Technology For People

# ANNUAL REPORT 2010 OF SINGULUS TECHNOLOGIES AG

CD / DVD
Blu-ray
3D

Crystalline Solar Cells
Thin Film Solar Cells
Solar Technology of the Future

SINGULUS

# At a glance
## Consolidated Key Figures

| | | 2006 | 2007 | 2008 | 2009 | **2010** |
|---|---|---|---|---|---|---|
| Revenue (gross) | in million € | 283.1 | 229.5 | 212.1 | 116.6 | **120.1** |
| Order intake | in million € | 319.0 | 203.8 | 226.4 | 81.1 | **128.2** |
| Order backlog (Dec. 31) | in million € | 81.5 | 55.8 | 70.2 | 34.7 | **35.5** |
| EBIT | in million € | 4.0 | 1.1 | -46.2 | -73.2 | **-80.2** |
| Earnings before taxes | in million € | 4.3 | 1.6 | -54.1 | -79.4 | **-84.9** |
| Profit or loss for the period | in million € | 11.1 | 3.0 | -49.3 | -78.9 | **-77.9** |
| Operating cash flow | in million € | 9.0 | -3.6 | -11.2 | 0.2 | **-6.9** |
| Shareholders' equity | in million € | 274.7 | 293.3 | 245.5 | 165.8 | **106.2** |
| Balance sheet total | in million € | 397.6 | 443.9 | 424.6 | 263.6 | **181.9** |
| Research & development expenditures | in million € | 23.5 | 25.6 | 20.1 | 15.1 | **11.0** |
| Employees (Dec. 31) | | 796 | 764 | 722 | 572 | **459** |
| Weighted number of shares, basic | € | 34,941,929 | 35,610,088 | 36,946,407 | 37,294,111 | **40,383,023** |
| Earnings per share, basic | € | 0.35 | 0.05 | -1.32 | -2.11 | **-1.92** |

## Successful with Optical Disc and Solar

### We are the technologic leader in the Optical Disc discipline.

Approximately half of all CDs and DVDs as well as more than one third of all Blu-ray Discs worldwide were produced on a SINGULUS TECHNOLOGIES machine. As a result SINGULUS TECHNOLOGIES makes an entertainment experience comparable to live music acts and modern movie theaters possible for everyone.

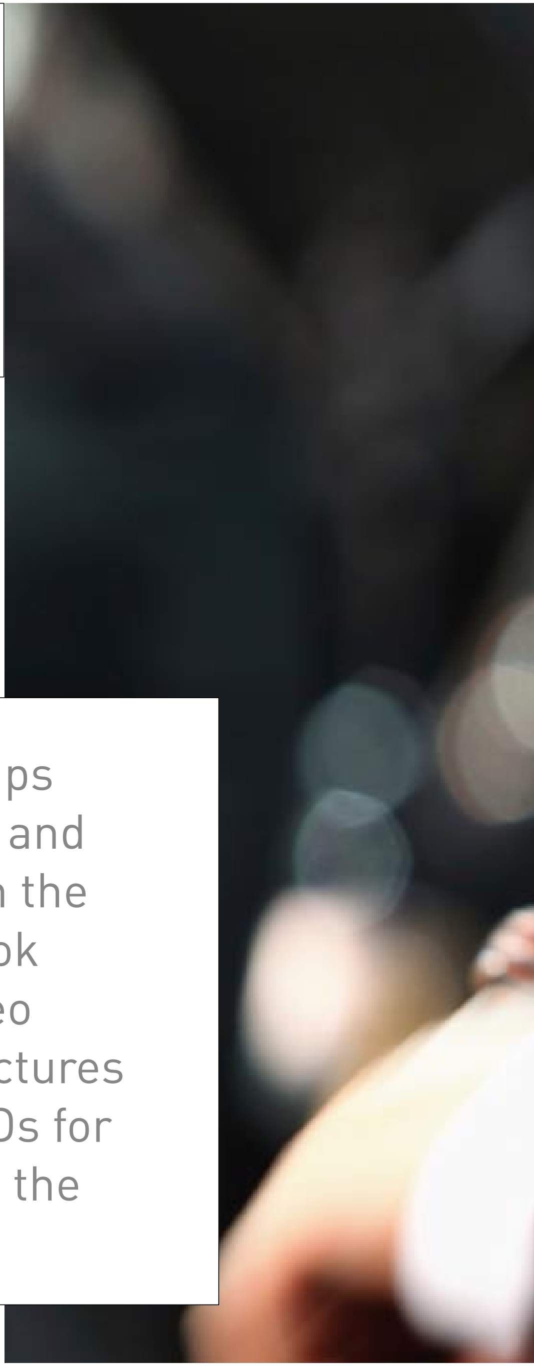
### Solar is our second pillar.

Our Solar segment is currently developing into another success story. In the future, equipment made by SINGULUS TECHNOLOGIES will help provide modern and efficient solar cells for the electricity generation at competitive prices.

# CD/DVD

## Digital media for better sound and more

Business Segment Optical Disc

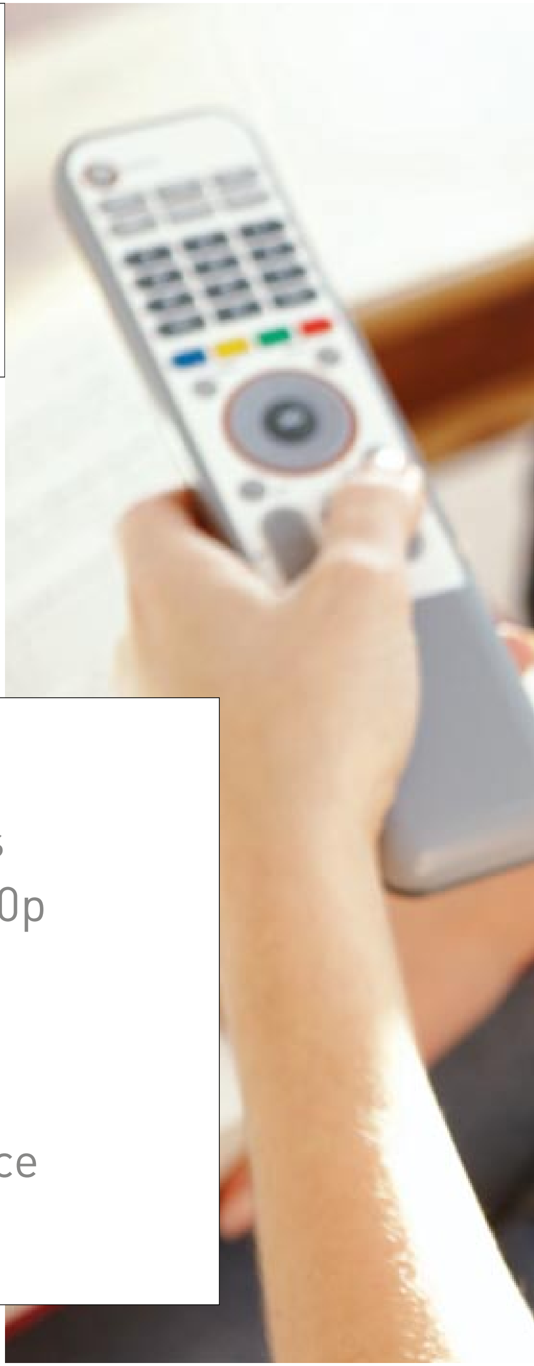


Around 1978, the length of the CD introduced by Philips and Sony was set at 74 minutes to completely record and play Beethoven's 9th symphony on a single disc. With the DVD the first revolution in terms of picture quality took place in 1997. From then on, movies played from video tapes with often poor picture quality and distorted pictures were history. Today more than 13 billion CDs and DVDs for audio and video applications are produced all around the world annually.

# Blu-ray

## The second revolution of picture quality

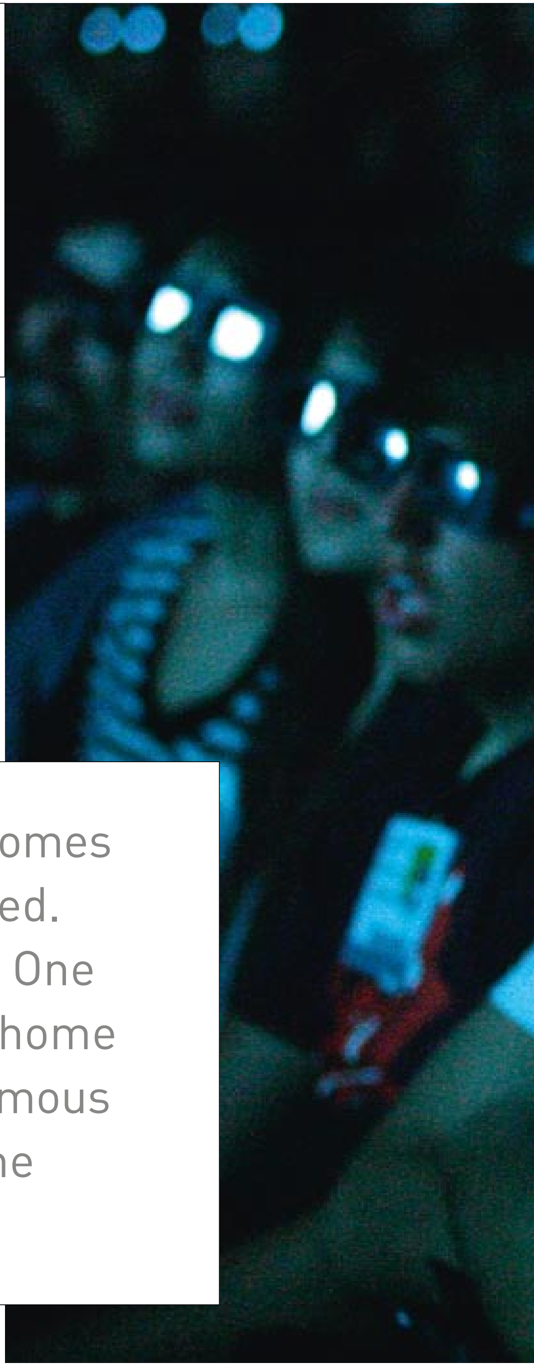
Business Segment Optical Disc



With the Blu-ray a new disc format for the new generation of high-definition and 3D-enabled TV sets was developed. It enables very high definition of 1,080p (1,920 x 1,080 pixels) and thus makes an unrivaled entertainment experience possible. The Blu-ray Disc supports sound formats of the next generation such as Dolby®, TrueHD or DTS-HD® for a sound experience matching movie theater quality.

# 3D
## The third revolution with the third dimension

Business Segment Optical Disc



At least since "Avatar" 3D is the new trend and 3D becomes a household name. Prices for 3D TV-sets have dropped. Hollywood produces many blockbuster movies in 3D. One can already experience a real 3D movie sensation at home with Blu-ray today. Only the Blu-ray Disc with its enormous storage capacity provides enough memory to store the additional data volumes of a 3D movie.

# Crystalline Solar Cells

## A first-class electricity provider

Business Segment Solar

No matter if on rooftops, large-area solar power plants or for mobile solutions – electricity can be produced environmentally-friendly today. In our geographic area so-called plus-energy homes can be built today, which generate more electricity than the residents consume.

# Thin-film Solar Cells
## Aesthetics as electricity provider

Business Segment Solar

Thin-film solar technology combines efficiency with aesthetics and design. Only about 2 µm, i.e. two-thousandths of a millimeter are sufficient to produce electricity in a highly efficient way – and that completely without silicon. No matter, whether on glass, metal or plastic foils.

# Solar Technology

## Laboratory results on their way to the people

Business Segment Solar

In addition to the optimization of the photovoltaic production processes, the cell manufacturers work on an increase in efficiency to improve the energy balance. The literature describes degrees of efficiency exceeding 40 % as theoretically feasible. Researchers already achieve efficiency levels of 20 % and more. More efficient production methods are now being transferred from the laboratory to the early-stage industrial production. There are intensive efforts to gradually perform the industrial implementation worldwide.

# Table of Contents

## 01
S 02 - 38



## 02
S 39 - 86

# Annual Review
2010

- Consumer Electronics Show, Las Vegas (CES): Blu-ray and 3D in the spotlight
- SINGULUS TECHNOLOGIES sells HamaTech APE GmbH & Co. KG, Sternenfels
- SINGULUS TECHNOLOGIES receives major order for solar equipment
- SINGULUS TECHNOLOGIES reports commissioning of the first SINGULAR coating machine for silicon solar cells
- SINGULUS TECHNOLOGIES resolved capital increase excluding subscription rights from authorized capital and successfully concludes placement of shares

- Order for Blu-ray mastering system from Korea
- MPO, France, introduces CRYSTALLINE Mastering for the Blu-ray Disc production
- Participation at the professional photovoltaics exhibition Photon in Stuttgart
- SINGULUS TECHNOLOGIES reports Q1 results on April 29
- Participation at the professional photovoltaics exhibition SNEC in China and at the professional optical disc fair MEDIA-TECH in Frankfurt
- Annual General Meeting in Frankfurt on June 2

## Q1
2010

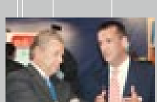
## Q2
2010

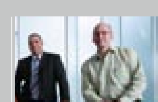
## Q3 2010

- Participation at the Intersolar fair in the US
- First Blu-ray system delivered to Japan
- SINGULUS TECHNOLOGIES reports Q2 results on August 3
- On August 12 the STANGL Semiconductor Equipment AG is renamed to SINGULUS STANGL SOLAR GmbH
- Additional orders for Blu-ray production machines from Japan, Australia and Great-Britain
- SINGULUS TECHNOLOGIES presents its technology at the professional photovoltaics fair EU PVSEC in Valencia
- New orders for the AR coating machine SINGULAR
- New orders for the semi-conductor machine TIMARIS

## Q4 2010

- SINGULUS TECHNOLOGIES adjusts its forecast for the full-year 2010 on October 25
- SINGULUS TECHNOLOGIES reports Q3 figures on November 5: balance sheet adjustments and delayed solar orders impact financial results
- New orders for SILEX and VITRUM machines





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

### Dear shareholder!

The year 2010 was characterized by important changes, which will bring the company back to its path of economic success. The stage of restructuring is now completed and all personnel and financial resources are now able to focus on the further development of the two core business areas – machines for Optical Disc and Solar.

The Executive Board deemed further impairments on inventories, accounts receivable and intangible assets as necessary. These measures, which were presented and explained to the Supervisory Board by the Executive Board, are mainly responsible for the loss reported in the consolidated financial statements.

**Changes in the Supervisory and Executive Boards**

With effect from August 17, 2009 the Supervisory Board appointed 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. Roland Lacher took over the position as Chief Executive Officer until he returned to the Supervisory Board of SINGULUS TECHNOLOGIES on April 1, 2010.

At the same time the Supervisory Board mandate of Mr. Dipl.-Betriebswirt and MBA Jürgen Lauer, who was at the same time and temporarily appointed to the Supervisory Board of the company until March 31, 2010, ended.

Dr.-Ing. Stefan Rinck, who in unison was also appointed as member of the Executive Board of the STANGL Semiconductor Equipment AG, took over as Chairman of the Executive Board of SINGULUS TECHNOLOGIES as of April 1, 2010.

With effect from April 19, 2010 Mr. Dipl.-Oec. Markus Ehret was appointed as member of the Executive Board where he is responsible for the departments Finance, Controlling, Investor Relations, Procurement, Human Resources and IT.

On November 19, 2010 the Supervisory Board resolved to terminate the Executive Board mandate of Dr.-Ing. Anton Pawlakowitsch responsible for Development, Construction and Assembly with immediate effect and to release him from all further service.

## 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 2010 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 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 official 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. The compensation scheme was reviewed and the former compensation for a member of the Executive Board was lowered according to the provisions of Art. 87 Para. 2 AktG due to the losses incurred in the business years 2009 and 2010. The achievement of individual targets for the members of the Executive Board for 2010 was reviewed and the variable compensation resolved. The amount of the compensation paid to the members of the Executive Board in 2010 is presented in the Compensation Report (cf. pages 73 to 81 of this Annual Report).

During the business year 2010 the Supervisory Board convened eight times, thereof five meetings were ordinary and three meetings extraordinary held 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 15, 2010 (Extraordinary meeting – conference call)**
The Executive Board reported about the negotiations with the bank consortium regarding an amendment of the loan agreement, which was resolved by the Supervisory Board.

The Supervisory Board authorized the Executive Board to prepare a capital increase of 10 % from Authorized Capital excluding subscription rights.

The conclusion of the agreement of the sale of HamaTech APE including all assets of the HamaTech Inc. in Austin/Texas as well as the real estate in Sternenfels was acknowledged with approval.

**Meeting on March 8, 2010**
In the presence of the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, during this meeting the Supervisory Board dealt in detail with issues regarding accounting principles of the SINGULUS TECHNOLOGIES AG as well as the results of the annual audit for the business year 2009.

The adoption and approval of the Supervisory Board report for the business year 2009, the risk report as well as the declaration of conformity for 2010 were resolved. In addition the invitation and agenda of the Annual General Meeting 2010 were adopted.

The Supervisory Board appointed Mr. Markus Ehret as new Executive Board member for Finance and Administration (CFO), resolved the appointment of Dr.-Ing. Stefan Rinck as Chief Executive Officer as from April 1, 2010 and determined the variable compensation of the members of the Executive Board for the past business year 2009. Moreover, the individual targets for 2010 for the variable compensation of the Executive Board members were discussed and resolved.

Furthermore, the invitation to the Annual General Meeting 2010 with its agenda was discussed in detail and approved.

**Meeting on March 22, 2010 (annual results Supervisory Board meeting)**
The annual financial results of the SINGULUS TECHNOLOGIES AG pursuant to HGB as well as the consolidated financial statement pursuant to the International Financial Reporting Standards (IFRS) for the business year 2009 including the combined consolidated status report were approved and the annual results adopted pursuant to Art. 172 Para. 2 AktG.

**April 19, 2010 – adoption by circular resolution**
The Supervisory Board appointed Mr. Roland Lacher as its Chairman and Dr.-Ing. Wolfhard Leichnitz as the Deputy Chairman.

**Meeting on May 13, 2010 (Extraordinary meeting – conference call)**
The expansion of the business model for solar machines from individual machines towards a system provider was approved in principle.

The reorganization of the STANGL Semiconductor Equipment AG into the legal form of a GmbH was approved just as the change of the company's name to SINGULUS STANGL SOLAR GmbH.

**Meeting on June 2, 2010**
The meeting served to prepare for the Annual General Meeting held on the same day.

The Executive Board informed about the unsatisfactory order intake and the strained business situation. The resulting unsatisfactory sales and earnings situation, the liquidity as well as the meeting of covenants pursuant to the credit agreements were discussed in detail and measures to improve the situation initiated.

**Meeting on August 31, 2010**
The necessity of further restructurings for SINGULUS MASTERING B.V. in Eindhoven/Netherlands was discussed and concrete measures resolved.

In addition, the Executive Board presented the Group's Asia strategy in detail, which was approved by the Supervisory Board.

### Meeting on October 22, 2010 (extraordinary meeting – Conference Call)

The Executive Board informed that the planned sales and earnings targets for the current business year could presumably not be achieved anymore due to the weak order intake since the beginning of the year. Accordingly, before the publication of the financial results for Q3/2010 a profit warning in form of an adhoc release was done after acquiring new and resilient forecasts.

Moreover, the Executive Board reported that additional extraordinary expenses had to be recognized in the financial report for Q3/2010, whose extent was being assessed at the time being.

### Meeting on November 19, 2010

The budget for the business year 2011 presented by the Executive Board was discussed in detail and approved by the Supervisory Board. It was agreed that the Executive Board had to initiated additional measures to further reduce the cost base and therefore to safeguard the budget for 2011.

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 2010. 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 committees in the business year 2010 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 2011 (cf. page 35 of this Annual Report 2010) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 30 to 35 of this Annual Report 2010. Here and in the declaration of conformity, which is published on the company's website, the deviations from recommendations of the Corporate Governance Code are explained. For further information please refer to this report.

The Supervisory Board dealt extensively with the principles of its composition, in particular with the introduction of a women's quota. The wording of the resolution of the Supervisory Board with respect to the principles of its composition is part of the Corporate Governance Report (cf. pages 30 to 35 of this Annual Report 2010).

### 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 73 to 81 of this Annual Report 2010.

### 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 80 of this Annual Report 2010).

### 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, 2010 were audited by the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn.

During the meeting of the Supervisory Board on March 8, 2010 the suitability of Ernst & Young GmbH, Certified Public Accountants, as auditors for the business year 2010 was discussed by the Supervisory Board in detail and agreed. 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 April 14, 2010, that there are no circumstances possibly affecting the independence as auditors. During the Annual General Meeting of the SINGULUS TECHNOLOGIES AG on June 2, 2010 they were appointed as auditors for the business year 2010 upon recommendation of the Supervisory Board.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2010 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, 2010 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 24, 2011.

The appointed auditor participated at the Supervisory Board meeting on March 24, 2011 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, 2010. In its meeting on March 24, 2011, 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 2010, which was characterized by various challenges, 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 very confident for the future business development of the company.

The business division Optical Disc will benefit from the significant growth of the Blu-ray Disc in the coming years after this new format has firmly established itself in the consumer electronics market. But also the business segment Solar opens great opportunities for SINGULUS TECHNOLOGIES in the future following the successful market entry. The Supervisory Board is very confident that the high investment in this second core business area will pay off very soon.

Kahl am Main, in March 2011

**Roland Lacher**
Chairman of the Supervisory Board

# To the shareholders of the SINGULUS TECHNOLOGIES AG

## The Executive Board - Letter to Shareholders

### Dear shareholders of the SINGULUS TECHNOLOGIES AG, dear Ladies and Gentlemen!

The business year 2010 was a year of transition for our company, characterized by the late impacts of the severe international economic crisis in 2009 as well as by internal restructurings and changes. At the same time it also was a year of awakening. We further advanced important issues at SINGULUS TECHNOLOGIES and are convinced that in particular in our Solar segment we laid the foundation for the future success.

In a still demanding economic environment for SINGULUS TECHNOLOGIES in the past business year we were able to set the path for our company to return to success in the coming years. Accordingly, the consistent restructuring and repositioning was mostly completed in 2010. The key financial figures reflect the challenges of the business year 2010.

The consolidated sales in the business year 2010 amounted to € 120.1 million and were thus slightly higher than the prior-year level despite the disposal of the HamaTech APE in January 2010 and the resulting deconsolidation. On October 26, 2010 the Executive Board reduced its sales forecast for 2010 in an adhoc release and announced to conclude the full-year 2010 with an operating loss. The main reason was the lower-than-expected order intake in the Solar segment resulting from restrained new investments for thin-film solar technology amongst others. In addition, the repositioning in the area of crystalline silicon technology only showed gradual results. Consequently, the sales of individual machines were unsatisfactory and initial expected contract conclusions for complete systems for the production of crystalline silicon solar cells were significantly delayed.

The Executive Board reviewed all of the balance sheet items with regard to potential impairments in October. After analyzing the situation, the Executive Board resolved during its meeting on October 25, 2010 to perform impairments and write-offs in the balance sheet as well as restructuring measures totaling € 67.8 million (extraordinary charges) overall. While the fourth quarter was favorable for SINGULUS TECHNOLOGIES at least with respect to the adjusted operating result and we were able to break-even on an EBIT basis for the remaining months until the end of 2010, the earnings for the full-year came to € -80.2 million. Before adjustments due to restructurings, impairments and other extraordinary items the operating result came to € -27.2 million in the year under review.

Nevertheless, the first steps towards a brighter future were made. We would like to point out some of them: With the order to set up inline selenization ovens at the beginning of 2010 amounting to € 19 million, we were able to clearly position ourselves on the future market of CIS/CIGS technology for thin-film solar cells. As a consequence this already resulted in a follow-up order with a total volume of € 30 million in January 2011. Since the entire market of this new generation of thin-film solar cells is still growing sharply, we can expect additional orders from the solar industry in the next couple of years.

Our coating machine for crystalline silicon solar cells, SINGULAR, was successfully placed on the market for the first time and was installed together with other equipment from us as a front-end system. In this connection the potential of this machine as well as its maturity for the industrial mass production of silicon solar cells became evident. The SINGULAR coating machines are used for tasks in the standard production of silicon solar cells as well as for the further development of new solar concepts. The modular concept ideally enables the implementation of completely new coating processes and offers particular flexibility for this. Further orders from China for the SINGULAR followed and the innovative concept of the SINGULAR is increasingly getting approval from cell manufacturers. Accordingly, we were able to successfully position SINGULUS TECHNOLOGIES in the solar market as a provider of production equipment.

In our Optical Disc segment an increasing demand for Blu-ray plants became clear. This supported SINGULUS TECHNOLOGIES over the entire year 2010 to remain within the range of expectations. The demand in the US and Europe for Blu-ray Discs is still growing strongly and here we expect an increase in our sales success for the machines for the production of prerecorded and recordable Blu-ray Discs in the coming years. In contrast, we had to realize that in terms of sales of new CD and DVD plants a technologic change towards Blu-ray has taken place and that we do not expect significant sales anymore.

However, our service has proven to be a stable anchor for our business activities. Here we can build on year-long, trustful collaboration with our customers, the very high number of installed machines as well as on the highly motivated and excellent group of service employees.

With the disposal of the HamaTech APE the adjustments of SINGULUS TECHNOLOGIES' portfolio was finally concluded in 2010. Our remaining activities in the semi-conductor area concern the manu-facturing of equipment for the production of memory chips on the basis of the MRAM tech-nology. Our core competence in the coating of surfaces with extremely high precision and quality is our starting point. With a mature TIMARIS machine as well as the extraordinary know-how of our employees we maintain all options to position ourselves as the market leader from the beginning in case of a pick-up in the market and in case of the final commercial break-through of MRAM in this extremely demanding technology. In 2010 we were able to book the order intake for three machines. The total order volume for these three machines exceeds € 8.0 million.

In terms of the organizational structure the Executive Board of SINGULUS TECHNOLOGIES was newly appointed. Following Mr. Roland Lacher's return to the Supervisory Board from the Exe-cutive Board, Dr.-Ing. Stefan Rinck took over as Chief Executive Officer with effect from April 1, 2010. As of April 19, 2010 Mr. Markus Ehret was appointed as Chief Financial Officer. In the further course of the year Dr.-Ing. Anton Pawlakowitsch left the Executive Board. An Executive Board comprised of two members enables quick and efficient decision-making processes and is absolutely sufficient for the existing tasks of the company.

In the past year, the capital market proved its trust in the repositioning of SINGULUS TECHNOLOGIES and its sustainability in the future. Accordingly, SINGULUS TECHNOLOGIES was able to increase the nominal capital by approximately ten percent to € 41,050,111. In this connection 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 € 15.1 million.

## Outlook for 2011

The Optical Disc activities will continue to grow in the Blu-ray sector in the next couple of years. SINGULUS TECHNOLOGIES is not only the global market leader but currently the only provider of complete production systems for optical storage media. We provide our customers equipment covering the entire value-added chain. The machines range from mastering and injection molding to replication lines for all of the market-relevant formats.

As the current market data and the future market expectation clearly show, for Blu-ray SINGULUS TECHNOLOGIES is operating in a growth market for the next years. An expansion of the highly-utilized production capacity at our customers will result in additional order intake for SINGULUS TECHNOLOGIES and significant growth in the Optical Disc division. Our Blu-ray machines are "3D ready" and therefore a safe investment for the future of optical disc production.

In the Solar division SINGULUS TECHNOLOGIES together with its subsidiary SINGULUS STANGL SOLAR offers modern individual machines for the production of silicon and thin-film solar cells. With the production machines available in our Group we are able to cover the major part of the value-added in the production of crystalline silicon solar cells with own machines for the cell manufacturers. The further transition towards a provider of complete production lines will be implemented in the market in 2011 and offers our company access to additional projects and considerable order potential.

The Executive Board is confident that overall the company will succeed in expanding the business activities in the Solar division as planned, so that this segment will contribute materially to the Group's results in the future.

We rely on our two core business areas and our lean business model. In the Optical Disc segment we are market leader - the activities in the Solar segment will provide us considerably positive impulses for the future business development of our company. We will return our company to its growth trend once again. We ask you to give us time to achieve this goal.

At this point we would like to thank all of the employees at SINGULUS TECHNOLOGIES for their efforts, their high motivation and team spirit which has proven particularly successful during the difficult times. We would also like to thank our customers and partners for their substantial trust and successful cooperation in the past year. We are looking forward to being able to continue this in the coming years.

We would also like to explicitly thank the shareholders and all business partners of the SINGULUS TECHNOLOGIES AG for their support and loyalty.

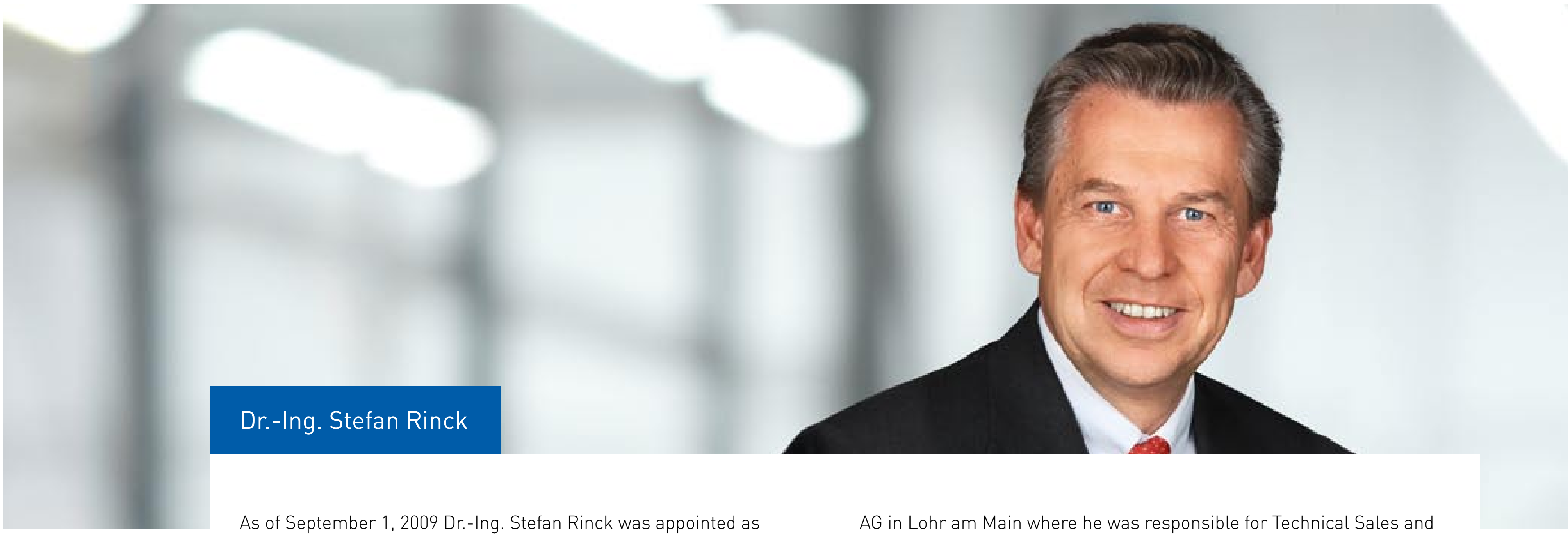
Kahl am Main, in March 2010

Yours sincerely,
SINGULUS TECHNOLOGIES AG

Dr.-Ing. Stefan Rinck

Markus Ehret

# The executive board
## of SINGULUS TECHNOLOGIES AG



Dr.-Ing. Stefan Rinck

As of September 1, 2009 Dr.-Ing. Stefan Rinck was appointed as member of the Executive Board of the SINGULUS TECHNOLOGIES AG and became the Chief Executive Officer as of April 1, 2010.

Dr.-Ing. Rinck (53) 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 until 1992 as a scientific assistant where he earned his doctorate with distinction.

In 1992 Dr.-Ing. Stefan 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. Stefan 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. Stefan Rinck joined Linde Material Handling as Spokesperson of the Management Board and as 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 of the Executive Committee of the Kion Group. From 2007 Dr.-Ing. Stefan Rinck was Managing Director of the Linde Material Handling GmbH & Co. KG / Kion Group in Aschaffenburg. Dr.-Ing. Stefan Rinck worked as a consultant for a renowned consulting company from late 2007 until 2009.

## Dipl.-Oec. Markus Ehret

Mr. Dipl.-Oec. Markus Ehret (44) was appointed Chief Financial Officer of the SINGULUS TECHNOLOGIES AG as of April 19, 2010. He heads the departments Finance, Controlling, Investor Relations, Human Resources and IT.

Since 1999 and up to his move to SINGULUS TECHNOLOGIES Mr. Markus Ehret worked at the auditors PricewaterhouseCoopers AG for the Advisory Transactions division in Frankfurt am Main. Here he was responsible and in charge of the design and implementation of topics concerning all areas of corporate finance. Amongst others, his clients included Dax-companies, large foreign multi-nationals, and also renowned medium-sized companies and financial investors.

The business focus of the respective corporate activities was mainly in the technology and information technology sector.

From 1995 until 1998 Mr. Markus Ehret worked as a consultant and project manager at the Coopers & Lybrand Unternehmensberatung GmbH, Frankfurt am Main. In this position his work centered on analyzing, restructuring and introducing accounting processes and systems as well as cost accounting and controlling systems.

Mr. Markus Ehret studied at the University Hohenheim, Stuttgart and the University of Massachusetts, US, from 1988 to 1994 and received a graduate degree as Diplom-Ökonom (Graduate Economist).

# 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 (the “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 2010. For the Executive and Supervisory Boards this means leadership and management of the company aligned for the long-term success. Corporate governance aims to safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, suitable handling of risks and transparency as well as responsibility for all corporate decisions. The Executive and Supervisory Boards regard corporate governance as a process integrated into the company’s development, which is constantly progressed.

The Executive Board and Supervisory Board have deliberated on the fulfillment of the requirements of the code in particular the new requirements as of May 26, 2010 considering the size, structure and development of the company. On the basis of the discussions the declaration of conformity to the code printed on page 35 and also published on our webpage (www.singulus.de) has been adopted. Any divergence from the code is explained in the declaration of conformity. Due to its particular management structure with small Executive and Supervisory Boards as well as due to the particularities of the sector, in which the company is operating, the company cannot comply with all recommendations, which are often drawn up for much bigger corporations.

### Management structure

The SINGULUS TECHNOLOGIES AG as a German corporation is subject to German Corporate Law and is thus comprised of a two-tiered management and monitoring structure consisting of Executive Board and Supervisory Board.
The Executive Board is managing the company and responsible for the company’s strategy, accounting, finances and development. It is advised and monitored by the Supervisory Board.
The Supervisory Board discusses the business trends and planning, the corporate strategy and its implementation. It discusses financial reports with the Executive Board, adopts the annual report and reviews the consolidated financial accounts.

The Supervisory Board regularly discusses the company's development and plans as well as its strategy and implementation. 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. It issues the audit mandate for the auditor elected as the Annual General Meeting and is informed about the audit.

The Executive Board consists of two members, the Supervisory Board, which advises and monitors the Executive Board, is comprised of three members. The SINGULUS TECHNOLOGIES AG is not subject to the Co-Determination Act. Due to the company's size and to ensure efficient work, both boards currently only meet the legally required minimum in terms of members.

### Close cooperation of Executive and Supervisory Boards

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 in constant contact with the Executive Board. He usually visits the company several times a month to inform himself on-site about the business activities and to advise the Executive Board on decisions. According to the by-laws of the Supervisory Board, significant business decisions are subject to the approval by the Supervisory Board. In total, the Supervisory Board convened for eight meetings in the business year 2010.

### Members and work of the Executive Board

The Executive Board of the SINGULUS TECHNOLOGIES AG is currently comprised of two 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.

The current members of the Executive Board are Dr.-Ing. Stefan Rinck and Mr. Markus Ehret. On August 17, 2009 Mr. Roland Lacher was temporarily appointed as Chief Executive Officer by the Supervisory Board until March 31, 2010 pursuant to Art. 105 Para. 2 AktG. With Mr. Roland Lacher's leaving of the Executive Board on March 31, 2010 Dr.-Ing. Stefan Rinck was appointed Chief Executive Officer as of April 1, 2010. With effect from April 19, 2010 Mr. Markus Ehret was appointed member of the Executive Board. Dr.-Ing. Anton Pawlakowitsch left the Executive Board as of November 19, 2010. Until then he was responsible for the departments Technology as well as Research and Development.

As Chief Executive Officer Dr.-Ing. Stefan Rinck is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Operations. Mr. Markus Ehret is responsible for the areas Finance, Controlling, Investor Relations, Human Resources and IT.

The compensation of the Executive Board is specified in detail in the Compensation Report.

For many years the Executive Boards has already been employing women in management positions. Accordingly, two of the three authorized representatives of the SINGULUS TECHNOLOGIES AG are women.

### Members and work of the Supervisory Board

The Supervisory Board is comprised of three members. No employee representative is a member of the Supervisory Board. The tenure of the Supervisory Board members ends with the conclusion of Annual General Meeting 2011.

With respect to the upcoming new election of the Supervisory Board and the newly introduced clause in Art. 5.4.1 of the code (Diversity) the Supervisory Board intensively discussed and thereafter adopted the principles of its composition during the meeting on February 28, 2011.

→ According to the by-laws the Supervisory Board is comprised of three members. It should be composed regardless of gender and nationality to ensure qualified consulting and monitoring of the Executive Board.

→ The company should develop from a producer of machines for the production of optical discs – a market where it is global leader – towards a leading provider of equipment for the production of solar cells. In order to be able to support the Executive Board in this transition period, the Supervisory Board is required to have knowledge of the solar market, in particular the competitive landscape and the requirements of the customers, and have expertise regarding the technologic challenges tied to the development of new machines. In addition to this specific know-how of the solar market, the members of the Supervisory Board should generally have experience with development projects in high-tech engineering and the sales and marketing structure of global operations. Customer relationships are beneficial.

- Moreover, the AktG requires a member of the Supervisory Board to have in-depth knowledge in the areas of accounting and auditing. As a stock-listed company the enterprise requires capital markets and investor relations expertise.

- Next to professional competence and experience the members should exhibit personality, integrity, professionalism, motivation, independence and time-wise availability.

- The Supervisory Board would welcome to utilize the potential of qualified, well-trained and motivated women. However, high-tech engineering is traditionally an industry with a below-average share of women due to its high share of engineers and physicists in management positions. Therefore, it is difficult to find qualified women with the required experience for the Supervisory Board and management tasks.

- With the help of the aforementioned criteria, the Supervisory Board will recommend the most suitable - both male and female - candidates at the Annual General Meeting. However, due to the above-mentioned reasons, the Supervisory Board militates against determining a women's quota targeted to be reached in a specific period of time. With a Supervisory Board comprised of three members, the primary criteria for the company facing challenges can only be technologic expertise, industry know-how, and professional experience in an internationally operating company. Insofar the Supervisory Board will not fulfill the recommendation of Art. 5.4.1 of the Code.

- Any member of the Supervisory should be independent, i.e. have no board functions or consulting activities for competitors of the company or important business partners. Moreover, the Supervisory Board members should have sufficient time, so that they can pursue the mandate with the due regularity and diligence.

- SINGULUS TECHNOLOGIES generates the majority of sales internationally. Accordingly, international experience is mandatory. Such experience can be found in both international and domestic candidates. Thus, nationality in not a selection criterion.

- Normally, the Supervisory Board members should not have been prior members of the Executive Board of the company. A change-over from the Executive Board to the Supervisory Board is to be a well founded exception.

- The age limit for the membership of the Supervisory Board is set at 70 years.

- The Supervisory Board will adopt these principles in its by-laws.

The Chairman of the Supervisory Board is Mr. Roland Lacher. He had already been Chairman of the Supervisory Board from July 2006 until August 2009. From August 17, 2009 until March 31, 2010 Mr. Roland Lacher was appointed to the Executive Board. During this period Dr.-Ing. Wolfhard Leichnitz, Mr. Günter Bachmann and - for the time of the appoint of Mr. Roland Lacher – due to appointment by court Mr. Jürgen Lauer were members of the Supervisory Board. Dr.-Ing. Wolfhard Leichnitz took over the position of Chairman of the Supervisory Board for the period of the appointment of Mr. Roland Lacher to the Executive Board. On April 1, 2010 Mr. Roland Lacher returned to the Supervisory Board and thereafter was appointed Chairman once again. Mr. Jürgen Lauer left the Supervisory Board.

The Supervisory Board also refrained from forming audit committees or other Supervisory Board committees in 2010 since committees are not reasonable for a Supervisory Board with three members.

The Supervisory Board has drawn up by-laws. They govern the composition of the Supervisory Board according to the aforementioned principles, the

Chairperson of the Supervisory Board and the representation against third parties, the preparation and conduct of meetings as well as internal division of tasks.

The Supervisory Board met in eight meetings in the business year 2010. The Supervisory Board reviews the efficiency of its work annually and attempts to improve the processes, in particular the preparation of meetings.

For additional information about the work of the Supervisory Board in the business year 2010 please refer to the Report of the Supervisory Board on page 18.

There were no advisory or other services and work contracts in place 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 2010 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. SINGULUS TECHNOLOGIES reports about its business trends and the financial and earnings situation to its shareholders four times during the business year. All financial reports, current company presentations, the corporate calendar, all reports and documents regarding corporate governance including the by-laws and the invitations to the Annual General Meeting as well as the meeting's votes are published under www.singulus.de in the Investor Relations section. 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' Dealing pursuant to § 15a WpHG as well as the voting right announcements pursuant to Art. 21 et seqq. WpHG, the declaration of conformity to the German Corporate Governance Code, the Code itself as well as the articles of incorporation of the SINGULUS TECHNOLOGIES AG are available on SINGULUS TECHNOLOGIES' website under Investor Relations/ Corporate Governance.

The Annual General Meeting is held in the first half of the year. With the use of electronic forms of communication, in particular the internet and email, the Executive Board facilitates the shareholders' participation in the Annual General Meeting and enables them to exercise their voting rights by representatives. In addition, the Executive Board may allow the shareholders to exercise the voting rights in written form and through electronic media without having to participate in the Annual General Meeting. All reports, annual financial reports and other documents, which have to be provided to the Annual General Meeting, as well as the agenda of the Annual General Meeting and counter-motions, if applicable, can be downloaded via the internet.

### 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 2010 is published on SINGULUS TECHNOLOGIES' website.

### 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 details are set forth in the Compensation Report, which is part of the Status Report and supplements this Corporate Governance Report. The Compensation Report lays out the compensation and the compensation scheme for the Executive Board in detail and also explains the design of the compensation components with long-term incentives. In addition, the remuneration of the members of the Supervisory Board is stated individually. The Compensation Report can be found on pages 73 - 81 of this Annual Report. It is also published on the website under the "Corporate Governance" heading.

### 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 Status Report on page 81 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):**

1. The last declaration of conformity was published on March 8, 2010 on the basis of the German Corporate Governance Code amended as of June 18, 2009. In the business year 2010 the SINGULUS TECHNOLOGIES AG adhered to the recommendations of the German Corporate Governance Code in this version with the following exceptions:

1.1 In connection with the conclusion of a liability insurance ("D&O insurance") the company has not agreed a deductible with the members of its Boards (Art. 3.8).

Instead the company agreed with the members of the Executive and Supervisory Boards that the insurance premiums payable for such D&O insurance, which has been concluded as a collective insurance for all members of the boards of the company and its Group's companies, are paid by themselves (c. Art. 3.8 Para. 2 of the Code). Accordingly the members of the Supervisory and Executive Board members are economically treated as if the company had not concluded a D&O insurance but that they had concluded their own insurance contracts. With such a provision a deductible is not necessary.

With respect to the legally required deductibles for Executive Board members, the insurance for the Executive and Supervisory Board members was modified from 2011 onwards. Accordingly, a retention rate of 10 % is implemented for all members of the boards.

1.2 As long as the Supervisory Board is comprised of three members, there were and will not be committees (cf. No. 5.3.1, 5.3.2 and 5.3.3 of the Code), 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. In addition corporate law provides that decision-making Supervisory Board committees have to have at least three Supervisory Board members. For this reason a delegation of tasks is not reasonable either.

1.3 There is no individualized information regarding the annual contributions to the provisions for pensions or pension funds for pension promises for Executive Board members (cf. no. 4.2.5 in connection with 4.2.3 of the Code). 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 (Vorstandsvergütungs-offenlegungsgesetz). The SINGULUS TECHNOLOGIES AG does not view a more detailed reporting of the provisions for pensions as necessary.

2. The German Federal Justice Department published an amendment of the German Corporate Governance Code on July 2, 2010, which had been adopted on May 26, 2010. During the current business year 2011 the SINGULUS TECHNOLOGIES AG will adhere to the recommendations of the German Corporate Governance Code as per May 26, 2010. This excludes the deviations explained in the aforementioned paragraphs 1.2 and 1.3. In addition, the following deviation holds for the business year 2011:

2.1 The Supervisory Board does not determine a mandatory quota for the appropriate participation of women in the Supervisory Board (cf. Art. 5.4.1 of the Code). The members of the Supervisory Board should exclusively be appointed according to expertise and qualification not subject to gender and nationality. The Supervisory Board has three members. They are to advise and monitor the Executive Board in a competent and efficient manner. Consequently, the members have to have management expertise and industry know-how in the area of high-tech engineering, preferably solar equipment. The Supervisory Board would welcome the participation of motivated women in the Supervisory Board with the required qualification and expertise. However, high-tech engineering is traditionally a sector with very little women in management positions. Accordingly, the Supervisory Board does not deem it reasonable to set a quota with a fixed time horizon.

Kahl am Main, in March 2011

SINGULUS TECHNOLOGIES AG

For the Executive Board:
**Dr.-Ing. Stefan Rinck**
**Markus Ehret**

For the Supervisory Board:
**Roland Lacher**
**Günter Bachmann**
**Dr.-Ing. Wolfhard Leichnitz**

# The SINGULUS TECHNOLOGIES Stock

## Capital markets

In 2010 the stock markets were able to continue their recovery. Amongst others, the main driver of the equity markets were the expansive monetary policy of central banks, the benign outcome of the European bank stress tests, strong economic data from China and Germany, convincing corporate profits and increasing M&A activities. However, the announcement of more restrictive fiscal policies in some European countries as the result of the European debt crisis, a € 750 billion emergency fund for battling EU countries, weak US labor market data and a more restrictive monetary policy in China supported speculation in the meantime that the global economic growth will substantially lose momentum.

Driven by strong-export companies the DAX gained 16 % in 2010. German small- and mid-caps rose even stronger: the MDAX increased 35 % and the SDAX 46 %. The weak performance of solar companies resulted in a modest gain of 4 % for the TecDAX.

## The SINGULUS TECHNOLOGIES Stock

At the beginning of the year 2010 the SINGULUS TECHNOLOGIES stock started at € 3.29 and climbed over the € 4 level in mid-January. This was followed by a three-month uptrend to the year's high of € 6.66 on April 26, 2010. Accordingly, the share price even rose for nearly two months after the capital increase completed in March.

The placement of the shares was successfully conducted by an accelerated book-building process with German and international investors on March 5, 2010. In total 3,694,640 shares were placed. 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. In the period from May until August the shares lost ground to stabilize around the € 4 level. Following the adhoc announcement regarding the write-offs towards the end of the third quarter the year's low of € 3.27 was recorded on October 29, 2010. Until the end of the year the share recovered at an amount of € 4.48. During the first months of the year 2011 the stock price of the SINGULUS share was slightly weaker than at the year-end 2010, but remained above the € 4 level except for a couple of days in mid-March to trade at € 4.33 on March 25, 2011.

## SINGULUS TECHNOLOGIES returned to TecDAX on March 22, 2010

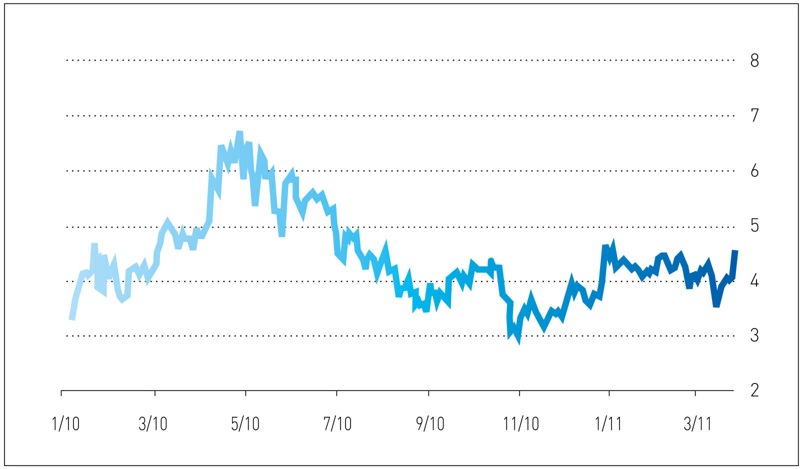
During its regular index review Deutsche Börse decided on March 3, 2010 to add SINGULUS TECHNOLOGIES to the TecDAX as per March 22, 2010 once again. SINGULUS TECHNOLOGIES had been removed from the TecDAX on September 3, 2009 and was thus able to return to the growth segment of Deutsche Börse after merely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

## Investor Relations

The open and ongoing communication with the capital market is very important for SINGULUS TECHNOLOGIES. During this not very easy year 2010 we had an intensive and open exchange with all capital market participants to communicate the company's strategy and all current events around the company. We inform institutional investors in the course of numerous conference, one-on-one discussions and road shows in many countries. Private investors are provided information about the company's situation during the Annual General Meeting and our manifold publications amongst others.

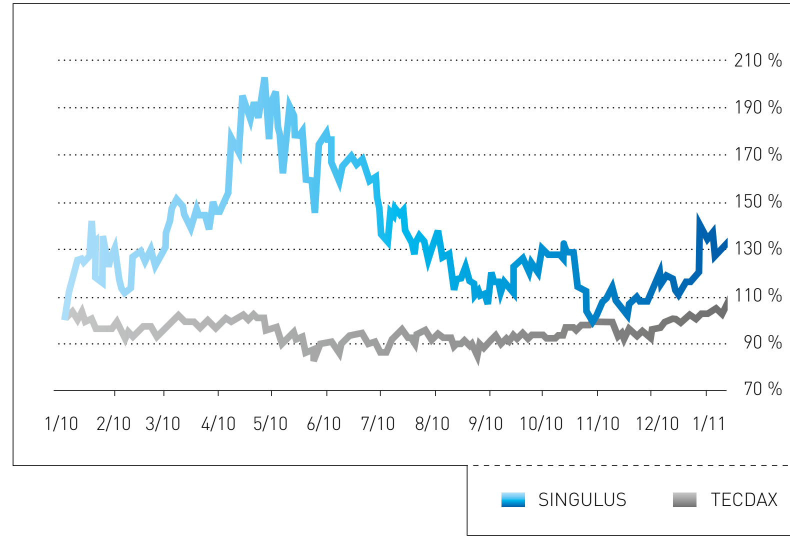
## The SINGULUS TECHNOLOGIES Stock

[Stock price in €]




## SINGULUS stock compared with TecDAX

[Closing price in €]




Numerous analysts regularly publish reports about SINGULUS TECHNOLOGIES. These are not only the traditional engineering analysts, but increasingly also other analysts from the Solar sector.

### Analyst coverage

B. Metzler Seel. Sohn & Co.
BHF Bank
Close Brothers Seydler
CSFB Credit Suisse
Deutsche Bank AG
DZ Bank
equinet
Kepler Capital Markets
Landesbank Baden-Württemberg
Mirabaud Securities
SES Research
Steubing
UniCredit

## Key stock figures

**ISIN:** DE0007238909
**WKN:** 723890

**Stock symbol:** SNG/Reuters SNGG.DE/Bloomberg SNG.NM
**Prime Standard:** Technology

| | 2008 | 2009 | **2010** |
|---|---|---|---|
| Outstanding shares as of December 31 | 36,946,407 | 37,355,471 | **41,050,111** |
| Nominal capital in € | 36,946,407 | 37,355,471 | **41,050,111** |
| Market capitalization as of December 31 in million € | 129 | 197 | **184** |
| Lowest share price for the year in € | 2.53 | 1.76 | **3.27** |
| Highest share price for the year in € | 10.97 | 4.66 | **6.66** |
| Year-end share price | 3.50 | 3.07 | **4.48** |
| Ø daily turnover (Xetra) | 268,987 | 240,794 | **325,518** |
| Earnings per share in € | -1.32 | -2.11 | **-1.92** |

# Business segment products
## Optical Disc


01

02


03

04

**01** SKYLINE II / CD
**02** CRYSTALLINE / Blu-ray
**03** BLULINE II handling system
**04** BLULINE II / Blu-ray
**05** SPACELINE II / DVD

# 02
# Status Report

05

# 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 Activitiest

### Optical Disc segment

SINGULUS TECHNOLOGIES is the only supplier worldwide to offer integrated production lines for optical storage media spanning the entire value-added chain for the production of all optical disc formats. For Blu-ray Discs with a storage capacity of up to 50 GB and with content (i.e. movies) already recorded in the course of manufacturing, SINGULUS TECHNOLOGIES is the only provider of production equipment (BLULINE II). These Blu-ray machines have a modular design and form the basis for additional new production systems for the upcoming, rewritable Blu-ray Discs (BD-R/RE). In the future SINGULUS TECHNOLOGIES will focus on the production equipment for the manufacturing of Blu-ray Discs in the segment Optical Disc. For these machines SINGULUS TECHNOLOGIES is global market leader.

For products of the first and second generation (CD and DVD) the still small demand for new and replacement investment is met. Here, SINGULUS TECHNOLOGIES has a global market share exceeding 70 %. The high number of installed production equipment worldwide for CD (SKYLINE), DVD (SPACELINE) and Blu-ray (BLULINE II) form the basis for our stable and profitable service activities.

### Solar segment

In the Solar division in Kahl SINGULUS TECHNOLOGIES focuses on machine concepts for "dry processes" such as, for example vacuum coating of silicon cells or the selenization of thin-film solar cells and in Fürstenfeldbruck the company focuses on machines for wet-chemical processes, i.e. cleaning, etching and texturing plants for silicon and thin-film solar cells.

Since the beginning of 2010 SINGULUS TECHNOLOGIES has been offering complete production lines for silicon solar cells under the product name SOLARE.




**Worldwide presence**
SINGULUS TECHNOLOGIES has a global marketing & sales and service network and provides its customers with consulting and services worldwide.

**Production sites:**

→ SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany

→ SINGULUS MASTERING B.V., Eindhoven, Netherlands

→ SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China

→ SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany (until August 12, 2010 STANGL Semiconductor Equipment AG)

**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 Ltd., SINGULUS TECHNOLOGIES directly or indirectly holds all of the shares of the aforementioned companies.

**01** Headquarters in Kahl
**02** SINGULUS STANGL Solar, Fürstenfeldbruck
**03** SINGULUS MANUFACTURING GUANGZHOU

01


02

**HamaTech APE GmbH & Co.KG, Sternenfels**
SINGULUS TECHNOLOGIES sold the HamaTech APE GmbH & Co. KG to the SÜSS MicroTech AG on January 12, 2010. In this connection the land and corporate buildings at the site in Sternenfels was transferred to the same acquirer. 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 Ltd. (SMG), China**
At the joint venture SINGULUS MANUFACTURING GUANGZHOU (SMG) in Guangzhou, South China, DVD and DVD-R production machines are manufactured. SMG has moved into a new building in Guangzhou at the end of 2010 and significantly expanded its marketing and sales activities in the Solar segment.

SINGULUS TECHNOLOGIES owns 51 % of the shares in this company. As of December 31, 2010, SMG employed 28 people overall in Guangzhou.

**SINGULUS MASTERING B.V., Eindhoven, Netherland**
In its meeting on October 25, 2010 the Executive Board resolved to recognize impairments and write-offs in the balance sheet as well as operating restructuring measures. In this connection the Optical Disc activities will be centralized in Kahl am Main to realize further cost reductions. With this, essential parts of the mastering activities will be relocated from Eindhoven to Kahl am Main.

As of December 31, 2010 SINGULUS MASTERING employed 32 people overall.

**SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany (until August 12, 2010 STANGL Semiconductor Equipment AG)**
The ongoing integration of the activities in the wet-chemical segment and the concentration on solar products require a more concise presence in the solar market. Therefore, the STANGL Semiconductor Equipment AG was renamed to "SINGULUS STANGL SOLAR GmbH" and the legal form changed from a stock corporation to a company with limited liability. The name change and new legal form were entered into the Commercial Register of the Local Court Munich on August 12, 2010.

As of December 31, 2010 SINGULUS STANGL SOLAR employed 133 people in total.

SINGULUS TECHNOLOGIES and SINGULUS STANGL SOLAR offer systems for the complete cell production and will integrate individual production steps to reduce the complexity of the cell manufacturing.

**01** SINGULUS MANUFACTURING GUANGZHOU
**02** SINGULUS STANGL SOLAR, Fürstenfeldbruck

## Strategy

### Product initiative in the Optical Disc segment

SINGULUS TECHNOLOGIES is by far market leader with its replication line BLULINE II. Almost all of the replicators worldwide, except for Sony, are producing Blu-ray Discs with approx. 50 GB storage capacity on machines by SINGULUS TECHNOLOGIES. Sony produces on their own equipment, which is not available on the free market however. In 2010 new customers in Australia, Brazil, Japan and Europe were acquired. SINGULUS TECHNOLOGIES' goal is to benefit from the strong growth of Blu-ray Discs with high efficiency and availability.

The CRYSTALLINE mastering system for Blu-ray was commissioned for production by several disc manufacturers. This system is thus established in the market and will make its way internationally as expected. For the developing market of the recordable Blu-ray Discs SINGULUS TECHNOLOGIES is positioned with new machine concepts assembled with components of the proven BLULINE II. On the one hand SINGULUS TECHNOLOGIES caters to companies, which assemble their own production lines with production components from the BLULINE II. On the other hand, a proprietary, integrated production line has been offered since the end of 2010.

The excellent technologic competence and the resulting efficiency of our Blu-ray machine are a high market entry barrier for potential competitors. SINGULUS TECHNOLOGIES will maintain this competitive advantage in the coming years.

### Solar activities will develop favorably in 2011

The business development in our Solar segment was weaker than expected in the business year 2010. In the Solar division SINGULUS TECHNOLOGIES offers modern individual machines for the silicon and also thin-film solar technology as well as complete systems for the manufacturing of crystalline silicon solar cells.

SINGULUS TECHNOLOGIES' goal is to become a leader for the introduction of new process technologies and machine concepts in both the silicon and thin-film solar technology. To safeguard this we are cooperating on a technologic basis with the market leaders in the respective segments. This ensures that our developed machines will be state-of-the-art in the various photovoltaic technologies in the next couple of years.

## Research and development

The development work on the Blu-ray production system BLULINE II is mainly completed. BLULINE II is a stable production system with a high production rate and is globally the benchmark for the Blu-ray Disc production. Future development efforts are focused on the further improvement of the output rate and the enhancement of the production results in particular.

The mastering system CRYSTALLINE for dual layer Blu-ray Discs was technologically accepted by additional disc manufacturers in 2010 and qualified for dual layer Blu-ray. Currently, the reduction of mastering times is in the spotlight.

In the course of a development project in the Optical Disc segment new machine concepts for recordable Blu-ray Discs is being worked on. The first machines were assembled and commissioned in the first quarter 2011.

In close cooperation with the AVANCIS GmbH & Co. KG, Torgau (AVANCIS) SINGULUS TECHNOLOGIES developed a new selenization oven for the thin-film solar technology and was able to record a production order for five of these machines at the beginning of 2011 after having received the first order for three ovens in 2010. The first machine was produced in Kahl am Main in 2010. The internal process commissioning commenced in December 2010. The installations at the customer started in February 2011. This example displays the successful cooperation in R&D with market-leading companies from the conceptual design towards marketable production equipment. We will continue this successful path for key technologies such as CIS/CIGS in the future as well.

In the silicon solar technology SINGULUS TECHNOLOGIES commissioned the first inline coating machine for silicon solar cells with the product name SINGULAR in 2010 and has delivered additional systems in the meantime. With the SINGULAR SINGULUS TECHNOLOGIES develops new coating processes for more productive silicon solar cells with improved efficiency together with research institutes and cell manufacturers. Our R&D work is based on the know-how and long-time experience of our engineers gained in the vacuum coating processes.

At our site in Fürstenfeldbruck in the area of wet-chemical machines our development focus rests on the continuous improvement of existing and new machine concepts. The second focal point is the interrelationship of technical equipment and chemical production processes. The optimization of these interrelated disciplines will be a key characteristic for our business model in the futures. With this integrated approach of process know-how and plant engineering we will enable solar cell manufacturers to produce cells very cost-efficiently with highest cell performance on our production machines.

01 Employees of the divisions manufacturing and training
02 Employees of the division construction


01


02

**Employees**
SINGULUS TECHNOLOGIES continued to adjust capacities according to the market development in the business year 2010. In addition, the headcount was reduced by 85 employees due to the disposal of HamaTech APE.

The staff at SINGULUS STANGL SOLAR totaled 133 employees (previous year: 148 employees) at the end of the period under review.

At the end of 2010 the SINGULUS TECHNOLOGIES Group employed 459 people in total (previous year: 572 employees), thereof 206 employees in Kahl am Main.

Even in the economically difficult times of the previous years we continued to invest in the training of our employees. Accordingly, in 2010 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)

| | 2009 | 2010 |
|---|---|---|
| SINGULUS TECHNOLOGIES | 339 | 326 |
| SINGULUS STANGL SOLAR | 148 | 133 |
| HamaTech APE | 85 | - |
| SINGULUS TECHNOLOGIES Group | 572 | 459 |
| thereof Germany | 418 | 337 |
| thereof outside Germany | 154 | 122 |

## Economic Situation

### The Global Economy

The OECD forecast an economic growth of 2.3 % in 2011 and 2.8 % for the year 2012 for all 33 OECD countries in aggregate. In the US growth is projected to amount to 2.2 % in 2011 and even 3.1 % in 2012. The developing countries will expand even faster than the OECD countries and stimulate global trade.

According to the OECD amongst the risks for the upturn are a potential renewed drop in real estate prices in the US and the UK, the high sovereign debt in some countries as well as possible yield increases for government bonds. The consolidation of public finances is necessary according to the OECD to reduce deficits and debt and to provide room to maneuver for future fiscal policy measures.

The World Bank projects growth of around 3.3 % for the year 2011 following a sharp recovery in the global economy in 2010. For 2012 the World Bank forecasts an increase in global output of 3.6 % on average. The lower growth rates of the global economies in the year 2011 are not surprising according to the World Bank experts. Many countries tried to stimulate their economies with economic support programs following the recession in the previous year. These programs are not fading out.

“The global economy has entered a new recovery stage”, comments the Chief Economist of the World Bank, Justin Lin, upon the presentation of the report. However, he still warns about the numerous risks after the severe financial crisis. Mainly in the richer countries public debt is still too high. In addition, unemployment rates and the stricken real estate and financial sectors of many economies provide uncertainties.

According to the World Bank report the drivers of the global growth are still the developing and emerging markets. They are projected to grow by 6.0 % in 2011 and 6.1 % in 2012.

In the past year the economic expansion in the poorer countries had even amounted to 7.0 % according to the most recent forecasts. At 10.0 % China was the fastest growing country in the past year, the Asia-Pacific region expanded by 9.3 % in total. For China, a moderation of the growth rate to 8.7 % is expected for this year.

According to the World Bank’s assessment the large industrialized countries will display restrained economic growth in 2011. The growth rate will amount to 2.4 % only - following 2.8 % in the prior year. For 2012 2.7 % are forecast. In particular in the richer countries the growth rates are too small to completely compensate for the jobs lost during the recession.


**01** Customer training
**02** Employees marketing/sales
**03** Employees production

**Germany**

Only one year after the most severe recession in the post-war era, the German economy expanded at the highest rate since the reunification. The gross domestic product (GDP) increased by 3.6 % in real terms according the German Federal Bureau of Statistics. In 2009 the economy had declined by 4.7 %. The upturn will continue in the current year as well. The export stimulus has caught on the domestic demand in the meantime. Domestic demand is increasingly the driving force and will contribute more than three quarter of the overall economic activities in the current year.

The growth opportunities of the German economy also depend on stable and reliable conditions in Europe. It is expected that the German economy will only reach the pre-crisis level during the course of the year 2011. With a moderate average annual inflation rate of 1.1 % the labor market also benefited substantially from this upturn. The economic activities in the year 2010 were provided by a work force of approximately 40.5 million. This number means an increase of 212,000 employees or 0.5 %.

The German Machinery and Plant Manufacturing Association (VDMA) confirmed its forecasts for the engineering sector in the current and coming year, but still sees the sector challenged to adjust strategies due to the reaction to the financial and economic crisis. Following a nominal sales drop of 23.1 % in the year 2009 the VDMA expects the machine production to rise by 8 % in 2011.

02

03

### Blu-ray globally on the rise

In its "Blu-ray Disc Replication Report" in November 2010 the market research institute Futuresource Consulting announced that the global Blu-ray production increased sharply in the year 2010. By the end of the year 2010 a total production of 400 million prerecorded video Blu-rays was expected. This corresponds to an increased of 60 % compared with the year 2009. For the next couple of years the analysts at Futuresource Consulting forecast a further rise in the Blu-ray production. The required production capacity for the manufacturing of Blu-ray Discs is set to nearly triple and to amount to more than 3.0 billion discs.

On the occasion of the Consumer Electronics Show 2011 the Digital Entertainment Group (DEG) announced that the Blu-ray sales figures in the US rose by 68 % in the past year compared with the prior-year 2009. The sales numbers of Blu-ray Discs grow steadily and generated sales of $ 1.8 billion in the US in 2010. The DEG estimates that 27.5 million in the US are equipped with a Blu-ray player in the meantime (+62 % compared to previous year). According to DEG 11.3 million players were sold for the full year 2010. Approximately 91 million HDTVs have been sold in the US so far.

### Blu-ray - new sales record for Germany

As the current market data of the Gesellschaft für Konsumforschung (GfK) for the third quarter 2010 prove, home entertainment is still gaining popularity in Germany. With 76.7 million Blu-ray Discs the prior-year level of 69.4 million discs in Germany was exceeded by additional 11 %. The predecessor format DVD dropped by 3 % to 103.5 million sold units.

About one tenth of the movies sold is acquired in the Blu-ray format and therefore generates nearly one seventh of sales (13.7 %) in the high definition segment in Germany. According to the German Association for Audiovisual Media e.V. for the first time the high definition sales in 2010 of € 193 million broke the double-digit level. In the third quarter 2010 already 7.3 million Blu-rays were sold in the retail market and the traditionally very successful pre-Christmas activities in the past quarter have significantly surpassed this level.

The sales with the "blue" discs of € 117 million in Germany almost doubled compared with the prior-year period (third quarter 2009: € 65 million). And this despite a more than 20 % lower average selling price per sold Blu-ray Disc to currently € 16.05 (average in 2009: € 20.17).

### The third dimension 3D – a growth driver

Since the box office success of the movie "Avatar" at the end of 2009 and the Consumer Electronics Show (CES) in Las Vegas at the beginning of 2010 3D is the hot topic. The third dimension was also in the spotlight in Germany during the IFA International in September 2010. Many producers, in particular Panasonic and Sony, are wholeheartedly focusing on the new technology. In Germany the Association for Entertainment and Communications Electronics (Gesellschaft für Unterhaltungs- und Kommunikationselektronik, gfu) together with the German Central Organization for Electrical and Electronics Industry (Zentralverband der Elektrotechnik- und Elektroindustrie e.V., ZVEI) made a study with respect to 3D, which clearly shows that 3D enabled TV sets are well accepted by consumers. More than 40 % of the respondents said that they would buy a 3D enabled TV within the next three years.

The official start for 3D movie entertainment on Blu-ray was launched by the Blu-ray Disc Association (BDA) in 2009 already. Blu-ray players can play 3D movies in HD resolution of 1920 x 1080 pixels. Since the current technology projects individual pictures for each eye to achieve the 3D effect, the data volume also increases by approximately 50 percent. Blu-ray Discs can store up to 50 gigabyte. This is sufficient for a long movie including surround sound, different language versions, etc.

The 3D Blu-ray is the only available and also cost-efficient medium to store high-definition movies with 3D technology and to deliver this content to the consumers. The Blu-ray Disc is the preferred storage medium for high-definition 3D movies. With 3D movies the lifecycle of the Blu-ray Disc will be considerably extended. Blu-ray is thus the storage media of the future.

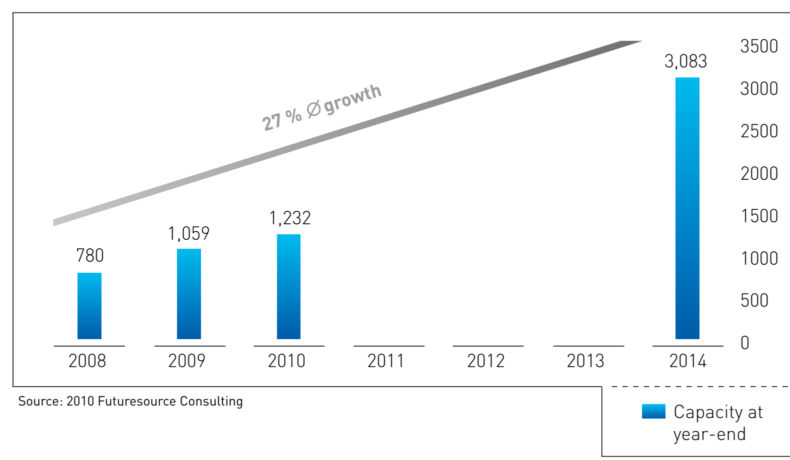
### CD and DVD decline

The CD market is declining. Nevertheless, the CD as a storage medium for music and data will remain on the market for a long time.

The number of sold DVDs in Germany dropped slightly by 3 % in 2010 compared with the previous year. According to Futuresource the total DVD production in 2009 of 7.7 billion discs dropped by around 8 % to 7.1 billion discs in 2010. In the current year 2011 the DVD will increasingly be replaced by the Blu-ray Disc so that the sales volume will decline by a similar rate again. For this reason the management in the segment Optical Disc is predominantly focusing on the production of machines for the third format generation.

## Development of minimum Blu-ray production capacity until 2014

[Million discs globally]




Source: 2010 Futuresource Consulting

**Solar market – on its way towards new dimensions**

This was the motto of the latest study prepared by the renowned bank Sarasin. In this report we rely on this study as well as the publication of the German Solar Industry Association (BSW).

The study of the Sarasin bank concludes that the demand for solar energy has been relatively crisis-resistant in the past two years. The photovoltaics (PV) industry achieved a growth rate of 87 % or 13.8 GW of new installed PV output. Globally € 28 billion were invested. In 2010 the worldwide output of solar-generated electricity exceeded 30 GW. At least eight new regional PV market with a potential of 500 MW per year each will develop in the next two years and thus present a broader foundation for stable future growth. In the period from 2009 to 2015 global installations are forecasted to increase by 33 % per year on average. In particular the markets in China (+77 %) and the US (+70 %) are rising sharply. For Europe a growth of around 16 % per year is projected. Bank Sarasin expects an increase to 116 GW in total by 2020.

Amongst the renewable energies photovoltaics offers the steepest cost reduction rate. Therefore, solar power will become competitive. More and more countries will reach net parity for the private end-consumer in the next couple of years.

**Successful year for photovoltaics in Germany – reduction of solar incentives ahead of schedule**

According to the estimates of the German Solar Association more than 230,000 solar electricity plants with a total output of seven to eight gigawatt were connected to the network in Germany alone in 2010. The installations in international markets such as Italy, France, Japan, Australia and the US almost tripled. Therefore, approximately two thirds of all new PV plants are installed outside of Germany. According to a study by the Institute for Ecological Economy Research (IÖW), the installation and the operation of photovoltaics plants will generate € 5.8 billion in the current year. This is more than half of the entire communal value-added by renewable energies (€ 10.5 billion).

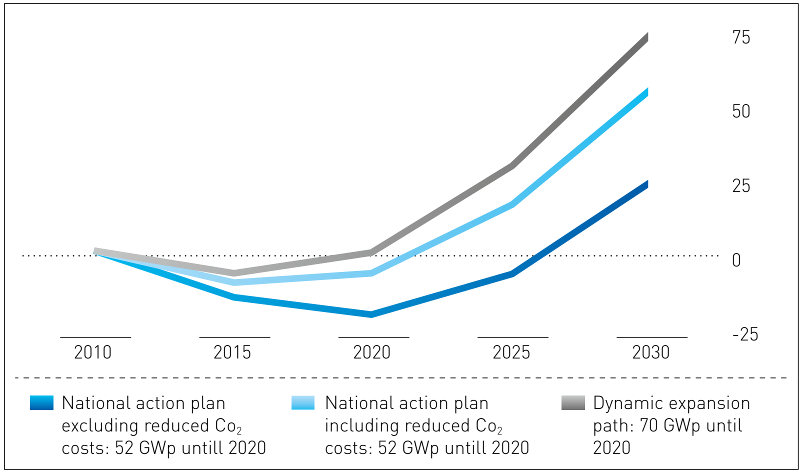
Correspondingly, solar energy is increasingly developing to a key pillar of safe, clean and reliable energy supply. By the year 2020 photovoltaics will increase its share in the German electricity generation from currently 2 to 10 % accordingly to conforming forecast by the German government and solar industry.

According to BSW the price for solar energy has dropped by 40 % since 2006 alone. In three years it can reach the price level of electricity prices for end-consumers. The German PV-sector has intensified its efforts of reducing costs by means of considerable investments in efficiency increases in the production as well as in research and development. The solar sector is very well equipped to move towards competitiveness with other energy sources. (Cf. study Prognos/Roland Berger)

The subsidies for renewable energies are limited by the annual decrease in the feed-in tariffs. This is governed by the Renewable Energies Act (EEG), which limit the subsidy to 20 years. The German government will reduce the expenses for the annual support, which is stimulated by the unbroken new build of solar plants. The reduction for new plants in Germany is intended to drop by up to 15 % in 2011.

## Economic benefit of photovoltaics

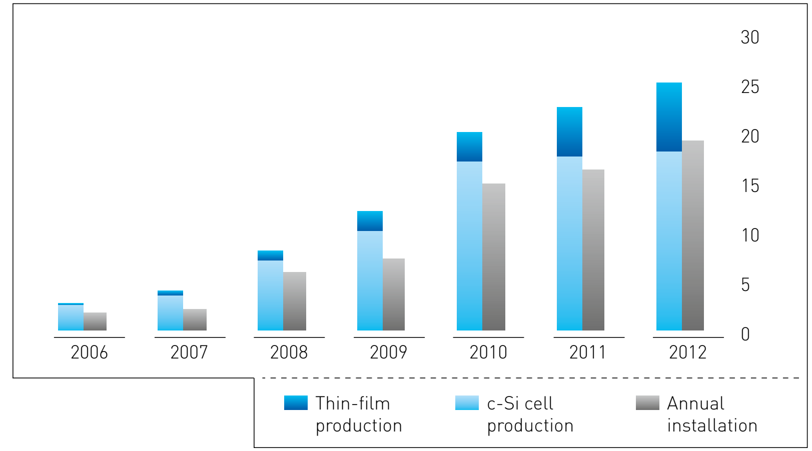
[In billion EUR]




Source: Published by BSW: Study Prognos/Roland Berger

## Annual cell production and PV installations

[In GW]




Source: ICA-PVPS and Bank Sarasin, Nov. 2010

### Silicon Solar

The global production capacities increased continuously in the past couple of years. The top ten of silicon wafer producers intend to raise their capacity from 6 GW to 11 GW until the end of 2010. The trend towards a relocation of sales and production from Germany and Europe predominantly to Asia and to a lesser extent also to North America is evident. China, currently a large solar module and component part producer, but a country with still limited domestic demand, will develop into the biggest solar market by 2015.

The "established" technology of crystalline silicon solar cells has to be further advanced, so that the solar cells provide higher efficiency, require less material and can be produced in a more cost-efficient way.

### Thin-film Solar – CIS/CIGS technology with CAGR of 100 %

Compared to crystalline modules the attractiveness of thin-film modules is clearly recognizable from a technologic point of view. They offer efficient production processes, high temperature coefficients and require less or no silicon. The rapid price drop of crystalline silicon modules in the past 18 months is the big challenge for the further market penetration of the thin-film technology, however.

The compound average growth rates of the thin-film solar technology are 48 % higher than the CAGR of the entire solar market of 37 %. Amongst this, the CIS/CIGS technology exhibits the strongest growth with a CAGR of 100 %.

## Financial Report of the SINGULUS TECHNOLOGIES Group

### Sales and Earnings

Sales amounted to € 120.1 million and were therefore slightly above previous year's level (previous year: € 116.6 million). This is despite the exclusion of the HamaTech APE GmbH & Co. KG, Sternenfels, from the scope of consolidation.

In the Optical Disc segment sales increased by € 20.0 million compared with the previous year's level and totaled € 88.7 million as of the end of the period under review. The reason for this favorable trend in this segment was mainly a volume effect due to increased sales of Blu-ray machines. In this segment sales were considerably shaped by the prerecorded business with our BLULINE machines as well as replacement and service activities.

Within the Solar division sales in the amount of € 25.5 million were realized, which means a decline by € 10.5 million compared with the previous year. The reason for the lower sales is the weak performance in the area of wet-chemical machines against the background of a weak market for production equipment for thin-film solar cells as well as insufficient sales structures in important Asian markets. The sales in the year under review mainly stem from our activities of selling wet-chemical equipment as well as our selenization ovens.

In the Semiconductor division we realized significantly lower sales than in the prior year against the background of the disposal of the HamaTech APE. In this business division sales declined by € 6.0 million from € 11.9 million in the previous year to € 5.9 million as of the end of the year under review. However, this decline is predominantly the result of the disposal of HamaTech APE in February of the past business year. In 2009 this

## Sales

(in million €)

| | 2009 | 2010 |
|---|---|---|
| Sales (gross) | 116.6 | **120.1** |
| Sales reductions and individual selling expenses | 1.7 | **1.9** |
| Sales (net) | 114.9 | **118.2** |

## Breakdown of sales by region

(in %)

| | 2009 | 2010 |
|---|---|---|
| Asia | 32.7 | **20.0** |
| America | 23.3 | **26.6** |
| Germany | 18.4 | **25.1** |
| Europe (excl. Germany) | 24.3 | **22.9** |
| Africa & Australia | 1.3 | **5.4** |

subsidiary had contributed sales in the amount of € 11.4 million to consolidated sales. The sales in the year under review are thus mainly due to our activities of selling TIMARIS machines in the area of nano-deposition technology.

In the fiscal year 2010, Europe (including Germany) was once again our main sales region with a share of total sales of 48.0 % (pervious year: 42.7 %). In the year-over-year comparison the Americas increased their share to 26.6 % (previous year: 23.3 %). The region Asia accounted for 20.0 % of sales (previous year: 32.7 %). On a low level the activities in Africa and Australia increased to 5.4 % of sales (previous year: 1.3 %).

The gross margin in the business year 2010 decreased considerably. The decline to 25.8 % (previous year: 28.8 %) is mainly affected by one-off effects from the write-offs on inventories due to the sustained weak demand for DVD and CD replication lines as well as due to significantly lower order intake at SINGULUS STANGL SOLAR. Adjusted for the extraordinary effect from the write-offs on inventories, the gross margin in the period under review amounted to 28.7 % (previous year: 30.2 %).

The operating expenses came to € 110.7 million in the business year 2010 (previous year: € 106.4 million). The operating expenses in the year under review include one-time charges from write-offs on accounts receivable totaling € 7.4 million. Furthermore, they include extraordinary charges from write-offs on capitalized development expenses in the amount of € 3.1 million. In addition, due to impairments and restructurings charges totaling € 53.0 million were recognized in the year under review.

These extraordinary charges predominantly concern charges from resulting from write-offs on goodwill at SINGULUS MASTERING B.V., Eindhoven, in the amount of € 20.8 million. Moreover, within this subsidiary write-offs on capitalized development expenses totaling € 2.9 million were recognized. Here the restructuring charges mainly result from the gradual relocation of the SINGULUS MASTERING activities from Eindhoven to Kahl am Main, which caused charges in the amount of € 1.8 million.


01


02

01/02 Growth driver
New Media and Games

Moreover, in the course of the first-time consolidation of the STANGL Semiconductor Equipment AG, Fürstenfeldbruck, capitalized customer relationships as well as the acquired brand had to be written off extraordinarily in the amount of € 16.7 million and € 2.3 million, respectively. The reason for this write-off was mainly the drop in demand in the markets for wet-chemical equipment for the production of thin-film solar cells in Europe and North America. This led to a decline in the order intake at the STANGL Semiconductor Equipment AG and SINGULUS STANGL SOLAR during the year under review.

In addition, within the restructuring expenses value adjustment on inventories amounting to € 6.1 million were recognized within the Group. They are mainly connected with the focus on the business activities on Blu-ray and Solar.

The operating expenses were also burdened by extraordinary charges compared with the same period one year ago. This includes restructuring and impairment charges in the amount of € 32.9 million. Specifically, the restructuring charges in 2009 concerned € 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 had also resulted in the previous year. In contrast, during this period the revaluation of the connected purchase price liabilities yielded a gain of € 4.0 million. In addition, in 2009 extraordinary write-offs on other intangible assets amounting to € 0.9 million were recognized.

After adjusting for restructuring and impairment charges operating expenses in the business year 2010 totaled € 57.7 million, the prior-year level stood at € 73.5 million after adjusting this item for one-off effects. In total, the operating expenses before extraordinary effects declined by € 15.8 million in the business year 2010.

This decline is based on contrasting effects. Specifically, general and administrative expenses declined by € 2.6 million. At the same time the expenses for marketing and sales and customer service were reduced by € 1.4 million as well as the expenses for research and development by € 2.3 million. The other operating expenses dropped by € 11.2 million compared with the prior-year period. In contrast, the other operating income declined by € 1.7 million.

In the period under review the other operating income mainly included the reversal of provisions and liabilities in the amount of € 1.0 million (previous year: € 2.8 million), foreign exchange gains in the amount of € 0.4 million (previous year: € 0.9 million) as well as income from the reversal of individual value adjustments on accounts receivable in the amount of € 0.9 million (previous year: € 1.0 million).

In the period under review the other operating expenses mainly included individual value adjustments on accounts receivable in the amount of € 7.4 million (previous year: € 11.2 million), foreign exchange losses in the amount of € 2.0 million (previous year: € 1.2 million) as well as expenses from returned machines in the amount of € 0.3 million (previous year: € 2.6 million).

The earnings before interest and taxes (EBIT) were negative at € -80.2 million (previous year: € -73.3 million). Adjusted for restructuring and impairment expenses totaling € 53.0 million an EBIT in the amount of € -27.2 million resulted (previous year: € -40.4 million). In addition, the operating result in the year under review was burdened by one-off charges in the amount of € 14.3 million. Specifically, the operating result including restructuring charges in the segment Optical Disc was negative at € -49.0 million. Adjusted for the restructuring charges in the amount of € 33.4 million a negative EBIT in the amount of € -15.6 million resulted for this segment. The Solar segment recorded a negative EBIT in the amount of € -31.5 million. This included one-time expenses from impairments in the amount of € 19.0 million. Adjusted for this effect this segment posted on operating result in the amount of € -12.5 million. In the Semiconductor segment an EBIT in the amount of € 0.1 million was realized.

The financial result was negative at € -4.7 million and therefore improved by € 1.4 million compared with the previous year (previous year: € -6.1 million). This improvement is based on contrasting effects. The business year 2009 included the final expenses from the compounding of the put/call option

## Key earnings figures

(in milion €)

| | 2009 | 2010 |
|---|---|---|
| EBIT | -73.3 | **-80.2** |
| Earnings before taxes | -79.4 | **-84.9** |
| Net profit/loss | -78.9 | **-77.9** |
| Earnings per share (in €) | -2.11 | **-1.92** |

and the resulting liability from the acquisition of the STANGL Semiconductor Equipment AG in the amount of € 2.8 million.
In contrast, the interest expenses increased in connection with the debt financing of the Group. In the year under review interest expenses from loans and credit lines amounted to € 2.2 million (previous year: € 1.5 million). In addition, the interest expenses include fees and ancillary expenses in connection with the financing agreements in the amount of € 1.6 million (previous year: € 0.6 million). Moreover, the expenses due to the forfeiting of accounts receivable in the amount of € 0.7 million were recorded (previous year: € 0.7 million). In the business year 2010 financial income in the amount of € 1.4 million was realized (previous year: € 1.5 million). 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 profit for the full year was negative at € -77.9 million and thus mainly characterized by one-off expenses in the period under review (previous year: € -78.9 million). Excluding restructuring and impairment charges a negative result in the amount of € -24.9 million was incurred (previous year: € -46.0 million).

### Order backlog and order intake

The order intake came to € 128.2 million in the year under review (previous year: € 81.1 million) and was 58.1 % above previous year's level. The order backlog at the end of the year 2010 amounted to € 35.5 million and was therefore around previous year's level (previous year: € 34.7 million).

### Balance Sheet and Liquidity

The long-term assets amounted to € 74.6 million and were therefore significantly below previous year's level (previous year: € 139.6 million). Specifically, the goodwill was reduced by € 20.8 million in connection with the extraordinary write-off on goodwill of SINGULUS MASTERING.

## Order intake and order backlog

(in milion €)

| | 2009 | 2010 |
|---|---|---|
| Order intake | 81.1 | **128.2** |
| Order backlog (Dec. 31.) | 34.7 | **35.5** |

In addition, the capitalized other intangible assets declined by € 23.8 million. This decline is mainly due to extraordinary write-offs on capitalized customer relationships (€ 16.7 million) as well as on the brand (€ 2.3 million) of the STANGL Semiconductor Equipment AG and SINGULUS STANGL SOLAR, respectively.

The capitalized development expenses decreased by € 9.6 million due to the extraordinary write-off performed in the third quarter of the year under review. Property, plant and equipment amounted to € 10.6 million and were therefore below previous year's level (previous year: € 12.3 million). Additions to property, plant and equipment amounted to € 2.0 million (previous year: € 5.6 million). Most of the spending was used for replacement investments.

The position "Investment Properties" declined by € 6.8 million in the course of the disposal of the real estate in Slovakia.

The capitalized tax assets of € 0.5 million were below the prior-year level (previous year: € 1.4 million) due to the capitalization of tax assets from loss carryforwards.

Current assets declined by € 7.0 million during the period under review. This decline results from opposing effects. Specifically, inventories declined by € 10.0 million compared with the prior-year period. This decrease is mainly due to the write-offs performed during the year under review.
The accounts receivable and other assets rose by € 5.9 million. The increase in this item predominantly results from collateral of liquid funds for credit agreements. In this connection, liquid funds in the amount of € 8.1 million are reported as other assets. As of the end of the period under review liquid funds stood at € 12.3 million. The net liquidity excluding liquid funds was negative at € -13.8 million as of December 31, 2010.

The decline in the position "Long-term assets held for disposal" results from the sale of HamaTech APE at the beginning of the business year. In this connection assets in the respective amount were disposed of.

Compared with the previous year the short-term liabilities decreased by € 17.8 million. This decline is based on contrasting effects. Specifically, the other short-term liability declined by € 12.4 million, the short-term bank liabilities dropped by € 8.8 million. The decline

## Assets
(in million €)

| | 2009 | 2010 |
|---|---|---|
| Cash & cash equivalants | 15.2 | **12.3** |
| Accounts receivable and other assets (short-term) | 41.4 | **47.3** |
| Inventories | 57.7 | **47.7** |
| Long-term assets | 139.6 | **74.6** |
| Others | 9.7 | **0.0** |
| Balance sheet total | 263.6 | **181.9** |

## Shareholders' equity and liabilities
(in million €)

| | 2009 | 2010 |
|---|---|---|
| Short-term liabilities | 72.4 | **54.6** |
| Long-term liabilities | 23.0 | **21.1** |
| Shareholders' equity | 165.8 | **106.2** |
| Others | 2.4 | **0.0** |
| Balance sheet total | 263.6 | **181.9** |

in the other short-term liabilities is mainly due to the payment of the remaining purchase liability from the acquisition of the remaining 49 % of the shares of the STANGL Semiconductor Equipment AG. The decrease in the short-term bank liabilities is predominantly tied to the repayments of loans in the amount of € 10.6 million. Moreover, short-term bank loans increased by € 1.9 million in connection with the grant of a KfW loan. Overall, the company received € 10.0 million from this loan. This cash inflow was used for the payment of the remaining purchase price from the acquisition of the outstanding 49 % of the shares of the STANGL Semiconductor Equipment AG. Deferred tax liabilities declined by € 1.6 million, the other provisions dropped by € 1.1 million.

In contrast, accounts payable rose by € 4.9 million. Compared with the previous year the prepayments received increased by € 1.2 million.

Compared with the previous year the long-term liabilities decreased by € 1.9 million. This decrease is due to different effects. In connection with the aforementioned granting of a KfW loan amounting to € 10.0 million in total, the long-term bank liabilities rose by € 8.1 million. Deferred tax liabilities declined by € 9.3 million mainly in connection with the write-off of intangible assets.

**Shareholders' equity**

The shareholders' equity in the Group amounted to € 106.2 million as of December 31, 2010 and is below the level of year-end 2009 (€ 165.8 million). Equity in the amount of € 103.5 million is attributable to the shareholders of the parent company and € 2.7 million to minorities. Accordingly, the equity ratio amounted to 58.4 % as of December 31, 2010 (previous year: 62.9 %).

In the year under review a capital increase was successfully concluded in the course of an accelerated book-building procedure with German and international investors. 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 € 15.1 million. The subscription rights of existing shareholders were excluded pursuant to the authorization in Art. 5 Para. 2 Sent. 4 of the articles of incorporation. This capital increase was entered into the commercial register of the SINGULUS TECHNOLOGIES AG at the Local Court Aschaffenburg on March 10, 2010.

### Cash Flow

In the year under review the cash flow from operating activities was negative at € 6.9 million. In the prior-year period the operating cash flow was positive at € 0.2 million.

The cash outflow from investing activities amounted to € 2.4 million compared with € 14.7 million in the prior-year period. Cash outflows for the acquisition of minority interests in the STANGL Semiconductor Equipment AG in the amount of € 10.0 million as well as for the acquisition of intangible assets and fixed assets in the amount of € 2.8 million are set against cash inflows from the disposal of real estate and investments in the amount of € 11.6 million.

In the period under review the cash inflow from financing activities amounted to € 6.3 million. In the same period one year ago, the cash outflow from financing activities had amounted to € 10.5 million in total. The positive cash flow from financing activities in the year under review mainly resulted from the aforementioned capital increase. In this connection the SINGULUS TECHNOLOGIES AG received funds totaling € 15.1 million. In addition, from the granting of a KfW loan cash flow in the amount of € 10.0 million was received. In contrast, liquid funds in the amount of € 10.7 million were paid in the course of the repayment of loans. Moreover, in the course of collateral management for credit agreements € 8.1 million were transferred to blocked accounts.

Of these funds, € 4.4 million serve as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met. In addition, collateral from the sale of various assets was provided (€ 3.7 million).

As a result, cash and cash equivalents decreased by € 2.9 million in the year under review.

## Cash flow

(in million €)

| | 2009 | 2010 |
|---|---|---|
| Cash flow from operating activities | 0.2 | -6.9 |
| Cash flow from investing activities | -14.7 | -2.4 |
| Cash flow from financing activities | -10.5 | 6.3 |
| Total cash flow | -25.0 | -3.0 |
| Cash and cash equivalents at the beginning of the business year | 40.1 | 15.2 |
| Exchange rate-related changes | 0.1 | 0.1 |
| Cash and cash equivalents at the end of the business year | 15.2 | 12.3 |

## Financial Report of the SINGULUS TECHNOLOGIES AG (individual financial statements pursuant to HGB)

The order intake at the SINGULUS TECHNOLOGIES AG amounted to € 86.4 million while the order backlog stood at € 24.3 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 sales increase of € 13.8 million or 25.6 % to € 67.8 million was mainly the result of higher sales in the Optical Disc segment.

The material expenses rose from € 37.6 million to € 52.1 million. In the business year 2010 total output amounted to € 77.9 million. This corresponds to a cost of materials margin of 66.9 %.

Personnel expenses in the amount of € 16.4 million (previous year: € 19.8 million) were below the prior-year level. However, in the business year 2009 this item was impacted by charges for severance payments and restructuring measures totaling € 3.9 million.

The other operating expenses/income in the amount of € 24.0 million include accounts receivable from third parties amounting to € 5.5 million as well as necessary write-offs concerning the inter-company area in the amount of € 6.5 million. Write-offs in the inter-company area concern an extraordinary write-off on receivables for SINGULUS MASTERING.

## Key figures at a glance

(in million €)

The key figures at a glance and in comparison with the previous year are as follows:

| | 2009 | **2010** |
|---|---|---|
| Sales | 54.0 | **67.8** |
| Cost of goods sold | -37.6 | **-52.1** |
| Personnel expenses | -19.8 | **-16.4** |
| Other operating expenses/income | -26.1 | **-24.0** |
| Extraordinary result | -2.4 | **-4.7** |
| Net loss | -54.0 | **-71.6** |
| Fixed assets | 130.3 | **79.1** |
| Current assets | 74.0 | **51.9** |
| Liquidity | 2.9 | **15.3** |
| Bank loans | 26.3 | **25.8** |
| Shareholders' equity | 99.5 | **43.0** |

**01** Crystalline solar cells
**02** Blu-ray Disc


01


02

In addition, due to the sustained weak earnings situation at SINGULUS MASTERING the book value of the participation of this company was written off by € 24.9 million in the business year 2010. Furthermore, the book value of SINGULUS STANGL SOLAR was written off by € 16.3 million due to the significant decline in the order intake.

Because of the focus on the product segment Blu-ray as well as on Solar, extraordinary write-offs on the inventories in the product groups CD and DVD amounting to € 4.7 million were performed.

Overall the liquid funds increased by € 12.4 million in the business year 2010 and stood at € 15.3 million at the end of the business year. Thereof, in the course of collateral management for credit agreements € 7.9 million were transferred to blocked accounts. Of these funds, € 4.2 million serve as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met. In addition, collateral from the sale of various assets was provided (€ 3.7 million).

The shareholders' equity declined by € 56.5 million to € 43.0 million in the year under review. The equity ratio amounted to 29.5 % at the end of the year under review (previous year: 47.9 %).

## Material events after December 31, 2010 / Supplemental Report

In January 2011 the SINGULUS TECHNOLOGIES AG reported an additional order for five selenization machines for CIS thin-film solar cells. In close cooperation with the AVANCIS GmbH & Co. KG SINGULUS TECHNOLOGIES had developed a new process machine for the thin-film solar technology in 2009 and received the first order over € 19 million at the beginning of 2010. The follow-up order by Hyundai-AVANCIS over more than € 30 million significantly exceeds this volume.

Due to the sustained earnings weakness in the business year 2010 the covenants with the financing banks to meet the financial key figures were not met. As a consequence a standstill agreement with the financial companies was concluded for the time being. In February 2011 the credit agreement with the bank consortium upon continuation of the essential financing parameters was renewed.

## Forecast report

### Economic framework condition, risks and opportunities of the segments Optical Disc and Solar

Although the impacts of the global economic crisis was still tangible in 2010 as well, on a favorable note the project activities in both important segments increased significantly at SINGULUS TECHNOLOGIES.

For the Optical Disc segment the favorable course of the Christmas activities 2010 and the resulting very high utilization of the production capacities at Blu-ray producers make us very optimistic. The development in this market is clearly set for growth. Here we see only small risks for our company since our position as provider for integrated Blu-ray production equipment is currently not threatened by any other company worldwide.

The improvement in the global solar market in the year 2010 is mainly due to the silicon solar technology in Asia. Since SINGULUS TECHNOLOGIES had only started to expand its Asian sales network at the end of 2009, the company was only able to participate in this regional growth to a limited extent and with a significant delay. However, first success in China makes us confident that these fundamental efforts to develop the market will pay off in the next couple of years.

The market for production equipment for thin-film solar cells is increasingly gaining momentum. This is visible through numerous contacts and sales approaches with producers of thin-film solar cells. In the past couple of years financing of the substantially higher investments compared with the silicon technology through the capital markets was often lacking. Here producers and investors are signaling an increase of financing activities for 2011. This would result in a general pick-up in demand for production machines. The major order at the beginning of 2011 is a first indication for this trend.

In the Solar segment SINGULUS TECHNOLOGIES has to assert itself against the competition in every area. With an advanced technology, which is applied for new cell concepts in particular and which contributes to an improved cell performance and additional cost savings, as well as the integration of engineering and process technology SINGULUS TECHNOLOGIES will continue to make its way with its machines in both areas of the solar market.

### Future opportunities, outlook and expected earnings situation

SINGULUS TECHNOLOGIES is very well positioned for the future and has good chances to return to a stage of stable earnings again. We are convinced that we will be able to achieve our targets for the year 2011. The internal prerequisites have been implemented, the external economic conditions have developed favorably and provide a solid foundation.

In the Optical Disc segment SINGULUS TECHNOLOGIES is the only one-stop provider globally as well as the global market for Blu-ray machines and expects strong growth in this area in the coming years. Excellent products, a unique market position and top service performance form the basis for a profitable Optical Disc segment for our company. We expect this trend to continue in 2012 as well.

In the Solar segment SINGULUS TECHNOLOGIES will continue to further assert itself in the field of production technology for crystalline and thin-film solar cells. Several projects for individual and complete systems are currently in negotiations and indicate respective order intake in 2011.

The Executive Board is confident that the company will succeed in expanding the business activities in the Solar division as planned, so that this segment will contribute sustainably to the Group's results. Therefore, we already project our Solar segment to break-even in 2011 and forecast a positive continuation in 2012.

## 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 to 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 risks 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 fulfilling 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 2010. In addition, in this connection write-offs were necessary due to the value adjustments of several semi-finished and finished products in the Optical Disc segment. Overall, write-offs of inventories in the amount of € 9.5 million were recognized in the year under review.

### 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 risks

In particular in the Solar segment our expectations and assessments of the business development are mainly based on the increasing importance of the system activities. Such major projects make great demands for the risk management. Within the SINGULUS TECHNOLOGIES Group this is especially relevant for our business activities in the Solar division. Potential risks emerge during the calculation of such projects under uncertainty. They include unexpected technical problems, supply bottlenecks and quality problems at suppliers of important components, unforeseeable developments during the assembly on-site and problems with partner and sub-contractors. 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 segment Optical Disc SINGULUS TECHNOLOGIES only recognizes sales after the final acceptance by the customer. 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 segments Solar and Semiconductors. Here, production orders are booked pursuant to the percentage-of-completion method. Potential risks already emerge during the calculation of projects. 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.

### Product risks

Potential product risks, such as for example liability claims or reputational damage due to product deficiencies, are limited by the high quality and safety of our products, our product information and our services. The potential hazards and risk for employees, customers or the environment stemming from a product during its entire life cycle are already analyzed in the course of the development of our products and the respective risk potential assessed. We implement suitable measures to prevent the determined risks or if that is not possible to reduce them to an acceptable extent.

### Production risks

Business interruptions at one of our main sites or for our machines at a customer over an extended period of time could negatively impact the earnings situation and the reputation of the company. This is particularly true if the business interruption is caused by an accident also resulting in personal or environmental damage.

Therefore, measures preventing business interruptions are prioritized. In particular, this includes preventive machine monitoring and the provision of strategic spare parts.

### 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 as well as the identification and seizing of these 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 until the business year 2010. Both the Optical Disc segment and the Solar division were affected by this decline.
In this connection write-offs in the amount of € 44.2 million concerning the reduction of fair values of several assets were recognized in the business year 2010. The resulting burden on earnings was significant in the year under review, but non-cash in 2010 and therefore not threatening the continuation 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 2010. 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 € 7.4 million in total were recognized. Overall, the write-offs at the end of the year under review amounted to € 10.6 million. Due to this as well as due to the implemented changes of processes in Sales & Marketing as well as in Accounting from today's perspective we believe the default risk on receivables to be sufficiently covered.

### 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.

To stabilize the liquidity situation a capital increase of € 15.1 million was already done in March 2010 as well as the sale of the subsidiary HamaTech APE and the real estate in Sternenfels. In this connection a liquidity inflow in the amount of € 6.2 million was recorded in March 2010. In addition, in November 2010 a non-operating property in

Slovakia was sold in this connection for a purchase price in the amount of € 5.4 million. To finance the existing purchase price liability in the amount of € 10.0 million in the course of the acquisition of 49 % of the shares of the STANGL Semiconductor Equipment AG a loan granted by the Kreditanstalt für Wiederaufbau (KfW) was drawn in April 2010.

Due to the sustained weak business development in 2010, it became clear in the summer 2010, that the agreed covenants of the existing loan agreements could not be met by the end of 2010. The Executive Board therefore proactively started discussions with the financing banks and in February 2011 agreed upon new financing conditions with a term until the end of 2012. Here the originally agreed credit facility of € 41.5 million was expanded by an additional draft guarantee in the amount of € 6.2 million. Accordingly, in addition to the term loan facility of originally € 25.0 million the company has a revolving facility in the amount of € 10.0 million as well as a draft guarantee in the amount of € 12.7 million at its disposal. As of the end of the year under review the term loan facility was reduced to € 5.6 million. The revolving loan facility was completely drawn, of the draft guarantee € 5.5 million were used as of the balance sheet date.

As of December 31, 2010 the net debt excluding liquid funds amounted to € -13.8 million and the equity ratio 58.4 %.

Within the scope of this medium-term loan facility, extensive collateral was provided for the financing banks. In an amendment to the loan agreement as of February 9, 2011, covenants, which are reviewed on monthly basis, have been agreed with the financing banks. In case of a breach of the covenants the banks are entitled to call the loans, which are a necessary requirement for the continuation of corporate activities. Correspondingly, the Executive Board's highest priority and biggest effort is to fulfill these covenants. However, if they are breached, we expect the financing banks to continue the financing due to the lower overall debt level within the Group, the very high equity ratio as well as high level of collateral.

Depending on project-specific requirements the entry into the activities in the Solar division could make further financing agreements necessary.

In the business year 2010 in the course of collateral management for credit agreements € 8.1 million were transferred to blocked accounts. Of these funds, € 4.4 million serve as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met. In addition, proceeds from the disposal of various assets were temporarily provided as collateral (€ 3.7 million).

To detect liquidity risks at an early stage liquidity projections are performed on a regular basis and compared with the actual developments. To analyze default risks the portfolios of accounts receivable of the individual companies in the SINGULUS TECHNOLOGIES Group are reviewed in short time intervals.

**Legal Risks**
As an internationally operating company the SINGULUS TECHNOLOGIES Group is exposed to a multitude of legal risks. In particular they include risks from the fields product liability, patent rights, tax laws and corporate laws. The outcome of currently pending and future litigation often cannot be foreseen with certainty so that due to legal or administrative decisions or settlements expenses can be incurred, which are not or not fully covered by insurances and which can have an effect on our activities and as a consequence on the results.

In the course of the legal support of the operating business activities the legal risks are identified following a systematic approach and qualitatively and quantitatively analyzed with respect to their probability of occurrence and potential impact.

The litigations set forth in the following are the main legal risks from today perspective. It should not be viewed as an exhaustive enumeration.

_ Action for rescission and nullification against the merger agreement of the extraordinary shareholders' meeting of the HamaTech AG as of December 17, 2007 and decision to reverse the transaction
15 former shareholders of the HamaTech AG submitted an action for rescission and nullification against the resolution regarding the approval of the merger with the SINGULUS TECHNOLOGIES AG. With the decision of May 28, 2009 the District Court Nuremberg-Fürth dismissed the action for rescission of nullification of the claimants against the merger resolution. However, at the same time the court decided upon the action of eleven claimants that, due to the settlement agreement in the controlling agreement between the company and the (defunct) HamaTech AG as of April 21, 2006, with the entry into force of the merger, the company is obliged to purchase the proportional SINGULUS shares, which claimants received in the course of the merger, for a cash price of € 2.55 for each former HamaTech share upon request of the claimants (former shareholders of the HamaTech AG). Some of the claimants appealed the decision to dismiss the action for rescission and nullification and the SINGULUS TECHNOLOGIES AG appealed the declaratory judgment. The company assesses the success probability of the appeal of the claimants as low. The success probability of the own appeal against the declaratory judgment is hard to predict. Even if the appeal is not successful only eleven claimants are entitled to benefit for the shares held by them. So far, the claimants have not quantified the number of shares held. In addition, the company would have to pay all legal expenses.

_ Shareholder compensation claim after controlling agreement
These legal proceedings are subject to the determination by court of the reconciliation and compensation pursuant to the controlling agreement as of April 21, 2006 between the (defunct) HamaTech AG as the depending company and the

company as the controlling company. 24 (former) shareholders of the HamaTech AG have filed a lawsuit for the review of the appropriateness of the cash settlement and the compensatory payment. The court has appointed an expert to draw up a valuation. The expert's opinion is not available so far. An increase of the settlement ordered by court would apply to all shareholders who have accepted the settlement, not only for the claimants. The probability of success of the claimants and the extent of a potential adjustment cannot be assessed currently. Even if the SINGULUS TECHNOLOGIES AG wins, the company has to pay the court and legal expenses of the claimants due to legal provisions.

_ Shareholder compensation claim after merger
The subject of this shareholder compensation claim is the court decision with respect to the cash payment for the former shareholders of the HamaTech AG in the course of the merger of the HamaTech AG to the SINGULUS TECHNOLOGIES AG. 45 (former) shareholders of the HamaTech AG filed a claim for the court decision regarding the cash payment. So far, the court has not appointed an expert for an opinion on the particular valuation objections of the claimants. Accordingly, currently the outcome of the litigation cannot be foreseen. The SINGULUS TECHNOLOGIES AG will have to bear the court and legal expenses in any case.

## 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 extent of the reduced loan facility for the machine activities within our segments Optical Disc, Solar and Semiconductors is sufficient, insofar as the demand within our markets picks up in 2011. In addition, subject to project-specific requirements within the system activities of the Solar division, further financial funds or financing commitments may become necessary, which would require an extended financing scope. In the Solar segment management projects growth rates in particular for the system activities. If the sales in the system activities fall short of expectations, this will result in a valuation gap to book values and trigger additional impairment charges.

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 they include:

_ 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 substantially 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 at SINGULUS TECHNOLOGIES

SINGULUS TECHNOLOGIES has high expectations for itself and its products. The machines in the segments Optical Disc and Solar meet the latest requirements in terms of environment, energy consumption and safety. The conscious management of resources and the care for employees coupled with social engagement are of prominent importance for SINGULUS TECHNOLOGIES and emphatically underscore our responsibility for society and our engagement for the environment.

An environmentally-conscious construction, resource-efficient material use and recyclability are the foundation of a sustainable production and assembly of our machines. We are continuously reviewing these processes with respect to their efficiency and environmental impact for potential modifications. Machines produced by SINGULUS TECHNOLOGIES are energy-saving. For example, the electricity consumption is reduced to an absolute minimum – this is also reflected in the energy balance and in cost considerations on part of our customers.

Since the foundation of the company recyclable goods such as CDs, DVDs and Blu-ray Discs produced during commissioning have been collected in-house. Plastic material and valuable metal parts are reprocessed by service providers.

We have set a special focus on the conservative use of resources at our new production site in Fürstenfeldbruck. Solar panels with 468 modules were installed on the roof of the building in April 2010, which generate an output of 86.15 KWp. The panels cover an area of 625 m². Moreover, during winter we use geothermal energy to contribute to the heating and in summer for the cooling of the buildings.

Within the SINGULUS TECHNOLOGIES Group environmentally friendly conduct and the sustainability concept are being actively lived.

01 Youth researches
02 Sustainable Media

## Compensation Report

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

The compensation report applies the recommendations of the German Corporate Governance Code except for the limitations set forth in the declaration pursuant to Art. 161 AktG.

### A. Compensation of the Executive Board

#### I. Members of the Executive Board in the business year 2010

| | |
|---|---|
| **Roland Lacher** | Chief Executive Officer following the appointment to the Executive Board by the Supervisory Board (until March 31, 2010) |
| **Dr.-Ing. Stefan Rinck** | Member of the Supervisory Board since March 31, 2010 and Chief Executive Officer since April 1, 2010, responsible for Marketing & Sales as well as Strategy and International Operations, since November 19, 2010 also for Technology, Research & Development |
| **Markus Ehret** | Member of the Executive Board since April 19, 2010 responsible for Finance, Controlling, Investor Relations, Human Resources and IT, since November 19, 2010 also for Procurement |
| **Dr.-Ing. Anton Pawlakowitsch** | Member of the Executive Board responsible for Technology, Research & Development (until November 19, 2010) |

**II. Individual compensation**

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

| | Fixed salary | Other compensation[1] | Variable compensation | Total | Total (previous year)[3] |
|---|---|---|---|---|---|
| | (in '000 EUR) | (in '000 EUR) | (in '000 EUR) | (in '000 EUR) | (in '000 EUR) |
| Roland Lacher (until March 31, 2010) | 100 | 8 | - | 108 | 155 |
| Dr.-Ing. Anton Pawlakowitsch (until November 19, 2010)[2] | 219 | 24 | - | 243 | 381 |
| Dr.-Ing. Stefan Rinck | 400 | 33 | 200 | 633 | 209 |
| Markus Ehret (from April 19, 2010) | 131 | 9 | 99 | 239 | - |
| **Total** | **850** | **74** | **299** | **1,223** | **745** |

1) Other compensation includes fringe benefits such as insurances and company cars.
2) After leaving the Executive Board Dr.-Ing. Anton Pawlakowitsch has continued to receive the fixed salary according to his employment contract. The continuation of the payment of the fixed salary after his leaving is treated as a severance payment.
3) Due to the change in the composition of the Executive Board compared with the previous year (leaving of Dr.-Ing. Anton Pawlakowitsch with effect from November 19, 2010; joining of Mr. Markus Ehret as of April 19, 2010 as well as the appointment of Mr. Roland Lacher by the Supervisory Board pursuant to Art. 105 Para. 2 AktG for the first quarter) and the differing composition of the compensation (only fixed salary for Mr. Roland Lacher and fixed bonuses for Dr.-Ing. Stefan Rinck and Mr. Markus Ehret) the total compensation of the Executive Board in the year 2010 cannot be compared with the prior-year level in a reasonable way.

Overall, the compensation of the members of the Executive Board for the business year 2010 amounted to € 1,223,000. The annual fixed salary contributed approximately 70% and the variable - however mainly predetermined for the Executive Board members Dr.-Ing. Stefan Rinck and Mr. Markus Ehret - compensation contributed about 24 % to the total compensation.

## III. Description of the compensation structure

### 1. Overview compensation structure

#### 1.1 Design and goals of compensation structure

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 with a sustainable corporate development and composed of fixed and monetary compensation, stock option, pension obligations and benefits in kind. In this context the Supervisory Board assumes an annual monetary 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. 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 regular review is performed during the first meeting of the Supervisory Board in the year.

#### 1.2 Composition of the compensation

The compensation generally includes fixed and performance-related components. The fixed parts are composed of a fixed salary, pension benefits and benefits in kind.

The performance-based components are split into a variable bonus, a special bonus program with long-term incentivization and stock options, whose value depends upon the long-term development of the company.

The variable bonus is tied to achieving individual targets, which include financial, corporate, operating and technologic goals. These targets are set afresh annually by the Supervisory Board and individually agreed with the members of the Executive 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 contract of the members of the Executive Board 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 as well as competitive compensation.

For the first time, in the business year 2006 an additional variable compensation (special bonus) with a long-term incentivization was agreed with the members 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 for 2010 for the special bonus is a level of earnings per share in the amount of € 0.70. This target increases by 10 % annually.

If the performance target is not achieved, the special bonus for the respective year is locked-up until the performance target in one of the following years is met. In that case all locked-up special bonuses will be paid out cumulatively. This represents an incentive to stay at the company and to continuously and sustainably increase the company's value by improving the earnings per share.

Locked-up special bonuses and potential special bonus granted for the current business year expire if the employment contract is terminated during the business year.

No special bonus agreement was concluded with Mr. Markus Ehret in 2010.

In the past stock options were granted. However, no option programs were set up in the past two years. The last stock option plan was initiated in the year 2007. Neither Dr.-Ing. Stefan Rinck nor Mr. Markus Ehret were beneficiaries of earlier stock option programs. Correspondingly, none of the current Executive Board members holds stock options from these programs.

In 2011 the Supervisory Board plans to grant virtual shares or stock options for Executive Board members, management and employees. The Board asked the Executive Board to prepare relevant programs as a decision document. The general goal of such programs is to commit the beneficiaries to the company in the long-term. In addition, the program should provide a compensation component with multiple-year criteria, which achieves a high alignment of interest between the beneficiaries and the shareholders and therefore creates shareholder value in the long-term.

Finally, the members of the Executive Board receive benefits in kind such as company cars, insurances as well as pension benefits.

## 2. Fixed salary

The fixed compensation is paid on a monthly salary basis. The appropriateness of the amount is reviewed annually. An adjustment can also be made by granting one-time extraordinary payments.

For the business year 2010 the total fixed salary paid amount to € 850,000.

Due to the tense economic situation the Supervisory Board decided on 14 September 2009 to adjust the compensation of the Executive Board pursuant to Art. 87 Para. 2 AktG and to reduce the annual gross fixed compensation for the sitting members of the Executive Board by 20 % from October 1, 2009. This included the possibility of a retroactive increase of the gross annual salary by means of a time-proportional subsequent payment up to the level of the original gross annual salary depending on the realized consolidated earnings per share.

The decision was also in force in the business year 2010 and only affected Dr.-Ing. Anton Pawlakowitsch. The newly appointed Executive Board members Dr.-Ing. Stefan Rinck and Mr. Markus Ehret, which were appointed after this decision, were not affected by this arrangement.

### 3. Variable compensation

For the business year 2010 the total variable compensation paid amounted to € 299,000.

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 the Executive Board members was reduced by 20 % from September 1, 2009. This reduction did not apply for the Executive Board members Dr.-Ing. Stefan Rinck and Mr. Markus Ehret for the business year 2010, since they were only appointed after the decision to reduce the compensation.

Dr.-Ing. Anton Pawlakowitsch did not receive a variable compensation for the year 2010. Dr.-Ing. Stefan Rinck received a variable compensation in the amount of € 133,500 in addition to an appreciation bonus of € 66,500, which were contractually agreed in the course of the appointment, and Mr. Markus Ehret a variable compensation of € 99,200 which was also contractually agreed upon.

### 4. Stock options and virtual shares

At the point in time of leaving the Executive Board Dr.-Ing. Anton Pawlakowitsch held 80,000 stock options from a past stock option plan. These options will expire at the point in time of his final leaving of the company if the exercise conditions at that point are not fulfilled. The other members of the Executive Board do not hold options granted by the company.

In 2011 the Supervisory Board decided to grant the members of the Executive Board virtual shares or stock options.
A relevant program is currently being prepared by the company as a decision document for the Supervisory Board.

### 5. Other compensation

In addition, the members of the Executive Board receive auxiliary benefits in form of benefits in kind such as company cars or lump-sum compensation for the use of private vehicles for business activities, casualty and liability insurance as well as D & O insurance with the legally required deductible. Each individual Executive Board member has to pay taxes on these fringe benefits as part of the overall compensation

As a basic principle, each member of the Executive Board is granted the same amount.

Dr.-Ing. Stefan Rinck did not receive additional compensation for his activities as Executive Board member/Manager Director of the STANGL Semiconductor Equipment AG/SINGULUS STANGL SOLAR GmbH.

Payments from Supervisory Board compensations for the Group's companies are set against the Executive Board compensations.

### 6. Pension plans

Pensions are paid to members of the Executive Board, who have reached the age limit of 63. Pension commitments for members of the Executive Board are based on a percentage of the fixed salary received upon 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 € 0 as of December 31, 2010.

## 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.

Dr.-Ing. Anton Pawlakowitsch continued to receive his fixed salary according to his employment contract after leaving the Executive Board on November 19, 2010. A severance payment was not agreed.

### 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. Roland 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 are due or can be sold irrespective of the expiration or lock-up periods and reaching the performance targets (for special bonuses and virtual shares please refer to annotations under III. Art. 3 and 4 above). The same holds true for virtual shares granted.

In addition, the members of the Executive Board have an extraordinary termination right in case of a change of control.

3.2 The stock options granted to members of the Executive Board can be exercised ahead of schedule in case of a change of control.

### 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 € 800.00 per cent of the consolidated net profit per share pursuant to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS). The fixed compensation is chargeable against the performance-related compensation.

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 under review, whereas the variable compensation for the business year 2010 is not applicable just as in the previous year due to the losses incurred in the company:

| | **Fixed compensation** (in ´000 EUR) | **Variable compensation** (in ´000 EUR) | **Total** (in ´000 EUR) | **Total (previous year)** (in ´000 EUR) |
|---|---:|---:|---:|---:|
| Roland Lacher (since April 1, 2010) | 45 | 0 | 45 | 38 |
| Dr.-Ing. Wolfhard Leichnitz | 49 | 0 | 49 | 32 |
| Günter Bachmann | 34 | 0 | 34 | 36 |
| Jürgen Lauer (until March 31, 2010) | 7 | 0 | 7 | 11 |
| **Total** | **135** | **0** | **135** | **117** |

## 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, 2010 the Chairman of the Supervisory Board, Mr. Lacher, held directly and indirectly through the VVG Roland Lacher KG (a company attributed to Mr. Roland Lacher pursuant to Art. 15a Para. 3 Sent. 3 Securities Trading Act (WpHG)) 594,472 shares in total corresponding to 1.5 % 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 or indirectly shares or options of the SINGULUS TECHNOLOGIES AG as of December 31, 2010:

| | Bearer shares with a nominal value of € 1.00 | Options | Price multiplier | Strike in € |
|---|---|---|---|---|
| **Supervisory Board members** | | | | |
| VVG Familie Roland Lacher KG | 594,472 | - | - | - |
| Dr.-Ing. Wolfhard Leichnitz | 20,000 | - | - | - |
| Günter Bachmann | 15,000 | - | - | - |
| **Executive Board members** | | | | |
| Dr.-Ing. Stefan Rinck, CEO | 8,000 | - | - | - |
| Markus Ehret, CFO | 2,000 | 10,000 | 12.69 | 6.00 |
| | | 10,000 | 16.27 | 5.00 |

The sitting members of the Executive Board did not hold subscription rights through stock options or convertible bonds as of December 31, 2010.

## 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 2010 the following transactions were published:

| Name/ function | Date | Transaction type and market | WKN/ISIN | Quantity | Price in € | Strike | Volume in € |
|---|---|---|---|---|---|---|---|
| Dr.-Ing. Wolfhard Leichnitz Member of the Supervisory Board | Dec. 23, 2010 | Purchase of shares, Frankfurt am Main | 723890/ DE0007238909 | 10,000 | 3.79 | - | 37,913,40 |
| Dr.-Ing. Stefan Rinck, CEO | Nov. 2, 2010 | Purchase of shares, Frankfurt am Main | 723890/ DE0007238909 | 8,000 | 3.47 | - | 27,726,64 |
| Markus Ehret, CFO | Oct. 29, 2010 | Purchase of options, Stuttgart | DB8LYU | 10,000 | 0.24 | 6.00 | 2,400.00 |
| Markus Ehret, CFO | Oct. 29, 2010 | Purchase of options, Stuttgart | DB7M6K | 10,000 | 0.18 | 5.00 | 1,800.00 |
| Markus Ehret, CFO | Oct. 29, 2010 | Purchase of shares, Frankfurt am Main | 723890/ DE0007238909 | 2,000 | 3.31 | - | 6,620.00 |
| Günter Bachmann, Supervisory Board member | Jan. 13, 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.

Kahl am Main, March 24, 2011

SINGULUS TECHNOLOGIES AG
The Executive Board

Dr.-Ing. Stefan Rinck
Markus Ehret

# 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 € 41,050,111.00 and is divided into 41,050,111 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 the Executive Board is pursuant to Art. 84 & 85 German Stock Corporation Act (AktG). Notwithstanding Art. 179 Para. 2 AktG, changes in the by-laws through the Annual General Meeting in addition to the simple majority of votes pursuant to Art. 133 Para. 1 AktG only require the simple majority of the nominal capital present at the adoption of a resolution unless the resolution applies to concerns changing the objective of the company. As for the rest, Art. 133, Art. 179 - 181 AktG apply.

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.

Moreover, the Executive Board upon approval of the Supervisory Board is entitled to determine the details of the implementation of capital increase from Authorized Capital III. The new shares can also be acquired by financial institutions selected by the Executive Board with the obligation to offer these shares to shareholders (indirect subscription right).

7.2 The Executive Board is authorized to increase the nominal capital of the company at one time or several times up to € 3,305,360.00 in total through the issuance of new, bearer shares with a nominal capital of € 1.00 against cash payments and/or contributions in kind (Authorized Capital I).

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.

Moreover, the Executive Board upon approval of the Supervisory Board is entitled to determine the details of the implementation of capital increase from Authorized Capital I. The new shares can also be acquired by financial institutions selected by the Executive Board with the obligation to offer these shares to shareholders (indirect subscription right).

7.3 The nominal capital of the company is conditionally increased by up to € 1,800,000.00 through the issuance of up to 1,800,000 bearer shares with a nominal capital of € 1.00 each (Authorized Capital II). The conditional capital increase is insofar implemented as the economic owners of the convertibles bonds, which are issued due to the authorization by the Annual General Meeting as of May 7, 2001, exercise their right to convert the bonds into shares of the company.

7.4 Authorization for buy-backs: None

8. Change of control clauses and compensation agreements

8.1 Except for the employment contract of Mr. Roland 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. Roland 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 six 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. Stefan Rinck a special bonus in the amount of € 500,000.00 per annum if a specified level of the earnings per share is reached (performance target). Otherwise the special bonus is locked-up until the performance target is met in one of the following years. Detailed information is provided in the compensation report as part of the status report. The compensation report sets forth the compensation system for the members of the Executive Board in detail. If the employment contract after a change of control at the SINGULUS TECHNOLOGIES AG is not prolonged, terminated or if the member of Executive Board is suspended or exercises the right of extraordinary termination, all locked-up special bonuses 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.

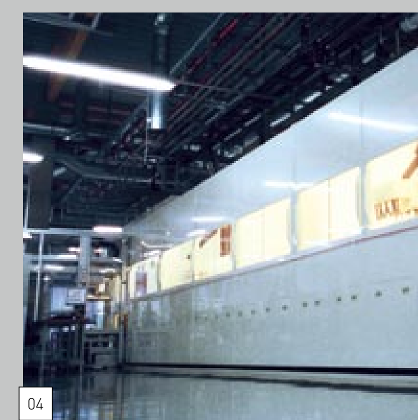
8.2 The 1,014,230 overall stock options issued on the basis of the stock option programs 2005, 2007 and 2008 to Executive Board members of the SINGULUS TECHNOLOGIES AG, members of managing bodies of subordinated related companies as well as executives and employees of the SINGULUS TECHNOLOGIES AG can 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.

# Business segment products
## Solar

01

02

03



04

01 LINEA / crystalline solar cells
02 VITRUM / thin film solar cells
03 SINGULAR  anti-reflective coating
04 SILEX batch system
05 TENUIS / buffer-layer coating

# 03
# Consolidated Financial Statements

05

# Consolidated Balance Sheets
## as of December 31, 2010 and 2009

### ASSETS

| | Note no. | **Dec. 31, 2010 [EUR m]** | Dec. 31, 2009 [EUR m] |
|---|---|---|---|
| Cash and cash equivalents | (7) | **12.3** | 15.2 |
| Trade receivables | (8) | **34.2** | 34.4 |
| Other receivables and other assets | (9) | **13.1** | 7.0 |
| Total receivables and other assets | | **47.3** | 41.4 |
| Raw materials, consumables and supplies | | **17.7** | 26.0 |
| Work in process | | **30.0** | 31.7 |
| Total inventories | (10) | **47.7** | 57.7 |
| **Total current assets** | | **107.3** | 114.3 |
| Trade receivables | (8) | **3.2** | 4.6 |
| Property, plant and equipment | (12) | **10.6** | 12.3 |
| Investment property | (13) | **0.0** | 6.8 |
| Capitalized development costs | (11) | **16.9** | 26.5 |
| Goodwill | (11) | **21.7** | 42.5 |
| Other intangible assets | (11) | **21.7** | 45.5 |
| Deferred tax assets | (23) | **0.5** | 1.4 |
| **Total non-current assets** | | **74.6** | 139.6 |
| Non-current assets held for sale | (14) | **0.0** | 9.7 |
| **Total assets** | | **181.9** | 263.6 |

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

## LIABILITIES

| | Note no. | Dec. 31, 2010 [EUR m] | Dec. 31, 2009 [EUR m] |
|---|---|---|---|
| Trade payables | | **12.5** | 7.6 |
| Current bank liabilities | (19) | **17.9** | 26.7 |
| Prepayments | (16) | **6.0** | 4.8 |
| Other current liabilities | (15) | **15.5** | 27.9 |
| Tax provisions | (23) | **0.4** | 2.0 |
| Other provisions | (21) | **2.3** | 3.4 |
| **Total current liabilities** | | **54.6** | 72.4 |
| Non-current bank liabilities | (19) | **8.2** | 0.1 |
| Other non-current liabilities | (17) | **1.5** | 2.5 |
| Pension provisions | (20) | **7.3** | 7.0 |
| Deferred tax liabilities | (23) | **4.1** | 13.4 |
| **Total non-current liabilities** | | **21.1** | 23.0 |
| Liabilities from non-current assets held for sale | (14) | **0.0** | 2.4 |
| **Total liabilities** | | **75.7** | 97.8 |
| Subscribed capital | (22) | **41.1** | 37.4 |
| Capital reserves | (22) | **59.9** | 48.7 |
| Other reserves | (22) | **0.4** | –2.7 |
| Retained earnings | | **2.1** | 79.8 |
| **Equity attributable to owners of the parent** | | **103.5** | 163.2 |
| **Minority interests** | (22) | **2.7** | 2.6 |
| **Total equity** | | **106.2** | 165.8 |
| **Total equity and liabilities** | | **181.9** | 263.6 |

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

# Consolidated Income Statements
## 2010 and 2009

| | | 2010 | | 2009 | |
|---|---|---|---|---|---|
| | Note no. | [EUR m] | [in %] | [EUR m] | [in %] |
| **Revenue (gross)** | (6) | **120.1** | **101.6** | 116.6 | 101.5 |
| Sales deductions and direct selling costs | (26) | **– 1.9** | **– 1.6** | – 1.7 | – 1.5 |
| **Revenue (net)** | | **118.2** | **100.0** | 114.9 | 100.0 |
| Cost of sales | | **– 87.7** | **– 74.2** | – 81.8 | – 71.2 |
| **Gross profit on sales** | | **30.5** | **25.8** | 33.1 | 28.8 |
| Research and development | (31) | **– 16.3** | **– 13.8** | – 18.6 | – 16.2 |
| Sales and customer service | | **– 19.2** | **– 16.3** | – 20.6 | – 18.0 |
| General administration | (30) | **– 15.0** | **– 12.7** | – 17.6 | – 15.4 |
| Other operating expenses | (33) | **– 11.5** | **– 9.7** | – 22.7 | – 19.8 |
| Other operating income | (33) | **4.3** | **3.6** | 6.0 | 5.3 |
| Impairment and restructuring expenses | (32) | **– 53.0** | **– 44.8** | – 32.9 | – 28.6 |
| Total operating expenses | | **– 110.7** | **– 93.7** | – 106.4 | – 92.7 |
| **EBIT** | | **– 80.2** | **– 67.8** | – 73.3 | – 63.8 |
| Finance income | (34) | **1.4** | **1.2** | 1.5 | 1.3 |
| Finance costs | (34) | **– 6.1** | **– 5.2** | – 7.6 | – 6.6 |
| **EBT** | | **– 84.9** | **– 71.8** | – 79.4 | – 69.1 |
| Tax income | (23) | **7.0** | **5.9** | 0.5 | 0.5 |
| **Profit or loss for the period** | | **– 77.9** | **– 65.9** | – 78.9 | – 68.7 |
| Thereof attributable to: | | | | | |
| Owners of the parent | | **– 77.7** | | – 78.7 | |
| Minority interests | | **– 0.2** | | – 0.2 | |
| | | **– 77.9** | | – 78.9 | |
| | | | | | |
| Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent | (24) | **(1.92)** | | (2.11) | |
| Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent | (24) | **(1.92)** | | (2.11) | |

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

# Statement of Changes in Consolidated Equity
## as of December 31, 2010 and 2009

| | Equity attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Subscribed capital [EUR m] | Capital reserves [EUR m] | Other reserves [EUR m] | Retained earnings [EUR m] | Total [EUR m] | Minority interests [EUR m] | Equity [EUR m] |
| Note no. | (22) | (22) | (22) | | | (4) | |
| **As of 1 January 2009** | **37.0** | **48.8** | **–2.7** | **158.5** | **241.6** | **4.1** | **245.7** |
| **Other comprehensive income** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **–0.1** | **–0.1** |
| Profit or loss for the period | 0.0 | 0.0 | 0.0 | –78.7 | –78.7 | –0.2 | –78.9 |
| **Total comprehensive income** | **0.0** | **0.0** | **0.0** | **–78.7** | **–78.7** | **–0.3** | **–79.0** |
| Acquisition of minority interests in HamaTech AG | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | –1.2 | –1.2 |
| Capital increase | 0.4 | 0.4 | 0.0 | 0.0 | 0.8 | 0.0 | 0.8 |
| Share-based payment (IFRS 2) | 0.0 | –0.5 | 0.0 | 0.0 | –0.5 | 0.0 | –0.5 |
| **As of 31 December 2009** | **37.4** | **48.7** | **–2.7** | **79.8** | **163.2** | **2.6** | **165.8** |
| Other comprehensive income | 0.0 | 0.0 | 3.1 | 0.0 | 3.1 | 0.3 | 3.4 |
| Profit or loss for the period | 0.0 | 0.0 | 0.0 | –77.7 | –77.7 | –0.2 | –77.9 |
| **Total comprehensive income** | **0.0** | **0.0** | **3.1** | **–77.7** | **–74.6** | **0.1** | **–74.5** |
| Capital increase* | 3.7 | 11.1 | 0.0 | 0.0 | 14.8 | 0.0 | 14.8 |
| Share-based payment (IFRS 2) | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| **As of 31 December 2010** | **41.1** | **59.9** | **0.4** | **2.1** | **103.5** | **2.7** | **106.2** |

*Net of transaction costs

# Consolidated Statement of Comprehensive Income
## 2010 and 2009

| | Note no. | **2010 [EUR m]** | 2009 [EUR m] |
|---|---|---|---|
| Profit or loss for the period | | **–77.9** | –78.9 |
| Derivative financial instruments* | | **0.1** | 0.0 |
| Exchange differences in the fiscal year | (22) | **3.3** | –0.1 |
| Other comprehensive income | | **3.4** | –0.1 |
| **Total comprehensive income** | | **–74.5** | –79.0 |
| Thereof attributable to: | | | |
| Owners of the parent | | **–74.6** | –78.7 |
| Minority interests | | **0.1** | –0.3 |

*Including deferred taxes

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

# Consolidated Cash Flow Statements
## 2010 and 2009

| | Note no. | 2010 [EUR m] | 2010 [EUR m] | 2009 [EUR m] | 2009 [EUR m] |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit or loss for the period | | | **– 77.9** | | – 78.9 |
| Adjustment to reconcile profit or loss for the period to net cash flow | | | | | |
| Amortization, depreciation and impairment of non-current assets | (11/12) | **63.6** | | 30.6 | |
| Write-down of investment property and assets and liabilities classified as held for sale | (13/14) | **0.4** | | 8.5 | |
| Loss on the disposal of investment property and assets and liabilities classified as held for sale | (13/14) | **1.3** | | 0.0 | |
| Net reversal of/allocation to pension provisions | (20) | **0.3** | | 0.3 | |
| Other non-cash expenses/income | | **0.0** | | – 0.8 | |
| Deferred taxes | (23) | **– 8.4** | | 0.6 | |
| Trade receivables | | **3.8** | | 38.3 | |
| Other receivables and other assets | | **2.0** | | 2.2 | |
| Capitalized development costs | (11) | **– 6.0** | | – 9.0 | |
| Inventories | | **11.4** | | 29.5 | |
| Trade payables | | **5.3** | | – 5.6 | |
| Other liabilities | | **– 1.4** | | – 4.7 | |
| Prepayments | | **1.4** | | – 10.3 | |
| Tax provisions | | **– 1.6** | | – 1.7 | |
| Other provisions | | **– 1.1** | **71.0** | 1.2 | 79.1 |
| **Net cash from/used in operating activities** | | | **– 6.9** | | 0.2 |

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

| | Note no. | | 2010 [EUR m] | | 2009 [EUR m] |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Cash paid for investments in intangible assets and property, plant and equipment | (11/12) | **–2.8** | | –4.0 | |
| Cash received from the disposal of assets | | **0.1** | | 0.5 | |
| Cash received from the disposal of assets and liabilities classified as held for sale | (14) | **6.2** | | 0.0 | |
| Cash received from the disposal of the property in Slovakia | (13) | **5.4** | | 0.0 | |
| Cash paid for the acquisition of minority interests of STANGL | (19) | **–10.0** | | –10.0 | |
| Cash paid for the acquisition of Oerlikon's Blu-ray business | (15/17) | **–1.3** | **–2.4** | –1.2 | –14.7 |
| Net cash used in investing activities | | | **–2.4** | | –14.7 |
| **Cash flows from financing activities** | | | | | |
| Cash received from/paid for the raising/redemption of loans | (19) | **–0.7** | | –10.3 | |
| Cash received from capital increases | (22) | **15.1** | | 0.0 | |
| Issue/redemption of convertible bonds | | **0.0** | | –0.1 | |
| Cash repayments of lease liabilities | | **0.0** | | –0.1 | |
| Cash and cash equivalents with restrictions on disposal | (7) | **–8.1** | **6.3** | 0.0 | –10.5 |
| Net cash from/used in financing activities | | | **6.3** | | –10.5 |
| **Decrease in cash and cash equivalents** | | | **–3.0** | | –25.0 |
| Effect of exchange rate changes | | | **0.1** | | 0.1 |
| **Cash and cash equivalents at the beginning of the fiscal year** | | | **15.2** | | 40.1 |
| **Cash and cash equivalents at the end of the fiscal year** | (7) | | **12.3** | | 15.2 |
| | | | | | |
| Cash paid in the fiscal year for | | | | | |
| Interest | | | **3.3** | | 3.9 |
| Taxes | | | **1.1** | | 1.8 |
| Cash received in the fiscal year for | | | | | |
| Interest | | | **0.1** | | 1.4 |
| Taxes | | | **1.2** | | 1.6 |

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

# Notes to the Consolidated Financial Statements
as of December 31, 2010

## 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," "SINGULUS," the "Company" or the "Group").

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, all figures are disclosed in millions of euros. The transition from EUR k to EUR m led to rounding differences in the fiscal year as well as in the prior year.

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 2010 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 present all of the operations of SINGULUS TECHNOLOGIES AG, Kahl am Main, and its subsidiaries.

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

The subsidiary SINGULUS STANGL Solar GmbH is mainly engaged in manufacturing and selling equipment for use in wet-chemical wafer processing for solar applications. In addition, SINGULUS has built on the know-how of its core segment "Optical Disc" and developed new solar coating equipment. The activities of this operating segment were also expanded due to the distribution of CIS modules and handling systems.

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

## 03 New accounting standards

### New accounting standards and interpretations which are effective

The International Accounting Standards Board ("IASB") and the 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 2010.

- IFRS 1, "First-time Adoption of International Financial Reporting Standards" (amendments concerning the new structure and easier first-time adoption as well as amendments concerning new exemptions)
- IFRS 2, "Share-based Payment" (clarification on the accounting for group cash-settled share-based payment transactions in separate or subgroup financial statements of subsidiaries)
- IFRS 3, "Business Combinations" (phase II: general revision as part of the convergence project of the IASB and the Financial Accounting Standards Board (FASB))
- IAS 27, "Consolidated and Separate Financial Statements" (phase II: general revision as part of the convergence project of the IASB and the FASB)
- IAS 39, "Financial Instruments: Recognition and Measurement" (amendments concerning the requirements relating to qualifying items)
- 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)
- Improvements to IFRSs 2009 relating to the following 10 standards and 2 interpretations:
  - IFRS 2, "Share-based Payment" (clarification regarding the scope of IFRS 2 and IFRS 3R)
  - IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" (clarifies that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations according to IFRS 5 are only those set out in IFRS 5)
  - IFRS 8, "Operating Segments" (clarification on the disclosures in respect of segment assets and segment liabilities)
  - IAS 1, "Presentation of Financial Statements" (amendments concerning the classification of special conversion rights in respect of liability components)
  - IAS 7, "Statement of Cash Flows" (only expenditure which leads to the recognition of an asset may be included in cash flows from investing activities)
  - IAS 17, "Leases" (amendments concerning the classification of leases of land)
  - IAS 18, "Revenue" (clarification regarding the balance sheet presentation of agency transactions)
  - IAS 36, "Impairment of Assets" (clarifies at which level an impairment test must be performed)
  - IAS 38, "Intangible Assets" (clarification on how to determine the fair value of intangible assets acquired in a business combination as well as follow-on changes from the revised version of IFRS 3).
  - IAS 39, "Financial Instruments: Recognition and Measurement" / IFRIC 9, "Reassessment of Embedded Derivatives" (changes relate to the treatment of early repayment penalties as embedded derivatives, specify the exclusion of business combination agreements from the scope of IAS 39 (related guidance is provided by IFRIC 9) and contain clarifications regarding cash flow hedge accounting)
  - IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" (amendment regarding the restriction on which entity may hold the hedging instrument)

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

- The revised standards IAS 27 and IFRS 3 were issued by the IASB in January 2008 and became 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 non-controlling interests, allowing the reporting entity to use either the partial 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 previously held equity interests when control is initially obtained (business combination achieved in stages), mandatory accounting for contingent consideration at the fair value 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 that arose from 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 fair value at the time of acquisition could mean that the goodwill recognized in future business combinations will tend to be higher. The amendments, however, did not have any effect on these consolidated financial statements.

- The amendment to IAS 36, "Impairment of Assets", as part of the improvements to IFRSs (2009) did not have any effect on these consolidated financial statements. The amendment clarified at which level an impairment test must be performed and specified that the largest entity to which goodwill may be allocated is an operating segment in accordance with IFRS 8 before the segments are combined for reporting purposes (the "reportable segments"). Since the Company performed the necessary impairment tests at the level of operating segments in prior years already, the clarification did not have any effect on these consolidated financial statements.

- The amendment to IAS 17, "Leases", as part of the improvements to IFRSs (2009) did not have any effect on these consolidated financial statements. Due to the amendment, the previous assumption according to which land in leases always had to be classified as operating lease due to its constantly indefinite useful life has been omitted. Consequently, for future real estate lease transactions, not only the part attributable to the building, but also the land part has to be classified as operating or finance lease using the relevant criteria. The retrospective application of this amendment, however, did not have any effect on the evaluation of the real estate leases in this consolidated financial statements compared to the prior period.

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

Apart from 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. Use was not made of the option to adopt the standards voluntarily at an earlier date in these financial statements.

The following revised standards and interpretations have already been endorsed by the EU:

- IAS 32, "Financial Instruments: Presentation" (amendments concerning the classification of rights)
- IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (amendments introducing additional exemptions)
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" (new interpretation)
- IAS 24R, "Related Party Disclosures" (amendments concerning the disclosure requirements for government-related entities)
- IFRIC 14/IAS 19, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (amendments concerning prepayments of minimum funding requirements)
- Improvements to IFRSs 2010 (amendments to the following standards and interpretations: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13)

The following (revised) standards have not yet been endorsed by the EU:

- IFRS 9, "Financial Instruments" (new standard)
- IFRS 7, "Financial Instruments: Disclosures" (addition of further disclosures related to the transfer of financial assets)
- IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (clarifications regarding the definition of "hyperinflation" and deletion of references to the date of 1 January 2004)
- IAS 12, "Income Taxes" (clarifies the treatment of deferred taxes on "investment property")

Only those standards and interpretations which could be relevant for the SINGULUS Group are explicitly described below.

- IFRS 7, "Financial Instruments: Disclosures". The clarifications made as part of the improvements to IFRSs (2010) on the notes relating to financial instruments are not expected to have any effect on these consolidated financial statements.
- IFRS 9 is the result of the first phase of the IASB project involving the revision of IAS 39 and relates to the classification and valuation of financial instruments as defined in IAS 39. This project is expected to be completed in the course of 2011. If endorsed by the EU, the standard will be effective for periods beginning on or after 1 January 2013. Possible effects of IFRS 9 on the Group's net assets, financial position and results of operations are currently being analyzed.

All other (revised) standards and interpretations described above which are not yet effective are not expected to have a significant effect on the SINGULUS Group's net assets, financial position and results of operations.

## 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 a 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 (liquidated in 2010)
- 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 TECHNOLOGIES FRANCE s.a.r.l., Illzach, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipeh, Taiwan
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany (until 1 January 2009)
- HamaTech APE GmbH & Co. KG, Sternenfels, Germany (until 15 February 2010)
- HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany (until 15 February 2010)
- HamaTech Slowakei s.r.o. (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
- SINGULUS STANGL Solar GmbH, Fürstenfeldbruck, Germany, also referred to as "SINGULUS STANGL" (formerly STANGL Semiconductor Equipment AG, also referred to as "STANGL")

HamaTech APE GmbH & Co. KG, Sternenfels, and HamaTech APE Beteiligungs-GmbH, Sternenfels, were sold in 2010 and were deconsolidated as of 15 February 2010.

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

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, Kahl am Main, was merged into SINGULUS TECHNOLOGIES AG as the acquiring entity effective 1 January 2009.

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

The share of equity and profit attributable to minority interests is shown separately in the balance sheet and income statement.

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, the 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 the 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 tax assets 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 in 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 depends 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 in 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 in 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 in Note 11.

f) Customer lists
In order to estimate the fair values of customer lists, assumptions must be made regarding the future free cash flows, the discount rates to be applied and the timing of future cash flows expected to be generated by these assets. Please also refer to the additional comments further below in this section.

g) 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 in Note 35.

h) POC receivables
In order to evaluate the stage of completion of customer-specific construction contracts, the costs to complete the order must be estimated. Please also refer to the comments made under "Revenue recognition" further below in this section and to the comments in Note 8.

i) 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 in Note 14.

## Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc segment 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 and the payment is reasonably certain. 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 the Solar and Semiconductor segments work not on the basis of serial production, but rather deal 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 POC receivables as part of trade receivables or as liabilities under liabilities from POC as part of prepayments 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

In all recognized business combinations, the goodwill acquired was 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 (partial goodwill method). Following publication of the revised IFRS 3 and IAS 27, SINGULUS TECHNOLOGIES has the option on all business combinations made on or after 1 January 2010 to recognize the total amount of the goodwill acquired, including goodwill attributable to minority interests (full goodwill method). 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.

In these consolidated financial statements, the historical acquisition of additional shares from subsidiaries that are already fully consolidated was 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. Following publication of the revised IFRS 3, differences between the purchase price and the prorated assets on the purchase of non-controlling interests after 1 January 2010 are offset against equity in the Singulus Group.

### 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.

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 at the acquisition date. 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 SINGULUS STANGL.

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.

If the Company has any financial assets with disposal restrictions, they are recognized under other assets. In the consolidated statement of cash flows, they are included in the cash flow from financing activities.

## 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 through use of 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 the carrying amount of the asset exceeding 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.

In addition, inventories are individually tested for impairment.

## 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 time frame established generally by regulation or convention in the marketplace concerned.

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, the cumulative 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 guarantee contracts or are designated and 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 at the reporting 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, reference to the current fair value of another financial instrument which is substantially the same and discounted cash flow analysis, etc.

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 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 borrowings are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss 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 is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in a separate line item in 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 plus directly allocable costs, less depreciation and impairments. 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.

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 property

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 were leased out. This property was sold effective November 2010. As part of this transaction, the Company received sales proceeds of EUR 5.4m. The fair value adjustment led to a loss on sale of EUR 0.6m.

### 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. In this case, the leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full.

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

### Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is mandatory, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset/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 allocated to the cash-generating unit
b) then, 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.

The goodwill acquired in business combinations was allocated for impairment testing to the cash-generating units. Since goodwill from the acquisition of SINGULUS STANGL also reflects the current and future business activities of SINGULUS TECHNOLOGIES AG in the Solar segment, this goodwill was tested for impairment at the level of the Solar operating segment.

The following carrying amounts of goodwill were allocated to the following operating segments as of the balance sheet date in the fiscal year and in the prior year:

| | **2010** | 2009 |
|---|---|---|
| **Operating segment** | **EUR m** | EUR m |
| Optical Disc | **0.0** | 20.8 |
| Solar | **21.7** | 21.7 |
| | **21.7** | 42.5 |

In the fiscal year, goodwill of MASTERING in the Optical Disc operating segment was written down in full due to the ongoing weak demand for this equipment.

### 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 Solar operating segment, a change in the assumptions could lead to a situation in which the carrying amount of the group of cash-generating units exceeds the recoverable amount. This could arise if the capitalization rate increased by 0.3 percentage points or the planned gross margins fell by 0.3 percentage points. The Solar operating segment is due to benefit from the expected market growth. This development will thus be reflected in the value in use of the cash-generating units in this operating segment. Management expects growth rates in the Solar segment from systems business in particular. If the assumed revenue per planning year of the systems business fell short of the assumptions by 4.0 percentage points, this would lead to a shortfall in the carrying amounts.

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 12.6 % and in the Solar segment 12.2 %.

### Impairment test for customer lists

If there are indications of impairment ("triggering events"), customer lists are initially tested for impairment at the level of the cash-generating units. An impairment loss is first allocated to any goodwill and then to the remaining assets of the unit on the basis of the relevant carrying amounts. In doing this, the impairment may not exceed the fair value less costs to sell. Therefore, when allocating impairment losses as part of an impairment test at the level of cash-generating units, the fair values of specific assets (other than goodwill) must also be determined.

The fair value of customer lists from the acquisition of STANGL is determined using a DCF model (MEEM model). The key parameter used in determining the value of customer lists was the expected revenue from wet-chemical equipment. This is influenced by market share and market demand. Due to a significant drop in demand for this equipment in fiscal year 2010 and the development of the geographical markets of these customers, the value of customer lists was written down by EUR 16.7m in the fiscal year.

The fair value of customer lists acquired in the combination of the Blu-ray business from Oerlikon Balzers AG was determined using a DCF model (MEEM model). 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 9.5m had to be recognized on customer lists in the prior year.

These impairment losses were recognized in profit and loss in the line item "Impairment and restructuring expenses." Please refer to Note 32 for more information.

If the market recovers, the impairment loss on customer lists will need to be reversed in subsequent periods. If, contrary to expectations, the market shares of the relevant divisions should decrease or if the forecast market demand 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, using the tax rates and tax laws that have been enacted by the end of the reporting period.

Current tax relating to items which are recognized directly in equity is also recognized in equity and not in profit or loss.

### 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at the end of each reporting period 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 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. 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 is in a condition that allows it 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 14 September 2007, the Company acquired 51 % of the shares in STANGL. 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 43.8m 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 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 20.0m. Of this amount, EUR 10.0m was paid upon acquisition of the shares and the remaining purchase price liability of EUR 10.0m was paid in July 2010. Interest was charged at 9.00 %.

The difference between the actual lower purchase price and the originally estimated liability for the 49 % shareholding (contingent consideration) was recognized as an adjustment to goodwill recognized in fiscal year 2009. Due to this adjustment, the goodwill of the cash-generating unit STANGL decreased by EUR 23.9m.

## 06 Segment reporting

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

The **Optical Disc** segment is engaged in the development, manufacture and distribution of replication lines for manufacturing third-generation optical Blu-ray discs ("BLULINE"). Revenue is also recognized from the 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" (DVD) and "SUNLINE" (CD-RW and DVD-RW). 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 3.2m). The sale of this property was completed in February 2010.

As a result of the strategic focus on the Blu-ray and Solar segments, the Optical Disc segment had to be restructured. Please also refer to our comments in Note 32.

The **Solar** segment includes the manufacture and distribution of equipment for use in wet-chemical wafer and cell 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 and the distribution of CIS modules for the thin film solar cell technology are reported in this segment.

Due to the significant drop in market demand in Europe and North America, material impairment losses had to be recognized in fiscal year 2010. Please also refer to our comments in Note 32.

The **Semiconductor** segment focuses on 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. In the prior year, this segment was also engaged in the development and manufacture of equipment for cleaning photomasks. This business was transferred to SÜSS MicroTec AG, Garching ("SÜSS") with the sale of HamaTech APE effective 15 February 2010. Please refer to our comments in Note 14.

The segment **"Other"** includes those business units that account for less than 10 % of the Group's assets, revenue and result. In the fiscal year, this included HamaTech Slovakia's sold 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:

| | Segment "Optical Disc" | | Segment "Solar" | | Segment "Semiconductor" | | Other | | SINGULUS Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| | **EUR m** | EUR m | **EUR m** | EUR m | **EUR m** | EUR m | **EUR m** | EUR m | **EUR m** | EUR m |
| Segment assets | **94.4** | 165.2 | **78.8** | 78.2 | **8.7** | 13.2 | **0.0** | 7.0 | **181.9** | 263.6 |
| Gross revenue | **88.7** | 68.7 | **25.5** | 36.0 | **5.9** | 11.9 | **0.0** | 0.0 | **120.1** | 116.6 |
| Sales deductions and direct selling costs | **–1.3** | –1.4 | **–0.6** | –0.4 | **0.0** | 0.0 | **0.0** | 0.0 | **–1.9** | –1.7 |
| Net revenue | **87.4** | 67.4 | **24.9** | 35.6 | **5.9** | 11.9 | **0.0** | 0.0 | **118.2** | 114.9 |
| Restructuring expenses and impairment | **–33.4** | –21.5 | **–19.0** | –1.1 | **0.0** | –10.3 | **–0.6** | 0.0 | **–53.0** | –32.9 |
| Operating result (EBIT) | **–49.0** | –59.4 | **–31.5** | 0.3 | **0.1** | –14.4 | **0.2** | 0.2 | **–80.2** | –73.3 |
| Amortization, depreciation and impairment | **–36.9** | –24.4 | **–26.7** | –4.9 | **0.0** | –1.3 | **0.0** | 0.0 | **–63.6** | –30.6 |

In fiscal year 2010, the SINGULUS Group realized revenue from sales to one single customer in the Solar segment representing 10.2% or EUR 12.2m of total revenue.

The table below shows information by geographical regions as of 31 December 2010 based on gross revenue:

| | Germany | Rest of Europe | Americas | Asia | Africa | Australia |
|---|---|---|---|---|---|---|
| 2010 | EUR m | EUR m | EUR m | EUR m | EUR m | EUR m |
| Revenue by Country of origin | 88.5 | 12.0 | 12.1 | 7.5 | 0.0 | 0.0 |
| Destination | 30.2 | 27.5 | 31.9 | 24.0 | 2.4 | 4.1 |

| | Germany | Rest of Europe | Americas | Asia | Africa | Australia |
|---|---|---|---|---|---|---|
| | EUR m | EUR m | EUR m | EUR m | EUR m | EUR m |
| Assets | 154.8 | 16.4 | 4.0 | 6.7 | 0.0 | 0.0 |

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

| | Germany | Rest of Europe | Americas | Asia | Africa | Australia |
|---|---|---|---|---|---|---|
| **2009** | EUR m | EUR m | EUR m | EUR m | EUR m | EUR m |
| Revenue by Country of origin | 85.6 | 10.3 | 13.4 | 7.3 | 0.0 | 0.0 |
| Destination | 21.5 | 28.4 | 27.1 | 38.1 | 1.1 | 0.5 |

| | Germany | Rest of Europe | Americas | Asia | Africa | Australia |
|---|---|---|---|---|---|---|
| | EUR m | EUR m | EUR m | EUR m | EUR m | EUR m |
| Assets | 192.6 | 61.7 | 6.6 | 2.9 | 0.0 | 0.0 |

## 07 Cash and cash equivalents

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Cash on hand and bank balances | 12.3 | 15.2 |

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 12.3m (prior year: EUR 15.2m).

The Company has cash deposits on blocked accounts over which it has no power of disposal. These deposits of EUR 8.1m were therefore recognized under other assets and, in the consolidated statement of cash flows, included in cash flows from financing activities. Please see our explanations in note 9.

## 08 Trade receivables

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Trade receivables – current | 44.6 | 40.7 |
| Trade receivables – non-current | 3.4 | 5.6 |
| Less bad debt allowances | –10.6 | –7.3 |
| | 37.4 | 39.0 |

As of 31 December 2010, bad debt allowances of a nominal EUR 10.6m had been charged on trade receivables (prior year: EUR 7.3m). Bad debt allowances developed as follows:

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| As of 1 January | 7.3 | 14.0 |
| Allowances recognized in profit or loss | 7.4 | 11.2 |
| Utilization | –3.2 | –16.9 |
| Reversal | –0.9 | –1.0 |
| **As of 31 December** | 10.6 | 7.3 |

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

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

| | Overdue by | | | | |
|---|---|---|---|---|---|
| | less than 30 days | 30 to 60 days | 60 to 90 days | 90 to 180 days | more than 180 days |
| | EUR m | EUR m | EUR m | EUR m | EUR m |
| **2010** | 3.4 | 0.7 | 1.9 | 0.7 | 3.0 |
| 2009 | 4.5 | 0.5 | 0.3 | 0.7 | 6.0 |

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 as of the balance sheet date that the debtors would not meet their payment obligations.

In the fiscal year, net losses from trade receivables of EUR 6.4m (prior year: net losses of EUR 10.3m) comprised income from the reversal of specific bad debt allowances of EUR 0.9m (prior year: EUR 1.0m), expenses from allocations to specific bad debt allowances of EUR 7.4m (prior year: EUR 11.2m), and exchange gains of EUR 0.1m (prior year: exchange losses of EUR 0.1m) arising on the measurement of trade receivables as of the balance sheet date.

Current trade receivables include POC receivables of EUR 14.2m (prior year: EUR 8.4m) and are all due in up to one year.

POC receivables arise when revenue can be recognized 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:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Aggregate amount of costs incurred and recognized profits (less any recognized losses) | **34.0** | 37.7 |
| Prepayments | **– 19.8** | – 29.3 |
| **POC receivables** | **14.2** | 8.4 |
| | | |
| Progress billings not yet received | **– 1.3** | – 5.0 |
| Gross amount due from customers for contract work | **12.9** | 3.4 |

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

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Aggregate amount of costs incurred and recognized profits (less any recognized losses) | **1.5** | 5.3 |
| Prepayments | **– 2.3** | – 5.7 |
| Gross amount due to customers for contract work | **– 0.8** | – 0.4 |

In the fiscal year, contract revenue of EUR 29.9m (prior year: EUR 34.6m) was recognized.

## 09 Other receivables and other assets

Other receivables and other assets break down as follows:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Financial assets | **8.1** | 0.0 |
| Tax refund claims | **2.3** | 3.5 |
| Prepayments | **1.4** | 1.8 |
| Forward exchange contracts | **0.2** | 0.1 |
| Loans to employees | **0.1** | 0.1 |
| Prepaid expenses | **0.0** | 1.0 |
| Other | **1.0** | 0.5 |
| | **13.1** | 7.0 |

The disclosed financial assets relate to cash and cash equivalents deposited as collateral for loan commitments. These assets of EUR 8.1m were disclosed under other assets. EUR 4.4m of this amount serves as collateral for bank guarantees and will be available to the Company again upon fulfillment of the relevant contractual obligations.

The Company uses financial derivatives to hedge its receivables and future USD transactions against potential exchange losses. Forward exchange contracts are used as hedges.

On the balance sheet date, receivables totaling USD 3.6m had been hedged by derivatives. In addition, SINGULUS AG had entered into forward exchange contracts to hedge future USD transactions (USD 2.5m in total) and future SGD transactions (SGD 4.0m in total).

All hedges with a positive fair value amounted to EUR 0.2m as of the balance sheet date. 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 1.2m from fiscal year 2010 are attributable to SINGULUS TECHNOLOGIES AG and mainly relate to input tax reimbursements. EUR 0.6m of these claims relate to SINGULUS STANGL and was mainly attributable to trade tax and corporate income tax refund claims.

## 10 Inventories

The Group's inventories break down as follows:

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Raw materials, consumables and supplies | 32.0 | 38.4 |
| Work in process | 40.2 | 42.8 |
| Less allowances | – 24.5 | -23.5 |
| | 47.7 | 57.7 |

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. Raw materials, consumables and supplies and work in process were written down by EUR 6.1m (prior year: EUR 10.3m) in the fiscal year as part of the restructuring.

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. The carrying amount of inventories recognized at net realizable value comes to EUR 8.5m (prior year: EUR 5.3m).

## 11 Intangible assets

In fiscal year 2010, intangible assets developed as follows (all amounts in EUR m):

| | Goodwill | Franchises, industrial rights and other intangible assets | Capitalized development costs | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As of 1 January 2009** | **76.8** | **88.9** | **97.8** | **263.5** |
| Other additions | 0.0 | 0.6 | 9.0 | 9.6 |
| Disposals | – 23.9 | – 8.3 | – 6.2 | – 38.4 |
| **As of 31 December 2009** | **52.9** | **81.2** | **100.6** | **234.7** |
| Other additions | 0.0 | 0.8 | 5.9 | 6.7 |
| Disposals | 0.0 | – 4.2 | – 8.9 | – 13.1 |
| **As of 31 December 2010** | **52.9** | **77.8** | **97.6** | **228.3** |
| | | | | |
| **Amortization and impairment losses** | | | | |
| **As of 1 January 2009** | **10.4** | **20.5** | **67.5** | **98.4** |
| Other additions (scheduled) | 0.0 | 7.2 | 9.9 | 17.1 |
| Other additions (unscheduled) | 0.0 | 10.4 | 0.0 | 10.4 |
| Disposals | 0.0 | – 2.5 | – 3.4 | – 5.9 |
| **As of 31 December 2009** | **10.4** | **35.6** | **74.0** | **120.0** |
| Other additions (scheduled) | 0.0 | 5.7 | 8.1 | 13.8 |
| Other additions (unscheduled) | 20.8 | 19.0 | 7.5 | 47.3 |
| Disposals | 0.0 | – 4.2 | – 8.9 | – 13.1 |
| **As of 31 December 2010** | **31.2** | **56.1** | **80.7** | **168.0** |
| | | | | |
| **Carrying amounts 31 Dec 2009** | **42.5** | **45.6** | **26.6** | **114.7** |
| **Carrying amounts 31 Dec 2010** | **21.7** | **21.7** | **16.9** | **60.3** |

In the fiscal year, disposals of capitalized development costs of EUR 8.9m were mainly attributable to the restructuring measures carried out in prior fiscal years and the related closures of product divisions.

EUR 5.9m of the development costs incurred in fiscal year 2010 qualifies for recognition as an asset under IFRSs (prior year: EUR 9.0m). 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, the goodwill in the purchase price allocation decreased by EUR 23.9m in the prior year 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 6.2m and amortization and impairment losses of EUR 3.4m were reclassified out of capitalized development costs in fiscal year 2009. In the same connection, the acquisition cost of other intangible assets decreased by EUR 8.3m and the related amortization and impairment losses by EUR 2.5m.

Amortization of capitalized development costs is recognized under development costs in the consolidated income statement. Amortization of customer lists and capitalized technology is disclosed under selling costs and development costs, respectively. Impairment losses were recognized under impairment and restructuring expenses.

## 12 Property, plant and equipment

In fiscal year 2010, property, plant and equipment developed as follows (all amounts in EUR m):

| | Land, own buildings | Plant and machinery | Equipment | Leased assets | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **As of 1 January 2009** | **6.6** | **5.6** | **11.6** | **0.0** | **0.2** | **24.0** |
| Additions | 0.1 | 0.4 | 0.3 | 2.2 | 2.6 | 5.6 |
| Disposals | 0.0 | –0.5 | –1.7 | 0.0 | 0.0 | –2.2 |
| **As of 31 December 2009** | **6.7** | **5.5** | **10.2** | **2.2** | **2.8** | **27.4** |
| Additions | 0.1 | 0.5 | 0.7 | 0.0 | 0.8 | 2.1 |
| Disposals | –0.1 | –0.1 | –0.9 | 0.0 | 0.0 | –1.1 |
| Reclassifications | 0.0 | 2.3 | 0.0 | –2.2 | –2.3 | –2.2 |
| **As of 31 December 2010** | **6.7** | **8.2** | **10.0** | **0.0** | **1.3** | **26.2** |
| **Depreciation and impairment** | | | | | | |
| **As of 1 January 2009** | **2.4** | **3.2** | **8.1** | **0.0** | **0.0** | **13.7** |
| Additions (scheduled) | 0.4 | 1.0 | 1.1 | 0.5 | 0.0 | 3.0 |
| Disposals | 0.0 | –0.5 | –1.1 | 0.0 | 0.0 | –1.6 |
| **As of 31 December 2009** | **2.8** | **3.7** | **8.1** | **0.5** | **0.0** | **15.1** |
| Exchange rate changes | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Additions (scheduled) | 0.3 | 0.9 | 0.7 | 0.5 | 0.0 | 2.4 |
| Disposals | –0.1 | 0.0 | –0.9 | 0.0 | 0.0 | –1.0 |
| Reclassifications | 0.0 | 0.0 | 0.0 | –1.0 | 0.0 | –1.0 |
| **As of 31 December 2010** | **3.0** | **4.6** | **8.0** | **0.0** | **0.0** | **15.6** |
| **Carrying amounts 31 Dec 2009** | **3.9** | **1.8** | **2.1** | **1.7** | **2.8** | **12.3** |
| **Carrying amounts 31 Dec 2010** | **3.7** | **3.6** | **2.0** | **0.0** | **1.3** | **10.6** |

## 13 Investment property

The investment property recognized by the Company relates to property in Slovakia formerly leased out which was sold for a purchase price of EUR 5.4m in the fiscal year. As of 31 December 2009, investment property had a carrying amount of EUR 6.8m. At that time, the fair value largely corresponded to the carrying amount reported. Depreciation of investment property amounted to EUR 0.3m in the prior year. Lease income amounted to EUR 0.5m p. a. in the prior year. The sale of the property led to a loss of EUR 0.6m in the fiscal year.

## 14 Non-current assets held for sale and liabilities from assets classified as held for sale

In fiscal year 2009, a decision was made to sell the property used by the former HamaTech AG in Sternenfels. Part of the property was 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 intended to sell this property, together with the related lease liability, it was classified under "Non-current assets held for sale" in 2009.

Effective 15 February 2010, the property was sold to SÜSS MircoTec AG for a purchase price of EUR 3.4m. 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 included assets and liabilities attributable to HamaTech APE GmbH & Co. KG and HamaTech Inc. in fiscal year 2009. The shareholding in HamaTech APE GmbH & Co. KG and the assets and liabilities of HamaTech Inc. were also sold effective 15 February 2010 for a provisional purchase price of EUR 3.6m plus a potential earn-out component of EUR 1.0m. Due to a subsequent purchase price adjustment in fiscal year 2010, the purchase price and the earn-out component were each reduced by EUR 0.7m.

In this connection, assets of EUR 6.5m and liabilities of EUR 2.4m were recognized at their fair value in the prior year:

| | EUR m |
|---|---|
| **Assets "APE KG":** | |
| Trade receivables | 2.5 |
| Inventories | 3.4 |
| Other receivables | 0.6 |
| | **6.5** |
| | |
| Sternenfels property: | 3.2 |
| | |
| Assets of a disposal group classified as held for sale | **9.7** |

| | EUR m |
|---|---|
| **Liabilities "APE KG":** | |
| Trade payables | 1.2 |
| Other liabilities | 1.2 |
| Liabilities directly associated with the assets classified as held for sale | **2.4** |

In this connection, impairment losses of EUR 9.7m were recognized in 2009 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.

Due to a purchase price allocation in fiscal year 2010, other expenses of EUR 0.7m were recognized.

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:

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Outstanding liabilities to personnel | 3.1 | 1.5 |
| Financial statement, legal and consulting fees | 1.5 | 1.6 |
| Liabilities from the acquisition of patents and licenses | 1.3 | 1.8 |
| Liabilities from restructuring measures | 1.2 | 0.0 |
| Outstanding invoices | 1.0 | 1.1 |
| Sales commissions for agents | 1.0 | 1.9 |
| Tax liabilities | 0.7 | 0.8 |
| Debtors with credit balances | 0.7 | 0.6 |
| Outstanding credit notes | 0.6 | 0.4 |
| Liabilities from redundancy plan | 0.5 | 1.9 |
| Liabilities from interest rate derivatives | 0.4 | 0.7 |
| Employee bonuses | 0.2 | 0.7 |
| Liabilities in connection with social security | 0.2 | 0.1 |
| Current portion of convertible bonds issued | 0.1 | 0.1 |
| Purchase price liability relating to STANGL | 0.0 | 10.1 |
| Miscellaneous | 3.0 | 4.6 |
| | 15.5 | 27.9 |

Liabilities from restructuring measures of EUR 1.2m mainly contain expenses relating to the relocation of the MASTERING facility in the Netherlands. Due to the restructuring of the SINGULUS Group, personnel measures had to be adopted resulting in liabilities of EUR 0.5m at the end of the fiscal year. Due to these measures, a cash outflow in the same amount is expected to occur in the first half of 2011.

An interest rate swap with a fixed interest rate of 3.87 % was concluded in 2008 to hedge the variable interest rate (three-month EURIBOR) on the loan granted on 14 December 2007. This interest rate swap serves as a hedge for the term loan. Due to the current development of interest rates, the SWAP leads to a risk of loss of EUR 0.4m. The interest rate swap was determined on the basis of current yield curves.

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

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Current portion of convertible bonds | 0.1 | 0.1 |

For more information on the performance of outstanding convertible bonds, please see "Share-based payment" (convertible bonds issued) in Note 18. The nominal value of the outstanding bonds amounts to EUR 1.00 per convertible bond.

As of 31 December 2010, the total value of all the remaining tranches of convertible bonds amounted to EUR 0.1m (prior year: EUR 0.1m).

EUR 1.3m of the liabilities from the acquisition of patents and licenses is attributable to the current portion of the purchase price liability from the acquisition of Oerlikon Balzers AG's Blu-ray activities (prior year: EUR 1.3m). In addition, in the prior year, EUR 0.5m of non-current liabilities related to the remaining purchase price liability for acquisitions of MoldPro rights in fiscal year 2004.

## 16 Prepayments

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Prepayments from customers | 6.0 | 4.8 |

Prepayments as of 31 December 2010 and 2009 mainly relate to advances for orders received by the Solar and Semiconductor segments, which are disclosed in inventories under work in process.

In addition, gross amounts due to customers for contract work of EUR 0.8m (prior year: EUR 0.4m) are recognized. Please refer to our comments in 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 applied to the next two years, which, in turn, used the net revenue generated from the business with Blu-ray equipment. As of the initial balance sheet date on 31 January 2008, a purchase price liability of EUR 9.0m was determined for the earn-out, including the minimum license. As of the balance sheet date, this liability was recognized at EUR 2.8m, of which EUR 1.5m (prior year: EUR 2.5m) was disclosed under non-current liabilities.

## 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 ("Conditional Capital II") 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. On 2 June 2010, a resolution was approved at the shareholder meeting to cancel Conditional Capital I.

The following table summarizes the information on the convertible bonds outstanding as of 31 December 2010 and 31 December 2009:

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **Change in convertible bonds** | **Number of bonds** | **Weighted average exercise price (EUR)** | **Number of bonds** | **Weighted average exercise price (EUR)** |
| Outstanding at the beginning of the fiscal year | 84,500 | **59.24** | 162,500 | 43.63 |
| Issued in the fiscal year | 0 | **–** | 0 | – |
| Returned in the fiscal year | 0 | **–** | - 78,000 | 26.71 |
| Exercised during the fiscal year | 0 | **–** | 0 | – |
| Expired in the fiscal year | 0 | **–** | 0 | – |
| Outstanding at the end of the fiscal year | 84,500 | **59.24** | 84,500 | 59.24 |
| Exercisable at the end of the fiscal year | 84,500 | **59.24** | 84,500 | 59.24 |

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 has not exercised the option right afforded to it as a result of early application of IFRS 2. As a result, only the 270,000 convertible bonds issued after 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.

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.

## 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% (fourth tranche). 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.

| | SOP I | | | SOP II | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | | 2010 | 2009 | |
| Change in subscription rights | Number of options | Number of options | Average exercise price (EUR) | Number of options | Number of options | Average exercise price (EUR) |
| Outstanding at the beginning of the fiscal year | **194,000** | 380,000 | 12.06 | **312,355** | 472,230 | 9.87 |
| Issued in the fiscal year | **0** | 0 | – | **0** | 0 | – |
| Revoked in the fiscal year | **0** | – 186,000 | – | **– 16,000** | – 159,875 | – |
| Exercised during 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** | 194,000 | 12.31 | **296,355** | 312,355 | 10.30 |
| Exercisable at the end of the fiscal year | **0** | 0 | – | **0** | 0 | – |

The two-year vesting period for SOP I expired at the end of fiscal year 2008. This means that 100% of the options issued were able to be exercised as of 31 December 2010. The two-year vesting period for SOP II expired in fiscal year 2009. This means that 75% 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 2010, 16,000 options from SOP II were withdrawn from the respective employees and executives. In the prior year, 186,000 options from SOP I and 159,875 options from SOP II were withdrawn from the employees who left the Company at that time.

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 |
|---|---|---|
| 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 2010, personnel expenses of EUR 0.2m were incurred in connection with stock options (prior year: EUR 0.5m). Income of EUR 0.1m (prior year: EUR 1.0m) 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:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Expenses from issuing convertible bonds | **0.0** | 0.0 |
| Expenses (+)/income (–) from the SINGULUS stock option plan (SOP I and II) | **0.1** | –0.5 |
| Total expenses from share-based payment transactions | **0.1** | –0.5 |

## 19 Liabilities to banks

Liabilities to banks amounted to EUR 26.1m as of 31 December 2010 (prior year: EUR 26.8m).

Effective 14 December 2007, SINGULUS TECHNOLOGIES AG underwrote a syndicated credit facility of EUR 60.0m. The credit facility included a loan of EUR 25.0m and a revolving credit line of EUR 35.0m with a total term of five years.

The loan agreement was amended effective 4 March 2010. According to the amendments, the syndicated credit line was reduced to EUR 41.5m, now including an amortizing loan of EUR 25.0m and a revolving credit line of EUR 16.5m. Of this amount, EUR 6.5m is available as a bank guarantee.

Due to the ongoing weak results of operations in 2010, it became apparent in summer 2010 that the Company would not be able to comply with the covenants agreed for the third quarter of 2010. Therefore, the management board initiated negotiations with the lending banks. While retaining the available loans, the syndicated loan agreement was renegotiated and signed on 9 February 2011. In addition, another bank guarantee of EUR 6.2m was issued to finance the completion of an order in the Solar segment.

Since EUR 10.7m of the loan was repaid in the reporting period, the outstanding loan liability amounted to EUR 5.6m at the end of fiscal year 2010. Furthermore, the revolving credit facility of EUR 10.0m has been fully utilized at the end of the fiscal year.

The interest rate on the loan commitment is adjusted to the 1-month EURIBOR rate on a monthly basis. At year-end, the effective interest rate on this loan was 7.317 % p. a. (prior year: 3.603 % p. a.). The effective interest rate for the revolving credit facility was 8.026 % p. a. at year-end (prior year: 2.895 % p. a.).

Under this credit agreement, the guarantors are SINGULUS TECHNOLOGIES Inc. and SINGULUS MASTERING B.V. 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., SINGULUS IBERICA S.L.
  - All bank balances at all German banks
  - Transfer of non-current and current assets as collateral
  - Assignment of receivables as collateral
  - Transfer of patents, brands and other property rights as collateral
  - Cash deposits on blocked accounts relating to prepayments secured by bank guarantees (EUR 4.2m) and pro rata proceeds from the sale of various assets (EUR 3.7m).
- **SINGULUS MASTERING B.V.**
  - Bank balances at all Dutch banks
  - Assignment of receivables as collateral
  - Shares in SINGULUS MASTERING INTERNATIONAL GmbH
  - Transfer of movable assets as collateral
  - Transfer of patents, brands and other property rights as collateral
- **SINGULUS TECHNOLOGIES Inc.**
  - Transfer of all assets as collateral

All significant assets of the Group have been transferred as collateral.

In January 2010, the management board also applied for a loan of EUR 10.0m to be granted by the Kreditanstalt für Wiederaufbau (KfW). The funds were received by the Company in the second quarter of 2010 and may only be used to settle the remaining purchase price liabilities due from the acquisition of the remaining 49 % of the shares in STANGL. The funds were used in July 2010. The effective interest rate for this loan was 6.600 % p. a. at year-end. In order to secure this loan, KfW joined the banking syndicate's security pool.

In addition, SINGULUS STANGL had bank guarantees of EUR 12.0m which had not been utilized as of the balance sheet date.

In the reporting year and 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 2.2m (prior year: EUR 1.5m). The net losses are solely attributable to interest.

Please refer to Note 39.

## 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 2010 and 2009 is presented in the following tables:

| | **2010** | 2009 |
|---|---|---|
| **Change in pension obligations** | **EUR m** | EUR m |
| Present value at the beginning of the fiscal year | **6.4** | 6.2 |
| Service cost | **0.3** | 0.2 |
| Interest expense | **0.3** | 0.3 |
| Actuarial gains | **–0.2** | –0.1 |
| Benefits paid in the fiscal year | **–0.3** | –0.3 |
| Present value at the end of the fiscal year | **6.5** | 6.4 |
| Unrecognized actuarial gains (+)/losses (–) | **0.8** | 0.6 |
| Pension provisions recognized in the balance sheet | **7.3** | 7.0 |

Net pension expenses break down as follows:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Service cost | **0.3** | 0.2 |
| Interest expense | **0.3** | 0.3 |
| Actuarial gains/losses | **0.0** | 0.0 |
| | **0.6** | 0.5 |

While service cost was mainly recognized under selling costs and general administrative expenses as well as cost of sales, interest expense was disclosed in the financial result.

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

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| | EUR m | EUR m | EUR m | EUR m | EUR m |
| Present value of the defined benefit obligation | 6.5 | 6.4 | 6.2 | 6.4 | 7.0 |

Due to past experience, pension provisions recognized in the balance sheet were adjusted by –5.5% in the reporting period (prior year: +3.8%).

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

| | 2010 | 2009 |
|---|---|---|
| Discount rate (future pensioners) | 5.60 % | 5.85 % |
| Discount rate (current pensioners) | 5.15 % | 5.30 % |
| Estimated future wage and salary increases | 2.00 % | 2.00 % |
| Estimated future pension increases | 1.75 % | 1.75 % |

For 2011, the actuary estimated pension costs of EUR 0.5m (thereof interest expenses of EUR 0.3m).

## 21 Other provisions

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 1.09% of net revenue in fiscal year 2010 (prior year: 0.85%).

| | 1 Jan 2010 | Utilization | Reversal | Allocation | 31 Dec 2010 |
|---|---|---|---|---|---|
| | EUR m | EUR m | EUR m | EUR m | EUR m |
| Warranties | 3.2 | 1.6 | 0.3 | 0.8 | 2.1 |
| Other | 0.2 | 0.0 | 0.0 | 0.0 | 0.2 |
| | 3.4 | 1.6 | 0.3 | 0.8 | 2.3 |

## 22 Equity

### Subscribed capital

The capital stock totals EUR 41,050,111.00 and consists of 41,050,111 bearer shares with a par value of EUR 1.00 each. Due to the capital increase from conditional capital in March 2010, the capital stock rose by 3,694,640 bearer shares with a par value of EUR 1.00 each. The issue price was EUR 4.10 and EUR 11,453,384.00 was transferred to the capital reserves.

As of 21 November 1997, SINGULUS TECHNOLOGIES AG was admitted to the regulated market (Neuer Markt), now the TecDax, of the Frankfurt Stock Exchange. After leaving the TecDax in fiscal year 2009, the share was again included in this index in March 2010.

The management board is authorized to make the following changes to the capital stock:

#### 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 TECHNOLOGIES AG or its direct 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 duties.

In accordance with the authorization granted by the shareholder meeting, the capital stock was increased by EUR 3,694,640.00 to EUR 41,050,111.00 from Approved Capital I in March 2010. After partial utilization, the remaining Approved Capital I amounts to EUR 3,305,360.00. The cost of this capital increase totaled EUR 0.4m.

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) is also deducted from the limit.

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, subject to the consent of the supervisory board, to increase capital stock on one or several occasions by up to EUR 6,988,385.00 in total in return for cash or non-cash contributions until 31 December 2012; the shareholders' right to subscribe can be excluded. Some of this capital (EUR 2,004,478.00) was used for the acquisition of Singulus STANGL GmbH, Fürstenfeldbruck, Germany, in fiscal year 2007.

On 13 February 2009, the management board of SINGULUS TECHNOLOGIES AG, resolved within the framework of the partial utilization of Approved Capital III pursuant to Art. 5 (5.3), that, to complete the merger of HamaTech AG into the Company, the Company's capital stock would be increased by EUR 409,064.00 from EUR 36,946,407.00 to EUR 37,355,471.00 through the issue of 409,064 new bearer shares, each with a par value of EUR 1.00. The authorization of the management board is based on the resolution passed by the shareholder meeting on 6 June 2007 and was entered in the commercial register on 31 July 2007. The shares in HamaTech AG were exercised and converted into shares in SINGULUS AG in 2009.

### Conditional Capital I

On 2 June 2010, a resolution was approved at the shareholder meeting to cancel Conditional Capital I.

### Conditional Capital II

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 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 Conditional Capital III.

### Conditional Capital IV

Conditional Capital IV expired on 30 May 2010.

### 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. 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. Capital will only be increased to the extent that stock options are exercised. The new shares participate in profit from the beginning of the fiscal year in which they are issued.

### Conditional Capital VI

By resolution of the shareholder meeting on 6 June 2007, the Company's capital stock can be conditionally increased by EUR 600,000.00. 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 increased conditionally by a maximum of EUR 600,000.00 consisting of a maximum of 600,000 bearer shares with a par value of EUR 1.00 each. The sole purpose of the conditional capital increase is to grant subscription rights (stock options) to members of the Company's management board, to 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.

## Capital reserves

Capital reserves increased by EUR 11.2m in fiscal year 2010 and amounted to EUR 59.9m at the end of the fiscal year. This increase is due to 3,694,640 shares conferring a share in profit starting from fiscal year 2009 which were issued on 5 March 2010 at a price of EUR 4.10 per share (increase of EUR 11.5m before transaction costs of EUR 0.4m). The capital reserves also increased by EUR 0.1m in connection with share-based payments.

In the prior year, capital was increased to cover the buy-out of the minority shareholders of HamaTech AG in connection with the merger of HamaTech AG into SINGULUS AG. This capital increase led to a EUR 0.4m increase in the capital reserves. At the same time, the capital reserves decreased by EUR 0.5m in fiscal year 2009 as a number of stock option holders left the Group and the related stock options were withdrawn.

Since capital reserves exceed 10 % of the capital stock, the Company is not required to recognize a legal reserve for retained earnings according to Sec. 150 (2) AktG.

## 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.

## Non-controlling interests

Minority interests represent third-party shareholdings in group entities. In the fiscal year, the minority interests exclusively related to SINGULUS MANUFACTURING GUANGZHOU.

## 23 Income taxes

The last tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2001 up to and including 2004. The amended assessment notices for these years were issued in 2010. The resulting tax backpayments plus interest for the specified tax field audit period were made in 2010. Tax returns for the years 2005 to 2008 were changed based on the findings of the tax field audit. However, due to tax losses incurred in the years 2005 to 2008, there were no tax backpayments relating to this period.

As of 31 December 2010 and 2009, income tax data are as follows:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| **EBT** | | |
| Germany | **–39.0** | –35.1 |
| Other countries | **–12.4** | –10.2 |
| | **–51.4** | –45.3 |
| Consolidation adjustments recognized in profit or loss | **–33.5** | –34.1 |
| | **–84.9** | –79.4 |
| | | |
| **Current income tax expenses** | | |
| Germany: | | |
| Corporate income tax | **0.2** | 0.1 |
| Trade tax | **0.2** | 0.1 |
| | | |
| Other countries: | | |
| Tax expenses | **0.4** | 0.1 |
| | **0.8** | 0.3 |
| | | |
| **Deferred taxes:** | | |
| Germany | **–8.0** | –0.7 |
| Other countries | **0.2** | –0.1 |
| **Total tax expenses/income** | **–7.0** | –0.5 |

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:

| | **Consolidated balance sheet** | | **Consolidated income statement** | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **EUR m** | EUR m | **EUR m** | EUR m |
| Non-tax-deductible expenses | 4.6 | 6.9 | –2.3 | 4.0 |
| Purchase price liability for Oerlikon | 0.4 | 0.3 | 0.1 | –1.1 |
| Deferred taxes on loss carryforwards | 2.6 | 0.9 | 1.7 | –8.2 |
| Consolidation entries | 0.5 | 0.3 | 0.2 | –0.8 |
| | **8.1** | **8.4** | **–0.3** | **–6.1** |
| Netting with deferred tax liabilities | –7.6 | –7.0 | | |
| **Deferred tax assets** | **0.5** | **1.4** | | |

The EUR 0.3m decrease in deferred tax assets (before netting with deferred tax liabilities of SINGULUS TECHNOLOGIES AG) is attributable to a combination of different effects. The EUR 1.7m increase in deferred tax assets recognized for unused tax losses is contrasted by a EUR 2.3m decrease in deferred tax assets resulting from non-tax-deductible expenses. Deferred tax liabilities of SINGULUS TECHNOLOGIES AG increased to EUR 7.6m in the reporting period (prior year: EUR 7.0m). As a result, deferred tax assets decreased to EUR 0.5m (prior year: EUR 1.4m).

As of 31 December 2010, SINGULUS TECHNOLOGIES AG reported temporary corporate income tax loss carryforwards of EUR 97.4m (prior year: EUR 65.0m) and trade tax loss carryforwards of EUR 88.9m (prior year: EUR 62.1m) from loss carryforwards for the years 2007 up to and including 2010.

No deferred tax assets were recognized for unused corporate income tax losses of EUR 87.9m and trade tax losses of EUR 79.7m.

Deferred tax liabilities break down as follows:

| | Consolidated balance sheet | | Consolidated income statement | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **EUR m** | EUR m | **EUR m** | EUR m |
| Capitalized development costs | 3.8 | 4.1 | 0.3 | 1.0 |
| Disclosed hidden reserves from first-time consolidation | 5.0 | 11.1 | 6.1 | 7.6 |
| Construction contracts | 2.8 | 3.7 | 0.9 | –1.4 |
| Other differences between the IFRS accounts and the tax base | 0.1 | 1.5 | 1.4 | 0.0 |
| | **11.7** | **20.4** | **8.7** | **7.2** |
| Netting with deferred tax assets | –7.6 | –7.0 | | |
| | **4.1** | **13.4** | | |

In the fiscal year, deferred tax liabilities decreased by EUR 8.7m to EUR 11.7m (before netting with deferred tax assets of SINGULUS TECHNOLOGIES AG). This decrease is mainly due to impairment losses charged on intangible assets in the reporting period. Deferred tax liabilities of SINGULUS TECHNOLOGIES AG increased to EUR 7.6m in the reporting period (prior year: EUR 7.0m). Overall, deferred tax liabilities fell by EUR 9.3m and came to EUR 4.1m at the end of the fiscal year (prior year: EUR 13.4m).

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:

| | **2010** | 2009 |
|---|---|---|
| Effective tax rate* | –27.73 % | –27.73 % |
| Losses for the current period for which no deferred taxes were recognized | 9.56 % | 20.37 % |
| Tax backpayments for prior years | 0.47 % | 0.00 % |
| Non-tax-deductible expenses | 2.54 % | 4.77 % |
| Differences in foreign tax rates | 0.29 % | 0.36 % |
| Unwinding of the discount for the STANGL put/call option | 0.00 % | 0.99 % |
| Impairment of goodwill | 6.80 % | 0.00 % |
| Other consolidation adjustments | –0.19 % | 0.56 % |
| **Actual tax rate** | **–8.25 %** | –0.68 % |

*Negative figures represent tax income

## 24 Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to owners 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 owners 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:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| **Profit attributable to owners of the parent for calculating basic earnings per share** | **–77.7** | –78.7 |
| Weighted average number of ordinary shares for calculating basic earnings per share | **40,383,023** | 37,294,111 |
| Dilution effect | **–** | – |
| **Weighted average number of ordinary shares adjusted for the effect of dilution** | **40,383,023** | 37,294,111 |

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

## 25 Contingent liabilities and other financial obligations

Off-balance sheet contingent liabilities and other financial obligations amount to EUR 7.8m (prior year: EUR 3.4m) and mainly represent bank guarantees for prepayments and performance bonds.

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.

## 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 2010 includes material costs of EUR 65.3m (prior year: EUR 57.0m).

## 28 Personnel expenses

Personnel expenses of EUR 30.4m (prior year: EUR 45.9m) are recognized in the income statement for fiscal year 2010. Adjusted for personnel expenses incurred in connection with the restructuring, expenses amount to EUR 29.6m (prior year: EUR 40.1m).

## 29 Depreciation and amortization

Depreciation and amortization amount to EUR 16.3m (prior year: EUR 30.6m).

## 30 General 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 8.1m (prior year: EUR 9.9m).

## 32 Impairment and restructuring expenses

Overall, impairment and restructuring expenses of EUR 53.0m were recognized in the fiscal year. EUR 20.8m thereof relates to the goodwill impairment recognized for SINGULUS MASTERING BV, Eindhoven. Capitalized development costs of EUR 2.9m were also written down at this subsidiary. The restructuring expenses mainly stem from the gradual relocation of SINGULUS MASTERING's operations to Kahl am Main. This gave rise to expenses of EUR 1.8m. In the course of the initial accounting for the majority of the customer lists recognized by the former STANGL Semiconductor Equipment AG, Fürstenfeldbruck, an impairment loss of EUR 16.7m was recognized and the acquired brand was written down by EUR 2.3m. This impairment was mainly recognized to reflect the significant decrease in demand in the European and North American markets which led to a considerable drop in orders at SINGULUS STANGL. Restructuring expenses in the Group also include valuation allowances on inventories of EUR 6.1m which arose mainly in connection with the focus on the Blu-ray and Solar segments.

Impairment and restructuring expenses of EUR 32.9m were also recognized in the comparative prior-year period. EUR 10.3m of the restructuring expenses related to the revaluation of the assets of HamaTech APE, EUR 5.9m related to redundancy plan expenses in connection with the reduction of headcount at SINGULUS TECHNOLOGIES AG and various subsidiaries. In addition, restructuring expenses of EUR 10.3m were recognized due to the specific valuation allowances on various inventory items. The revaluation of customer lists from the takeover of Oerlikon Balzers' Blu-ray activities also led to an impairment of EUR 9.5m. By contrast, the revaluation of the related purchase price liabilities resulted in income of EUR 4.0m. Furthermore, other impairments of EUR 0.9m were recognized on other intangible assets.

## 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 1.0m (prior year: EUR 2.8m), exchange gains of EUR 0.4m (prior year: EUR 0.9m) and income from the reversal of specific bad debt allowances of EUR 0.9m (prior year: EUR 1.0m).

The other operating expenses in the fiscal year largely comprised allocations to specific bad debt allowances of EUR 7.4m (prior year: EUR 11.2m), exchange losses of EUR 2.0m (prior year: EUR 1.2m) and expenses from returned equipment of EUR 0.3m (prior year: EUR 2.6m).

## 34 Finance income and finance costs

Interest income/expenses break down as follows:

| | **2010** | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| Interest income from non-current receivables from customers | **0.9** | 1.2 |
| Interest income from time/overnight deposits | **0.4** | 0.3 |
| Other interest income | **0.1** | 0.0 |
| Finance costs | **–6.1** | –7.6 |
| | **–4.7** | –6.1 |

Finance costs contain interest of EUR 2.2m accrued on loan outstandings (prior year: EUR 1.5m). This item also contains fees and associated borrowing costs in connection with financing arrangements of EUR 1.6m (prior year: EUR 0.6m). Expenses of EUR 0.7m (prior year: EUR 0.7m) from the factoring of trade receivables were also incurred. Finance costs in the fiscal year also included expenses in connection with the unwinding of the discount on the earn-out liability from the acquisition of Oerlikon Balzers AG's patented Blu-ray technology (EUR 0.1m; prior year: EUR 0.3m). In fiscal year 2009, expenses of EUR 2.8m from the unwinding of the discount on the put/call option and the related liability from the acquisition of STANGL were also recognized.

## 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 1.5m.

As of 26 September 2008, STANGL 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 17.5m and the lease period runs for 15 years (plus an extension option of 5 years). The annual lease payment to the lessor in this connection is EUR 1.4m, plus a 0.2% administration fee. 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 as all the opportunities and risks connected to ownership of the property remain with the lessor.

As of 31 December 2010, the future minimum payments arising from rental agreements and operating leases in the Group were:

| | **EUR m** |
|---|---|
| 2011 | 3.1 |
| 2012 | 2.7 |
| 2013 | 2.6 |
| 2014 | 2.5 |
| 2015 and thereafter | 23.6 |
| | **34.5** |

## 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 2010:

In January 2011 SINGULUS was awarded another contract worth EUR 32.5m from a leading European solar cell manufacturer for production equipment for manufacturing a new generation of thin-film solar cells.

Due to the ongoing weak results of operations in 2010, it became apparent in summer 2010 that the Company would not be able to comply with the covenants agreed for the third quarter of 2010. Therefore, the management board initiated negotiations with the lending banks. While retaining the available loans, the syndicated loan agreement was renegotiated and signed on 9 February 2011.

The management board endorsed the consolidated financial statements on 24 March 2011 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 2010 were:

| | |
|---|---|
| **Roland Lacher,** Gelnhausen-Meerholz | Chairman (since 19 April 2010); member (from 1 April 2010 to 18 April 2010) |
| **Dr.-Ing. Wolfhard Leichnitz,** Essen | Deputy chairman (since 19 April 2010); chairman (until 18 April 2010) |
| **Günter Bachmann,** Bad Homburg | Member of the supervisory board (since 19 April 2010); deputy chairman (until 18 April 2010) |
| **Jürgen Lauer,** Weißenhorn | (until 31 March 2010) |

The term of office for the above members of the supervisory board runs until the end of the shareholder meeting that decides on their exoneration for the fourth fiscal year of their term of office.

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 of SINGULUS TECHNOLOGIES AG until 31 March 2010. After his period of office as chairman of the management board and his retirement from the management board in fiscal year 2010, Mr. Lacher rejoined the supervisory board as of 1 April 2010 and was reelected as chairman of the supervisory board as of 19 April 2010. The interim supervisory board member Mr. Jürgen Lauer then left 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. This amounted to EUR 800 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 added to the performance-related remuneration.

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 2010, no variable components were paid. In addition, the supervisory board members were reimbursed expenses of EUR 11k. Due to the merger of HamaTech AG as of 24 February 2009, the supervisory board of HamaTech AG was paid remuneration of EUR 4k pro rata for 2009.

The following supervisory board members hold shares in the Company:

| Shares as of 31 December | 2010 No. | 2009 No. |
|---|---|---|
| Dr.-Ing. Wolfhard Leichnitz | **20,000** | 10,000 |
| Günter Bachmann | **15,000** | 10,000 |
| | **35,000** | 20,000 |

Furthermore, VVG Familie Roland Lacher KG held 594,472 shares as of 31 December 2010.

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

| | Occupation | Membership of other supervisory boards and similar oversight bodies |
|---|---|---|
| **Roland Lacher** (since 1 April 2010) | Supervisory board member (interim chairman of the management board of SINGULUS TECHNOLOGIES AG until 31 March 2010) | WashTec AG, member of the supervisory board (until 5 May 2010) |
| **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** (until 31 March 2010) | General manager of JüLa Beteiligungs GmbH | 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 |

Members of the management board in fiscal year 2010 were:

| | |
|---|---|
| **Roland Lacher** | Chairman of the management board until 31 March 2010 |
| **Dr.-Ing. Stefan Rinck** | Chairman of the management board since 1 April 2010 |
| **Markus Ehret** | Head of finance, since 19 April 2010 |
| **Dr.-Ing. Anton Pawlakowitsch** | Head of technology, research and development, until 19 November 2010 |

During the reporting period, the management board received regular total remuneration for its work of EUR 1,223k.

This breaks down as follows:

| | 2010 | | | | 2009 |
|---|---|---|---|---|---|
| | Fixed | Other | Variable | Total | Total |
| | EUR k | EUR k | EUR k | EUR k | EUR k |
| Dr. Stefan Rinck | **400** | **33** | **200** | **633** | 209 |
| Markus Ehret | **131** | **9** | **99** | **239** | 0 |
| Roland Lacher | **100** | **8** | **0** | **108** | 155 |
| Dr.-Ing. Anton Pawlakowitsch | **219** | **24** | **0** | **243** | 381 |
| Stefan A. Baustert | **0** | **0** | **0** | **0** | 410 |
| Hans-Jürgen Stangl | **0** | **0** | **0** | **0** | 326 |
| | **850** | **74** | **299** | **1,223** | 1,481 |

After his departure, Dr.-Ing. Anton Pawlakowitsch continued to receive the fixed component of his remuneration as set out in his employment contract. The continued payment of fixed remuneration upon retirement is treated as a severance payment. Mr. Stefan A. Baustert received a severance payment of EUR 1.0m upon his retirement in fiscal year 2009. Mr. Baustert was also entitled to other remuneration of EUR 17k (prior year: EUR 36k) in fiscal year 2010.

Former members of the management board of SINGULUS AG received total remuneration of EUR 0.2m in the fiscal year. As of 31 December 2010, the provisions for pension claims for former board members stood at EUR 4.0m.

The former management board members have the following number of stock options from employee share plans:

| | **2010** | 2009 |
|---|---|---|
| | **No.** | No. |
| Dr.-Ing. Anton Pawlakowitsch | **80,000** | 80,000 |

In fiscal year 2010, personnel expenses of EUR 0.1m (prior year: EUR 0.1m) were incurred in accordance with IFRS 2 from these stock options.

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

| | **2010** | 2009 |
|---|---|---|
| | **No.** | No. |
| Dr.-Ing. Stefan Rinck | **8,000** | 0 |
| Markus Ehret | **2,000** | 0 |
| | **10,000** | 0 |

The following warrants were also held:

| | **Warrants** | **Price multiplier** | **Strike price in EUR** |
|---|---|---|---|
| Markus Ehret (purchase I) | 10,000 | 12.69 | 6.00 |
| Markus Ehret (purchase II) | 10,000 | 16.27 | 5.00 |

## 38 Information on shareholdings

| | **Currency** | **Share-holding in %** | **Equity in thousands (local currency)*** | **Profit or loss for the period in thousands (local currency)*** |
|---|---|---|---|---|
| **Germany** | | | | |
| Singulus STANGL Solar GmbH, Fürstenfeldbruck, Germany | EUR | 100 | 11,143 | – 4,241 |
| | | | | |
| **Other countries** | | | | |
| Singulus Technologies Inc., Windsor, USA | USD | 100 | 32,252 | – 249 |
| Singulus Technologies UK Ltd., Swindon, UK | GBP | 100 | 216 | 30 |
| Singulus Technologies Asia Pacific Pte. Ltd., Singapore | SGD | 100 | 8,144 | – 1,184 |
| Singulus Technologies Latin America Ltda., Sao Paolo, Brazil | EUR | 91.5 | 883 | – 96 |
| Singulus Technologies Ibérica S.L., Sant Cugat del Vallés, Spain | EUR | 100 | 1,247 | – 458 |
| Singulus Technologies France S.A.R.L., Illzach, France | EUR | 100 | – 237 | – 104 |
| Singulus Technologies Italia s.r.l., Ancona, Italy | EUR | 99.99 | 376 | – 178 |
| Singulus Mastering B.V., Eindhoven, Netherlands | EUR | 100 | – 8,260 | – 9,223 |
| Singulus Technologies Taiwan Ltd., Taipeh, Taiwan | TWD | 100 | – 15,063 | 2,803 |
| Singulus Manufacturing Guangzhou Ltd., Guangzhou, China | CNY | 51 | 48,252 | – 3,124 |
| HamaTech Slowakei s.r.o., Nove Mesto, Slovakia | EUR | 100 | 10,040 | – 1,612 |
| STEAG HamaTech Asia Ltd., Hongkong, China | CNY | 100 | 0 | 0 |
| HamaTech USA Inc., Austin/Texas, USA | USD | 100 | – 1,123 | – 63 |

*Equity and profit or loss for the period were taken from the IFRS financial statements

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.

The Company acquired the remaining 49 % share in STANGL for EUR 20.0m in fiscal year 2009. As of 31 December 2009 SINGULUS AG thus held a 100 % interest in STANGL AG.

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

## 39 Financial risk management

The financial liabilities from bank loans and trade payables in the consolidated financial statements largely serve to finance 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 addition, an interest rate swap was entered into to secure an amortizing loan.

In accordance with group policy, no derivates trading took place in fiscal years 2010 or 2009, 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 US dollar (USD) or Singapore dollar (SGD) currency risk. For this reason, derivative financial instruments are used to hedge USD and SGD 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 recognized directly in equity) 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 |
|---|---|---|---|
| | | EUR m | EUR m |
| **2010** | **+10 %** | **0.1** | **0.0** |
| | **– 10 %** | **– 0.1** | **0.0** |
| | | | |
| 2009 | +10 % | 0.1 | 0.0 |
| | – 10 % | – 0.1 | 0.0 |

The effect of potential changes in the USD on SINGULUS TECHNOLOGIES' EBT relate exclusively to bank balances, unhedged trade receivables 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 60.0m. The credit facility includes a loan of EUR 25.0m and a revolving credit line of EUR 35.0m with a total term of five years.

Due to the substantial decline in operating activities in fiscal year 2009, the financial covenants were breached. As a result, the syndicated credit facility was reduced to EUR 41.5m. The new credit facility comprises an amortizing loan of EUR 25.0m and a revolving loan of EUR 16.5m. EUR 6.5m thereof is a bank guarantee. As of the balance sheet date, the amortizing loan stood at EUR 5.6m and the revolving loan at EUR 10.0m.

Due to the ongoing weak results of operations in 2010, it became apparent in summer 2010 that the Company would not be able to comply with the covenants agreed for the third quarter of 2010. Therefore, the management board initiated negotiations with the lending banks. While retaining the available loans, the syndicated credit agreement was renegotiated and signed on 9 February 2011. In addition, another bank guarantee of EUR 6.2m was issued to finance the completion of an order in the Solar segment.

In order to improve the Group'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 6.2m for the Group. In addition, the property in Slovakia was sold effective November 2010. This generated a cash inflow of EUR 5.4m for the Company.

In addition, SINGULUS TECHNOLOGIES AG received a total of EUR 15.1m 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 10.1m (including interest) as of the end of the prior-year period. This was repaid in full in the fiscal year. The Company received funds of EUR 10.0m from a loan granted by KfW in connection with this transaction.

The Group currently has adequate cash and cash equivalents to cover all its payment obligations. The financing banks were provided with extensive collateral for the medium-term credit facility.

Furthermore, in an amendment to the loan agreement on 9 February 2011, covenants were agreed with the lending banks, which are checked on a monthly basis. If the covenants are breached, the banks will be entitled to call in the loans, which are key to the Company's ability to continue as a going concern. The management board is therefore working vigorously on complying with each of the covenants and is giving this matter utmost priority. Should the covenants nonetheless be breached, the management board assumes that the financing will be maintained given the Group's low net debt, its very high equity ratio and the large amount of collateral that has been provided to the financing banks. Entry into the solar systems business may require additional financing depending on project-specific requirements.

The table below shows the maturities of the Group's financial liabilities as of 31 December 2010. The disclosures are made on the basis of the contractual, non-discounted payments.

| Fiscal year ended 31 December 2010 | Payable on demand EUR m | Due in up to 3 months EUR m | Due in 3 to 12 months EUR m | Due in 1 to 5 years EUR m | Due in more than 5 years EUR m | Total EUR m |
|---|---|---|---|---|---|---|
| Interest-bearing loans | 15.6 | 0.2 | 1.9 | 8.2 | 0.0 | 25.9 |
| Interest payments | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.2 |
| Other liabilities | 1.1 | 4.3 | 9.9 | 1.7 | 0.0 | 17.0 |
| Trade payables | 5.3 | 5.4 | 1.8 | 0.0 | 0.0 | 12.5 |
| | **22.0** | **10.1** | **13.6** | **9.9** | **0.0** | **55.6** |

The negative fair value of the interest rate swap concluded to hedge the floating-rate loan will result in cash flows of EUR 0.4m in the next three years (prior year: EUR 0.6m).

| Fiscal year ended 31 December 2009 | Payable on demand EUR m | Due in up to 3 months EUR m | Due in 3 to 12 months EUR m | Due in 1 to 5 years EUR m | Due in more than 5 years EUR m | Total EUR m |
|---|---|---|---|---|---|---|
| Interest-bearing loans | 26.2 | 0.0 | 0.4 | 0.1 | 0.0 | 26.7 |
| Interest payments | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other liabilities | 1.8 | 7.1 | 19.0 | 2.5 | 0.0 | 30.4 |
| Trade payables | 1.0 | 5.5 | 1.1 | 0.0 | 0.0 | 7.6 |
| | 29.0 | 12.7 | 20.5 | 2.6 | 0.0 | 64.8 |

## Interest rate risk

The risk of fluctuations in the market interest rates to which the Group is exposed results 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, under which the Group agrees to exchange with contracting partners, 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 a loan of EUR 25m with a term of five years. The interest rate swap matches the original amount of the amortizing loan. After having renegotiated the syndicated credit facility, extraordinary repayments had to be made in the fiscal year. As a result, the amounts of the loan and interest rate swap no longer match. The hedged volume as of the balance sheet date was EUR 10.8m.

The following table shows the sensitivity of consolidated profit or loss before tax to a possible change in 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 |
|---|---|---|
| | | EUR m |
| **2010** | **+50 BP** | **0.0** |
| | **–50 BP** | **0.0** |
| | | |
| 2009 | +50 BP | 0.1 |
| | –50 BP | –0.1 |

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

### 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:

| | 2010 | 2009 |
|---|---|---|
| | EUR m | EUR m |
| Interest-bearing loans | **26.1** | 26.8 |
| Less cash and short-term deposits | **20.4** | 15.2 |
| **Net liquidity** | **–5.7** | –11.6 |

In order to identify liquidity risks at an early stage, cash flow forecasts are prepared every two weeks on the basis of a three-month forecast. Additional cost-cutting measures were also identified and implemented in the Group.

## 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 | |
|---|---|---|---|---|---|
| | | 2010 | 2009 | 2010 | 2009 |
| | Category | EUR m | EUR m | EUR m | EUR m |
| **Financial assets** | | | | | |
| Cash | L&R | **12.3** | 15.2 | **12.3** | 15.2 |
| Other assets | L&R | **8.1** | 0.0 | **8.1** | 0.0 |
| Derivative financial instruments | FAHfT | **0.2** | 0.1 | **0.2** | 0.1 |
| Trade receivables | L&R | **37.4** | 39.0 | **37.4** | 39.0 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Floating-rate loans | FLAC | **26.1** | 26.7 | **26.1** | 26.7 |
| Derivative financial instruments | FLHfT | **0.5** | 0.6 | **0.5** | 0.6 |
| Convertible bonds | FLAC | **0.1** | 0.1 | **0.1** | 0.1 |
| Trade payables | FLAC | **12.5** | 7.6 | **12.5** | 7.6 |

**Abbreviations:**

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

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

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 current yield curves.

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

### Hedges

On the balance sheet date, receivables totaling USD 3.6m had been hedged by forward exchange transactions. In addition, SINGULUS AG entered into forward exchange contracts to hedge future USD transactions (USD 2.5m in total) and future SGD transactions (SGD 4.0m in total).

In addition, an interest rate swap was entered into to hedge variable interest rates. As a result of extraordinary repayments, the amounts of the loan and interest rate swap no longer match. The hedged volume as of the balance sheet date was EUR 10.8m.

| | **2010** | | 2009 | |
|---|---|---|---|---|
| **Forward exchange contracts/interest rate swap** | **Assets** | **Liabilities** | Assets | Liabilities |
| | **EUR m** | **EUR m** | EUR m | EUR m |
| Fair value | **0.2** | **0.5** | 0.1 | 0.6 |

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

Financial instruments measured at fair value led to net gains of EUR 0.1m (prior year: EUR 0.8m) in the fiscal year.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value:

| | **As of 31 December 2010** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | **EUR m** | **EUR m** | **EUR m** | **EUR m** |
| Foreign exchange contracts – hedged | 0.2 | – | 0.2 | – |

| | As of 31 December 2009 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | EUR m | EUR m | EUR m | EUR m |
| Foreign exchange contracts – hedged | 0.1 | – | 0.1 | – |

Liabilities measured at fair value:

| | As of 31 December 2010 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial liabilities at fair value through profit or loss** | **EUR m** | **EUR m** | **EUR m** | **EUR m** |
| Forward exchange contracts/interest rate swaps | 0.5 | – | 0.5 | – |

| | As of 31 December 2009 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial liabilities at fair value through profit or loss** | EUR m | EUR m | EUR m | EUR m |
| Forward exchange contracts/interest rate swaps | 0.6 | – | 0.6 | – |

## 41 Headcount

In the fiscal year, the Company had an annual average of 484 permanent employees. In the prior year, the annual average headcount was 641. The Group had 459 employees as of 31 December 2010 (prior year: 572).

The annual average distribution of employees by functional area in the fiscal year is presented below:

| | 2010 | 2009 |
|---|---|---|
| Assembly, production and logistics | **217** | 302 |
| Development | **63** | 87 |
| Sales | **140** | 173 |
| Administration (excluding management board members) | **64** | 79 |
| | **484** | 641 |

## 42 Auditor's fees (disclosures 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):

| | 2010 | 2009 |
|---|---|---|
| | **EUR m** | EUR m |
| a) for tax services | **0.2** | 0.2 |
| b) for audit services | **0.4** | 0.5 |
| c) for other services | **0.1** | 0.2 |

## 43 Corporate governance

The management board and the supervisory board made the declaration required under Sec. 161 AktG in March 2011 and have made it available to shareholders on a permanent basis on the Company's website.

## 44 Publication

The consolidated financial statements of SINGULUS TECHNOLOGIES AG are due to be released for publication by the management board on 24 March 2011.

Kahl am Main, 24 March 2010

SINGULUS TECHNOLOGIES AG
The Management Board

Dr.-Ing. Stefan Rinck Markus Ehret

# 04

# Additional information

# Audit opinion

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 2010. 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.

Without qualifying this opinion, we draw attention to the explanations given in the combined management report. It is stated there in the section "Financial risks" that covenants were agreed with the lending banks, which are checked on a monthly basis. If the covenants are breached, the banks will be entitled to call in the loans, which are key to the Company's ability to continue as a going concern. The management board is therefore working vigorously on complying with each of the covenants and is giving this matter utmost priority. Should the covenants nonetheless be breached, the management board assumes that the financing will be maintained given the Group's low net debt, its very high equity ratio and the large amount of collateral that has been provided to the financing banks. Furthermore, entry into the solar systems business may require additional financing depending on project-specific requirements."

Eschborn/Frankfurt am Main, 24 March 2011
Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Müller
[German Public Auditor]

Winterling
[German Public Auditor]

# SINGULUS TECHNOLOGIES AG
## Balance Sheets as of December 31, 2010 and 2009

### ASSETS

| | | Dec. 31, 2010 | Dec. 31, 2009 |
|---|---|---|---|
| | [EUR] | [EUR] | [EUR] |
| **A. Fixed assets** | | | |
| **I. Intangible assets** | | | |
| Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets | | **2,782,595.50** | 5,976,178.35 |
| **II. Property, plant and equipment** | | | |
| 1. Land, land rights and buildings, including buildings on third-party land | 14,649,505.14 | | 18,681,627.71 |
| 2. Plant and machinery | 451,117.38 | | 618,308.78 |
| 3. Other plant and equipment | 1,245,795.00 | | 1,500,865.56 |
| 4. Prepayments and assets under construction | 415,016.71 | | 421,223.61 |
| 5. Leased machines | 0.00 | | 1,699,068.13 |
| | | **16,761,434.23** | 22,921,093.79 |
| **III. Financial assets** | | | |
| Shares in affiliates | | **59,566,234.79** | 101,432,761.20 |
| | | **79,110,264.52** | 130,330,033.34 |
| **B. Current assets** | | | |
| **I. Inventories** | | | |
| 1. Raw materials, consumables and supplies | 11,898,941.87 | | 16,241,571.74 |
| 2. Work in process | 34,919,859.46 | | 23,764,272.86 |
| 3. Prepayments | 1,313,259.32 | | 1,732,601.23 |
| 4. Prepayments received | – 11,628,194.79 | | – 2,857,985.36 |
| | | **36,503,865.86** | 38,880,460.47 |
| **II. Receivables and other assets** | | | |
| 1. Trade receivables | 11,211,956.30 | | 18,918,042.90 |
| 2. Receivables from affiliates | 2,829,114.37 | | 13,991,102.00 |
| 3. Other assets | 1,329,095.95 | | 2,224,007.75 |
| | | **15,370,166.62** | 35,133,152.65 |
| **III. Cash on hand and bank balances** | | **15,264,526.09** | 2,885,822.74 |
| | | **67,138,558.57** | 76,899,435.86 |
| **C. Prepaid expenses** | | **42,789.40** | 634,102.80 |
| **Total Assets** | | **146,291,612.49** | 207,863,572.00 |

## EQUITY AND LIABILITIES

| | | Dec. 31, 2010 | Dec. 31, 2009 |
|---|---|---|---|
| | [EUR] | [EUR] | [EUR] |
| **A. Equity** | | | |
| **I. Subscribed capital**<br>Conditional capital: EUR 4,200,000.00 | 41,050,111.00 | | 37,355,471.00 |
| **II. Capital reserves** | 57,060,408.98 | | 45,607,024.98 |
| **III. Other revenue reserves** | 16,540,132.72 | | 70,555,211.66 |
| **IV. Accumulated loss** | – 71,601,743.82 | | – 54,015,078.94 |
| | | **43,048,908.88** | 99,502,628.70 |
| **B. Provisions** | | | |
| 1. Provisions for pensions and similar obligations | 6,811,632.00 | | 6,972,648.00 |
| 2. Tax provisions | 107,871.74 | | 1,217,738.05 |
| 3. Other provisions | 8,571,187.35 | | 10,773,809.37 |
| | | **15,490,691.09** | 18,964,195.42 |
| **C. Liabilities** | | | |
| 1. Bonds<br>thereof convertible: EUR 84,500.00 (prior year: EUR 84,500.00) | 84,500.00 | | 84,500.00 |
| 2. Liabilities to banks | 25,754,364.61 | | 26,315,678.78 |
| 3. Trade payables | 8,983,226.73 | | 5,535,788.04 |
| 4. Liabilities to affiliates | 37,726,136.79 | | 29,484,157.91 |
| 5. Other liabilities<br>thereof for taxes: EUR 227,661.78 (prior year: EUR 465,888.67)<br>thereof for social security: EUR 1,746.31<br>(prior year: EUR 5,762.87) | 15,203,784.39 | | 27,585,531.83 |
| | | **87,752,012.52** | 89,005,656.56 |
| **D. Deferred income** | | **0.00** | 391,091.32 |
| **Total liabilities and shareholders' equity** | | **146,291,612.49** | 207,863,572.00 |

# SINGULUS TECHNOLOGIES AG
## Income Statements 2010 and 2009

| | | 2010 | 2009 |
|---|---|---|---|
| | [EUR] | **[EUR]** | [EUR] |
| 1. Revenue | 67,837,721.17 | | 54,010,456.28 |
| 2. Increase (prior year: decrease) in finished goods and work in process | 9,919,900.63 | | –16,091,718.77 |
| 3. Other own work capitalized | 133,095.36 | | 0.00 |
| 4. Other operating income<br>thereof income from currency translation: EUR 91,526.26 (prior year: EUR 147,195.93) | 4,579,064.99 | | 11,553,253.50 |
| | | **82,469,782.15** | 49,471,991.01 |
| 5. Cost of materials | | | |
| a) Cost of raw materials, consumables and supplies and of purchased merchandise | –44,812,004.70 | | –30,892,590.40 |
| b) Cost of purchased services | –7,316,349.67 | | –6,681,886.67 |
| 6. Personnel expenses | | | |
| a) Wages and salaries | –14,256,577.54 | | –16,914,623.61 |
| b) Social security, pension and other benefit costs<br>thereof for old-age pensions: EUR 106,070.53 (prior year: EUR 631,609.00) | –2,114,143.93 | | –2,890,069.55 |
| 7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment | –5,905,442.00 | | –4,122,158.61 |
| 8. Other operating expenses<br>thereof expenses from currency translation: EUR 18,804.85 (prior year: EUR 72,615.14) | –28,571,027.51 | | –37,697,074.93 |
| | | **–102,975,545.35** | –99,198,403.77 |
| 9. Income from equity investments<br>thereof from affiliates: EUR 0.00 (prior year: EUR 606,253.00) | 0.00 | | 606,253.00 |
| 10. Other interest and similar income<br>thereof from affiliates: EUR 39,394.70 (prior year: EUR 351,540.25)<br>thereof income from discounting: EUR 20,570.05 (prior year: EUR 0.00) | 1,368,776.20 | | 1,631,328.80 |
| 11. Write-downs of financial assets | –41,866,524.41 | | 0.00 |
| 12. Interest and similar expenses<br>thereof to affiliates: EUR 80,107.97 (prior year: EUR 147,526.04) | –5,915,090.23 | | –4,060,208.77 |
| | | **–46,412,838.44** | –1,822,626.97 |
| 13. Result from ordinary activities | | **–66,918,601.64** | –51,549,039.73 |
| 14. Extraordinary income | 0.00 | | 8,531,763.20 |
| 15. Extraordinary expenses | –4,666,193.43 | | –10,934,176.93 |
| 16. Extraordinary result | | **–4,666,193.43** | –2,402,413.73 |
| 17. Income taxes | 34,721.21 | | 4,185.51 |
| 18. Other taxes | –51,669.96 | | –67,810.99 |
| | | **–16,948.75** | –63,625.48 |
| 19. Net loss for the year | | **–71,601,743.82** | –54,015,078.94 |
| 20. Loss carryforward from the prior year | | **–54,015,078.94** | –24,329,273.93 |
| 21. Appropriation of "Other revenue reserves" | | **54,015,078.94** | 24,329,273.93 |
| **22. Accumulated loss** | | **–71,601,743.82** | –54,015,078.94 |

# 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 am Main, March 24, 2011
SINGULUS TECHNOLOGIES AG

The Executive Board

# Corporate Calendar
2011

| | | |
|---|---|---|
| **March** | March 31 | Annual Results Press Conference, 10 a.m. |
| | March 31 | Analysts' conference, 1 p.m. |
| **May** | May 11 | Q1/2011 Report |
| | May 31 | Annual General Shareholders' Meeting, Frankfurt |
| **August** | August 10 | Q2/2011 Report |
| **November** | November 3 | Q3/2011 Report |

# Annual General Shareholders' Meeting 2011

SINGULUS TECHNOLOGIES AG, Kahl am Main
May 31, 2011, 10:30 AM
Hermann-Josef-Abs Hall
Junghofstrasse 11
D-60311 Frankfurt am Main

Please refer to SINGULUS TECHNOLOGIES' page under: http://www.singulus.de/de/investor-relations/hauptversammlung/2011.html extensive information about the Annual General Shareholders' Meeting 2011.

# Key Figures 2005-2010

The financial statements of the years 2005 to 2010 were drawn up according to the International Financial Reporting Standards (IFRS).

| | | 2005 | 2006 | 2007 | 2008 | 2009 | **2010** |
|---|---|---|---|---|---|---|---|
| Revenue (gross) | million € | 244.4 | 283.1 | 229.5 | 212.1 | 116.6 | **120.1** |
| Revenue (net) | million € | 232.3 | 272.5 | 223.0 | 207.9 | 115.0 | **118.2** |
| Revenue Germany | % | 13.3 | 11.7 | 11.3 | 12.3 | 18.4 | **25.1** |
| Revenue Rest of Europe | % | 36.5 | 30.2 | 28.6 | 27.1 | 24.3 | **22.9** |
| Revenue Americas | % | 20.1 | 28.0 | 32.1 | 33.1 | 23.3 | **26.6** |
| Revenue Asia | % | 24.4 | 27.5 | 25.9 | 27.0 | 32.7 | **20.0** |
| Revenue Africa/Australia | % | 5.7 | 2.6 | 2.2 | 0.5 | 1.3 | **5.4** |
| Order intake | million € | 248.7 | 319.0 | 203.8 | 226.4 | 81.1 | **128.2** |
| Order backlog (Dec. 31) | million € | 60.9 | 81.5 | 55.8 | 70.2 | 34.7 | **35.5** |
| EBIT | million € | 2.1 | 4.0 | 1.1 | -46.2 | -73.2 | **-80.2** |
| EBIT margin | % | 0.9 | 1.5 | 0.5 | -22.2 | -63.7 | **-67.8** |
| Earnings before taxes | million € | 3.3 | 4.3 | 1.6 | -54.1 | -79.4 | **-84.9** |
| Profit or loss for the period | million € | 7.3 | 11.1 | 3.0 | -49.3 | -78.9 | **-77.9** |
| Operating cash flow | million € | 8.3 | 9.0 | -3.6 | -12.4 | 0.2 | **-6.9** |
| Operating cash flow in % of net sales | | 3.6 | 3.3 | -1.6 | -6.0 | 0.0 | **-5.8** |
| Property, plant & equipment | million € | 12.9 | 22.3 | 12.5 | 10.3 | 12.3 | **10.6** |
| Goodwill | million € | 31.2 | 31.2 | 76.8 | 66.4 | 42.5 | **21.7** |
| Current assets | million € | 238.8 | 248.2 | 212.1 | 219.2 | 114.3 | **107.3** |
| Shareholders' equity | million € | 255.5 | 274.7 | 293.3 | 245.5 | 165.8 | **106.2** |
| Equity ratio | % | 71.0 | 69.1 | 66.1 | 57.8 | 62.9 | **58.4** |
| Balance sheet total | million € | 359.9 | 397.6 | 443.9 | 424.6 | 263.6 | **181.9** |
| Research & development expenditures | million € | 19.4 | 23.5 | 25.6 | 20.1 | 15.1 | **11.0** |
| in % of net sales | | 8.4 | 8.6 | 11.5 | 9.7 | 13.1 | **9.3** |
| Employees (Dec. 31) | | 636 | 796 | 764 | 722 | 572 | **459** |
| Weighted average shares outstanding, basic | | 35,065,241 | 34,941,929 | 35,610,088 | 36,946,407 | 37,294,111 | **40,383,023** |
| Weighted average shares outstanding, diluted | | 35,065,241 | 35,015,262 | 37,194,844 | 36,946,407 | 37,294,111 | **40,383,023** |
| Stock price at year-end | € | 14.50 | 12.13 | 6.97 | 3.50 | 3.07 | **4.48** |
| Earnings per share, basic | € | 0.21 | 0.35 | 0.05 | -1.32 | -2.11 | **-1.92** |

**SINGULUS TECHNOLOGIES AG**
Hanauer Landstrasse 103
D-63796 Kahl am Main
Phone +49 6188 440-0
Fax +49 6188 440-110
Internet: www.singulus.de

**Investor Relations**
Maren Schuster
Tel. +49 6188 440-612
Fax +49 6188 440-110
investor.relations@singulus.de

**Published by**
SINGULUS TECHNOLOGIES AG,
Kahl am Main

**Production**
MetaCom Corporate
Communications GmbH

**Conception and Idea**
Bernhard Krause

**Text**
Bernhard Krause
SINGULUS TECHNOLOGIES

**Photography**
Marc Krause
Matthias Müller
Stock photography
SINGULUS-owned images
Bert Bostelmann/
photon-pictures.com

**Artwork/DTP**
MetaCom
Jens Gloger
Michaela Schäfer

**Publication**
March 31, 2011

SINGULUS TECHNOLOGIES AG ANNUAL REPORT 2010

**SINGULUS TECHNOLOGIES AG**
Hanauer Landstrasse 103 | D-63796 Kahl am Main
www.singulus.de