of the supervisory board
Thomas Geitner (until 29 May 2009)	Management board member of Henkel AG und Co KG aA	BBC (British Broadcasting Cooperation) Worldwide Ltd. Board Pages Jaunes Group SA

Members of the management board in fiscal year 2009 were:

Roland Lacher	Chairman of the management board, since 17 August 2009
Stefan A. Baustert	Chairman of the management board, until 17 August 2009
Dr.-Ing. Anton Pawlakowitsch	Head of technology, research and development
Dr.-Ing. Stefan Rinck	Head of sales and marketing, since 1 September 2009
Hans-Jürgen Stangl	Head of the solar division, until 31 July 2009

During the reporting period, the management board received regular total remuneration for its work of EUR 1,481k.

This breaks down as follows:

	2009				2008
	Fixed	Other	Variable	Total	Total
	[€ k]	[€ k]	[€ k]	[€ k]	[€ k]
Roland Lacher	149	6	0	155	0
Stefan A. Baustert	270	23	117	410	657
Dr. Stefan Rinck	133	9	67	209	0
Dr.-Ing. Anton Pawlakowitsch	262	29	90	381	451
Hans-Jürgen Stangl	252	65	9	326	373
	1,066	**132**	**283**	**1,481**	**1,481**

Mr. Baustert also received a severance payment of EUR 1,000k upon his retirement. Mr. Baustert is also entitled to other remuneration of EUR 36k.

Former members of the management board of SINGULUS AG received total remuneration of EUR 229k in the fiscal year. As of 31 December 2009, the provisions for pension claims for former board members stood at EUR 1,354k.

The current and former management board members have the following numbers of convertible bonds and stock options:

	Convertible bonds		Stock options	
	2009	2008	2009	2008
	[No.]	[No.]	[No.]	[No.]
Stefan A. Baustert	0	0	0	200,000
Dr.-Ing. Anton Pawlakowitsch	0	0	80,000	80,000
Dr. Reinhard Wollermann-Windgasse	0	60,000	0	0
	0	**60,000**	**80,000**	**280,000**

The personnel expenses for management board members recognized in fiscal years 2009 and 2008 in accordance with IFRS 2 amounted to:

	2009	2008
	[€ k]	[€ k]
Stefan A. Baustert	0	299
Dr.-Ing. Anton Pawlakowitsch	109	122
	109	**421**

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

	2009	2008
	[No.]	[No.]
Stefan A. Baustert	0	8,500
Dr.-Ing. Anton Pawlakowitsch	6,000	6,000
	6,000	**14,500**

VVG Familie Roland Lacher held 595,472 shares on the balance sheet date.

38
INFORMATION ON SHAREHOLDINGS

	Currency	Shareholding [%]	Equity in thousands [local currency]*	Profit / loss for the period in thousands [local currency]*
Germany				
STANGL Semiconductor Equipment AG, Fürstenfeldbruck, Germany	EUR	100	15,384	3,518
HamaTech APE GmbH & Co. KG, Sternenfels, Germany	EUR	100	– 48	– 1,716
HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany	EUR	100	20	0
Other countries				
Singulus Technologies Inc., Windsor, USA	USD	100	32,501	1,236
Singulus Technologies UK Ltd., Swindon, UK	GBP	100	186	– 843
Singulus Technologies Asia Pacific Pte. Ltd., Singapore	SGD	100	9,328	635
Singulus Technologies Latin America Ltda., Sao Paolo, Brazil	EUR	91.5	819	– 891
Singulus Technologies Ibérica S.L., Sant Cugat del Vallés, Spain	EUR	100	1,705	– 23
Singulus Technologies France S.A.R.L., Illzach, France	EUR	100	– 132	– 203
Singulus Technologies Italia s.r.l., Ancona, Italy	EUR	99.99	554	– 100
Singulus Mastering B.V., Eindhoven, Netherlands	EUR	100	1,608	– 10,339
Singulus Technologies Taiwan Ltd. Taipeh, Taiwan	TWD	100	– 17,866	– 1,061
Singulus Molding AG, Schaffhausen, Switzerland (in liquidation)	EUR	100	675	593
Singulus Manufacturing Guangzhou Ltd., Guangzhou, China	CNY	51	51,376	– 4,306
HamaTech Slowakei s.r.o., Nove Mesto, Slovakia	EUR	100	11,652	479
STEAG HamaTech Asia Ltd., Hongkong, China	CNY	100	0	0
HamaTech USA Inc., Austin / Texas, USA	USD	100	– 1,060	246

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., Sao Paulo, Brazil, is held by SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain.

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.

The Company acquired the remaining 49 % share in STANGL AG for EUR 20m in fiscal year 2009. As of 31 December 2009 SINGULUS AG thus holds a 100 % interest in STANGL AG.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003.

39
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 and cash and short-term deposits which arise directly from its operations.

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 policy, no trading in derivatives took place in fiscal years 2009 and 20087, nor will it take place in the future.

Mainly interest, liquidity and currency risks can arise from the financial instruments.

Foreign 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 is exposed to USD or YEN currency risk. As a result, derivative financial instruments are used to hedge USD and YEN 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 EUR / USD exchange rate. All other factors remain unchanged.

	Development of the USD	Effect on EBT	Effect on equity
		[€ k]	[€ k]
2009	+ 10 %	131	0
	– 10 %	– 108	0
2008	+ 10 %	– 55	– 2
	– 10 %	55	2

The effect of potential changes in the USD on SINGULUS TECHNOLOGIES' EBT relate exclusively to bank balances and unhedged trade payables denominated in USD.

The effects on equity comprise the potential change in the fair value of forward exchange contracts (cash flow hedges) recognized directly in equity. In fiscal year 2009, there were no effects on cash flow hedges recognized directly in equity.

Liquidity risk

Effective 14 December 2007, SINGULUS TECHNOLOGIES AG underwrote a syndicated credit facility of EUR 60,000k. The credit facility included a loan of EUR 25,000k and a revolving credit line of EUR 35,000k with a total term of five years. Due to the substantial decline in operating activities in the fiscal year, the financial covenants were breached. As a result, the revolving credit line was reduced to EUR 10,000k.

In order to improve the Company's liquidity situation, the shares in HamaTech APE GmbH & Co. KG, various assets belonging to HamaTech Inc and the factory building in Sternenfels were sold effective 15 February 2010. This generated a cash inflow of EUR 6,468k for the Company in February 2010.

In addition, SINGULUS TECHNOLOGIES AG received a total of EUR 15,148k from a cash increase with the issue of 3,694,640 shares on 11 March 2010.

The acquisition of the remaining 49 % of the shares in STANGL AG, effective 7 December 2009, led to a purchase price liability of EUR 10,000k as of the balance sheet date.

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

The table below summarizes the maturity profile of the Group's financial liabilities as of 31 December 2009.
The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended 31 December 2009	Payable on demand [€ k]	Up to 3 months [€ k]	3 to 12 months [€ k]	1 to 5 years [€ k]	More than 5 years [€ k]	Total [€ k]
Interest-bearing loans	26,200	0	433	64	0	26,697
Interest payments	0	116	0	23	0	139
Other liabilities	1,795	7,126	18,954	2,482	0	30,357
Trade payables	1,016	5,470	1,126	0	0	7,612
	29,011	**12,712**	**20,513**	**2,569**	**0**	**64,805**

The negative fair value of the interest rate swap concluded to hedge the floating-rate loan will result in cash flows of EUR 626k in the next three years.

Fiscal year ended 31 December 2008	Payable on demand [€ k]	Up to 3 months [€ k]	3 to 12 months [€ k]	1 to 5 years [€ k]	More than 5 years [€ k]	Total [€ k]
Interest-bearing loans	0	2,122	17,710	16,891	0	36,723
Interest payments	68	318	0	0	0	386
Other liabilities	1,000	2,305	19,665	48,491	0	71,461
Trade payables	3,342	11,039	0	0	0	14,381
	4,410	**15,784**	**37,375**	**65,382**	**0**	**122,951**

Interest rate risk

The risk of fluctuations in the market interest rates to which the Group is exposed result mainly from its long-term floating-rate loan. To mitigate the risk of market interest rate fluctuations, an interest rate swap was entered into in February 2008, with which the Group agrees to exchange with the contracting partner, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional amount. This interest rate swap serves to hedge the risk from the interest obligation resulting from raising a loan of EUR 25,000k with a term of five years. The interest rate swap matches the amount of the term loan (amortizing loan). The hedged volume as of the balance sheet date was thus EUR 16,200k.

The following table shows the sensitivity of consolidated profit or loss before tax to a possible change in the interest rates (due to the effect of the floating-rate loan and the interest rate swap). All other factors remain unchanged.

	Development of the EURIBOR	Effect on EBT [€ k]
2009	+ 50 BP	50
	− 50 BP	− 50
2008	+ 50 BP	131
	− 50 BP	− 131

No effects from the interest rate swap were recognized in equity.

An interest rate swap in the same amount as the amortizing loan was concluded with the same bank in February 2008 in order to swap the floating interest rate for a fixed interest rate. The interest rate swap has matching interest payment deadlines.

Capital management

The Group monitors its capital using the “net liquidity” indicator. This ratio is determined on the basis of interest-bearing loans less cash and cash equivalents and short-term deposits and broke down as follows at the end of the fiscal year:

	2009	2008
	[€ k]	[€ k]
Interest-bearing loans	26,836	37,109
Less cash and short-term deposits	15,185	40,143
Net liquidity	**– 11,651**	**3,034**

40 FINANCIAL INSTRUMENTS

Fair values

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

		Carrying amount		Fair value	
		2009	2008	2009	2008
	Fair value	[€ k]	[€ k]	[€ k]	[€ k]
Financial assets					
Cash	L & R	15,185	40,143	15,185	40,143
Derivative financial instruments	FAHfT	112	0	112	0
Trade payables	L & R	38,995	80,191	38,995	80,191
Financial liabilities					
Floating-rate loans	FLAC	26,697	36,565	26,697	36,565
Derivative financial instruments	FLHfT	626	1,290	626	1,290
Convertible bonds	FLAC	85	163	85	163
Trade payables	FLAC	7,612	14,381	7,612	14,381

Abbreviations:
L & R: Loans and receivables
FAHfT: Financial assets held for trading
FLAC: Financial liabilities measured at amortized cost
FLHfT: Financial liabilities held for trading

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 interest rate swap was determined on the basis of yield curves.

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

Hedges

As of 31 December 2009, forward exchange contracts with nominal values of USD 4,791k (prior year: USD 18,690k) and YEN 149,492k (prior year: YEN 0k) had been entered into to hedge existing foreign currency receivables.

An interest rate swap has also been concluded to hedge the risk from a floating-rate loan with a nominal value of EUR 16,200k.

Forward exchange contracts / interest swap	2009		2008	
	Assets	Liabilities	Assets	Liabilities
	[€ k]	[€ k]	[€ k]	[€ k]
Fair value	112	626	0	1,290

The key terms of the forward exchange contracts have been negotiated to match the terms of the underlying obligations.

The category "Financial instruments measured at fair value" posted net gains of EUR 757k (prior year: expense of EUR 1,567k).

Assets measured at fair value

Financial assets at fair value through profit or loss	As of 31 December 2009	Level 1	Level 2	Level 3
	[€ k]	[€ k]	[€ k]	[€ k]
Foreign exchange contracts – hedged	112	–	112	–

Liabilities measured at fair value

Financial liabilities at fair value through profit or loss	As of 31 December 2009	Level 1	Level 2	Level 3
	[€ k]	[€ k]	[€ k]	[€ k]
Interest swap	626	–	626	–

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HEADCOUNT

In the fiscal year, the Company had an annual average of 641 permanent employees. In the prior year, the annual average headcount was 751. The Group had 572 employees as of 31 December 2009 (prior year: 722).

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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 by the auditor (and its German affiliates):

	2009	2008
	[€ k]	[€ k]
a) for tax services	155	95
b) for transaction advisory services	0	10
c) for audit services	515	354
thereof backpayments for prior years	62	0
d) for other services	217	86

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CORPORATE GOVERNANCE

The management board and the supervisory board made the declaration required under Sec. 161 AktG in January 2009 and have made this available to shareholders on a permanent basis on the Company's website.

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PUBLICATION

The consolidated financial statements of SINGULUS TECHNOLOGIES AG are due to be released for publication by the management board on 26 March 2010.

Kahl am Main, 19 March 2010

SINGULUS TECHNOLOGIES AG

The Management Board

Roland Lacher
Dr.-Ing. Anton Pawlakowitsch
Dr.-Ing. Stefan Rinck

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:

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SINGULUS TECHNOLOGIES AG
BALANCE SHEETS AS OF DECEMBER 31, 2009

		Dec. 31, 2009	Dec. 31, 2008
ASSETS	[€]	[€]	[€]
A. FIXED ASSETS			
I. Intangible assets			
Franchises, industrial and similar rights and assets, and licenses in such rights and assets		5,976,178.35	304,618.78
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land	18,681,627.71		20,275,679.84
2. Plant and machinery	618,308.78		679,737.33
3. Other plant and equipment	1,500,865.56		1,743,312.66
4. Payments on account and assets under construction	421,223.61		158,392.85
5. Leased machines	1,699,068.13		0.00
		22,921,093.79	22,857,122.68
III. Financial assets			
Shares in affiliates		**101,432,761.20**	91,068,666.77
		130,330,033.34	114,230,408.23
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials, consumables and supplies	16,241,571.74		21,755,858.64
2. Work in process	23,764,272.86		36,113,864.87
3. Prepayments	1,732,601.23		461,425.43
4. Prepayments received	−2,857,985.36		−10,703,215.32
		38,880,460.47	47,627,933.62
II. Receivables and other assets			
1. Trade receivables	18,918,042.90		50,562,853.50
2. Receivables from affiliates	13,991,102.00		31,184,798.58
3. Other assets	2,224,007.75		2,933,573.71
		35,133,152.65	84,681,225.79
III. Cash on hand and bank balances		2,885,822.74	20,067,705.23
		76,899,435.86	152,376,864.64
C. DEFERRED INCOME		634,102.80	1,374,975.43
Total Assets		**207,863,572.00**	267,982,248.30

		Dec. 31, 2009	Dec. 31, 2008
Equity and liabilities	[€]	[€]	[€]
A. Equity			
I. Subscribed capital Conditional capital: EUR 18,188,362	37,355,471.00		36,946,407.00
II. Capital reserves	45,607,024.98		45,202,051.62
III. Other revenue reserves	70,555,211.66		94,884,485.59
IV. Accumulated loss	– 54,015,078.94		– 24,329,273.93
		99,502,628.70	152,703,670.28
B. PROVISIONS			
1. Provisions for pensions and similar obligations	6,972,648.00		6,618,119.00
2. Tax provisions	1,217,738.05		681,804.89
3. Other provisions	10,773,809.37		12,158,499.88
		18,964,195.42	19,458,423.77
C. LIABILITIES			
1. Bonds	84,500.00		162,500.00
2. Liabilities to banks	26,315,678.78		36,597,805.13
3. Trade payables	5,535,788.04		9,218,201.31
4. Liabilities to affiliates	29,484,157.91		29,452,565.14
5. Other liabilities thereof for taxes: EUR 465,888.67 (prior year: EUR 297,154.10) thereof for social security: – EUR 5,762.87 (prior year: EUR 5,784.87)	27,585,531.83		19,820,334.97
		89,005,656.56	95,251,406.55
D. PREPAID EXPENSES		391,091.32	568,747.70
Total liabilities and shareholders' equity		**207,863,572.00**	267,982,248.30

SINGULUS TECHNOLOGIES AG
INCOME STATEMENTS 2009 AND 2008

		2009	2008
	[€]	[€]	[€]
1. Revenue	54,010,456.28		132,536,830.61
2. Increase / decrease in finished goods and work in process	–16,091,718.77		9,449,829.33
3. Other own work capitalized	0.00		497,759.50
4. Other operating income	11,553,253.50		3,387,887.35
		49,471,991.01	145,872,306.79
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	–30,892,590.40		–91,125,373.97
b) Cost of purchased services	–6,681,886.67		–10,262,396.87
6. Personnel expenses			
a) Wages and salaries	–16,914,623.61		–14,528,406.27
b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 631,609.00 (prior year: EUR 529,519.68)	–2,890,069.55		–3,132,750.51
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	–4,122,158.61		–5,425,668.83
8. Other operating expenses	–37,697,074.93		–30,498,885.69
		–99,198,403.77	–154,973,482.14
9. Income from equity investments thereof from affiliates: EUR 606,253.00 (prior year: EUR 714,367.71)	606,253.00		714,367.71
10. Other interest and similar income thereof from affiliates: EUR 251,540.25 (prior year: EUR 1,000,086.61)	1,631,328.80		2,508,476.57
11. Write-downs of financial assets	0.00		–34,091.61
12. Interest and similar expenses thereof from affiliates: EUR 147,526.04 (prior year: EUR 690,154.95)	–4,060,208.77		–6,558,316.24
		–1,822,626.97	–3,369,563.57
13. Result from ordinary activities		**–51,549,039.73**	–12,470,738.92
14. Extraordinary income	8,531,763.20		18,724,132.40
15. Extraordinary expenses	–10,934,176.93		–30,481,190.96
16. Extraordinary result		**–2,402,413.73**	–11,757,058.56
17. Income taxes	4,185.51		–5,229.43
18. Other taxes	–67,810.99		–96,247.02
		–63,625.48	–101,476.45
19. Net loss for the year		**–54,015,078.94**	–24,329,273.93
20. Loss carryforward from the prior year		**–24,329,273.93**	–25,175,768.39
21. Appropriation of “Other retained earnings”		**24,329,273.93**	25,175,768.39
22. Accumulated loss		**–54,015,078.94**	–24,329,273.93

AT A GLANCE
CONSOLIDATED KEY FIGURES 2003-2009

		2003	2004	2005	2006	2007	2008	2009
Sales (gross)	million €	362.6	439.5	244.4	283.1	229.5	212.1	116.6
Sales (net)	million €	348.8	423.8	232.3	272.5	223.0	207.9	115.0
Sales Germany	%	5.3	10.1	13.3	11.7	11.3	12.3	18.4
Sales Rest of Europe	%	31.4	30.1	36.5	30.2	28.6	27.1	24.3
Sales Americas	%	21.3	24.3	20.1	28.0	32.1	33.1	23.3
Sales Asia	%	40.3	33.7	24.4	27.5	25.9	27.0	32.7
Sales Africa//Australia	%	1.7	1.8	5.7	2.6	2.2	0.5	1.3
Order intake	million €	382.7	417.6	248.7	319.0	203.8	226.4	81.1
Order backlog (Dec. 31)	million €	90.4	56.7	60.9	81.5	55.8	70.2	34.7
EBIT	million €	68.4	72.6	2.1	4.0	1.1	-46.2	-73.2
EBIT margin	%	19.6	17.1	0.9	1.5	0.5	-22.2	-63.7
Earnings before taxes	million €	70.9	73.9	3.3	4.3	1.6	-54.1	-79.4
Net profit	million €	44.5	46.8	7.3	11.1	3.0	-49.3	-78.8
Operating cash flow	million €	18.4	49.1	8.3	9.0	-3.6	-12.4	0.2
Operating cash flow in percent of net sales		5.3	11.6	3.6	3.3	-1.6	-6.0	0.0
Property, plant & equipment	million €	15.8	13.9	12.9	22.3	12.5	10.3	12.3
Financial assets	million €	13.0	31.2	31.2	31.2	76.8	66.4	42.5
Current assets	million €	256.9	284.9	238.8	248.2	212.1	219.2	114.3
Shareholders' equity	million €	227.1	249.6	255.5	274.7	293.3	245.5	165.7
Equity ratio	%	69.4	63.0	71.0	69.1	66.1	57,8	62.9
Balance sheet total	million €	327.0	396.0	359.9	397.6	443.9	424.6	263.6
Expenses Research & Development	million €	16.3	22.8	19.4	23.5	25.6	20.1	15.1
(in % of net sales)	%	4.7	5.4	8.4	8.6	11.5	9.7	13.1
Employees (Dec. 31)		599	636	636	796	764	722	572
Weighted average shares outstanding, basic		36,986,738	36,769,485	35,065,241	34,941,929	35,610,088	36,946,407	37,294,111
Weighted average shares outstanding, diluted		36,986,738	36,769,485	35,065,241	35,015,262	37,194,844	36,946,407	37,294,111
Stock price at year-end	€	16.70	12.90	14.50	12.13	6.97	3.50	3.07
Earnings per share	€	1.20	1.27	0.21	0.35	0.05	-1.32	-2.11

CORPORATE CALENDAR
2010

March 26	**Annual results press conference** 10:00 AM, Commerzbank Auditorium Große Gallusstrasse 19, D-60311, Frankfurt/Main
March 26	**Analysts' conference** 1:00 PM., Commerzbank Auditorium Große Gallusstrasse 19, D-60311, Frankfurt/Main
April 29	**Q1/2010 Report**
June 2	**Annual General Meeting, Frankfurt**
August 3	**Q2/2010 Report**
November 5	**Q3/2010 Report**

ANNUAL GENERAL MEETING
2010

SINGULUS TECHNOLOGIES AG, Kahl am Main

Wednesday, June 2, 2010, 10:30 AM

Hermann-Josef-Abs Hall
Junghofstraße 11
D-60311 Frankfurt am Main

Please refer to SINGULUS TECHNOLOGIES AG's homepage under http://www.singulu.de/de/invstor-relations/hauptversammlung/2010.html for detailed information about the Annual General Meeting 2010.

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