

Technologies for Tomorrow
ANNUAL REPORT 2011 OF SINGULUS TECHNOLOGIES AG

Optical Disc
Solar
Semiconductor
Future



At a glance

Consolidated Key Figures

		2009	2010	2011
Sales	million €	116.6	120.1	160.0
Order intake	million €	81.1	128.2	151.6
Order backlog (Dec. 31)	million €	34.7	35.5	26.8
EBIT	million €	-73.2	-80.2	6.7
EBITDA	million €	-42.7	-16.6	18.5
Earnings before taxes	million €	-79.4	-84.9	5.6
Net profit/loss	million €	-78.9	-77.9	5.6
Operating cash flow	million €	0.2	-0.9	7.5
Shareholders' equity	million €	165.8	106.2	137.9
Balance sheet total	million €	263.6	181.9	182.4
Research & development expenditures	million €	15.1	11.0	8.8
Employees (Dec. 31)		572	459	455
Weighted number of shares, basic		37,294,111	40,383,023	45,195,314
Earnings per share, basic	€	-2.11	-1.92	0.14

WE DEVELOP TECHNOLOGIES FOR PEOPLE

SINGULUS TECHNOLOGIES is involved in two megatrends of mankind: entertainment and renewable energies. We provide technologies, which improve our quality of life and ensure a sustainable energy supply. Machines made by SINGULUS TECHNOLOGIES enable progress in photovoltaics, which benefit us and following generations. Our Blu-ray machines form the basis for a visual experience and entertainment at the highest level. In the Semiconductor segment we supply machines for MRAM wafer, a potential storage medium for the future. What makes us unique is our know-how in vacuum coating and in automation as well as our ability to combine several process steps into integrated production lines.

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Annual Review 2011

Q1

New order for replication line BLULINE II from Italy

SINGULUS TECHNOLOGIES reports new, major order for selenization machines for the production of CIS thin-film solar cells in January

Participation at the World Future Energy Summit in Abu Dhabi

SINGULUS TECHNOLOGIES presents solar technology at the trade fairs SNEC in China and PV Korea in February

Production machines BLULINE II and CRYSTALLINE commissioned at British Blu-ray Disc manufacturer

SINGULUS TECHNOLOGIES presents optical disc production technologies at the MEDIA-TECH Asia in Macao, China, in March

Annual Press and Analyst Conference on March 31, 2011

Q2

Participation at the optical disc trade fair and conference MEDIA-TECH Europe in Hamburg in May

Major orders confirm the favorable outlook for Solar and Optical Disc: SINGULUS TECHNOLOGIES reports sharp increase in order backlog in the first quarter

SINGULUS TECHNOLOGIES reports new large Blu-ray order by customer CINRAM in May

Following the Annual General Meeting on May 31, 2011, the Supervisory Board meets for a constituent meeting

SINGULUS TECHNOLOGIES presents new VITRUM GEN 2 thin-film processing machine at the solar trade fair Intersolar in Munich, Germany, in June

German research institute employs coating system SINGULAR to develop new cell concepts

SINGULUS TECHNOLOGIES AG resolves a capital increase with subscription rights from authorized capital and successfully concludes the placement of shares

Q3

Participation at solar trade fair Intersolar USA in San Francisco in July

SINGULUS TECHNOLOGIES cooperates with AVANCIS, Heraeus Noblelight and Institute for Scientific Instruments within the “CIS Clustertool”

In August: market introduction of the new SILEX GEN 2 machine with solvent-free texturing process

SINGULUS TECHNOLOGIES develops TENUIS coating machine for CIGS solar modules

SINGULUS TECHNOLOGIES reports results for the first half on August 10

SINGULUS TECHNOLOGIES receives order from the US for SINGULAR coating machine

SINGULAR development platform for high-performance solar cells is in the spotlight of the presentation at the PV trade fair EU PVSEC in Hamburg, Germany, in September

Q4

SINGULUS TECHNOLOGIES presents a new vacuum coating machine for the CIGS/CIS growth market in October

Global Blu-ray production growing at double-digit rates: SINGULUS TECHNOLOGIES continues favorable development in the Optical Disc division and on November 3 reports significant growth in the first nine months

Solar research institute from Singapore orders SINGULAR coating machine

Participation at the international PV trade fair Solar Investment summit - Middle East 2011 in Dubai, APVIA PV ASIA PACIFIC EXPO in Singapore and HITECH EXPO 2011 in Milan, Italy

November 29: Blu-ray day at SINGULUS TECHNOLOGIES with international participation: “Overview of the Optical Disc market 2011 and outlook 2012 - 2014 as well as Blu-ray status report and market trends Solar”

SINGULUS TECHNOLOGIES intensifies business activities in the Semiconductor segment and participates at the trade fair SEMICON in Japan in December

Merger of the Dutch subsidiary SINGULUS MASTERING B.V. to the SINGULUS TECHNOLOGIES AG

Successful acceptance of the selenization machine at AVANCIS, Torgau. SINGULUS TECHNOLOGIES receives supplier award

To the shareholders of the SINGULUS TECHNOLOGIES AG

Report of the Supervisory Board

Dear Shareholders,

SINGULUS TECHNOLOGIES reached the goals set for the year 2011 and achieved a significant increase in sales along with a profit. In the Optical Disc segment SINGULUS TECHNOLOGIES is the only one-stop provider globally as well as the global market leader for Blu-ray machines and expects a continuing strong development in the coming years. In the Solar segment SINGULUS TECHNOLOGIES established itself in the area of production technology with new machine concepts for crystalline as well as thin-film solar cells and aims to establish itself as a leading producer in this area, too.

In the following, the Supervisory Board reports about the fulfillment of its tasks and the focus of its activities in the business year 2011. In the business year 2011 the Supervisory Board of SINGULUS TECHNOLOGIES fulfilled all of its tasks pursuant to laws, articles of incorporation and bylaws. The Executive Board was regularly advised with respect to the management of the SINGULUS TECHNOLOGIES AG and its activities supervised.

Changes in the Supervisory and Executive Boards

On conclusion of the Annual General Meeting on May 31, 2011, the tenure of the Supervisory Board appointed during the Annual General Meeting 2006 expired. Mr. Roland Lacher, founder and until the Annual General Meeting on May 31, 2011 Chairman of the Supervisory Board of the SINGULUS TECHNOLOGIES AG, did not run for reelection to the Supervisory Board at the respective Annual General Meeting and hence retired from the Supervisory Board.

The Supervisory Board members Dr.-Ing. Wolfhard Lechnitz, Essen, and Diplom-Betriebswirt Günter

Bachmann, Bad Homburg, were confirmed during that same Annual General Meeting for an additional tenure of five years to the Supervisory Board again. As a third member of the Supervisory Board, Diplom-Physiker Dr. rer. nat. (MSc. PhD in Physics) Rolf Blessing, Trendelburg, was newly appointed to the Supervisory Board by the Annual General Meeting of the SINGULUS TECHNOLOGIES AG.

The newly appointed Supervisory Board of the company convened for a constituting meeting after the Annual General Meeting and appointed Dr.-Ing. Wolfhard Lechnitz as its Chairman and Günter Bachmann as its Deputy Chairman.

Dr.-Ing. Wolfhard Lechnitz,
Chairman of the
Supervisory Board

Main Activities of the Supervisory Board

There were no indications of conflicts of interest of members of the Executive or Supervisory Boards, which have to be disclosed to the Supervisory Board immediately and which the Annual General Meeting has to be informed about.

The Supervisory Board was regular and in detail apprised of the course of business as well as the Group's situation during the fiscal year 2011 and provided oversight for the Executive Board's leadership of the company. We have assured ourselves of its legitimacy, expediency and compliance. The basis of the information and oversight activities of the Supervisory Board rested on regularly and extensive 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 Super-

visory Board was notified about important projects and measures by means of current status reports amongst others.

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 with the Executive Board and advise it accordingly.



We were directly involved in all decisions, which were of fundamental importance for the company. After extensive discussions and reviews of the information provided to us by the Executive Board in detail we consented to business activities which have to be approved or such which had to be discussed by the Supervisory Board in the company's interest.

Focus of the Supervisory Board meetings

In the business year 2011, there were 13 meetings of the Supervisory Board in total, thereof eight meetings in presence and five 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. During the months without a meeting in presence the written reports were discussed with the Executive Board by means of conference calls.

Specifically, the following topics were in the spotlight of the discussions of the Supervisory Board:

Meeting on February 28, 2011

The Executive Board informed the Supervisory Board about the current business situation of the individual segments as well as the preliminary results for 2010. The liquidity situation of the company was discussed in detail on the basis of the presented liquidity planning. Moreover, the financing of an upcoming new business as well as financing alternatives and capital measures were discussed extensively. The Executive Board also reported about further cost reduction measures and the planned improvements in earnings for 2011. In addition, the annual accounts as well as the topics corporate governance and compensation were debated. Furthermore, in

the course of the meeting it was resolved to switch the D&O insurance of Executive and Supervisory Boards to deductibles.

Meeting on March 24, 2011 (financial statements Supervisory Board meeting)

The financial accounts of the SINGULUS TECHNOLOGIES AG pursuant to HGB for the business year 2010 including the combined group status report pursuant to International Financial Reporting Standards (IFRS) were approved and adopted. Furthermore, the report presented by the Executive Board regarding the current business situation was discussed. The Supervisory Board resolved to recommend to the Annual General Meeting to appoint the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, as auditors for the financial accounts 2011 as well as for documents to be reviewed during the course of the year. The Supervisory Board resolved to issue phantom stocks for the members of the Executive Board and left it to the discretion of the Executive Board to offer a similar program to selected employees within the Group. In addition, the invitation and agenda of the Annual General Meeting 2011 were adopted.

Meeting on May 10, 2011

On the basis of an in-depth, written report the Executive Board and the Supervisory Board exhaustively discussed the results of the first quarter 2011. In addition, the Supervisory Board dealt in detail with the risks of upcoming major projects and the requirements to set up a well-founded project management. The Executive Board presented the project organization and answered all questions of the Supervisory Board. The Supervisory Board reaffirmed its assessment, that for major projects the final approval of the Supervisory Board for the conclusion of such orders has to be obtained. Furthermore, the future solar strategy for the SINGULUS STANGL SOLAR was discussed in the presence of the managing directors.

Meeting on May 27, 2011

(Resolution per conference call)
On May 27, 2011 the unanimous resolution by telephone was made, that the resolution of the Executive Board as of the same day regarding the implementation of a capital increase with subscription rights using the Authorized Capitals I and III was approved.

Meeting on May 31, 2011

The meeting served to prepare for the Annual General Meeting held on the same day.

The Executive Board informed about the business development during the first four months of 2011. The Supervisory Board extensively discussed the business trends with the Executive Board. The questions of the Supervisory Board were answered by the Executive Board in detail.

In addition, the Supervisory Board resolved an amendment to the bylaws. In particular, the changes concern the introduction of rules for criteria regarding the required expertise of member of the Supervisory Board to be recommended. In addition, the possibility of written or telephonic resolutions was introduced and the regular review of the efficiency of the work of the Supervisory Board determined.

Meeting on May 31, 2011 (Constituent Meeting of the Supervisory Board)

The members of the Supervisory Board, Mr. Günter Bachmann, Dr.-Ing. Wolfhard Lechnitz and Dr. rer. nat. Rolf Blessing, which were appointed by the ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG on

May 31, 2011, after the acceptance of their appointments convened to a constituent meeting. Dr.-Ing. Wolfhard Lechnitz was appointed Chairman of the Supervisory Board. Mr. Günter Bachmann was appointed Deputy Chairman of the Supervisory Board. The term of the appointment ends with the conclusion of the Annual General Meeting resolving the discharge for the fourth business year after commencement of the tenure.

**Meeting on June 21, 2011
(Conference Call)**

On June 21, 2011 the unanimous resolution by telephone was made, that the Supervisory Board approves the resolution of the Executive Board as of June 20, 2011 regarding the implementation of a capital increase by 7,880,203 bearer shares in total with a nominal value of € 1.00 each and profit participation from January 1, 2011.

**Meeting on July 4, 2011
(Conference Call)**

The Executive Board explained the business trends of the first five months of 2011 to the Supervisory Board. The report provided to all participants ahead of the meeting was presented in detail and all relevant issues were extensively discussed. In the course of the

meeting the Supervisory Board also resolved to prolong the tenure of Dipl.-Oec. Markus Ehret as a member of the Executive Board by three years.

**Meeting on August 8, 2011
(Conference Call)**

During the course of this meeting the report of the company for the first half of 2011 (Q2 Report) was discussed in detail and approved. The future trends and expectations for the full-year were discussed. Amongst others, the current weakness in demand in the solar market was in the spotlight.

**Meeting on September 23, 2011
(at SINGULUS STANGL SOLAR,
Fürstenfeldbruck, Germany)**

In this meeting the Executive Board presented the current business situation and the status of individual projects as well as the developments in the solar market. In addition, the further financing of the company against the background of the strategic expansion of the product range and potential acquisitions were discussed. The management of the SINGULUS STANGL SOLAR reported about the situation of the company itself as well as the difficult situation of the solar market.

**Meeting on October 28, 2011
(Conference Call)**

During the course of this meeting the report of the company for the third quarter of 2011 (Q3 Report) was discussed and approved. The Supervisory Board reviewed in detail the recommendation of auditors for the business year 2012.

Meeting on November 21, 2011

The budget for the business year 2012 presented by the Executive Board was discussed in detail and approved by the Supervisory Board. Alternatives and options for the financing of the company were reviewed. The Supervisory Board resolved to recommend the election of the KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, as auditors for the annual accounts 2012 to the Annual General Meeting 2012.

During the course of this meeting the prolongation of the appointment of Dr.-Ing. Stefan Rinck as Chief Executive Officer for five years was resolved. At the same meeting the Supervisory Board determined the future compensation for Mr. Markus Ehret and approved his contract of employment.

**Extraordinary Meeting on
December 22, 2011**

The Executive Board presented the Supervisory Board the current development at a major solar project. The Supervisory Board together with the Executive Board debated the related risks. These were already reviewed in detail in previous meetings of the Supervisory Board. Due to the importance of the project with respect to risk, novelty and project extent the Executive Board regarded this project to require the approval by the Supervisory Board.

In the course of the meeting, the Executive Board and Supervisory Board also discussed an acquisition project enabling the expansion and diversification of the overall business activities. In particular, valuation parameters and risks potentially related to the acquisition were discussed. The transaction should be further reviewed.

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.

Corporate Governance

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

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 2011 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 January 2012 (cf. page 23 of this Annual Report 2011) and drew up a Corporate Governance Report pursuant to

Art. 3.10 of the Code, which can be found on pages 18 to 23 of this Annual Report 2011. Here and in the Declaration of Conformity, which is permanently 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.

Compensation of the Executive Board

The sitting members of the Executive Board have signed individual employment contracts with the company. A new contract of employment was concluded with Dipl.-Oec. Markus Ehret on December 21, 2011, which will become effective on April 1, 2012. Pursuant to the legal requirements of the Stock Corporation Act, for the conclusion and modification of the employment contracts, the company was represented by the Supervisory Board. In 2011 the Supervisory Board commissioned an external consultant to analyze the compensation of the Executive

Board, which in particular compares the granted monetary and non-monetary compensation with the reference market and which serves as an orientation for the future, efficient design of the compensation scheme. For details regarding the general terms of the contracts and modifications please refer to the Compensation Report on the pages 69 to 77 of this Annual Report 2011.

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 of the monitoring system and the results 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 76 of this Annual Report 2011).

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, 2011 were audited by the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany.

During the meeting of the Supervisory Board on March 24, 2011 the suitability of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, as auditors for the business year 2011 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 March 17, 2011, that there are no circumstances possibly affecting the independence as auditors. During the Annual General Meeting of the SINGULUS TECHNOLOGIES AG on May 31, 2011 they were appointed as auditors for the business year 2011 upon recommendation of the Supervisory Board.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2011 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 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, 2011 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 12, 2012.

The appointed auditor participated at the Supervisory Board meeting on March 12, 2012 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 in detail, while all questions of the members of the Supervisory Board were exhaustively 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. There were no objections regarding the annual accounts of the SINGULUS TECHNOLOGIES AG, the consolidated financial state-

ments as well as the combined status report as of December 31, 2011. In its meeting on March 12, 2012, 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 2011, which was characterized by various challenges, the Supervisory Board expresses its thanks and appreciation to the Executive Board and all employees of the company.

The members of the Supervisory Board together with the Executive Board are confident about the further favorable development of the company.

Kahl am Main, in March 2012

Dr.-Ing. Wolfhard Lechnitz
Chairman of the Supervisory Board

To the shareholders of SINGULUS TECHNOLOGIES AG

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

In the past annual report we depicted the business year 2010 as a year of transition. Now we are able to report that we succeeded in this transition. As announced, SINGULUS TECHNOLOGIES achieved the turnaround in 2011 and successfully completed the business year with sales of € 160.0 million and an EBIT of € 6.7 million.

The restructuring and repositioning implemented in 2010 was consistently pursued in 2011. Accordingly, the further favorable trend of key financial figures was recorded in the course of the business year. This was the result of the efforts of the entire work force, which consistently implemented the initiated programs to realize cost savings throughout the entire organization. Visible effects were the reduction of important cost items or organizational changes such as the implemented merger of SINGULUS MASTERING B.V. to the SINGULUS TECHNOLOGIES AG.

Business activities Solar

The activities in the Solar segment have developed favorably despite the market's uncertainties. The know-how in vacuum coating, in the automation and process integration acquired in the area of optical storage media is utilized by our engineers to develop new and efficient solar production equipment. Here, we are establishing ourselves as a supplier of machines, but increasingly also as a development partner of high-performance solar cells. SINGULUS TECHNOLOGIES is expanding its activities in this segment and cooperates with leading solar cell manufacturers worldwide to develop processes, which improve the efficiency of solar cells and at the same time reduce production costs.

Owing to these innovations the production of solar cells becomes ever more cost-efficient. Cells and modules become more efficient and economic, so that grid parity - the competitiveness of solar energy - will be achieved in some countries shortly. In particular in emerging market, in the so-called sun belt of the earth, the achieving of net parity and the availability of inexpensive photovoltaic modules will result in a boost in demand.

With machine concepts and innovative processes SINGULUS TECHNOLOGIES enables the further development of the solar technology and therefore the sustainable supply of energy for subsequent generations.

Three examples underline this statement: In January 2011 SINGULUS TECHNOLOGIES was able to report an additional order for five selenization machines for CIS thin-film solar cells. In close cooperation with the AVANCIS GmbH & Co. KG (AVANCIS) 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 exceeded this volume once more. At the end of November AVANCIS announced new records for the efficiency of CIS solar cells.

In the summer 2011 we commenced the market launch of the new VITRUM GEN 2 for the processing of coated back-sides of thin-film solar cells. The optimized processing machine simultaneously cleans back-sides and edges of thin-film solar cells in a single working step. Accordingly, it offers substantial cost-saving potential and is also easily integrated into already existing manufacturing lines. Several machines were already recorded as order intake in the business year 2011 and delivered.

In addition to the mass production of silicon solar cells, the coating system SINGULAR is increasingly employed for the further development of new solar cell concepts, so called high-performance solar cells. Amongst other, for this purpose a SINGULAR machine was supplied to the German Institute for Solar Energy Research Hameln (ISFH) in July 2011. In addition, SINGULUS TECHNOLOGIES cooperates with the most important Asian institute, the Solar Energy Research Institute of Singapore (SERIS), for the development of high-performance silicon solar cells with high efficiency potential and low production costs at the same time.

Business activities Optical Disc

In particular in the growth market Blu-ray Disc SINGULUS TECHNOLOGIES was able to record significantly more orders in the business year 2011 and accordingly continues the favorable trend in the Optical Disc division. Both long-time as well as new customers have continued to invest in the production of Blu-ray Discs. In terms of sales of Blu-ray machines SINGULUS TECHNOLOGIES was inline with its own growth forecast of 40 to 50 machines and accordingly significantly improved the deliveries recorded in the year 2010.

The continuously growing number of orders underlines the technologic leadership of SINGULUS TECHNOLOGIES' replication lines for 50 GB Blu-ray Discs and confirms the expected growth in this segment.



With foresight we are developing new machine concepts for Blu-ray Discs with a storage capacity of 100 and 128 GB and discuss them with our customers. In addition, SINGULUS TECHNOLOGIES provides manufacturing equipment for rewritable Blu-ray Discs (BD-R/RE) and delivered the first inline system to Asia at the beginning of 2012.

Semiconductor Segment

In 2010 SINGULUS TECHNOLOGIES reported the order intake of three TIMARIS vacuum coating machines with a value exceeding € 8 million. For the first of these machines we already received the final technical acceptance by the customer in the first half of 2011. The other machines were delivered by the end of 2011.

Besides one other manufacturer SINGULUS TECHNOLOGIES is currently the only provider of vacuum coating machines for the production of MRAM wafers. In the past the MRAM memory technology was not yet able to

establish itself in the market due to various technologic hurdles. However, recent advancements suggest that these difficulties have been overcome and that the new memory technology will be increasingly utilized. The first semiconductor companies have announced the set-up of MRAM production facilities.

Since SINGULUS TECHNOLOGIES' vacuum coating technology is already employed by customers in the research and development of MRAM memories, we expect these customers to also use machines made by SINGULUS TECHNOLOGIES for the industrial production in the future. Then they would be able to transfer the process parameters from the current testing equipment to the machines for the mass production and could save time and investment expenses for the ramp-up of mass production.

Accordingly, SINGULUS TECHNOLOGIES considers itself to be in an exceptional starting position for the upcoming growth market. We expect the market breakthrough of this semiconductor technology to materialize in the next two years and additional new investments in the MRAM production technology.

Service activities

The service and replacement part activities were also a key component of our activities in the year 2011. In the Optical Disc segment SINGULUS TECHNOLOGIES in the meantime has a basis of more than 5,000 delivered production machines in the market. With original spare parts we ensure the high uptime of these machines. In the Solar segment the growing number of machines were also looked after by our service employees on a global scale. We will intensify and further expand our activities in the service sector.

Financial power strengthened

In the course of the rights offer concluded as scheduled on June 17, 2011, the shareholders of the SINGULUS TECHNOLOGIES AG subscribed 7,880,203 new shares by means of exercising their subscription rights and of over-subscription. The capital increase was several times over-subscribed. The Executive Board and Supervisory Board deem this

high subscription ratio and the high request for oversubscription of the shareholders as a major proof of trust in the future development of the SINGULUS TECHNOLOGIES AG. With respect to Executive and Supervisory Board members they had exercised their subscription rights to the full extend and in addition applied for oversubscription.

The means from the capital increase in the amount of € 25.2 million (after subtraction of transaction costs) were predominantly invested to extend the market leadership in the Optical Disc segment and for the further expansion in the Solar segment. To a lesser extent the proceeds were used to repay debt to reduce costs and to be able to operate more independently.

Outlook for 2012

Following three years with negative earnings SINGULUS TECHNOLOGIES once again reported positive earnings for the business year 2011. After a stage of consolidation and transition, the turnaround was finally achieved in the past year.

Our company's goal is to continue to maintain the market leadership in the Optical Disc segment for dual layer Blu-ray Disc production equipment. In addition, SINGULUS TECHNOLOGIES will position itself ever stronger in the silicon and thin-film solar technology as a machine supplier as well as a development partner for new cell concepts.

SINGULUS TECHNOLOGIES possesses proven know-how in the manufacturing of machines for the vacuum coating of different materials. This know-how in the area of the development of vacuum coating machines is intended to be transferred to additional application areas by SINGULUS TECHNOLOGIES. The business activities in the Semiconductor segment only serve as an example for this and will be extensively expanded in the course of the growing market for the MRAM semiconductor technology. In addition, the company is constantly reviewing other

sectors and work areas, where new market segments can be developed on the basis of the present know-how in the area of vacuum coating.

Our future corporate strategy derives from the following precisely defined goals:

- market leader for production lines for dual-layer Blu-ray Discs
- development partner for future solar cell generations
- utilization of the potential of the MRAM semiconductor technology
- set-up of new work areas with additional earnings potential

With the two strong core work areas Optical Disc and Solar as well as the opportunities presented by the semiconductor market and the potential inherent in new applications of vacuum coating we look optimistically into the year 2012.

We would like to thank all employees at SINGULUS TECHNOLOGIES for their efforts, high level of motivation and engagement as well as their team spirit. We would also like to thank our customers and partners for their trust and the successful cooperation in the past year.

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

Kahl am Main, in March 2012

Yours sincerely,



Dr.-Ing. Stefan Rinck
Chief Executive Officer



Markus Ehret
Board Member Responsible for Finance, Controlling,
Human Resources and IT, CFO

Corporate Governance Declaration pursuant 289a HGB

Corporate Governance Report in unison

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 Board continued to refrain from forming an audit committee or other committees in the fiscal year 2011, because according to its view there is neither an increase in efficiency to be expected nor an improved handling of complex issues nor a more efficient or improved execution of tasks of the Supervisory Board in connection with issues about accounting principles, risk management or the audit.

The members of the Executive and Supervisory Boards have published a joint Declaration of Conformity pursuant to Art. 161 AktG in January 2012 (cf. page 23 of this Annual Report 2011) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 18 to 23 of this Annual Report 2011. Here and in the Declaration of Conformity, which is permanently 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 18 to 23 of this Annual Report 2011).

Corporate Governance Declaration pursuant to 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 2011. 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 as amended as of May 26, 2010 considering the size, structure and development of the company. On the basis of these discussions the Declaration of Conformity to the Code found on page 23 was resolved. The particular management structure of the company with small Executive and Supervisory Boards as well as the particularities of the sector, in which the company is operating, do

not permit the company to comply with all recommendations of the Code, which are often drawn up for much bigger corporations. Since December 2011 the company adheres to Art. 4.2.5 in connection with Art. 4.2.3 of the Code due to the presently individualized depiction of the company's pension and postretirement benefits. The current joint Declaration of Conformity of the Executive and Supervisory Boards pursuant to Art. 161 AktG is published under www.singulus.de on our website. Any divergence from the code is explained in the declaration of conformity.

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 manages the company and is 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 financing measures are subject to the Supervisory Board's approval according to the bylaws. 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 is regularly informed on-site or via telephone about the course of business and advises the Executive Board on its decisions. According to the bylaws of the Supervisory Board, significant business decisions are subject to the approval by the Supervisory Board. In total, the Supervisory Board convened for thirteen meetings in the business year 2011.

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. Since April 1, 2010 Dr.-Ing. Stefan Rinck is Chief Executive Officer. During its meeting on November 21, 2010 the Supervisory Board resolved to prolong his appointment by five years. With effect from April 19, 2010 Mr. Markus Ehret was appointed to the Executive Board of the SINGULUS TECHNOLOGIES AG by the Supervisory Board. The Supervisory Board extended his appointment by three years by resolution in its meeting on July 4, 2011.

As Chief Executive Officer Dr.-Ing. Stefan Rinck is responsible for the departments Production, Marketing and Sales, Technology, Research and 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 (c. pages 69 to 77).

For many years the Executive Board 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 cycle of the Supervisory Board ended on conclusion of the ordinary Annual General Meeting on May 31, 2011. The former Chairman of the Supervisory Board, Mr. Roland Lacher, did not run for reelection and retired from the Supervisory Board on conclusion of the Annual General Meeting on May 31, 2011. Dr. rer. nat. Rolf Blessing was elected as a new member of the Supervisory Board. The remaining members of the Supervisory Board, Dr.-Ing. Wolfhard Lechnitz and Mr. Günter Bachmann, were confirmed for another term of office. In the constituent meeting of the Supervisory Board on May 31, 2011 Dr.-Ing. Lechnitz and Mr. Bachmann were appointed

to the Supervisory Board as Chairman and Deputy Chairman, respectively. Dr.-Ing. Wolfhard Lechnitz has been a member of the Supervisory Board since May 2009 and was formerly Deputy Chairman of the Supervisory Board. Mr. Bachmann has been a Supervisory Board member since 2008.

The Supervisory Board also refrained from forming audit committees or other Supervisory Board committees in 2011 since committees are not reasonable for a Supervisory Board with three members.

The Supervisory Board has drawn up new bylaws on May 31, 2011. They govern the composition of the Supervisory Board, 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. In particular, the bylaws include the following principles regarding the composition of the Supervisory Board, particularly with respect to Art. 5.4.1 of the Code [Diversity]:

- The Supervisory Board should not recommend anyone for appointment to the Supervisory Board for a tenure exceeding the person's age of 70.
- Candidates recommended to the Annual General Meeting for appointment to the Supervisory Board should have the following expertise and experience:
 - _ know-how of the markets of the core business areas, in particular the competitive situation and the customers' requirements;
 - _ professional expertise regarding the technologic challenges related to the development of new machines;
 - _ experience with development project in high-tech engineering;
 - _ international business experience, including outside of Europe;
 - _ experience with global marketing and sales structures;
 - _ customer relationships;
 - _ expertise in the areas capital markets and investor relations.

→ One member of the Supervisory Board should have in-depth knowledge in the areas accounting and auditing. Members should display personality, integrity, professionalism, willingness to perform and independence. Nationality and gender should not play a role in the selection of a candidate. There will be no fixed women's quota.

With respect to setting concrete targets for an appropriate participation of women the company deviates from the recommendation of the Code, Art. 5.4.1. Primarily, regarding its composition the Supervisory Board focuses on the respective qualification and professional aptitude of its member. Principally, with respect to diversity the Board targets an appropriate participation of women. Since the high-tech sector traditionally has a very low proportion of women, the Supervisory Board does not deem it reasonable to set a quota with fixed time horizon. However, to promote diversity goals the Supervisory Board will prefer women in case of comparable qualification and aptitude.

The Supervisory Board met in thirteen meetings in the business year 2011. 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 2011 please refer to the Report of the Supervisory Board on page 6.

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 2011 are available on the website of the company. 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 bylaws 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., 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 consolidated 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 as well as the consolidated financial statements were audited by the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany. 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 2011 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 69 to 77 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 Corporate Governance Report on page 77 and also on the website under Investor Relations/SINGULUS Stock/Directors' Dealings.

Declaration of Conformity 2012 to the German Corporate Governance Code

The last Declaration of Conformity was published in March 2011 on the basis of the German Corporate Governance Code amended as of May 26, 2010. Since issuing this declaration the SINGULUS TECHNOLOGIES AG has adhered to the recommendation of the German Corporate Governance Code as of May 26, 2010, which remained unchanged in 2011, with the following exceptions:

1. 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.

2. 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 few women in management positions. Accordingly, the Supervisory Board does not regard it as reasonable to set a quota with fixed time horizon, but will prefer women in case of comparable qualification and aptitude, however.

Except for the aforementioned deviations the SINGULUS TECHNOLOGIES AG adheres to the recommendation of the German Corporate Governance Code as amended as of May 26, 2010 and will adhere to them in the future as well.

Kahl am Main, January 2012

SINGULUS TECHNOLOGIES AG

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

For the Supervisory Board:
Dr.-Ing. Wolfhard Leichnitz
Günter Bachmann
Dr. rer. nat. Rolf Blessing

The SINGULUS TECHNOLOGIES Stock

General Environment

At the beginning of the year 2011 the economic upswing was expected to not only continue in the current year, but also to persist even into 2012 as well. However, this assessment could not be confirmed since events of immense importance already took place in the first weeks of the new year. These were the significant increase in oil prices due to political turmoil in Arabia, the natural and nuclear catastrophe in Japan in March and the escalating debt crisis. Not only were Portugal, Greece and Ireland reliant on European aid, but finally also the third and fourth largest economies in the Eurozone, namely Italy and Spain. Moreover, the rating agency Standard & Poor's downgraded the top rating of the world's largest economy, the US, as well as other countries. However, in this environment Germany was still able to break away from the other industrialized countries. The economic upturn continued

with momentum. Although the growth in Germany lost some momentum, the growth rate of about 3 % compared with 3.7 % in the previous year was still comparably strong. Nevertheless, the German stock market was not able to withdraw from the global developments and accordingly the DAX posted a significant loss in the amount of about 16 % during the course of the year.

The SINGULUS TECHNOLOGIES Stock

The SINGULUS TECHNOLOGIES stock traded at € 4.19 at the beginning of the year and thereafter dropped below the € 4 level at the end of February 2011. After that the stock traded around the € 4 level until the capital increase was announced in May 2011.

SINGULUS TECHNOLOGIES successfully concluded a capital increase by 7,880,203 common bearer shares in total with a nominal value of € 1.00 each and profit entitlement from January 1, 2011 against payment in kind. The

gross proceeds of around € 25.2 million (net of transaction costs) from the capital increase were mainly used for the financing of the growth in the Solar segment and to a lesser extent for extraordinary repayments of financial debt. With the entry of the capital increase into the commercial register the total number of outstanding shares of the company rose to 48,930,314 shares.

After the capital increase with a subscription price of € 3.30, the stock price improved and was able to maintain a level around € 4.00. However, from the beginning of August the stock price dropped to € 2.03 at the end of the year 2011. The year 2012 started with a very sharp improvement in the stock price by around 50 % to more than € 3.00 on February 3, 2012. Towards the end of February the stock price declined slightly and closed at € 2.69 on February 29, 2012.

Investor Relations

At all times SINGULUS TECHNOLOGIES emphasized an open and transparent communication with the capital market. This holds true for years with good results as well as times of weak results. The very successful implementation of the capital increase in June 2011 has strengthened our stance and proved the trust, which is shown by our existing shareholders. We deliberately look for an exchange with the capital market and disseminate information quickly, clearly and in-depth with respect to all essential aspects of SINGULUS TECHNOLOGIES. In this context, we inform institutional investors in the course of numerous conferences, one-on-one discussions and road shows in many countries. Private investors are provided information about the company's situation especially during the Annual General Meeting and our manifold publications.

We have met the forecast which we published last summer and SINGULUS TECHNOLOGIES achieved the turnaround with the return to profitability.

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

Here we expect the initiating of coverage by a couple of research houses shortly.

Analyst coverage

- _ BHF Bank
- _ Close Brothers Seydler
- _ Deutsche Bank
- _ DZ Bank
- _ equinet
- _ Kepler Capital Markets
- _ Landesbank Baden-Württemberg
- _ Natureo Finance
- _ Steubing
- _ Warburg

KEY STOCK FIGURES

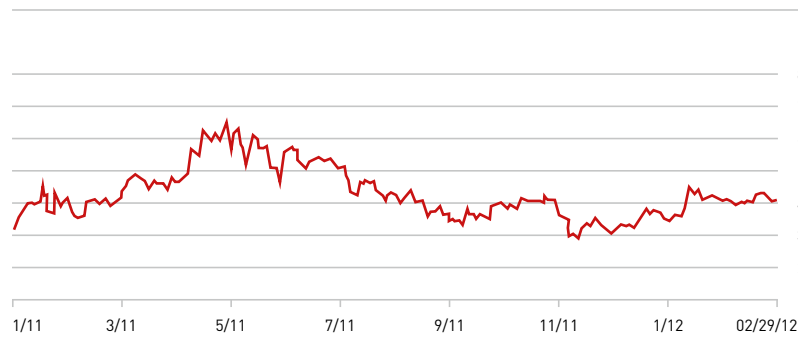
ISIN: DE0007238909
WKN: 723890

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

	2010	2011
Outstanding shares as of December 31	41,050,111	48,930,314
Nominal capital in €	41,050,111	48,930,314
Market capitalization as of December 31 in million €	184	100
Lowest share price for the year in €	3.27	1.95
Highest share price for the year in €	6.66	4.76
Year-end share price	4.48	2.04
Share price in € (End of February)	3.91	2.69
Ø daily turnover (Xetra)	325,518	245,243
Earnings per share in €	-1.92	0.14

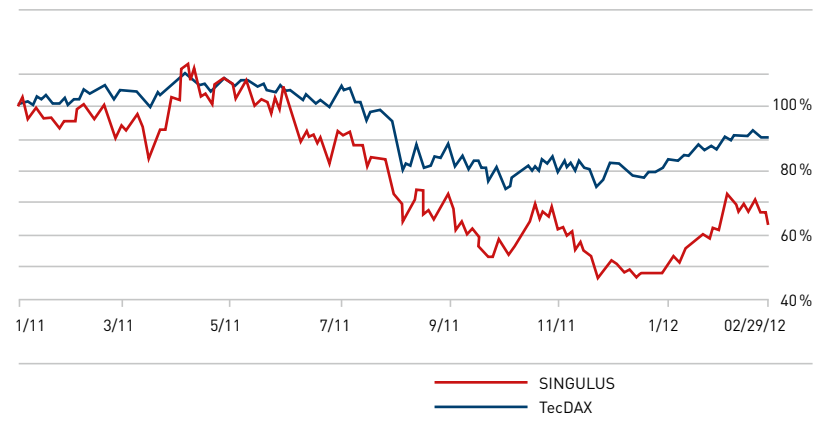
THE SINGULUS TECHNOLOGIES STOCK

[Stock price in €]



SINGULUS STOCK COMPARED WITH TECDAX

[Closing price in %]



OPTICAL DISC

SINGULUS - No way without Blu-ray.

HDTV and 3D enabled television sets increasingly conquer households.

International media groups are already developing the new 4k and 8k television technology with resolutions of up to 7680 x 4320 pixels.

The Blu-ray Disc will make this experience possible in the future.



SINGULUS TECHNOLOGIES provides BLULINE II production systems with highest reliability.



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

The company exercised its right pursuant to Art 315 Para. 3 German Commercial Code (Handelsgesetzbuch; HGB) to prepare a combined status report for the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG. Since the course of business, the situation of the company as well as the opportunities and risks of future developments of the SINGULUS TECHNOLOGIES AG and the SINGULUS TECHNOLOGIES Group broadly coincide, the following statements, in particular references to specific data, refer to the SINGULUS TECHNOLOGIES Group, if not stated otherwise.

Overall Business Situation

Group Structure and Business Activities

Optical Disc segment

SINGULUS TECHNOLOGIES is the only supplier worldwide of integrated production lines for the manufacturing of optical disc formats CD/DVD/Blu-ray. SINGULUS TECHNOLOGIES focuses on the production equipment for the manufacturing of Blu-ray Discs in the segment Optical Disc. For Blu-ray Discs with 50 GB storage capacity SINGULUS TECHNOLOGIES offers modularly set-up production machines (BLULINE II). In addition, SINGULUS TECHNOLOGIES develops, produces and markets

manufacturing equipment for rewriteable Blu-ray Discs (BD-R/RE) under the brand name BLULINE BD-R/RE. In the business year 2011, the activities for the mastering systems were to a large extent concentrated at the company's headquarters in Kahl/Main, Germany.

For the CD and DVD formats SINGULUS TECHNOLOGIES still provides the production lines for CDs (SKYLINE) and DVDs (SPACELINE).

Solar segment

At SINGULUS TECHNOLOGIES' site in Kahl/Main, Germany, machine concepts for vacuum deposition, cathode sputtering and selenization processes are assembled. In addition,

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

At our subsidiary SINGULUS STANGL SOLAR GmbH in Fürstentfeldbruck, Germany, we focus on the machines for wet-chemical processes, i.e. cleaning, etching and coating machines for the manufacturing of silicon and thin-film solar cells.

Semiconductor segment

In the business segment Semiconductor SINGULUS TECHNOLOGIES is active in the market for semiconductor components and offers machines under the product name TIMARIS

for the manufacturing of MRAM wafers and write/read heads as well as other applications.

For both application areas SINGULUS TECHNOLOGIES will further develop the machine and process technology for various customer applications in order to extend the market leadership and in particular to position itself in a leading place for the expected industrial production of MRAM chips.

The replacement parts and service activities are especially in the spotlight in all segments and will be further expanded in the future.

Worldwide presence

SINGULUS TECHNOLOGIES has a global marketing and sales and service network and provides its customers with consulting and services around the globe.

Production sites:

- SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany
- SINGULUS MASTERING B.V., Eindhoven, Netherlands (from December 2011 operating site of the SINGULUS TECHNOLOGIES AG, Eindhoven, Netherlands)
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany

Distribution subsidiaries:

- SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS TECHNOLOGIES FRANCE S.a.r.l., Sausheim, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy

- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS 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.

SINGULUS MANUFACTURING GUANGZHOU Ltd., China

At the joint venture SINGULUS MANUFACTURING GUANGZHOU (SMG) in Guangzhou, South China, DVD and DVD-R production machines are manufactured. In addition, SMG in Guangzhou also looks after the machines of the Solar segment.

SINGULUS TECHNOLOGIES owns 51 % of the shares in this company. As of December 31, 2011, SMG employed 26 people overall in Guangzhou.

SINGULUS MASTERING B.V., Eindhoven, Netherlands

As resolved on October 25, 2010, the Optical Disc activities were concentrated in Kahl am Main and parts of the mastering activities were relocated from Eindhoven, Netherlands, to Kahl am Main, Germany.

Pursuant to Art. 62 Para. 3 UmwG it was published in the German Gazette on October 18, 2011, that a merger of the SINGULUS TECHNOLOGIES Aktiengesellschaft located in Kahl am Main, Germany, registered in the Commercial Register of the Local Court Aschaffenburg, Germany, under HRB 6649, as the acquiring entity and the SINGULUS MASTERING B.V. located in Eindhoven, Netherlands, according to the bylaws and registered in the Commercial Register of the Chamber of Commerce for Brabant under the number 17090513 as the entity to be acquired, should be implemented.

The merger was entered into the Commercial Register in December 2011. The site is continued as an operating site of the SINGULUS TECHNOLOGIES AG.

As of December 31, 2011, overall 22 employees were still employed in Eindhoven, Netherlands.

SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany

At the SINGULUS STANGL SOLAR GmbH in Fürstenfeldbruck all activities for wet-chemical processes in the silicon and thin-film solar segment are bundled. In the past business year 2011 numerous new production machines of the "second generation" were presented. The optimizations include improved process parameters and enable significantly reduced operating and overall costs.

As of December 31, 2011 SINGULUS STANGL SOLAR employed 124 people in total.

Strategy

Protecting the market position in the Optical Disc segment

SINGULUS TECHNOLOGIES cooperates closely with the large disc manufacturers from Europe, the US and Asia in order to further optimize the replication line BLULINE II and to be prepared for future Blu-ray Disc variations. Amongst them are so-called hybrid discs as well as Blu-ray Discs with a storage capacity of more than 50 GB as well as three- and four-layer Blu-ray Discs with 100 and 128 GB, respectively. The hybrid disc combines the two formats Blu-ray and DVD. The content can be played on both Blu-ray players and traditional DVD players.

The big TV manufacturers are currently working on the development of sets for a new high-resolution video format (so-called "ultra high definition video" format) with resolutions of 4 K (the actual resolution is 3840 x 2160 pixels) as well as 8 K (7680 x 4320 pixels). For the storage of the required data storage media with significantly high memory capacities are required. SINGULUS TECHNOLOGIES expects that in the future Blu-ray Discs with several layers will be required and intends to develop the corresponding production machines. The basis for this is the BLULINE II.

SINGULUS TECHNOLOGIES' goal is to benefit from the further growth and new applications of Blu-ray Discs with high efficiency and availability. The activities for the mastering systems were increasingly concentrated in Kahl in the business year 2011. Here SINGULUS TECHNOLOGIES assembles the mastering system DMS Evolution for CD and DVD masters as well as the new mastering system CRYSTALLINE for Blu-ray masters.

Due to the experience with the CD and DVD formats SINGULUS TECHNOLOGIES expects that a market for rewriteable discs will also develop for Blu-ray Discs. Therefore, SINGULUS TECHNOLOGIES develops together with large Asian disc producers manufacturing equipment with all key production processes being automated for once- and re-writeable Blu-ray Discs. With this SINGULUS TECHNOLOGIES intends to position itself in the market for these optical storage media at an early stage.

SINGULUS TECHNOLOGIES – enabler in the solar market

2011 was a difficult year for the global solar market. The photovoltaics market was characterized by excess capacities and a substantial decline in prices for solar panels.

With new machine concepts and manufacturing processes in the silicon and thin-film solar technology SINGULUS TECHNOLOGIES presents itself as a machine supplier for investments in new, improved and more efficient cell concepts. SINGULUS TECHNOLOGIES has set up development partnerships with universities, institutes and leading solar companies to establish the proprietary technology as a standard for the manufacturing of the new cell concepts. New development such as the process lines VITRUM GEN 2 and TENUIS GEN 2 are actively marketed since mid-2011.

Semiconductor – MRAM on its way to industrial production

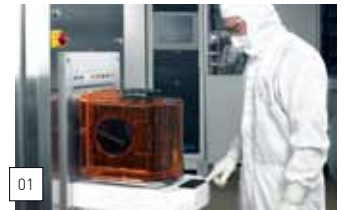
In the business segment Semiconductor SINGULUS TECHNOLOGIES is operating with its products in the market for semiconductor components and offers production machines for MRAM wafers as well as write/read heads.

In contrast to traditional storage technology such as DRAM or SRAM, information on MRAM chips are not stores with electrically but with magnetically charged particles. This means that the MRAM storage technology utilizes the characteristics of specific materials to change their electric resistance under the influence of magnetic fields.

The advantage of this technology is that it is non-volatile. Accordingly, the memory still stores the data after switching off the electricity supply. This allows for electronic devices such as computers to be ready for operation immediately after switching them on and without having to load the necessary data for operation from a permanent memory.

The MRAM memory market is currently a pure research and development market. In the past couple of months SINGULUS TECHNOLOGIES has noticed increased activities in the area of MRAM memory by large semiconductor companies. For example, there were press releases that investments into the MRAM semiconductor mass production are to be made. SINGULUS expects that the development of MRAM memory will be further progressing.

The market for production machines for write/read heads is a sub-segment of the semiconductor market. So far, write/read heads were produced on wafers with a diameter of 150 mm. This diameter is set to increase to 200 mm in the future. SINGULUS TECHNOLOGIES expects that this will favorably impact the demand for production equipment for write/read heads in the next couple of years.



01

- 01 Charging a TIMARIS vacuum coating machine
- 02 VITRUM GEN 2 cleaning system for thin-film solar cells
- 03 BLULINE CLM production module for Blu-ray BD-R/RE

Research, development and engineering

SINGULUS TECHNOLOGIES attaches great value to the area of research and development. Research and development ensure the technologic advantage of the company, which is one of the essential factors for the market position for production equipment for Blu-ray Discs, solar cells and semiconductors.

Innovative production processes, which are utilized in SINGULUS TECHNOLOGIES' products, are developed in the development department. Ideas for the development of new production processes result from intensive market analysis, customers'

requests and discussions as well as the review and analysis of technology trends. The goal is to further optimize the proprietary products with new processes so that customers will gain production advantages.

The implementation of the production processes developed in the research department into products suitable for production is performed by the mechanical and electric engineering departments. The processes developed on a laboratory scale are transferred into industrially deployable machines by the engineering departments. The engineering and development departments mutually attend to the finalization of prototypes as well as the optimization of the products towards the maturity phase.

As of December 31, 2011 on average there were 63 employees group-wide in the development divisions.

Some examples of new developments

→ BLULINE CLM

New production module to be employed in production lines for once-recordable and rewriteable Blu-ray Discs – several systems were already sold.

→ BLULINE BD-R/BD-RE

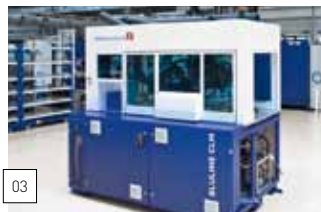
Complete inline production line for once-recordable and rewritable Blu-ray Discs – a first line was sold in 2011.

→ VITRUM GEN 2

At the Intersolar in Munich, Germany, the market launch commenced of the new VITRUM GEN 2 for the processing of coated back-sides of thin-film solar cells. The new process machine offers the user substantial savings potential and is easily integrated into already existing production lines. Ten systems were already sold.



02



03

→ TENUIS GEN 2

SINGULUS TECHNOLOGIES presents a promising new development on the way to efficient wet-chemical coating of thin-film solar modules made of copper-indium-gallium-diselenide (CIGS)

on glass: The second generation of the TENUIS production line has a modular cluster build and enables both significant savings in terms of required floor space and the simultaneous one-sided coating of two substrates. The process time is also reduced by up to 20 %.

→ IPA-free texturing process with SILEX

The wet-chemical batch cleaning and etching line for silicon wafers was further advanced. The core of the modified SILEX system is a new IPA-free texturing process offering considerable cost advantages compared with customary etching machines. This newly developed texturing process completely refrains from

using flammable, highly volatile solvents and enables a stable wet-chemical texturing process for silicon wafers on the basis of commercialized additives. As a result, the production costs for mono-crystalline silicon solar cells can be reduced significantly. The first machine was certified by a large Asian customer and successfully passed the final acceptance tests.



01

01 Commissioning two VITRUM GEN 2 systems at SINGULUS STANGL SOLAR in Fürstfeldbruck, Germany



- 02 SINGULUS TECHNOLOGIES booth at Intersolar 2011 in Munich, Germany
- 03 Booth at the PV solar industry exhibition EU PVSEC 2011 in Hamburg, Germany



Employees

SINGULUS TECHNOLOGIES deliberately built up capacities in some core areas during the business year 2011. At the end of 2011 the SINGULUS TECHNOLOGIES Group employed 455 people in total (previous year: 459 employees), thereof 245 employees in Kahl am Main, Germany, (previous year: 206 employee). The increase in the headcount at the SINGULUS TECHNOLOGIES AG is mainly due to the transfer of employees from SINGULUS MASTERING in connection with the merger. The staff at SINGULUS STANGL SOLAR totaled 124 employees (previous year: 133 employees) at the end of the period under review.

The further training of our employees as a central element of our human resource policy was continued. Accordingly, there were targeted advanced training programs in all segments.

EMPLOYEES

2010	326	133	= 459 *
2011	331	124	= 455 **

■ SINGULUS TECHNOLOGIES
■ SINGULUS STANGL SOLAR
 * thereof Germany: 337 / thereof outside Germany: 122
 ** thereof Germany: 347 / thereof outside Germany: 108

Economic Situation

The Global Economy

According to the economic outlook of the World Bank, which is published by the institution twice a year, the global growth in 2012 is only expected to amount to 2.5%.

The World Bank cites two reasons for this pessimistic forecast: Firstly, the Euro-zone will slide into a recession in the course of the debt crisis – the forecast for the Euro-zone was cut drastically by the World Bank from 1.8% to negative 0.3%. Secondly, the growth in the emerging markets such as China, Brazil and India will weaken substantially. Accordingly, all emerging and developing countries together will grow by 5.4% this year. In June the World Bank had still projected 6.2%.

According to the World Bank a particular danger emanates from the interaction of these two factors: “The downturn in Europe and weaker growth in the developing countries increase the risk, that the two trends will amplify one another and that in the end the growth will be even weaker”, the report comments.

While the World Bank expects a recession for the Euro-zone as a whole this year, the economies of the leading industrialized countries are forecast to grow by 1.4% on average. Besides the two heavyweights in the Euro-zone, Germany and France, this group also includes countries such as the US and Japan.

Germany

The German economy once again expanded strongly in the year 2011: The real gross domestic product (GDP) was 3.0% higher than in the prior year. This was published on January 11, 2012 according to calculations of the German Federal Statistical Office. Hence, the economic catch-up process of the German economy also continued in the second year after the economic crisis. During the course of the year 2011, the pre-crisis level of the real GDP was exceeded again.

Growth impulses in 2011 mainly resulted from domestic demand. In particular, private consumption proved to be a pillar of the economic trend. Although the external trade contributed to a lesser extent to the GDP growth than the domestic demand, it still held up momentum: in the year 2011 in real terms Germany exported 8.2% more goods and services than a year ago.

The German government lowered its forecast for the growth prospects for 2012. According to the German Ministry of Economics the gross domestic product will presumably only expand by 0.7%. Despite the never-ending debt crisis, optimism still prevails in the German corporate sector. However, expectations for the coming year vary considerably in the individual sectors. So far the German government had projected growth of 1% in 2012, following growth of 3% in the previous year. For 2013 the German Ministry for Economics forecasts a pick-up in growth to 1.6% once again.

The production in the German machine and engineering sector was able to record double-digit growth rates according to information by the trade

association VDMA. Overall, the German machine production probably grew by about € 24 billion to approximately € 187 billion in 2011, according to reports. In this context, domestic sales of nominally plus 12% contributed almost as much as international sales on a percentage basis. Pursuant to information by the VDMA, the utilization rate amounted to 88.1% on average in 2011 (2010: 78.0%).

In its statement on February 23, 2012 the VDMA revised the production forecast for 2012 from +4% to 0% growth based on the recent developments of order intake, the still material uncertainties especially in Europe, but also in view of the economic slowdown in China.

Market for production machines for optical storage media

The market for production equipment for optical storage media is mainly determined by the demand for manufacturing lines for Blu-ray Discs. This is dependent on the required production volumes of the disc manufacturers. Since the market launch of the Blu-ray Disc in the year 2005, more than 200 lines for the manufacturing of Blu-ray Discs were installed in the main markets US and Europe (source: Futuresource Consulting, UK, „BD/DVD industry outlook: Blu-ray disc replication report“, July 2011). For the coming years SINGULUS TECHNOLOGIES expects significant growth in demand for Blu-ray Discs. According to research by the Digital Entertainment Group, US, (“Quarterly Newsletter

42/2011”), the number of Blu-ray Disc players in the key market, the US, also increased in the third quarter 2011 to 33.5 million players from 31.6 million in the second quarter.

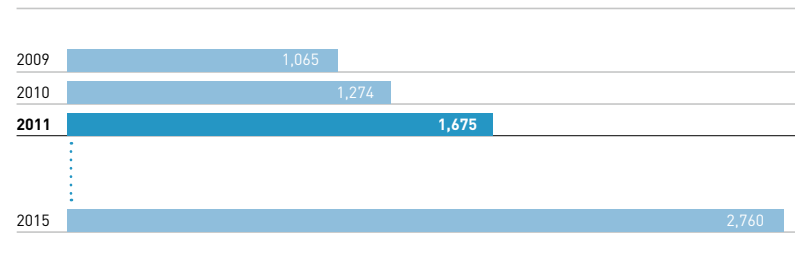
The number of produced Blu-ray Discs with movies (predominantly dual-layer Blu-rays) relevant for SINGULUS TECHNOLOGIES once again rose significantly by 27%. Futuresource is even forecasting an additional increase by 35% for 2012. The globally required production capacity for the manufacturing of Blu-ray Discs of about 1.27 billion discs in 2010 expanded by about 30% to 1.67 billion discs in the year 2011 (source: Futuresource Consulting January 2012).

The sales of high-definition television sets, which exploit the possibilities of the Blu-ray Discs, also have an impact on the demand for Blu-ray Discs. In the third quarter 2011, 5.5 million high-definition TVs were sold in the US. The total number therefore increased to 69.5 million TVs (Source: DEG, Quarterly Newsletter, 43, Winter 2011 and publication by DEG as of October 31, 2011).

Furthermore, SINGULUS TECHNOLOGIES expects the market for rewriteable Blu-ray Discs to continue to develop favorably. According to research by Futuresource Consulting (“Recordable Optical Disc Supply Report”, October 2010) up to 360 million rewritable Blu-ray Discs are expected to be sold in 2012 and up to 560 million discs in 2014.

MINIMUM REQUIRED PRODUCTION CAPACITY FOR BLU-RAY UNTIL 2015

million discs



Source: Calculation from Futuresource Consulting 2012 for SINGULUS, based on the assumption of a capacity utilization of 55% by 2015

Blu-ray in Germany

On February 9, 2012, the German Association for Audiovisual Media (BVV) reported record sales figures for the sales market for pre-recorded Blu-ray Discs: in 2011 the sales volume of Blu-ray Discs increased by 41 % to 17.0 million discs. Sales increased by 39 % to € 267 million and are already accountable for almost one fifth of the total sales volume.

The DVD sales market in Germany declined slightly from 103.2 million discs to 101.1 million discs.

The market for production machines for solar cells

The growth in the market for solar cells was substantial in the past years. Accordingly, the European Photovoltaic Equipment Association (EPIA) cited in its "Global Market Outlook for Photovoltaics until 2015", that the total installed photovoltaic capacity increased by a factor of 27 from 1.5 GW in the year 2000 to 39.5 GW in 2010. This corresponds to an annual growth rate of 40 %.

Pursuant to analysts from HIS iSuppli and IMS Research, new installations in 2011 should have increased by about 26 GW. A major contributor is the German market, where according to information by the German Federal Network Agency PV equipment with an overall output of 7.5 GW was installed in 2011.

According to a report by Bank Sarasin ("Solar Energy 2011", November 2011) the market environment in the PV sector is currently characterized by excess capacities, price declines and consolidation. Until the end of 2011 60 GW of installed solar energy output could have been operating compared with a cumulative photovoltaic capacity of 42 GW at the end of 2010. Lower feed-in tariffs in some countries reduced the growth rate in 2011 to about 3%. Globally, the report forecasts an average annual growth rate of 18% between 2010 and 2015. From this a newly installed photovoltaic output of 25.1 GW for 2012, 30.7 GW

for 2013, 38 GW for 2014 and 45.9 GW for 2015 results. Bank Sarasin expects an increase by 159.1 GW of installed solar power capacity by 2015.

According to the Sarasin report the total production of thin-film solar cells amounted to 3.7 GW in the year 2010. For 2011 Bank Sarasin projects a production amount of around 5.7 GW (a growth rate of 52%), for 2012 of around 7.1 GW (plus 25%) and for 2013 of about 9.2 GW (a rise of 39.6%). The compound annual growth rate (CAGR) of the thin-film production between 2010 and 2013 amounts to 32%. In this context, the CIS/CIGS technology is expected to increase above-average by about 53% (source: Solar Energy November 2011).

Currently, SINGULUS TECHNOLOGIES is expecting a market recovery from 2012/2013 for the market of solar cells and as a result for the production equipment, too.



01



02

- 01 Sylvia Hitzel, Director Sales Optical Disc, at the Blu-ray Open House 2011 in Kahl/Main, Germany
- 02 Dr.-Ing. Stefan Rinck, CEO of SINGULUS TECHNOLOGIES, at the reception of the Blu-ray Open House

Germany

In the previous two years an output of around 7.5 GW each was newly installed in Germany.

There are four steps to ensure the cost-efficient and market-oriented expansion:

- Additional one-time cut of feed-in tariffs for all solar types as of March 9, 2012
- Smoothing of the depression through a monthly decline in feed-in prices from May 1, 2012
- Introduction of a market integration model in the Renewable Energies Act (EEG) for all new plants (limitation of the saleable electricity amount to 85 and 90%, respectively)

- Authorization of regulation for short-term adjustments of the tariffs in case of over- or underachievement of the target installation range; continuous reduction of the annual target range from 2014

To reduce the future level of new installations, a significant one-time reduction in the feed-in tariffs for new installations is made according to different categories.

Semiconductor

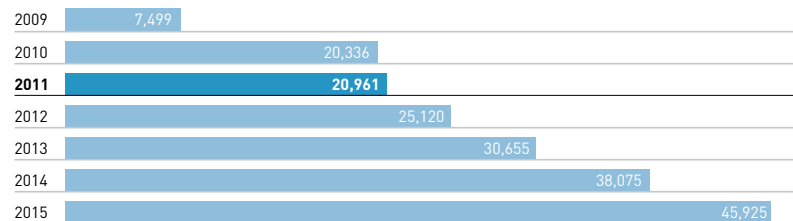
In the semiconductor segment SINGULUS TECHNOLOGIES manufactures production machines for MRAM wafers and write/read heads.

The demand for production machines is essentially determined by the demand for MRAM memory. The MRAM memory market is currently a pure research and development market. In the past couple of months SINGULUS TECHNOLOGIES has noticed increased activities in the area of MRAM memory by large semiconductor companies. For example, there were several press releases citing investments into the MRAM semiconductor mass production.

SINGULUS TECHNOLOGIES expects that the development of MRAM memory will be further progressing.

The market for production machines for write/read heads is a sub-segment of the semiconductor market. So far, write/read heads were produced on wafers with a diameter of 150 mm. This diameter is set to increase to 200 mm in the future. SINGULUS TECHNOLOGIES expects that this will favorably impact the demand for production equipment for write/read heads in the next couple of years.

NEW INSTALLED PV CAPACITIES in MW



Source: Bank Sarasin, November 2011

SOLAR

SINGULUS - integrated production steps for tomorrow's cell manufacturing.

The engineers at SINGULUS TECHNOLOGIES develop new, efficiently operating solar production machines with high depth of integration of high-performance solar cells.

SINGULUS TECHNOLOGIES cooperates with leading solar cell manufacturers to improve the efficiency of solar cells and at the same time to reduce costs.





SINGULUS TECHNOLOGIES enables the further progress in photovoltaics and therefore the sustainable supply of energy of coming generations.

Financial Report of the SINGULUS TECHNOLOGIES Group

Sales and Earnings

Sales amounted to € 160.0 million and were therefore significantly above previous year's level (previous year: € 120.1 million). This corresponds to an increase of 33.2%.

In the Optical Disc segment sales increased by € 15.8 million compared with the previous year's level and totaled € 104.5 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 segment sales in the amount of € 52.4 million were achieved. Accordingly, the sales within this segment increased by € 26.9 million on a year-over-year comparison. The sales in the year under review mainly stem from our activities of selling selenization ovens and our wet-chemical equipment.

In the Semiconductor segment sales in the amount of € 3.1 million were realized in the year under review. This corresponds to a decline of € 2.8 million. The sales in the year under review are thus almost exclusively due to our activities of selling TIMARIS machines in the area of nano-deposition technology.

In the business year 2011 the regions Asia with a sales share of 34.8% (previous year: 20.0%) and the Americas with a share to total sales of 34.3% (previous year: 26.6%) were our most important sales markets. The region Europe (incl. Germany) accounted for 28.8%

SALES

in million €

2010	118.2	1.9	= 120.1
2011	157.5	2.5	= 160.0

■ Sales (gross)
■ Sales reductions and individual selling expenses

BREAKDOWN OF SALES BY REGION

in %

2010	20.0	26.6	25.1	22.9	5.4
2011	34.8	34.3	17.1	11.7	2.1

■ Asia
■ America
■ Germany
■ Europe (excl. Germany)
■ Africa & Australia

of sales (previous year: 48.0%). On a low level the activities in Africa and Australia declined to 2.1% of sales (previous year: 5.4%).

The gross margin in the business year 2011 increased considerably. The improvement to 29.7% (previous year: 25.8%) is mainly affected by one-time effects in the prior year due to the write-offs on inventories because of the sustained weakness in demand for DVD and CD replication lines. Adjusted for the extraordinary effect from the write-offs on inventories, the gross margin in the prior-year period amounted to 28.7%.

The operating expenses came to € 40.1 million in the business year 2011 (previous year: € 110.7 million).

Capital expenditure amounted to € 11.0 million in the year under review (previous year: € 16.3 million). The development expenses in the previous year included extraordinary charges from write-offs on capitalized development expenses in the amount of € 3.1 million. Adjusted for these one-off charges the prior-year expenses came to € 13.2 million. The expense in the period under review mainly stem from development activities in connection with our business activities in the Solar segment. The development expenses include write-offs on capitalized

development expenses in the amount of € 5.7 million as well as development expenses that cannot be capitalized in the amount of € 3.0 million.

The expenses for sales and marketing as well as customer services amounted to € 19.7 million in the business year 2011 and therefore remained around the prior-year level (previous year: € 19.2 million) despite considerably higher sales. The sales and marketing expenses include scheduled depreciation on capitalized customer bases in the amount of € 1.6 million (previous year: € 2.9 million).



01

- 01 Charging unit of a selenisation system
02 Commissioning of a CISARIS selenisation furnace for thin-film solar cells in Kahl/Main, Germany



02

General and administrative expenditure amounted to € 12.8 million in the year under review (previous year: € 15.0 million). Accordingly, the general and administrative expenses were reducing by € 2.2 million compared with the previous year.

In the period under review the other operating income mainly included the reversal of provisions and liabilities in the amount of € 2.8 million (previous year: € 0.9 million), income from the reversal of individual value adjustments on accounts receivable in the amount of € 2.1 million (previous year: € 0.9 million) as well as foreign exchange gains in the amount of € 0.4 million (previous year: € 0.4 million).

In the business year 2011 the other operating expenses mainly included individual value adjustments on accounts receivable in the amount of € 1.7 million (previous year: € 7.4 million), foreign exchange losses in the amount of € 1.4 million (previous year: € 2.0 million) as well as expenses from returned machines in the amount of € 0.5 million (previous year: € 0.3 million). On balance, other operating expenses in the amount of € 5.1 million (previous year: € 11.5 million) resulted for the business year 2011. This corresponds to a reduction of this item by € 6.4 million compared with the prior year. The decline is predominantly a result of the significantly lower expenses from additions to individual value adjustments on accounts receivable (€ -5.7 million).

In the business year 2010, expenses due to impairments and restructuring activities totaling € 53.0 million were recognized. These extraordinary charges predominantly concerned charges resulting from write-offs on goodwill at SINGULUS MASTERING B.V., Eindhoven, in the amount of € 20.8 million. Moreover, within this subsidiary in 2010 write-offs on capitalized development expenses totaling € 2.9 million were recognized. Here the restructuring charges in 2010 mainly resulted from the gradual relocation of the SINGULUS MASTERING activities from Eindhoven, Netherlands, to Kahl am Main, Germany, which caused charges in the amount of € 1.8 million in the prior year.

Moreover, in the business year 2010 in the course of the first-time consolidation of the STANGL Semiconductor Equipment AG (the present SINGULUS STANGL SOLAR GmbH), Fürstenfeldbruck, Germany, 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. In addition, within the restructuring expenses value adjustment on inventories amounting to € 6.1 million were recognized within the Group in 2010.

After adjusting for restructuring and impairment charges in the amount of € 53.0 million operating expenses in the amount of € 57.7 million resulted for the business year 2010. For the period under review this items totaled € 40.1 million. In total, the operating expenses before extraordinary effects declined by € 17.6 million in the period under review.

The earnings before interest and taxes (EBIT) amounts to € 6.7 million (previous year: € –80.2 million). Adjusted for restructuring and impairment expenses totaling € 53.0 million an EBIT in the amount of € –27.2 million resulted for the prior-year period. This corresponds to an improvement of the operating result by € 33.9 million after adjusting for one-time effects.

Specifically, the operating result in the Optical Disc segment came to € 14.4 million in the period under review. Including restructuring charges this segment incurred losses of € –49.0 million in the business year 2010. 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 in the prior year. The Solar segment recorded a negative EBIT in the amount of € –5.9 million (previous

year: € –31.5 million). The EBIT of the prior-year period 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 business year 2010. In the Semiconductor segment an EBIT in the amount of € –1.8 million (previous year: € 0.1 million) was realized.

The earnings before interest, taxes, depreciation and appreciation (EBITDA) amount to € 18.5 million in the business year 2011 (previous year: € –16.6 million). On an adjusted basis the prior-year EBITDA came to € –11.0 million.

The financial result was negative at € –1.1 million and therefore improved by € 3.6 million compared with the previous year (previous year: € –4.7 million). This improvement is based on contrasting effects. The interest expenses were reduced in connection with the repayment of debt financing of the corporate group. In the year under review interest expenses from loans and credit lines amounted to € 1.4 million (previous year: € 2.2 million). In addition, the interest expenses include fees and ancillary expenses in connection with the financing agreements in the amount of € 0.4 million (previous year: € 1.6 million). In contrast, the item included higher expenses from the forfeiting of accounts receivable. They amounted to € 1.0 million (previous year:

KEY EARNINGS FIGURES

(in million €)

	2010	2011
EBIT	-80.2	6.7
EBITDA	-16.6	18.5
Earnings before taxes	-84.9	5.6
Net profit/loss	-77.9	5.6
Earnings per share in €	-1.92	0.14

€ 0.7 million). In the business year 2011 financial income in the amount of € 2.2 million was realized (previous year: € 1.4 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 in the business year 2011 amounted to € 5.6 million (previous year: € -77.9 million). Adjusted for the restructuring and impairment charges in the prior-year the net profit came to € -24.9 million.

Order backlog and order intake

The order intake came to € 151.6 million in the year under review (previous year: € 128.2 million) and was 18.2% above previous year's level. The order backlog at the end of the year 2011 amounted to € 26.8 million and was therefore below previous year's level (previous year: € 35.5 million).

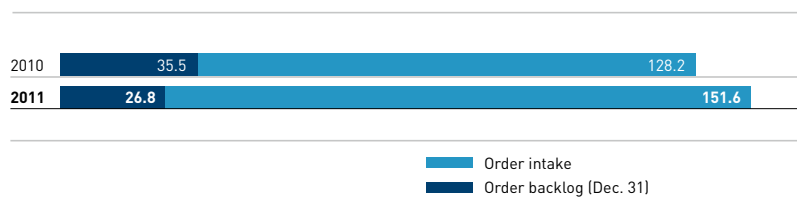
Balance sheet and liquidity

The long-term assets amounted to € 76.7 million and were therefore slightly above previous year's level (previous year: € 74.6 million). This decline is based on contrasting effects. Specifically, the long-term accounts receivable increased by € 6.0 million. The rise is attributable to a payment by installments with a major customer. The corresponding accounts receivable are forfeited as scheduled in the second quarter 2012. The capitalized development expenses increased by € 0.2 million and at € 17.1 million in the year under

review remained around the prior year level (€ 16.9 million). Additions to capitalized development expenses amounted to € 5.9 million (previous year: € 5.9 million), the scheduled amortization amounted to € 5.7 million (previous year: € 8.1 million). The deferred tax assets of € 0.8 million were slightly above the prior-year level. In contrast, the other intangible assets declined by € 3.7 million. Property, plant and equipment amounted to € 0.7 million and were therefore slightly below previous year's level (previous year: € 10.6 million). The capital expenditure in property, plant and equipment amounted to € 1.7 million in the business year 2011 (previous year: € 2.1 million). During the same period scheduled depreciation amounted to € 1.8 million (previous year: € 2.4 million). Most of the spending was used for replacement investments.

ORDER INTAKE AND ORDER BACKLOG

in million €



Current assets declined by € 1.6 million during the period under review. Specifically, inventories declined by € 5.9 million compared with the previous year, the accounts receivable and other assets were € 1.8 million lower. The decrease in this item predominantly results from the reduction of collateral of liquid funds for credit agreements. In this connection, liquid funds in the amount of € 7.2 million are reported as other assets (previous year: € 8.1 million). In contrast, accounts receivable due within one year rose by € 0.6 million compared with December 31, 2010. Cash and cash equivalents increased by € 5.5 million compared with the previous year and amounted to € 17.8 million as of the end of the year under review.

The short-term debt dropped by € 24.3 million compared with the year-end level of 2010. Compared with the previous year the short-term bank liabilities decreased by € 15.4 million. This decline is mainly due to the contractually agreed extraordinary repayment of bank loans in the course of the capital increase as well as due to the sale of real estate in Slovakia amounting to € 12.9 million in total and other repayments in the amount of € 2.7 million. After this the term loan facility as well as the revolving loan facility of the syndicated loan are completely repaid.

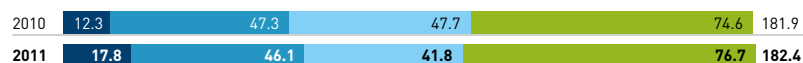
Furthermore, prepayments received dropped by € 2.7 million as well as the accounts payable by € 4.1 million. Compared with the previous year the other short-term liabilities decreased by € 2.1 million.

In the period under review long-term debt was € 6.9 million lower than the prior-year level. This is mainly caused by a decline in long-term bank liabilities of € 4.0 million. Furthermore, compared with the previous year deferred tax liabilities declined by € 1.6 million. Compared with the previous year the other long-term liabilities declined by € 1.5 million. The decline in the long-term bank liabilities is mainly due to the contractual

extraordinary repayment of the KfW-loan in connection with the sale of the real estate in Slovakia (€ 1.5 million) as well as the partly reclassification of this loan from long-term to short-term liabilities (€ 2.5 million).

ASSETS

in million €



■ Cash & cash equivalents
■ Accounts receivable and other assets (short-term)
■ Inventories
■ Long-term assets

SHAREHOLDERS' EQUITY AND LIABILITIES

in million €



■ Short-term liabilities
■ Long-term liabilities
■ Shareholders' equity

Shareholders' equity

The shareholders' equity in the Group at € 137.9 million is significantly higher than the level on December 31, 2010 (€ 106.2 million). Equity in the amount of € 135.6 million is attributable to the shareholders of the parent company and € 2.3 million to minorities. The rise in shareholders' capital is mainly due to the capital increase. In this context, 7,880,203 shares with profit entitlement from January 1, 2011 were successfully issued.

Net of transaction costs the company received proceeds of € 25.2 million. This capital increase was entered into the commercial register of the SINGULUS TECHNOLOGIES AG at the Local Court Aschaffenburg on June 22, 2011. In this connection the subscribed capital of 41,050,111 shares was increased by 7,880,203 shares to currently 48,930,314 shares.

The equity ratio stood at 75.6% and is thus considerably above the previous year's level (58.4%).



01

01 TIMARIS vacuum deposition system for MRAM wafers and thin-film read/write heads

Cash flow

In the year under review the cash flow from operating activities was positive at € 7.5 million. In the prior-year period the operating cash flow was negative at € –0.9 million. The improvement is mainly due to the substantially increased sales as well as the achieved cost savings.

The net cash outflow from investing activities amounted to € 8.9 million compared with € 8.4 million in the prior-year period. The payments were mainly made for capital expenditure in development expenses (€ 5.8 million), intangible assets and non-current assets (€ 1.9 million) as well as for the

payment of a purchase price liability from the acquisition of the Blu-ray activities from the Oerlikon Balzer AG (€ 1.3 million).

In the period under review the cash inflow from financing activities amounted to € 6.7 million. In the same period one year ago, the cash flow from financing activities had amounted to € 6.3 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 € 25.2 million. In contrast, liquid funds in the amount of € 19.4 million were paid in the course of the repayment of loans. Moreover, in the course of collateral management for credit agreements € 7.2

million were transferred to blocked accounts. Accordingly, compared with the previous year the restrained funds were reduced by € 0.9 million. To the full extent the collateral serves as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met.

As a result, cash and cash equivalents increased by € 5.5 million in the year under review.

CASH FLOW (in million €)

	2010	2011
Cash flow from operating activities	-0.9	7.5
Cash flow from investing activities	-8.4	-8.9
Cash flow from financing activities	6.3	6.7
Total cash flow	-3.0	5.3
Cash and cash equivalents at the beginning of the business year	15.2	12.3
Exchange rate-related changes	0.1	0.2
Cash and cash equivalents at the end of the business year	12.3	17.8

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

The order intake at the SINGULUS TECHNOLOGIES AG amounted to € 130.7 million (previous year: € 86.4 million), while the order backlog stood at € 52.8 million (previous year: € 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 € 50.9 million or 75.1% to € 118.7 million was mainly the result of higher sales in the Solar segment.

The material expenses rose from € 52.1 million to € 77.1 million. Overall sales came to € 126.8 million in the business year 2011 (previous year: € 77.9 million). This corresponds to a cost of materials margin of 60.8% (previous year: 66.9%).

Personnel expenses in the amount of € 21.4 million (previous year: € 16.4 million) were above the prior-year level. This increase mainly results from the transfer

of employees from SINGULUS MASTERING as well as the profit participation for the employees of the company.

The other operating expenses/income in the amount of € –18.0 million (previous year: € –24.0 million) include write-offs on accounts receivable from third parties amounting to € 1.3 million as well as necessary write-offs concerning the inter-company area in the amount of € 0.9 million. Write-offs in the inter-company area concern an extraordinary write-off on receivables against SINGULUS TECHNOLOGIES ITALIA.

In addition, due to the sustained weak earnings situation at SINGULUS STANGL SOLAR the book value of the participation in this company was written off by € 12.3 million in the business year 2011.

In the period under review the Swiss subsidiary SINGULUS MOLDING AG, Schaffhausen, was liquidated. The elimination of liabilities against the MOLDING AG and a transfer of the remaining cash to the parent company an extraordinary gain of € 0.8 million resulted.

In addition, in the business year under review the company realized a gain in the amount of € 0.5 million from the merger of the Dutch SINGULUS MASTERING B.V., Eindhoven. However, it has to be taken into account that the majority of accounts receivable and the investment were already written off in prior periods.

Due to the strategic repositioning of the business activities and the focus on the business segment Optical Disc and Solar the business division CD/DVD recorded extraordinary write-offs on inventories in the amount of € 4.7 million in the prior year, which was included in the extraordinary result.

Overall the liquid funds increased by € 2.3 million in the business year 2011 and stood at € 17.6 million at the end of the business year. Thereof, in the course of collateral management for credit agreements € 6.0 million were transferred to blocked accounts. These exclusively serve as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met.

The shareholders' equity mainly rose by € 19.3 million to € 62.4 million due to the capital increase. The equity ratio amounted to 43.1% at the end of the year under review (previous year: 29.5%).

KEY FIGURES AT A GLANCE ACCORDING TO HGB (in million €)

	2010	2011
Sales	67.8	118.7
Cost of goods sold	-52.1	-77.1
Personnel expenses	-16.4	-21.4
Other operating expenses/income	-24.0	-18.0
Extraordinary result	-4.7	1.3
Net loss	-71.6	-6.7
Fixed assets	79.1	59.7
Current assets	51.9	67.1
Liquidity	15.3	17.6
Bank loans	25.8	6.7
Shareholders' equity	43.0	62.4

Material events after December 31, 2011 / Supplemental Report

January 31, 2012: SINGULUS TECHNOLOGIES signs a contract for the delivery of a complete production line for crystalline solar cells

SINGULUS TECHNOLOGIES signed a contract for the delivery of a production line with an Eastern European customer, which makes new investments into the manufacturing of crystalline solar cells. This contract is subject to the approval of the relevant boards. The delivery of the line is scheduled to take place at the beginning of 2013. The contractual agreement with the customer is an additional important expansion step for SINGULUS TECHNOLOGIES in the Solar segment.

February 6, 2012: New order for TIMARIS vacuum coating machine received

SINGULUS TECHNOLOGIES reports the order intake for two TIMARIS vacuum coating machines. The two new TIMARIS orders confirm SINGULUS TECHNOLOGIES in its expectation of a favorable business trend in the Semiconductor area. In the past couple of years SINGULUS TECHNOLOGIES has already delivered several machines with nano-coating technology for MRAM wafers and thin-film write/read heads as well as other semiconductor applications. For these areas of application SINGULUS TECHNOLOGIES further develops the machine and process technology for several customer applications

to increase the market and technology advantage and in particular to maintain the leading position for the shortly expected industrial production of MRAM memory.

February 17, 2012: SINGULUS TECHNOLOGIES receives new order for thin-film solar technology

On February 17 SINGULUS TECHNOLOGIES publishes the sale of a new process line for the manufacturing of CIGS/CIS thin-film solar cells. The coating machine was ordered by an international thin-film solar producer and will be employed for the set-up of a pilot production of CIGS/CIS modules. After the successful



01 Graphic presentation of a SOLARE production line for silicon solar cells

commissioning an additional expansion of the module production is planned. SINGULUS' machine hence meets the current demand in the photovoltaics industry for development and pilot tools to increase the efficiency of solar cells and to simultaneously reduce the production costs.

February 27, 2012: SINGULUS TECHNOLOGIES AG issues corporate bond with a coupon of 7.75 % p.a.

The SINGULUS TECHNOLOGIES AG issues a corporate bond with a volume of up to € 60 million, an annual coupon of 7.75% and a term to maturity of five years. The bond can be subscribed during the offer period from March 12 until presumably March 20, 2012. From March 23, 2012 the listing of the bond at the Frankfurt Stock Exchange in the Entry Standard segment for bonds of Deutsche Börse AG is scheduled.

With the proceeds from the issue SINGULUS TECHNOLOGIES intends to finance larger projects in the Solar segment, the expansion of the system partnership with producers of thin-film solar cells, the development of new products in the Solar division and the

development of manufacturing equipment for the next generation of Blu-ray Discs. Furthermore, SINGULUS TECHNOLOGIES aims to set-up new business areas in the field of vacuum coating and is currently reviewing potential acquisitions in this segment. SINGULUS TECHNOLOGIES' goal is to attain a leading position in the silicon and thin-film solar technology as a machine supplier as well as a development partner for new cell concepts and to maintain the market leadership in the Optical Disc segment for dual-layer Blu-ray Disc production equipment. In addition, the company reviews sectors and work areas, where additional market segments can be developed on the basis of the present know-how in the area of vacuum coating.

KEY INFORMATION OF THE CORPORATE BOND

Issuer	Singulus Technologies Aktiengesellschaft
ISIN / WKN	DE000A1MASJ4 / A1MASJ
Stock symbol	SNGA
Issue volume	Up to € 60 million
Face value	€ 1,000
Coupon	7.75 % annually
Subscription period (subject to early termination)	March 12 – March 20, 2012
Term to maturity	5 years, March 23, 2012 – March 22, 2017
Interest payments	Annually, first payment on March 23, 2013
Issue price	100 %
Redemption price	100 %
Security type	Bearer bonds
Stock listing	Entry Standard for bonds (Frankfurt Stock Exchange)

The business activities in the division Semiconductor are extensively strengthened in the course of the apparent growing market for MRAM semiconductor technology. In addition, the company reviews other sectors and work areas, where new market segments can be developed on the basis of the present know-how in the area of vacuum coating.

February 29, 2012: SINGULUS TECHNOLOGIES delivers its first production machine for rewritable Blu-ray Discs

In February 2012 the SINGULUS TECHNOLOGIES AG delivered the first production system for rewritable Blu-ray Discs (BD-R/

BD-RE) to Asia. The replication line with the product name BLULINE BD-R/BD-RE is based on the proven components of the BLULINE II. SINGULUS had already delivered several modules for the production of rewritable Blu-ray Discs to Asia in 2011. SINGULUS TECHNOLOGIES expects a market for rewriteable Blu-ray Discs to develop. For both the CD and DVD a market for rewritable CDs and DVDs, respectively, developed approximately one to two years after the introduction of the formats. Therefore, SINGULUS TECHNOLOGIES intends to deliver production machines with automated key processing steps for once-writable and rewritable Blu-ray Discs to large Asian disc manufacturers. With this SINGULUS TECHNOLOGIES' goal is to position itself in the market for these optical storage media at an early stage.

March 7, 2012: SINGULUS TECHNOLOGIES records two new order in the Semiconductor segment

On March 7 SINGULUS TECHNOLOGIES reported two new orders for TIMARIS vacuum coating machines. SINGULUS' strategy in the Semiconductor segment is confirmed and the company intends to extend its position as a supplier of vacuum coating machines for the manufacturing of MRAM wafers in this future growth market. In total, the order intake in the year 2012 already amounts to four TIMARIS coating machines with different configurations. Accordingly, SINGULUS has already reached an order intake of more than € 13 million in the Semiconductor segment until March 7, 2012.

Draft guarantee

As of March 31, 2012 the draft guarantee from the syndicated loan in the amount of € 10.1 million in total expires. The company is currently negotiating with several banks about new financing agreements. The Executive Board expects the follow-up financing to be concluded by the 2nd quarter 2012. If a short-term prolongation of the draft guarantee from the syndicated loan is required until the conclusion of the follow-up financing, it is implementable on short notice due to existing guarantee agreements.

01 BLULINE II and CRYSTALLINE production systems for pre-recorded Blu-ray Discs with a storing capacity of 50 GB



Forecast Report

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

We still regard the development of the Optical Disc segment as positive.

So-called “packaged media”, i.e. mainly Blu-ray Discs and still DVDs, continue to be the major source of income for the film studios next to the success at the box office. Without the marketing of the movies through these packages the productions of box office movies can hardly be financed.

Our market position as a provider for integrated Blu-ray production machines is excellent. There is no other supplier worldwide offering production equipment for 50 GB Blu-ray Discs. With respect to the launch of rewritable Blu-ray Discs we are a development partner for new manufacturing lines. We have prepared machine concepts for Blu-ray Discs with 100 and 128 GB capacity, respectively, so that we will be at the forefront of developments in the future as well and able to operate profitably on this path.

The market for production equipment for solar cells continued to be difficult in 2011 due to the excess capacities and the economic problems of some companies. We expect these uncertainties to prevail in the business year 2012

as well. Despite this difficult environment we are in numerous intensive talks with customers about potential orders for production lines for both crystalline and thin-film solar cells. However, for the time being it is hard to assess when these talks will result in concrete orders.

In the Solar segment SINGULUS TECHNOLOGIES has to assert itself against the competition in every area. A standardization of the manufacturing steps in the cell production still does not exist and alternative processes are often discussed. Therefore, most of the time decision processes are very long.



01



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- 01 TENUIS for the development of thin-film solar cells
- 02 Interior view of the deposition module of a TENUIS development system

Nevertheless, with its employees' know-how SINGULUS TECHNOLOGIES has developed machines contributing to improved cell performance and additional cost savings. Despite the difficult environment we thus expect good sales opportunities for our PV production lines in the medium-term.

In the past couple of months SINGULUS TECHNOLOGIES has noticed increased activities in the area of MRAM memory by large semiconductor companies. For example, there were press releases about new investments into the MRAM semi-conductor mass production. Therefore we expect that the development of MRAM memory will be further progressing.

Since there are only two companies worldwide offering production machines for MRAM wafers and write/read heads, SINGULUS TECHNOLOGIES has a very good starting point to benefit from the increasing demand from this growth with its engineering technology.

Future opportunities, outlook and expected earnings situation

Our company's goal is to continue to maintain the market leadership in the Optical Disc segment for dual layer Blu-ray Disc production equipment. In addition, SINGULUS TECHNOLOGIES will position itself ever stronger in the silicon and thin-film solar technology as a machine supplier as well as a development partner for new cell concepts. In addition, the Semiconductor segment will be further expanded in order to be able to participate in the evident potential in the area of production equipment for MRAM.

Our future corporate strategy to expand and secure future business activities is derived from the following clearly-defined goals:

- Market leader for production lines for dual-layer Blu-ray Discs
- Development partner for future solar cell generations

→ Utilization of the potential of the MRAM semi-conductor technology

→ Set-up of new work areas with additional earnings potential

To achieve these goals SINGULUS TECHNOLOGIES pursues the following strategic steps:

→ Maintaining the market position for dual-layer Blu-ray Disc production lines

→ Development of production equipment for once-recordable and rewritable Blu-ray Discs (BD-RE/BD-R)

→ Development of machines for the next generation Blu-ray Discs

→ Optimization of existing plant technology for the photovoltaics industry

→ Development of new production machines for the photovoltaics industry

→ Expansion of the market position in the Semiconductor segment

→ Development of new application areas for vacuum coating machines

With the two strong core work areas Optical Disc and Solar and the opportunities provided by the semiconductor market as well as the potential inherent in new applications of vacuum coating, we are optimistic for the year 2012 even against the background of the Euro crisis and a weaker global economy and project positive earnings. For the business year 2013 we expect a continuation of this trend. In particular the business divisions Solar and Semiconductor should contribute to a further improvement of the key financial figures.

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 existence 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 for 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 in terms of an early-detection risk system.

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 Semiconductor. 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 particular in the photovoltaics market, a weak economy was coupled with a general restraint in capital spending which resulted in delays for new installations of photovoltaic constructions. The deteriorated overall economic situation led to considerable uncertainties on part of the banks financing photovoltaic installations, which were amplified by internal problems within the banking sector. Consequently, bank bankruptcies, the requirements of public aid and the consolidation in the banking sector resulted in the fact, that project and bridge financing for photovoltaic installations was delayed, reduced in its extent or only granted at considerably more adverse terms. As a result new constructions were set up delayed, with reduced capacities or not at all. This led to a reduction in production and accordingly to increased inventory levels for solar

cells, which in turn weakened the earnings power of solar cell manufacturers and resulted in financing problems for these companies.

After a recovery of the global economy in the previous quarters there are risks that the overall economic activities will contract once again. Consequently, the OECD already forecast that the economic output of the 17 countries of the Euro-zone will presumably decline in the first and second quarter of 2012. Governments' savings measure to reduce public debt could have a material impact on the economy. Amongst others, substantial foreign exchange fluctuations, significant increases in raw material prices as well as rising inflation or deflationary trends as well as dislocations on the financial markets with effects on the banking system could have considerable impact on the global economy.

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 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 business year 2010.

There were no additional write-offs in the business year 2011 besides the required adjustments in the amount of € 0.4 million in the course of ordinary business activities.

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.

A failure of the IT systems or the theft of corporate data or the manipulation of the company's IT systems could have a material adverse impact on the assets, financial and earnings situation of SINGULUS TECHNOLOGIES.

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. 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 partners 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 Semiconductor. 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.

Furthermore, SINGULUS TECHNOLOGIES is subject to the risk of order cancellations in all business segments. If customers cancel an order there is a risk that SINGULUS TECHNOLOGIES has already delivered up-front services and that these services are not completely covered by the customer after the cancellation. In particular, this includes the order generation of material at suppliers, but also the provision of company-internal resources. To reduce the risk of cancellations, prepayments as well as partial payments according to project progress are routinely agreed. However, it cannot be guaranteed that customers already cancel the order before making a pre-payment or a relevant payment according to project progress. In case SINGULUS TECHNOLOGIES has already delivered up-front

services and incurred charges in view of the order processing, this might eventually not be covered by the customer.

If risks materialize in connection with the order processing, they could have a material adverse impact on the business activities in particular in connection with the implementation of larger projects.

In the past business year the cancellation rate within the SINGULUS TECHNOLOGIES Group amounted to less than 5%.

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.

Upon operation of the machines assembled by SINGULUS TECHNOLOGIES environmentally hazardous substances such as acrylic paint, silane, ammonium and nitrogen trifluoride are being used. SINGULUS TECHNOLOGIES is thus obliged to adhere to the

existing environmental law requirements for these substances. This is accompanied with high expenses. If SINGULUS TECHNOLOGIES does not adhere to environmental law obligations, public as well as civil liabilities for the resulting damage or disadvantages are possible. It cannot be excluded that due to technical or human error environmental damage results, for which SINGULUS TECHNOLOGIES as the operator of the machines could be made liable or recourse taken upon. A liability due to environmental risks could have a material adverse impact on the business operations of SINGULUS TECHNOLOGIES despite existing insurance cover.

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.

If the further or new development of products leads to erroneous trends, this could result in substantial costs. In addition, SINGULUS TECHNOLOGIES could lose market shares to competitors. Accordingly, erroneous trends in terms of the further or new development of products could have a material adverse impact on the asset, financial and earnings situation of SINGULUS TECHNOLOGIES. In this connection extraordinary write-offs on capitalized development expenses in the amount of € 3.1 million were incurred in the business year 2010.

In connection with the competitiveness of SINGULUS TECHNOLOGIES the protection of technologic know-how is of imminent importance. Consequently, SINGULUS TECHNOLOGIES has registered or filed patents and patent applications and other intellectual property rights for its products in several countries, especially in Germany. To the extent to which more recent developments and technologies by SINGULUS TECHNOLOGIES are not protected by intellectual property rights in the various countries, in which SINGULUS TECHNOLOGIES operates, principally competitors are able to develop and market the respective developments and technologies by SINGULUS TECHNOLOGIES on their own without legal limitations and the payment of compensation to SINGULUS TECHNOLOGIES. If it is not possible to protect the proprietary know-how to the full extent, this could have a material adverse impact on the business operations of SINGULUS TECHNOLOGIES.

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 as material 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 market development for photovoltaic installations in the past couple of years relied to a large extent on the regulatory framework and global subsidies of investments in photovoltaic equipment. Without public support programs, photovoltaics would at present not yet be competitive with the electricity generation of traditional energy sources (e.g. nuclear power, coal, gas). Even though the dependency of the competitiveness of photovoltaic installation is gradually decreasing due to the reduction in system costs for photovoltaic equipment, the market for these installations depends considerably on the continuation of public support programs for investments in photovoltaics.

In Germany, the support of photovoltaics relies in particular on the law for the preference of renewable energies (Renewable Energies Act - EEG). The EEG requires

(electricity) network operators to connect photovoltaic installations to their network and to buy the entire electricity generated by these installations at long-term guaranteed minimum prices and above the current market prices for traditionally generated electricity. This form of electricity generation is only competitive in the area of network connected installations compared to other electricity sources in Germany for the foreseeable future due to the governmentally guaranteed financial support.

On the basis of regular market reports of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) the EEG provides for the possibility of an adjustment of the feed-in tariffs governed by the EEG and of the degression rates corresponding to the technologic developments and market trends for newly installed equipment. Correspondingly, the degression of the feed-in tariffs and the reduction of the legally determined prices were already adjusted several times. The amount of the

reduction depends upon the achievement of a certain level of installed capacity. It is tied to the amount of output for newly installed equipment registered at the German Federal Network Agency during a certain period of time (so-called target range).

The legally implied degression of the feed-in tariffs will continue to exert pressure on the selling prices for photovoltaics installations. It cannot be guaranteed that the photovoltaics sector succeeds in reducing the production costs or improving the efficiency of the products due to technologic progress, so that the reduction in selling prices for photovoltaic plants can be compensated for to a satisfactory extent. This could have a material adverse impact on the demand for the production machines manufactured by SINGULUS TECHNOLOGIES. This risk could be further amplified by a deterioration of the framework conditions for the promotion of photovoltaics.

Comparable purchase obligations at minimum prices or other governmental support programs are also in place in other countries to which SINGULUS TECHNOLOGIES sells its products. It is possible and expected for the future, that the governmental support programs will be reduced or revoked in these countries as well.

A change in the governmental framework conditions or the lack of additional measures to support photovoltaics within and outside of Germany could result in a substantial decline in demand for photovoltaic plants as a whole and therefore also for the production machines marketed by SINGULUS TECHNOLOGIES.

If photovoltaics will be accepted on the market for renewable energies to a lesser extent in competition with other ways of electricity generation from renewable energies such as wind power, bio mass, geothermal and solar thermal energy and other technologies will develop more favorably than photovoltaics in terms of technologic, economic, regulatory or other

reasons, investments in the photovoltaics sector could be refrained from or reduced or at least be implemented to a significantly lesser extent than expected by SINGULUS TECHNOLOGIES. Correspondingly, the demand for production equipment for solar cells could decline. This could have a significant adverse impact on the assets, financial and earnings situation of SINGULUS TECHNOLOGIES.

In the Solar segment the management expects growth rates through the sale of wet-chemical machines, selenization ovens as well as the systems business, in particular. If the sales in the system activities fall short of expectations, this will result in a valuation gap to book values and trigger impairment charges.

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, on a case by case basis risks are limited through credit insurances and bank guarantees, if possible. However, in the business year 2010 accounts receivable from machine deliveries in the prior years, which were neither covered by credit insurance nor bank guarantees, totaling € 7.4 million were written off as expenses. Overall, the write-offs at the end of the year under review amounted to € 4.0 million. Due to this as well as due to the implemented changes of processes in Sales and 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 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.

To stabilize the liquidity situation a capital increase was conducted in June 2011. In this connection, the company received liquid funds in the amount of € 25.2 million in total. In addition, in November 2010 a non-operating property in Slovakia was sold for a purchase price in the amount of € 5.4 million. In the year under review from this liquidity inflow an amount of € 12.9 million in total was used for the extraordinary repayment of the term loan as well as the revolving loan facility. These credit liabilities were thus completely repaid.

As of March 31, 2012 the draft guarantee from the syndicated loan in the amount of € 10.1 million in total expires. The company is currently negotiating with several banks about new financing agreements. The Executive Board expects the follow-up financing to be concluded by the 2nd quarter 2012. If a short-term prolongation of the draft guarantee from the syndicated loan is required until the conclusion of the follow-up

financing, it is implementable on short notice due to existing guarantee agreements.

In the business year 2011 in the course of collateral management for credit agreements € 7.2 million were transferred to blocked accounts. They serve as collateral for guarantee credits and will be at the disposal of the company once again if the respective contractual agreements are met.

As of December 31, 2011 the net liquidity excluding blocked accounts amounted to € 11.1 million and the equity ratio 75.6%.

Depending on project-specific requirements the entry into the activities in the Solar division could make further financing agreements necessary. In particular, in the short-term the conclusion of the financing negotiation regarding the new bank guarantee is required.

In order to have financing funds to a satisfactory extent in the future, SINGULUS TECHNOLOGIES decided to issue a corporate bond with a volume of up to € 60 million, an annual coupon of 7.75% and a term to maturity of five years. The bond can be subscribed during the offer period from March 12 until presumably March 20, 2012, subject to an early termination. From March 23, 2012 the listing of the bond at the Frankfurt Stock Exchange in the Entry Standard segment for bonds of Deutsche Börse AG is scheduled.

Besides the financial framework conditions with respect to the SINGULUS TECHNOLOGIES Group there are still financial risks in view of the provision of project financing in particular in the area of photovoltaic plants. They are routinely financed with debt. In this context, bank, but also fund companies, public business development banks, credit insurers and other market participants grant financing for the set-up

(bridge financing) as well as the operation (longer-term financing) of photovoltaic plants, which is repaid in the course of time from income received from the feed-in of the generated electricity. Such project financing for large plants was provided to a large extent before the financial crisis. Since fall 2008 market participants, in particular banks, have reduced their commitments and tightened the conditions for the provision of financing. As a result the growth potential of the photovoltaics market could not be realized to the extent expected. However, a slowdown in growth or the decline of the market for photovoltaic plants is concurrent with a decrease in the demand for production machines for solar cells, so that a future restraint by banks to finance photovoltaic plants could have an indirect impact on the demand for SINGULUS TECHNOLOGIES' products.

The current and past low level of interest rates as well as the resulting low debt financing costs had a favorable impact on the profitability of photovoltaic plants and therefore contributed materially to the increase in demand for photovoltaic plants. Due to higher debt financing costs an increase in the interest rate level would reduce the profitability of photovoltaic plants and therefore affect both the demand for photovoltaic plants and for SINGULUS TECHNOLOGIES' products.

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.

In connection with the controlling agreement as of April 21, 2006 between the defunct STEAG HamaTech AG, Sternenfels ("HamaTech AG") as the dependent issuer and the Singulus Technologies Aktiengesellschaft as the controlling company, former shareholders of the HamaTech AG filed a petition for the review of the appropriateness of the cash settlement and the compensation payment. The court has heard evidence by requesting an expert's opinion. In its report the expert came to the conclusion that the offered cash settlement as well as the compensation payment were

appropriate. If the court deviates from the expert's opinion and SINGULUS TECHNOLOGIES loses the litigation, the company would have to pay the increase of the cash settlement as well as the compensation payment determined by the court to all former outstanding shareholders of the HamaTech AG. This would result in a substantial obligation to supplementary payment. In addition, legal and extrajudicial expenses would be incurred. Even in the case of prevailing SINGULUS TECHNOLOGIES would probably according to legal requirements have to bear the court fees, the expert expenses, the expenses for the representatives as well as for its own litigation expenses.

In the course of the merger of the HamaTech AG to the Singulus Technologies Aktiengesellschaft former shareholders of the HamaTech AG have filed a petition for the determination of a cash payment by the court. This petition was refused by the court of first instance. The plaintiffs have appealed this decision. If SINGULUS TECHNOLOGIES fails in this litigation, the company would have to pay the cash payment determined by the court to all shareholders of HamaTech expelled in the course of the merger. This could result in a substantial obligation to supplementary payment. In addition, legal and extrajudicial expenses will be incurred. Even in the case of prevailing SINGULUS TECHNOLOGIES would probably according to legal requirements have to bear the court fees, the expenses for the mutual representative, the expenses for an expert appointed by the court as well as for its own litigation expenses.

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.

Essential features of the internal monitoring system and the risk management system of the SINGULUS TECHNOLOGIES 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 over-

all 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 also pursued the spirit of environment preservation and sustainability in 2011 and combined sustainable and economic actions.

For us, sustainable development means that we ensure the needs of today's generation without threatening to meet the needs of future generations. We aim to establish a broad understanding for sustainability in our company, in which economic, ecologic and social dimensions are treated as

equal and integral components. In addition to prosperity and social well-being, intact nature and environment are the basis and an important pillar for a sustainable society.

Our machines conform to the latest requirements in terms of environment, energy consumption and safety. Machines by SINGULUS TECHNOLOGIES are developed environmentally friendly and energy-saving and thus also especially meet the requirements of our international customer base.

Already upon construction we have set a special focus on the conservative use of resources at our new production site in Fürstenfeldbruck, Germany. Solar panels with 468 modules were installed on the roof of the building in April 2010, which generate an output of 86.15 KWp.

At SINGULUS TECHNOLOGIES we will also actively live the environmental spirit and sustainable thinking in the year 2012.

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 2011

Dr.-Ing. Stefan Rinck	Chief Executive Officer responsible for Marketing & Sales, Strategy, International, Technology, Research & Development
Dipl.-Oec. Markus Ehret	Chief Financial Officer responsible for Finance, Controlling, Investor Relational, HR, Procurement and IT

II. Individual compensation

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

	2011			2010	
	Fixed salary (in '000 EUR)	Other compensation ¹⁾ (in '000 EUR)	Variable compensation (in '000 EUR)	Total (in '000 EUR)	Total (previous year) ²⁾ (in '000 EUR)
Dr.-Ing. Stefan Rinck	400	219	267	886	633
Dipl.-Oec. Markus Ehret (from April 19, 2010)	210	62	140	412	239
Roland Lacher (until March 31, 2010)	0	0	0	0	108
Dr.-Ing. Anton Pawlakowitsch (until November 19, 2010)	0	0	0	0	243
Total	610	281	407	1,298	1,223

1) Other compensation includes fringe benefits such as pension benefits, insurances and company cars.

2) In the previous years for the overall compensation of the Executive Board it was refrained from detailing the addition for pension benefits in the item „Other compensation“. Furthermore Mr. Ehret, Mr. Lacher and Dr. Pawlakowitsch were not appointed to the Executive Board in 2010 for the full year. Accordingly, the overall totals of the business years 2010 and 2011 cannot be compared structurally.

Overall, the compensation of the members of the Executive Board for the business year 2011 amounted to T€ 1,298. The annually fixed remuneration part contributed about 47% and the variable components about 31% of the total compensation. The other compensation mainly concern pension benefits and company cars. In this connection T€ 235 overall were contributed to a pension fund in the year under review.

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 options, pension benefits and benefits in kind. In this context the Supervisory Board assumes an annual monetary target compensation which is composed of around 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.

The Supervisory Board was advised by independent compensation experts with respect to the compensation of the Executive Board members of the SINGULUS TECHNOLOGIES AG in January 2012. The compensation was compared with similar companies, which were combined to form two peer groups, while 2010 served as the year for comparison. One peer group was combined from internationally operating companies in the electrical engineering, precision engineering and optical sector, the other included SDax and TecDax companies of comparable sectors. Overall, the compensation analysis yielded a good to partially above market positioning of the compensation. Due to the stronger concentration of the manifold Executive Board tasks to a two-person Executive Board, the Supervisory Board regards this positioning as appropriate. Generally, the compensation system for the Executive Board members was reviewed as customary in the market, with respect to both level and structure of the compensation. The only recommendation was a gradual adjustment towards a stronger emphasis of the multi-year compensation component and a consideration of the individual performance contribution.

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 virtual stocks ("phantom stocks"), whose value depends upon the long-term development of the company.

The variable bonus is tied to achieving individual targets, which include financial, operating and strategic 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.

In 2009 an additional variable compensation (special bonus) with a long-term incentivization was agreed with the Chief Executive Officer. Accordingly, the company will pay 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 2011 for the special bonus is a level of earnings per share in the amount of € 0.77. 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.

An agreement regarding a special bonus was not made with Mr. Markus Ehret.

In the past stock options were granted to members of the Executive Board. However, no option programs were set up in the past four 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.

Since the business year 2011 the company is granting the members of the Executive Board virtual shares (phantom stocks) pursuant to the phantom stocks program 2011 resolved by the Supervisory Board as an additional form of variable share-oriented compensation with long-term incentivization. The program is aimed to result in long-term

incentivization and commitment due to tying the compensation to the performance of the company and its long-term share performance. The phantom stocks 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. The phantom stocks can be exercised for the first time after a vesting period of two years, which starts at the time of issuing the stocks. The stocks can be exercised within five years of the respective issue date. The issue of phantom stocks is free of charge. Each virtual stock entitles to the purchase of a bearer share of the company with a nominal value of € 1.00 each at the exercise price. The exercise price corresponds to the simple average of the closing prices (or a relevant subsequent closing price) of the shares of the company on the

Xetra platform (or a functionally equivalent subsequent system to the Xetra platform) at the Frankfurt Stock Exchange on the five trading days before the issue date. After expiration of the waiting period the recipient of the shares upon exercise receives the equivalent of the share price exclusively in form of a cash settlement. A settlement with shares of the company is excluded. The exercise of the phantom stocks is only possible, if the average of the closing prices of the shares of the company have reached specific targets, i.e. if it is a specific percentage value higher than the exercise price.

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 2011 the total fixed salary paid amounted to T€ 610.

3 Variable compensation

On the basis of the individual targets and according to reaching them in the business year 2011 the paid variable compensation amounted to T€ 407.

4 Stock options and virtual shares (phantom stocks)

In the business year 2011 the SINGULUS TECHNOLOGIES AG granted 336,000 virtual shares, of which 200,000 were split in equal parts among the members of the Executive Board. The exercise price of these virtual shares amounts to € 2.356.

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 Managing Director of the 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. The pension benefits for the members of the Executive Board amount to 20% of the fixed salary received upon leaving the company.

In 2011 the pension benefits of the company were outsourced to the association Towers Watson Second e-Trust e.V. The members of the Executive Board receive a company pension plan financed by the company in the form of defined contributions. Since January 1, 2011, the company pays the members of the Executive Board an annual pension contribution in the amount of a specific percentage of their gross fixed annual salary. The total annually paid pension contributions for the year 2011 amounted to T€ 235, thereof T€ 186 for Dr.-Ing. Stefan Rinck and T€ 48 to Mr. Markus Ehret.

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. Pawlakowitsch continued to receive his fixed salary according to his employment contract after leaving the Executive Board on November 19, 2010. The continuation of the payment of the fixed salary after his leaving is treated as a severance payment. During the business year 2011 Mr. Pawlakowitsch was entitled to a fixed salary of T€ 247 and other compensation in the amount of T€ 24.

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 The employment contracts of the Executive Board members include a change of control clause. 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. 1.2 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.

B. Compensation of the Supervisory Board

The compensation of the Supervisory Board is determined by the Annual General Meeting and regulated by the bylaws. 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 bylaws.

In addition to the reimbursement of expenses, the members of the Supervisory Board receive a compensation composed of fixed and variable components. Each Supervisory Board member receives a fixed remuneration in the amount of T€ 30, 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 value-added tax incurred for the compensation of the Supervisory Board is claimed by the company at the tax office as input tax. The Supervisory Board members have to pay the included value-added tax to their relevant tax offices.

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 compen-

sation. 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: The variable component did not apply in 2011 due to the offsetting with the fixed compensation. In the previous year the variable compensation did not apply due to losses incurred.

	Fixed compensation (in '000 EUR)	Variable compensation (in '000 EUR)	Total (in '000 EUR)	Total (previous year) (in '000 EUR)
Roland Lacher (until May 31, 2011)	25	0	25	45
Dr.-Ing. Wolfhard Leichnitz	54	0	54	49
Günter Bachmann	39	0	39	34
Dr. rer. nat. Rolf Blessing (from May 31, 2011)	17	0	17	0
Jürgen Lauer (until March 31, 2010)				7
Total	135	0	135	135

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

Mr. Roland Lacher, the sitting Chairman of the Supervisory Board until May 31, 2011, held

at the time of retiring from the Supervisory Board directly and indirectly through the VVG Familie 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 in the SINGULUS TECHNOLOGIES AG as of December 31, 2011:

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 T€ 5 or higher. In the business year 2011 the following transactions were published:

	2011	2010
Supervisory Board members		
VVG Familie Roland Lacher KG (until May 31, 2011)	594,472	594,472
Dr.-Ing. Wolfhard Leichnetz	24,344	20,000
Günter Bachmann	20,000	15,000
Dr. rer. nat. Rolf Blessing	–	–
Executive Board members		
Dr.-Ing. Stefan Rinck, CEO	9,619	8,000
Dipl.-Oec. Markus Ehret, CFO	2,493	2,000

The sitting members of the Executive Board did not hold subscription rights through stock options or convertible bonds as of December 31, 2011.

Date	Transaction	WKN / ISIN type and market	Quantity	Price in €	Volume in €	
Günter Bachmann Deputy Chairman of the Supervisory Board	Aug. 5, 2011	Purchase of shares, Frankfurt am Main	723890/ DE0007238909	2,189	2.90	6,348.10
Günter Bachmann Deputy Chairman of the Supervisory Board	June 28, 2011	Purchase of shares due to capital increase, Frankfurt am Main	723890/ DE0007238909	2,811	3.30	9,276.30
Dr.-Ing. Wolfhard Leichnetz Chairman of the Supervisory Board	June 27, 2011	Purchase of shares due to capital increase, Frankfurt am Main	723890/ DE0007238909	4,344	3.30	14,335.20
Dr.-Ing. Stefan Rinck Chief Executive Officer	June 25, 2011	Purchase of shares due to capital increase, Frankfurt am Main	723890/ DE0007238909	1,619	3.30	5,342.70
Dipl.-Oec. Markus Ehret Executive Board member	June 22, 2011	Purchase of shares due to capital increase, Stuttgart	723890/ DE0007238909	493	3.30	1,626.90
Dipl.-Oec. Markus Ehret Executive Board member	June 12, 2011	Expiration of options, Stuttgart	723890/ DE0007238909	10,000	- n.a.	-1,790.00
Dipl.-Oec. Markus Ehret Executive Board member	Dec. 31, 2011	Expiration of options, Stuttgart	723890/ DE0007238909	10,000	n.a.	-1,790.00

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 € 48,930,314.00 and is divided into 48,930,314 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 bylaws concerning the appointment and dismissal of members of the Executive Board and concerning changes in bylaws

The appointment and dismissal of members of the Executive Board is pursuant to Art. 84 & 85 German Stock Corporation Act (AktG). Pursuant to Art. 179 Para. 2 AktG resolutions of the Annual General Meeting regarding changes of the bylaws require the capital majority representing at least three fourths of the nominal capital present at the resolution. As for the rest, Art. 133, Art. 179 - 181 AktG apply. Pursuant to Art. 17.1 the Supervisory Board is authorized to resolve changes of the bylaws only affecting amendments. This also holds true for the amendment of the bylaws due to a change in the nominal capital.

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

7.1 Authorization to issue shares: None

7.2 Authorization for buy-backs: None

8. Change of control clauses and compensation agreements

8.1 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 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 276,855 overall stock options issued and at the balance sheet date still outstanding on the basis of the stock option programs 2005 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, 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.

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 12, 2012

SINGULUS TECHNOLOGIES AG

The Executive Board

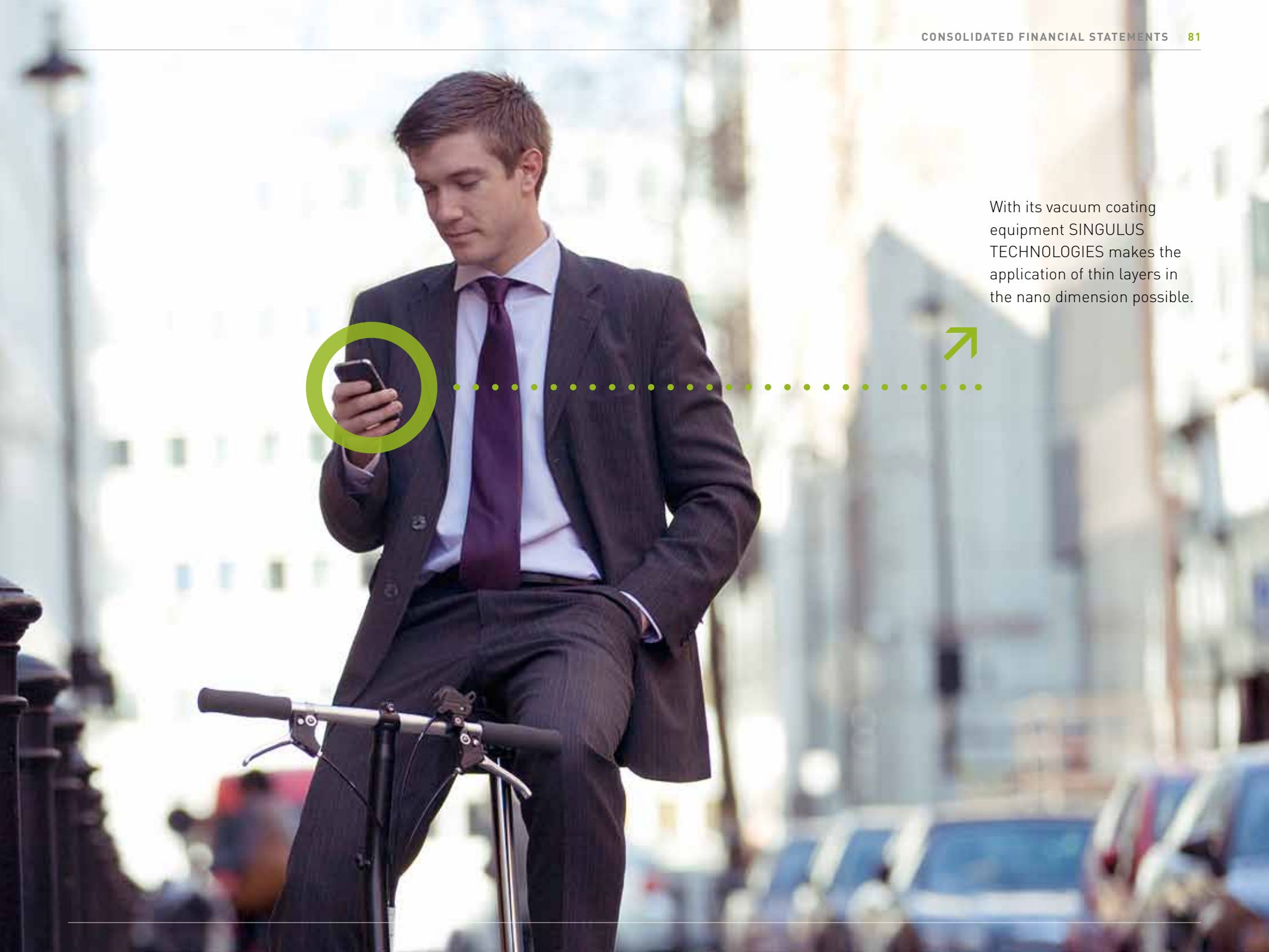
Dr.-Ing. Stefan Rinck
Dipl.-Oec. Markus Ehret

SEMICONDUCTOR

SINGULUS - nano coating technology for the next generation of wafers.

MRAM ICs operate energy-efficiently and even store information in a de-energized condition. For tablet PCs, mobile phones and other mobile data devices MRAM is a technologic revolution and is regarded as the memory technology of the future. As one of the few suppliers for production equipment for MRAM wafer SINGULUS TECHNOLOGIES has an enormous expertise advantage and therefore an excellent starting position.





With its vacuum coating equipment SINGULUS TECHNOLOGIES makes the application of thin layers in the nano dimension possible.



LIABILITIES

		Dec. 31, 2011	Dec. 31, 2010
	Note no.	[EUR m]	[EUR m]
Trade payables		8.4	12.5
Current bank liabilities	(16)	2.5	17.9
Prepayments	(13)	3.3	6.0
Other current liabilities	(12)	13.4	15.5
Tax provisions	(20)	0.4	0.4
Other provisions	(18)	2.3	2.3
Total current liabilities		30.3	54.6
Non-current bank liabilities	(16)	4.2	8.2
Other non-current liabilities	(14)	0.0	1.5
Pension provisions	(17)	7.5	7.3
Deferred tax liabilities	(20)	2.5	4.1
Total non-current liabilities		14.2	21.1
Total liabilities		44.5	75.7
Subscribed capital		48.9	41.1
Capital reserves		77.2	59.9
Other reserves		1.3	0.4
Retained earnings		8.2	2.1
Equity attributable to owners of the parent		135.6	103.5
Non-controlling interests	(19)	2.3	2.7
Total equity		137.9	106.2
Total equity and liabilities		182.4	181.9

[The accompanying notes are an integral part of the consolidated financial statements]

Consolidated Income Statements

2011 and 2010

	Note no.	2011		2010	
		[EUR m]	[in %]	[EUR m]	[in %]
Revenue (gross)	(5)	160.0	101.6	120.1	101.6
Sales deductions and direct selling costs	(23)	-2.5	-1.6	-1.9	-1.6
Revenue (net)		157.5	100.0	118.2	100.0
Cost of sales		-110.7	-70.3	-87.7	-74.2
Gross profit on sales		46.8	29.7	30.5	25.8
Research and development	(28)	-11.0	-7.0	-16.3	-13.8
Sales and customer service		-19.7	-12.5	-19.2	-16.2
General administration	(27)	-12.8	-8.1	-15.0	-12.7
Other operating expenses	(30)	-5.1	-3.2	-11.5	-9.7
Other operating income	(30)	8.5	5.4	4.3	3.6
Impairment and restructuring expenses	(29)	0.0	0.0	-53.0	-44.8
Total operating expenses		-40.1	-25.5	-110.7	-93.7
EBIT		6.7	4.3	-80.2	-67.9
Finance income	(31)	2.2	1.4	1.4	1.2
Finance costs	(31)	-3.3	-2.1	-6.1	-5.2
EBT		5.6	3.6	-84.9	-71.8
Tax income	(20)	0.0	0.0	7.0	5.9
Profit or loss for the period		5.6	3.6	-77.9	-65.9
Thereof attributable to:					
Owners of the parent		6.2		-77.7	
Non-controlling interests		-0.6		-0.2	
		5.6		-77.9	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(21)	0.14		(1.92)	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(21)	0.14		(1.92)	

[The accompanying notes are an integral part of the consolidated financial statements]

Statement of Changes in Consolidated Equity

as of December 31, 2011 and 2010

Note no.	Equity attributable to owners of the parent				Total [EUR m]	Non-controlling interests [EUR m]	Equity [EUR m]
	Subscribed capital [EUR m]	Capital reserves [EUR m]	Other reserves [EUR m]	Retained earnings [EUR m]			
As of 1 January 2010	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
As of 1 January 2011	41.1	59.9	0.4	2.1	103.5	2.7	106.2
Other comprehensive income	0.0	0.0	0.9	0.0	0.9	0.2	1.1
Profit or loss for the period	0.0	0.0	0.0	6.2	6.2	-0.6	5.6
Total comprehensive income	0.0	0.0	0.9	6.2	7.1	-0.4	6.7
Capital increase*	7.9	17.3	0.0	0.0	25.2	0.0	25.2
Share-based payment (IFRS 2)	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
As of 31 December 2011	48.9	77.2	1.3	8.2	135.6	2.3	137.9

* Net of transaction costs

Consolidated Statement of Comprehensive Income

2011 und 2010

Note no.	2011 [EUR m]	2010 [EUR m]
Profit or loss for the period	5.6	-77.9
Derivative financial instruments*	-0.1	0.1
Exchange differences in the fiscal year	1.2	3.3
Other comprehensive income	1.1	3.4
Total comprehensive income	6.7	-74.5
Thereof attributable to:		
Owners of the parent	7.1	-74.6
Non-controlling interests	-0.4	0.1

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

*Including deferred taxes

Consolidated Statements of Cash Flows

2011 und 2010

	Note no.	2011		2010	
		[EUR m]		[EUR m]	
Cash flows from operating activities					
Profit or loss for the period			5.6		-77.9
Adjustment to reconcile profit or loss for the period to net cash flow					
Amortization, depreciation and impairment of non-current assets	(10/11)	11.8		63.6	
Write-down of investment property and assets and liabilities classified as held for sale		0.0		0.4	
Expenses from the disposal of investment property and assets and liabilities classified as held for sale		0.0		1.3	
Net reversal of/allocation to pension provisions	(17)	0.2		0.3	
Other non-cash expenses/income		-4.3		0.0	
Deferred taxes	(20)	-1.8		-8.4	
Trade receivables		-5.5		3.8	
Other receivables and other assets		1.1		2.0	
Inventories		6.3		11.4	
Trade payables		-4.0		5.3	
Other liabilities		0.2		-1.4	
Prepayments		-2.4		1.4	
Tax provisions		0.0		-1.6	
Other provisions		0.3	1.9	-1.1	77.0
Net cash from/used in operating activities*	(4)		7.5		-0.9

* prior year adjusted

		2011		2010	
	Note no.	[EUR m]		[EUR m]	
Cash flows from investing activities					
Cash paid for investments in development projects*	(4/10)	-5.8		-6.0	
Cash paid for investments in other intangible assets and property, plant and equipment	(10/11)	-1.9		-2.8	
Cash received from the disposal of assets		0.1		0.1	
Cash received from the disposal of assets and liabilities classified as held for sale		0.0		6.2	
Cash received from the disposal of the property in Slovakia		0.0		5.4	
Cash paid for the acquisition of STANGL		0.0		-10.0	
Cash paid for the acquisition of Oerlikon's Blu-Ray business	(14)	-1.3	-8.9	-1.3	-8.4
Net cash used in investing activities*	(4)		-8.9		-8.4
Cash flows from financing activities					
Cash received from/paid for the raising/redemption of loans	(16)	-19.4		-0.7	
Cash received from capital increases	(19)	25.2		15.1	
Financial assets subject to restrictions on disposal		0.9	6.7	-8.1	6.3
Net cash from/used in financing activities			6.7		6.3
Increase/decrease in cash and cash equivalents			5.3		-3.0
Effect of exchange rate changes			0.2		0.1
Cash and cash equivalents at the beginning of the fiscal year			12.3		15.2
Cash and cash equivalents at end of the fiscal year	(6)		17.8		12.3
* prior year adjusted					
Cash paid in the fiscal year for					
Interest			2.5		3.3
Taxes			1.7		1.1
Cash received in the fiscal year for					
Interest			0.1		0.1
Taxes			0.2		1.2

Notes to the Consolidated Financial Statements

as of December 31, 2011

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 were prepared in euros (EUR). Unless stated otherwise, all figures are disclosed in millions of euros (EUR m). Rounding differences may occur due to the presentation in EUR m.

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted in the European Union ("EU") and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handels-gesetzbuch": 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 Standards Interpretations Committee ("IFRS IC") – formerly the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretation Committee ("IFRIC") – that were mandatory for fiscal year 2011 were likewise applied.

The consolidated financial statements are prepared using the cost method, except for derivative financial instruments and available-for-sale financial assets, which are measured at fair value. Moreover, 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 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 the wet-chemical production of silicon and thin-film solar cells. 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 as well as another processing unit for the production of thin-film solar cells and handling systems.

Another activity is the development and distribution of equipment for manufacturing MRAM wafers and wafers for write-read heads of hard discs in the semiconductor industry.

For more information, please see the comments on segment reporting in Note 5.

03 New accounting standards

New accounting standards and interpretations which are effective

The International Accounting Standards Board (“IASB”) and the International Financial Reporting Standards Interpretations Committee (“IFRS IC”) 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 2011.

- 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 24 R, “Related Party Disclosures” (revision of basic definitions and of 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 provisions which are relevant for the SINGULUS Group as well as their impact on these consolidated financial statements are outlined below:

- Amendment to IAS 24, “Related Party Disclosures”:

The revised IAS 24 was published by the IASB in November 2009 and is effective in fiscal years beginning on or after 1 January 2011. This amendment revised the definition of a related party and introduced a partial exemption of disclosure requirements for government-related entities. The amendments have not changed the Group’s accounting and had no effect on related party disclosures in these financial statements.

- Improvements to IFRSs 2010:

In May 2010, the IASB published its third collection of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments are generally effective for periods beginning on or after 1 January 2011. Amendments to IFRS 3, IAS 27, IAS 28 and IAS 31 are effective for periods beginning on or after 1 July 2010. The amendments do not have any significant effect on the consolidated financial statements.

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

In addition to the new accounting standards and interpretations published by the IASB and IFRS IC 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 standard has already been endorsed by the EU:

- Amendments to IFRS 7, “Financial Instruments: Disclosures”:

IFRS 7 was issued by the IASB in October 2010 and is effective for reporting periods beginning on or after 1 July 2011. The amendments will allow users of financial statements to improve their understanding of transfers of financial assets (for example, securitizations), including understanding the possible effects of risks that remain with the entity that has transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. First-time application is expected to give rise to additional disclosures in the notes to the consolidated financial statements of SINGULUS TECHNOLOGIES in the future.

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

- IFRS 9, "Financial Instruments"
- IFRS 10, "Consolidated Financial Statements"
- IFRS 11, "Joint Arrangements"
- IFRS 12, "Disclosure of Interests in Other Entities"
- IFRS 13, "Fair Value Measurement"
- IAS 27 R, "Separate Financial Statements" (revised 2011)
- IAS 28 R, "Investments in Associates and Joint Ventures" (revised 2011)
- Amendments to IAS 12, "Income Taxes – Recovery of Underlying Assets"
- Amendments to IAS 19, "Employee Benefits"
- Amendments to IAS 1, "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"
- Amendments to IFRS 7 and IAS 32, "Offsetting a Financial Asset and a Financial Liability"
- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine"

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

- IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and entails the classification and measurement of financial assets and financial liabilities. If endorsed by the EU, the standard will be effective for periods beginning on or after 1 January 2015. Possible effects of IFRS 9 on the Group's net assets, financial position and results of operations will be analyzed as soon as the two project phases of IFRS 9 remaining at present are completed.
- In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements", which replaces the provisions of IAS 27, "Consolidated and Separate Financial Statements", relating to group financial reporting and SIC-12, "Consolidation – Special Purpose Entities". IFRS 10 establishes a uniform concept of control which applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The standard is effective for annual periods beginning on or after 1 January 2013. The effects on recognition and measurement are still being analyzed by the Group.

- IFRS 11, "Joint Arrangements", was issued by the IASB in May 2011 and supercedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers". IFRS 11 establishes how to account for joint operations and joint ventures. These are defined as a contractual arrangement over which two or more parties have joint control. The standard eliminates the option to use the proportionate consolidation method for jointly controlled entities (JCEs). Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The standard is effective for annual periods beginning on or after 1 January 2013. As the Group is neither involved in joint operations nor in joint ventures, these amendments will not have any effect on the consolidated financial statements. There may be effects on recognition and measurement only if the Group enters into such arrangements in the future.
- In May 2011, the IASB issued IFRS 12, "Disclosure of Interests in Other Entities". IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31, "Interests in Joint Ventures", and IAS 28, "Investments in Associates". These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard includes a number of new disclosure requirements. For example, an entity has to disclose the significant judgments made when assessing whether it controls an investee. The standard is effective for annual periods beginning on or after 1 January 2013. The first-time application of this standard in the financial statements is expected to give rise to additional disclosures in the notes.
- In May 2011, the IASB issued IFRS 13, "Fair Value Measurement". IFRS 13 does not extend fair value measurement, but provides guidance on how to measure fair value when fair value is required or permitted by other IFRSs. The standard defines "fair value" in the context of IFRSs as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). It extends disclosures related to fair value measurements to help financial statement users understand the valuation techniques used to develop fair value measurements and the effects of fair value measurements on profit or loss. The standard is effective for annual periods beginning on or after 1 January 2013. The effects on recognition and measurement are still being analyzed by the Group.

- The amendments to IAS 19, “Employee Benefits”, were issued by the IASB in June 2011 and become effective for fiscal years beginning on or after 1 January 2013. The amendments eliminate the option to defer the recognition of gains and losses, known as the “corridor method”. Instead, all actuarial gains and losses must be recognized in other comprehensive income (OCI) as they occur. The amendments also require additional disclosures. The Group currently uses the corridor method to recognize actuarial gains or losses. Therefore, the effects on recognition and measurement are still being analyzed.
- The amendments to IAS 1, “Presentation of Financial Statements”, were issued by the IASB in June 2011. They require entities to group together items within OCI according to whether they may be reclassified to the profit or loss section of the income statement. The amendments become effective for fiscal years beginning on or after 1 July 2012. They will affect the Group’s presentation, but not its accounting.
- In December 2011, the IASB issued an amendment to IAS 32, “Financial Instruments: Presentation”, that clarifies the offsetting criteria for financial instruments. This amendment is intended to address inconsistencies in the practical offsetting of financial assets and financial liabilities. The amendment explains the meaning of “currently has a legally enforceable right to set-off”. Moreover, it clarifies which gross settlement mechanisms can be regarded as net settlement within the meaning of the standard. This amendment is to be retrospectively applied for fiscal years beginning on or after 1 January 2014. Early adoption is permitted. In this context, IFRS 7, “Financial instruments: Disclosures”, was amended concerning the offsetting of financial instruments. The amendments can affect the amounts of financial assets and financial liabilities reported in the consolidated balance sheet. An analysis is still being performed.

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 de facto control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS MASTERING B.V., Eindhoven, Netherlands (until 31 December 2010)
- 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
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, 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, Taipei, Taiwan
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China

- 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")
- SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany

SINGULUS MASTERING B.V., Eindhoven, was merged into SINGULUS TECHNOLOGIES AG as the acquiring entity effective 1 January 2011.

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

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

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.

For more information, please refer to Note 35.

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 equity 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, liabilities, income, expenses and contingent liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the recoverability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values may in some cases differ from the assumptions and estimates. Any changes are recognized in profit or loss as and when better information is available.

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

a) Impairment of assets

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

This requires an estimate of the recoverable amount of the assets or cash-generating units to which 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 20.

c) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments that depend on the terms and conditions of the grant. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, and dividend yield, as well as corresponding assumptions must be determined. The assumptions and approaches used are disclosed in Note 15.

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 17.

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 10.

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 32.

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 7.

Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc operating 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 operating 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; hereinafter also referred to as "POC"). 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 are 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 (three to five years).

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

Other intangible assets

Intangible assets acquired separately are recognized at cost. Intangible assets acquired in a business combination are recognized at fair value as of the date of acquisition. Internally generated intangible 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 SOLAR.

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 subject to restrictions on disposal, they are recognized under other assets. In the consolidated statement of cash flows, they are included in the cash flow from financing activities, accordingly, if they are related to the Company's financing transactions.

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 cost amount of the asset exceeding what the amortized cost would have been at the date the impairment is reversed, had the impairment not been recognized.

When trade receivables are sold under factoring arrangements and all risks and rewards of the asset are transferred to the buyer, the receivables are derecognized. In this connection, please refer to the comments under “Financial assets and liabilities” and “Derecognition”.

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 depreciated cost. The four existing allowance classes for days inventory held (“DIH”) are from between 0% and 80% of depreciated cost.

In addition, inventories are individually tested for impairment and written down by up to 100%.

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 prices (bid prices) as at the reporting date. The fair value of investments that are not quoted on an active market is determined using valuation techniques. Such techniques may include using 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 or other valuation models.

Loans and receivables are recognized at amortized cost, which is determined using the effective interest method less any impairment and including discounts and premiums paid upon acquisition as well as transaction costs and fees which are an integral part of the effective interest rate.

All loans 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.

Derecognition

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without delay to a third party under an agreement that meets the conditions in IAS 39.19 ("pass-through" arrangement); and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In such a case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 relating to qualifying assets are recognized as part of the cost if the criteria set out in IAS 23 are met. Depreciation is charged on a straight-line basis over the economic lives of the assets. The economic 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 impairments were 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 related 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, which led to a loss on sale of EUR 0.6m in fiscal year 2010.

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 out by the Company under operating leases are recognized at cost 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 the 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 the recoverable amount, 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 operating segment, this goodwill was tested for impairment at the level of the Solar operating segment.

As of the reporting date and in the prior year, goodwill with a carrying amount of EUR 21.7m was allocated to the Solar operating segment.

In the prior year, goodwill of MASTERING in the Optical Disc operating segment of EUR 20.8m 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 to reflect 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 and yields of German government bonds (Bunds) for equivalent terms.

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 planned gross margins fell by 1.1 percentage points. The Solar operating segment is due to benefit from the expected global 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 wet-chemical equipment, CIS modules and systems business in particular. If the assumed revenue per planning year fell short of the assumptions by 4.7 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 operating segment is 10.64% and in the Solar operating segment 10.77%.

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 and 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 in the Solar operating segment (residual carrying amount as of 31 December 2011: EUR 3.9m) is 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 prior year. In fiscal year 2010, these impairment losses were recognized in profit and loss in the line item “Impairment and restructuring expenses”. Please refer to Note 29 for more information.

The key parameter used in determining the value of customer lists of Oerlikon (residual carrying amount as of 31 December 2011: EUR 8.1m) is the expected revenue from the Blu-ray business. This is influenced by market share and demand. The value of customer lists was written down by EUR 9.5m in the past. The test in fiscal year 2011 did not reveal any need for a write-up.

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 continue to decrease or if the forecast solar 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 losses, 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 losses 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.

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 AG 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 amount repayable. 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.

Share-based payment

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 share-based payment transactions). Senior executives are granted share appreciation rights which can be settled with a cash payment (cash-settled share-based payment 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 15.

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 binomial 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 to fair value at each reporting date up to and including 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.

Change in the disclosure of consolidated cash flows

From fiscal year 2011, payments relating to capitalized development projects are no longer part of cash flows from operating activities. Instead, they are disclosed separately under cash flows from investing activities in accordance with IAS 7.16. The comparative figures for 2010 were restated in accordance with IAS 8.42.

05 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** operating 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. The Company is also involved in the manufacture and distribution of mastering and injection molding systems.

As a result of the strategic focus on the Blu-ray and Solar operating segments, the Optical Disc operating segment had to be restructured in fiscal year 2010. Please also refer to our comments in Note 29.

The **Solar** operating segment includes the manufacture and distribution of equipment for use in wet-chemical wafer and cell processing for photovoltaics as well as coating equipment for applying anti-reflection coatings for silicon solar technology. In addition, the activities in connection with the manufacture and the distribution of CIS modules as well as another processing unit for thin-film solar cell technology are reported in this operating 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 29.

The **Semiconductor** operating 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.

The segment "**Other**" includes those business units that account for less than 10% of the Group's assets, revenue and result. In 2010, the segment included HamaTech Slowakei's property which was sold in the same fiscal year.

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

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

	Operating segment "Optical Disc"		Operating segment "Solar"		Operating segment "Semiconductor"		Other		SINGULUS Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Segment assets	103.3	94.4	72.0	78.8	7.0	8.7	0.1	0.0	182.4	181.9
Gross revenue	104.5	88.7	52.4	25.5	3.1	5.9	0.0	0.0	160.0	120.1
Sales deductions and direct selling costs	-1.4	-1.3	-1.1	-0.6	0.0	0.0	0.0	0.0	-2.5	-1.9
Net revenue	103.1	87.4	51.3	24.9	3.1	5.9	0.0	0.0	157.5	118.2
Restructuring expenses and impairment	0.0	-33.4	0.0	-19.0	0.0	0.0	0.0	-0.6	0.0	-53.0
Operating result (EBIT)	14.4	-49.0	-5.9	-31.5	-1.8	0.1	0.0	0.2	6.7	-80.2
Amortization, depreciation and impairment	6.6	-36.9	5.0	-26.7	0.2	0.0	0.0	0.0	11.8	-63.6

In fiscal year 2011, the SINGULUS Group realized revenue from sales to a single customer in the Solar operating segment of EUR 24.6m (15.4% of total revenue). In the Optical Disc operating segment, revenue from sales of EUR 33.3m (20.8% of total revenue) was generated by a single customer. In the same operating segment, the SINGULUS Group realized revenue from sales to another customer of EUR 23.4m (14.6% of total revenue).

The table below shows information by geographical region as of 31 December 2011 based on gross revenue and assets:

	Germany	Rest of Europe	Americas	Asia	Africa	Australia
2011	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by						
Country of origin	138.9	5.3	11.2	4.6	0.0	0.0
Destination	27.3	18.7	54.8	55.6	3.1	0.5
	Germany	Rest of Europe	Americas	Asia	Africa	Australia
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	162.9	5.8	5.3	8.4	0.0	0.0

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

	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

06 Cash and cash equivalents

	2011	2010
	EUR m	EUR m
Cash on hand and bank balances	17.8	12.3

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 17.8m (prior year: EUR 12.3m).

The Company has cash deposits of EUR 7.2m (prior year: EUR 8.1m) on blocked accounts over which it has no power of disposal. In the consolidated statement of cash flows, these are included in the cash flow from financing activities, accordingly, if they are linked to the Group's financing transactions. Please refer to our comments in Note 8.

07 Trade receivables

	2011	2010
	EUR m	EUR m
Trade receivables – current	38.8	44.6
Trade receivables – non-current	9.2	3.4
Less bad debt allowances	-4.0	-10.6
	44.0	37.4

As of 31 December 2011, bad debt allowances of a nominal EUR 4.0m had been charged on trade receivables (prior year: EUR 10.6m). Bad debt allowances developed as follows:

	2011	2010
	EUR m	EUR m
As of 1 January	10.6	7.3
Allowances recognized in profit or loss	1.7	7.4
Utilization	-6.2	-3.2
Reversal	-2.1	-0.9
As of 31 December	4.0	10.6

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
2011	2.1	1.1	0.6	0.6	2.2
2010	3.4	0.7	1.9	0.7	3.0

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 income from trade receivables of EUR 0.3m (prior year: net loss of EUR 6.4m) comprised income from the reversal of specific bad debt allowances of EUR 2.1m (prior year: EUR 0.9m), expenses from allocations to specific bad debt allowances of EUR 1.7m (prior year: EUR 7.4m), and exchange losses of EUR 0.1m (prior year: exchange gains 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 9.4m (prior year: EUR 14.2m) 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 prepayments offset against them break down as follows:

	2011	2010
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	37.4	34.0
Prepayments	-28.0	-19.8
POC receivables	9.4	14.2
Progress billings not yet received	-1.8	-1.3
Gross amount due from customers for contract work	7.6	12.9

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

	2011	2010
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	0.1	1.5
Prepayments	-1.0	-2.3
Gross amount due to customers for contract work	-0.9	-0.8

In the fiscal year, contract revenue of EUR 49.1m (prior year: EUR 29.9m) was recognized.

Trade receivables were sold under factoring arrangements in the fiscal year. As all significant risks (mainly credit risks) and rewards from future cash flows of the receivables were transferred in this connection, the receivables were derecognized less the contractually agreed deductible. This generated a cash inflow of EUR 35.6m for SINGULUS TECHNOLOGIES AG in the fiscal year (prior year: EUR 14.7m).

08 Other receivables and other assets

Other receivables and other assets break down as follows:

	2011	2010
	EUR m	EUR m
Financial assets subject to restrictions on disposal	7.2	8.1
Prepayments	1.8	1.4
Tax refund claims	1.2	2.3
Loans to employees	0.1	0.1
Forward exchange contracts	0.0	0.2
Other	1.0	1.0
	11.3	13.1

The disclosed financial assets subject to restrictions on disposal relate to cash and cash equivalents deposited as collateral for loan commitments. These assets of EUR 7.2m (prior year: EUR 8.1m) were disclosed under other assets. The entire amount serves as collateral for bank guarantees and sureties 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 1.3m and SGD 0.8m had been hedged by derivatives. In addition, SINGULUS TECHNOLOGIES AG entered into forward exchange contracts to hedge future USD transactions totaling USD 1.0m.

All hedges with a positive fair value amounted to EUR 38k 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 from fiscal year 2011 are mainly attributable to SINGULUS TECHNOLOGIES AG (EUR 0.4m) and to SINGULUS STANGL (EUR 0.5m) and relate exclusively to input tax reimbursements.

09 Inventories

The Group's inventories break down as follows:

	2011	2010
	EUR m	EUR m
Raw materials, consumables and supplies	29.7	32.0
Work in process	32.4	40.2
Less allowances	-20.3	-24.5
	41.8	47.7

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. In addition, raw materials, consumables and supplies and work in process were written down by EUR 6.1m in the prior year as part of the restructuring.

EUR 0.4m was disclosed as an expense for the recognition of allowances in fiscal year 2011.

The carrying amount of inventories recognized at net realizable value comes to EUR 5.5m (prior year: EUR 8.5m).

10 Intangible assets

In fiscal years 2011 and 2010, intangible assets developed as follows (all amounts in EUR m):

	Goodwill	Franchises, industrial rights and other intan- gible assets	Capitalized development costs	Total
Cost				
As of 1 January 2010	52.9	81.2	100.6	234.7
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
Additions	0.0	0.3	5.9	6.2
Reclassifications	0.0	0.3	0.0	0.3
Disposals	0.0	-0.1	0.0	-0.1
As of 31 December 2011	52.9	78.3	103.5	234.7
Amortization and impairment losses				
As of 1 January 2010	10.4	35.6	74.0	120.0
Additions to amortization (scheduled)	0.0	5.7	8.1	13.8
Additions to impairment losses (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
Additions to amortization (scheduled)	0.0	4.3	5.7	10.0
Additions to impairment losses (unscheduled)	0.0	0.0	0.0	0.0
Disposals	0.0	-0.1	0.0	-0.1
As of 31 December 2011	31.2	60.3	86.4	177.9
Carrying amounts 31 Dec 2010	21.7	21.7	16.9	60.3
Carrying amounts 31 Dec 2011	21.7	18.0	17.1	56.8

EUR 5.8m of the development costs incurred in fiscal year 2011 qualifies for recognition as an asset under IFRSs (prior year: EUR 5.9m). The capitalized development costs mainly relate to expenses in the Company's core optical disc and solar business.

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.

Disposals of capitalized development costs of EUR 8.9m in fiscal year 2010 were mainly attributable to the restructuring measures carried out in prior fiscal years and the related closures of product divisions.

11 Property, plant and equipment

In fiscal years 2011 and 2010, property, plant and equipment developed as follows (all amounts in EUR m):

	Land, own build- ings	Plant and machinery	Equip- ment	Leased assets	Assets under con- struc- tion	Total
Cost						
As of 1 January 2010	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
Additions	0.1	0.9	0.4	0.0	0.3	1.7
Disposals	-0.1	0.0	-0.5	0.0	0.0	-0.6
Reclassifications	0.0	0.8	0.1	0.0	-1.2	-0.3
As of 31 December 2011	6.7	9.9	10.0	0.0	0.4	27.0
Depreciation and impairment						
As of 1 January 2010	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 to depreciation	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
Additions to depreciation	0.3	0.8	0.7	0.0	0.0	1.8
Disposals	0.0	0.0	-0.3	0.0	0.0	-0.3
As of 31 December 2011	3.3	5.4	8.4	0.0	0.0	17.1
Carrying amounts 31 Dec 2010	3.7	3.6	2.0	0.0	1.3	10.6
Carrying amounts 31 Dec 2011	3.4	4.5	1.6	0.0	0.4	9.9

12 Other current liabilities

Other liabilities break down as follows:

	2011 EUR m	2010 EUR mt
Outstanding liabilities to personnel	2.7	3.1
Outstanding invoices	1.6	1.0
Employee bonuses	2.2	0.2
Liabilities from the acquisition of patents and licenses	1.0	1.3
Gross amount due to customers for contract work	0.9	0.8
Tax liabilities	0.7	0.7
Liabilities from redundancy plan	0.7	0.5
Financial statement, legal and consulting fees	0.5	1.5
Sales commissions for agents	0.5	1.0
Debtors with credit balances	0.4	0.7
Outstanding credit notes	0.4	0.6
Liabilities in connection with social security	0.1	0.2
Liabilities from interest rate derivatives	0.1	0.4
Current portion of convertible bonds issued	0.0	0.1
Liabilities from restructuring measures	0.0	1.2
Miscellaneous	1.6	2.2
	13.4	15.5

In the fiscal year, performance-related payments of EUR 2.2m (prior year: EUR 0.2m) to members of the management board, senior executives and employees were recognized as a liability.

Liabilities from the acquisition of patents and licenses comprise the current portion of the purchase price liability from the acquisition of Oerlikon Balzers AG's Blu-ray activities, which represents the final installment. As of the prior-year reporting date, these liabilities totaled EUR 2.8m, of which EUR 1.3m was disclosed under current liabilities.

In addition, gross amounts due to customers for contract work of EUR 0.9m (prior year: EUR 0.8m) are recognized. Please refer to our comments under Note 7.

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 served as a hedge for the term loan. Due to the development of interest rates at the time, the swap led to a risk of loss of EUR 0.4m in the prior year. Upon full repayment of the term loan in fiscal year 2011, the interest rate swap will result in a loss of EUR 0.1m over its remaining term until the end of 2012.

In fiscal year 2010, liabilities from restructuring measures mainly included expenses of EUR 1.2m relating to the necessary relocation of the MASTERING facility in the Netherlands.

The item also contained liabilities from convertible bonds as part of a stock option plan for management board members and senior executives in 2010.

	2011	2010
	EUR m	EUR m
Current portion of convertible bonds	0.0	0.1

For more information on the change in the number of outstanding convertible bonds, please see "Share-based payment" (convertible bonds issued) in Note 15. In 2010, the nominal value of the outstanding bonds amounted to EUR 1.00 per convertible bond.

13 Prepayments

	2011	2010
	EUR m	EUR m
Prepayments from customers	3.3	6.0

Prepayments as of 31 December 2011 and 2010 mainly relate to advances for orders received by the Optical Disc operating segment, which are disclosed in inventories under work in process.

14 Other non-current liabilities

Until 31 December 2010, other non-current liabilities contained a purchase price liability from the acquisition of Oerlikon Balzers AG's Blu-ray activities (i.e., the technology acquired).

15 Share-based payment

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

Phantom stock program 2011 (PSP I and II)

In order to provide management board members and senior executives with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a phantom stock program in 2011 entitling these beneficiaries to virtually subscribe at the exercise price for a bearer share of the Company with a par value of EUR 1.00 each. The program comprises a total of 600,000 phantom shares (stock options). Of these stock options, 200,000 are to be issued to the management board and up to 400,000 are to be issued to senior executives. The stock options can be issued in several tranches. They all have to be issued by the end of March 2012.

The term of the stock options 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 phantom shares held by the respective beneficiary can be exercised during the first exercise period and then a further 25% every six months during each subsequent exercise period.

The stock options may only be exercised if the non-weighted average closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15% higher than the exercise price during the reference period for the first 25% of the stock options (first tranche), (ii) at least 17.5% higher than the exercise price during the reference period for the second 25% (second tranche), (iii) at least 20% higher than the exercise price during the reference period for the third 25% (third tranche) and (iv) at least 22.5% higher than the exercise price during the reference period for the last 25%.

If the stock options of a tranche cannot be exercised within the respective exercise period because the earnings target has not been reached, the phantom shares 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.

Effective 23 September 2011, 200,000 stock options with an exercise price of EUR 2.3560 were issued to the members of the management board (PSP I). Another tranche of 136,000 stock options from this program was issued to the Group's senior executives effective 11 October 2011 (PSP II). The exercise price of these stock options is EUR 2.3724.

	PSP I		PSP II	
	2011	Average exercise price (EUR)	2011	Average exercise price (EUR)
Change in stock options	Number of stock options		Number of stock options	
Outstanding at the beginning of the fiscal year	0	-	0	-
Issued in the fiscal year	200,000	-	136,000	-
Revoked in the fiscal year	0	-	0	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	200,000	-	136,000	-
Exercisable at the end of the fiscal year	0	-	0	-

The stock options were measured using a binomial model which reflects the fact that the amount to be paid out is limited to 300% of the exercise price. We applied the following parameters to the process of measuring the options.

Tranche	PSP I	PSP II
Grant date	23. Sep. 2011	11. Oct. 2011
Exercise price	2.3560	2.3724
Dividend yield	0.00 %	0.00 %
Interest rate	0.67 %	0.67 %
Volatility SINGULUS	62.39 %	62.39 %
Fair value per option	0.785 €	0.728 €

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

In the fiscal year, personnel expenses from the issue of phantom shares amounted to EUR 23k.

The program was treated as a cash-settled share-based payment transaction within the meaning of IFRS 2.

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 beneficiaries to subscribe for up to 1,200,000 no-par value registered shares.

The term of the stock options 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 beneficiary can be exercised during the first exercise period and then a further 25% every six months during each subsequent exercise period. The options may only be exercised if the average (arithmetic mean) closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15% higher than the exercise price during the reference period for the first 25% of the stock options (first tranche), (ii) at least 17.5% higher than the exercise price during the reference period for the second 25% (second tranche), (iii) at least 20% higher than the exercise price during the reference period for the third 25% (third tranche) and (iv) at least 22.5% higher than the exercise price during the reference period for the last 25%. If the stock options of a tranche cannot be exercised within the respective exercise period because the 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 stock options with an exercise price of EUR 10.05 were issued in fiscal year 2006 (SOP I). In fiscal year 2007, 472,230 stock options with an exercise price of EUR 8.58 were issued (SOP II). This tranche benefited the entire workforce of the Company and senior executives of the subsidiaries.

The two-year vesting period for SOP I expired at the end of fiscal year 2008. The exercise period for those stock options ended on 7 June 2011. The two-year vesting period for SOP II expired in fiscal year 2009. This means that 100% of the options issued had vested as of 31 December 2011. However, as the option condition 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 2011, 19,500 options from SOP II were withdrawn from the respective employees and executives. In the prior year, 16,000 options from SOP II were withdrawn from the employees who left the Company at that time.

The stock options were measured using a Monte Carlo simulation. When applying this model, early exercise of the stock options 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 stock options holders leave the Company following expiry of the vesting period and, where possible, exercise their stock options immediately. 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.

Income of EUR 0.1m (prior year: EUR 0.1m) was recognized when option holders left the Company in fiscal year 2011. In fiscal year 2010, personnel expenses of EUR 0.2m were incurred in connection with stock options.

The plan was treated as an equity-settled share-based payment transaction within the meaning of IFRS 2.

Change in stock options	SOP I			SOP II		
	2011	2010	Average exercise price (EUR)	2011	2010	Average exercise price (EUR)
Outstanding at the beginning of the fiscal year	194,000	194,000	12.31	296,355	312,355	10.30
Issued in the fiscal year	0	0	-	0	0	-
Revoked in the fiscal year	0	0	-	-19,500	-16,000	-
Exercised during the fiscal year	0	0	-	0	0	-
Expired in the fiscal year	-194,000	0	-	0	0	-
Outstanding at the end of the fiscal year	0	194,000	-	276,855	296,355	10.51
Exercisable at the end of the fiscal year	0	0	-	0	0	-

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 interest-bearing 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 interest-bearing 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 executives. The purpose of the stock option plan was to motivate the management board and senior executives 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 2011 and 31 December 2010:

Change in convertible bonds	2011		2010	
	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	84,500	59.24
Issued in the fiscal year	0	-	0	-
Returned in the fiscal year	0	-	0	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	84,500	-	0	-
Outstanding at the end of the fiscal year	0.0	0.0	84,500	59.24
Exercisable at the end of the fiscal year	0.0	0.0	84,500	59.24

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

The fair 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.

16 Liabilities to banks

Liabilities to banks amounted to EUR 6.7m as of 31 December 2011 (prior year: EUR 26.1m).

In the second quarter of fiscal year 2011, EUR 5.6m of the amortizing loan granted on 14 December 2007 and EUR 10.0m of the revolving credit line was repaid so that both loans were repaid in full. Under this syndicated credit facility, a bank guarantee line of EUR 6.5m was available as of 31 December 2011. In addition, another bank guarantee line of EUR 6.2m was issued by way of a ratification to finance the completion of an order in the Solar operating segment. At the end of the fiscal year, EUR 3.6m of this credit line was available. Overall, the Group had access to bank guarantee lines of EUR 19.1m, of which EUR 7.8m had been utilized at the end of the fiscal year.

EUR 10.1m of the bank guarantee lines under the syndicated credit facility expire on 31 March 2012. The Company is now negotiating new financing arrangements with several banks. The management board expects follow-up financing to be entered into during the second quarter of 2012. If a short-term extension of the bank guarantee lines under the syndicated credit facility is required until follow-up financing is arranged, this can be achieved at short notice due to the existing security agreements.

The interest rate on the syndicated credit facility was adjusted to the 1-month EURIBOR rate on a monthly basis. At the time of repayment, the effective interest rate on this loan was 10.18% p.a. (prior year: 7.317% p.a.). The effective interest rate for the revolving credit line also came to 10.18% p.a. at the time of repayment (prior year: 8.026% p.a.).

In addition, a loan of EUR 10.0 m was granted by the Kreditanstalt für Wiederaufbau (KfW) in fiscal year 2010. The funds were used to settle the remaining purchase price liabilities due for the acquisition of the remaining 49 % of the shares in SINGULUS STANGL SOLAR. The loan is repayable in 16 equal installments, with the first installment payable on 30 June 2011. In this context, loan repayments of EUR 1.9 m were made at the end of the reporting period. Moreover, an unscheduled repayment of EUR 1.5m was made. As of 31 December 2011, the loan amount recognized was EUR 6.7 m. The effective interest rate for this loan was 6.60 % p.a. at year-end. In order to secure this loan, KfW joined the banking syndicate's security pool.

For the loan agreement and the abovementioned bank guarantee lines, the following collateral has been transferred to the lenders:

→ **SINGULUS TECHNOLOGIES AG**

- Shares in SINGULUS STANGL SOLAR GmbH, SINGULUS TECHNOLOGIES Inc., SINGULUS TECHNOLOGIES FRANCE s.a.r.l., SINGULUS TECHNOLOGIES ITALIA, SINGULUS TECHNOLOGIES ASIA PACIFIC Pte., HamaTech Slowakei s.r.o., SINGULUS IBERICA S.L., SINGULUS MASTERING INTERNATIONAL GmbH
- All bank balances at all German banks
- Transfer of non-current and current assets as collateral
- Assignment of receivables as collateral
- Assignment of patents, brands and other property rights as collateral
- Cash deposits on blocked accounts relating to prepayments secured by bank guarantees (EUR 5.2m)

→ **SINGULUS TECHNOLOGIES Inc.**

- Transfer of all assets as collateral

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

As of 31 December 2011 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 1.4m (prior year: EUR 2.2m). The net losses are solely attributable to interest.

Please refer to Note 36.

17 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 were 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.

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 pensionable 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 2011 and 2010 is presented in the following tables:

	2011	2010
	EUR m	EUR m
Change in pension obligations:		
Present value at the beginning of the fiscal year	6.5	6.4
Service cost	0.2	0.3
Interest expense	0.3	0.3
Actuarial gains	0.0	-0.2
Benefits paid in the fiscal year	-0.3	-0.3
Present value at the end of the fiscal year	6.7	6.5
Unrecognized actuarial gains (+)/losses (-)	0.8	0.8
Pension provisions recognized in the balance sheet	7.5	7.3

Net pension expenses break down as follows:

	2011	2010
	EUR m	EUR m
Service cost	0.2	0.3
Interest expense	0.3	0.3
Actuarial gains/losses	0.0	0.0
	0.5	0.6

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:

	2011	2010	2009	2008	2007
	EUR m	EUR m	EUR m	EUR m	EUR m
Present value of the defined benefit obligation	6.7	6.5	6.4	6.2	6.4

Experience adjustments to the pension provisions recognized in the balance sheet came to 3.0% in the reporting period (2010: -5.5%; 2009: 3.8%).

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

	2011	2010
Discount rate (future pensioners)	5.20%	5.60%
Discount rate (current pensioners)	4.60%	5.15%
Estimated future wage and salary increases	2.00%	2.00%
Estimated future pension increases	1.75%	1.75%

For fiscal year 2012, the actuary estimated pension costs of EUR 0.5m (thereof interest expenses of EUR 0.4m).

In the fiscal year, contributions to the statutory pension insurance system amounted to EUR 1.7m. This is a defined contribution plan.

18 Other provisions

Other provisions developed as follows in the fiscal year:

	1 Jan 2011	Utilization	Reversal	Allocation	31 Dec 2011
	EUR m	EUR m	EUR m	EUR m	EUR m
Warranties	2.1	-0.8	-0.3	1.1	2.1
Other	0.2	0.0	0.0	0.0	0.2
	2.3	-0.8	-0.3	1.1	2.3

Provisions for warranty costs are recognized as a percentage of product cost as well as for individual warranty risks. In fiscal year 2011, the percentages were based on historical values by product type for the first time and ranged between 0.77% and 3.00%. In fiscal year 2010, they were determined based on net revenue and amounted to 1.09%.

19 Equity

Subscribed capital

In 2011, the management board of SINGULUS TECHNOLOGIES AG, with the approval of the supervisory board, resolved to increase the Company's capital stock from EUR 41,050,111, at that time divided into 41,050,111 ordinary bearer shares with a par value of EUR 1.00 each, by a maximum of EUR 7,880,203 or 7,880,203 shares to a maximum of EUR 48,930,314 in return for cash contributions, utilizing Approved Capital I and II.

The new shares were offered to the shareholders of SINGULUS TECHNOLOGIES AG at a purchase price of EUR 3.30 per new share and at a ratio of 16:3 by means of an indirect subscription right. The subscription period ran from 4 June 2011 up to (and including) 17 June 2011.

During the share placement, 7,880,203 shares carrying a share in profits from 1 January 2011 were placed successfully. The cost of this capital increase amounted to EUR 0.8m in fiscal year 2011. It generated a cash inflow of EUR 25.2 m for the Company (gross cash inflow of EUR 26.0m less transaction costs). This capital increase was entered in the commercial register of SINGULUS TECHNOLOGIES AG at Aschaffenburg local court on 22 June 2011.

The capital stock totals EUR 48,930,314.00 as of 31 December 2011 and consists of 48,930,314 bearer shares with a par value of EUR 1.00 each.

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 and/or indirect subsidiaries to the extent to which they would be entitled after exercising the option or conversion rights or after fulfillment of a conversion obligation.

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 on 31 December 2010, the remaining Approved Capital I amounted to EUR 3,305,360.00. By way of the capital increase in June 2011, the remaining Approved Capital I was utilized in full.

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 SOLAR GmbH, Fürstenfeldbruck, Germany, in fiscal year 2007.

On 13 February 2009, the management board of SINGULUS TECHNOLOGIES AG, resolved, making partial use 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.

Moreover, by way of the capital increase in June 2011, Approved Capital III was reduced by EUR 4,574,843. Thus, Approved Capital III was utilized in full.

Conditional Capital I:

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

Conditional Capital II:

Conditional Capital II has expired.

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 these stock options are exercised. The new shares participate in profit from the beginning of the fiscal year in which they are issued.

As of 30 May 2006, 227,770 ordinary bearer shares of Conditional Capital V expired. In addition, 695,375 stock options of the 972,230 stock options issued in total did not vest.

As of the balance sheet date, Conditional Capital V thus amounted to EUR 276,855.

Conditional Capital VI:

Conditional Capital VI expired on 6 June 2008.

Conditional Capital VII:

Conditional Capital VII expired on 6 June 2009.

Capital reserves

Capital reserves increased by EUR 17.3m in fiscal year 2011 and amounted to EUR 77.2m at the end of the fiscal year. This increase is due to the issue of 7,880,203 shares at a price of EUR 3.30 per share (increase of EUR 18.1m before transaction costs of EUR 0.8m). The capital reserves were reduced by EUR 0.1m in connection with share-based payments.

In the prior-year period, the capital reserves increased by EUR 11.2m due to the issue of 3,694,640 shares on 5 March 2010 at a price of EUR 4.10 per share. The increase in the capital reserves in connection with share-based payments in that period was EUR 0.1m.

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

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

20 Income taxes

The most recent tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2005 up to and including 2009. The amended assessment notices for these years were issued in 2011. The resulting expenses for tax backpayments plus interest for the specified tax field audit period were recognized in 2011 and paid in 2012.

As of 31 December 2011 and 2010, income tax data are as follows:

	2011	2010
	EUR m	EUR m
EBT:		
Germany	8.8	-39.0
Other countries	-0.3	-12.4
	8.5	-51.4
Consolidation adjustments recognized in profit or loss	-2.9	-33.5
	5.6	-84.9
Current income tax expenses:		
Germany:		
Corporate income tax	0.2	0.2
Trade tax	0.2	0.2
Other countries:		
Tax expenses	1.4	0.4
	1.8	0.8
Deferred taxes:		
Germany	-1.3	-8.0
Other countries	-0.5	0.2
Total tax expenses/income	0.0	-7.0

Under German tax law, income taxes 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	
	2011	2010	2011	2010
	EUR m	EUR m	EUR m	EUR m
Temporary differences compared to the tax base	4.1	4.6	-0.5	-2.3
Purchase price liability for Oerlikon	0.0	0.4	-0.4	0.1
Deferred taxes on loss carryforwards	5.4	2.6	2.8	1.7
Consolidation entries	0.2	0.5	-0.3	0.2
	9.7	8.1	1.6	-0.3
Netting with deferred tax liabilities	-8.9	-7.6		
Deferred tax assets	0.8	0.5		

The EUR 1.6m increase in deferred tax assets (before netting with deferred tax liabilities of SINGULUS TECHNOLOGIES AG) is attributable to a combination of different effects. The EUR 2.8m increase in deferred tax assets recognized for unused tax losses is contrasted by a EUR 0.5m decrease in deferred tax assets resulting from non-tax deductible expenses. Moreover, no deferred tax assets were recognized for the purchase price liability to Oerlikon Balzers AG in the fiscal year (prior year: deferred tax assets of EUR 0.4m). Deferred tax liabilities of SINGULUS TECHNOLOGIES AG increased to EUR 8.9m in the reporting period (prior year: EUR 7.6m). As a result, deferred tax assets increased to EUR 0.8m (prior year: EUR 0.5m).

As of 31 December 2011, SINGULUS TECHNOLOGIES AG reported provisional corporate income tax loss carryforwards of EUR 93.6m (prior year: EUR 97.4m) and trade tax loss carryforwards of EUR 62.9m (prior year: EUR 88.9m) 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 84.0m and trade tax losses of EUR 55.7m.

Deferred tax liabilities break down as follows:

	Consolidated balance sheet		Consolidated income statement	
	2011	2010	2011	2010
	EUR m	EUR m	EUR m	EUR m
Capitalized development costs	4.7	3.8	-0.9	0.3
Disclosed hidden reserves from first-time consolidation	4.1	5.0	0.9	6.1
Construction contracts	2.1	2.8	0.7	0.9
Other differences between the IFRS accounts and the tax base	0.5	0.1	-0.4	1.4
	11.4	11.7	0.3	8.7
Netting with deferred tax assets	-8.9	-7.6		
	2.5	4.1		

In the fiscal year, deferred tax liabilities decreased by EUR 0.3m to EUR 11.4m (before netting with deferred tax assets of SINGULUS TECHNOLOGIES AG). Deferred tax liabilities from first-time consolidation and from construction contracts decreased by EUR 0.9m and EUR 0.7m, respectively. By contrast, deferred tax liabilities from capitalized development costs increased by EUR 0.9m year on year. Deferred tax liabilities of SINGULUS TECHNOLOGIES AG increased to EUR 8.9m in the reporting period (prior year: EUR 7.6m). Overall, deferred tax liabilities fell by EUR 1.6m and came to EUR 2.5m at the end of the fiscal year (prior year: EUR 4.1m).

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:

	2011	2010
Effective tax rate*	-27.73%	-27.73%
Losses for the current period for which no deferred taxes were recognized	15.90%	9.56%
Tax backpayments for prior years	-3.01%	0.47%
Non-tax deductible expenses	17.37%	2.54%
Differences in foreign tax rates	-4.66%	0.29%
Impairment of goodwill	0.00%	6.80%
Other consolidation adjustments	2.59%	-0.19%
Actual tax rate	0.46%	-8.25%

* Negative figures represent tax income

21 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:

	2011	2010
	EUR m	EUR m
Profit attributable to owners of the parent for calculating basic earnings per share	6.2	- 77.7
Weighted average number of ordinary shares for calculating basic earnings per share	45,195,314	40,383,023
Dilution effect	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	45,195,314	40,383,023

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.

22 Contingent liabilities and other financial obligations

Off-balance sheet contingent liabilities and other financial obligations amount to EUR 8.9m (prior year: EUR 7.8m) 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.

23 Sales deductions and direct selling costs

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

24 Cost of materials

The cost of sales for fiscal year 2011 includes material costs of EUR 94.7m (prior year: EUR 65.3m).

25 Personnel expenses

Personnel expenses of EUR 35.2m (prior year: EUR 30.4m) are recognized in the income statement for fiscal year 2011. Adjusted for personnel expenses incurred in connection with the restructuring, expenses amounted to EUR 29.6m in the prior year.

26 Depreciation and amortization

Depreciation and amortization amount to EUR 11.8m (prior year: EUR 16.3m).

27 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.

28 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 5.7m (prior year: EUR 8.1m).

At a total of EUR 8.8m, research and development expenditure in 2011 was below the prior-year level (prior year: EUR 11.0m).

29 Impairment and restructuring expenses

Overall, impairment and restructuring expenses of EUR 53.0m were recognized in fiscal year 2010. 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, Fürstfeldbruck, 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 SOLAR in fiscal year 2010. In the prior year, restructuring expenses in the Group also included valuation allowances on inventories of EUR 6.1m which arose mainly in connection with the focus on the Blu-ray and Solar operating segments.

30 Other operating income/expenses

In the fiscal year, other operating income mainly contained income from the reversal of provisions and accrued liabilities of EUR 2.8m (prior year: EUR 1.0m), exchange gains of EUR 0.4m (prior year: EUR 0.4m) and income from the reversal of specific bad debt allowances of EUR 2.1m (prior year: EUR 0.9m).

The other operating expenses in the fiscal year largely comprised allocations to specific bad debt allowances of EUR 1.7m (prior year: EUR 7.4m), exchange losses of EUR 1.4m (prior year: EUR 2.0m) and expenses from returned equipment of EUR 0.5m (prior year: EUR 0.3m).

31 Finance income and finance costs

Interest income/expenses break down as follows:

	2011	2010
	EUR m	EUR m
Interest income from non-current receivables from customers	2.1	0.9
Interest income from time/overnight deposits	0.1	0.4
Other interest income	0.0	0.1
Finance costs	-3.3	-6.1
	-1.1	-4.7

Finance costs contain interest expenses of EUR 1.4m accrued on loan outstanding (prior year: EUR 2.2m). This item also contains fees and associated borrowing costs in connection with financing arrangements of EUR 0.4m (prior year: EUR 1.6m). Expenses of EUR 1.0m (prior year: EUR 0.7m) from the factoring of trade receivables were also incurred.

32 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 real estate lease with Steatit Grundstücksverwaltungsgesellschaft mbH covering a production and administrative building in Fürstfeldbruck. 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 five 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 leases are operating leases as substantially all the opportunities and risks connected to ownership of the property remain with the lessor.

As of 31 December 2011, the future minimum payments arising from rental agreements and operating leases in the Group were:

	EUR m
2012	2.8
2013	2.7
2014	2.6
2015	2.5
2016 and thereafter	20.8
	31.4

33 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 2011:

In January 2012, SINGULUS TECHNOLOGIES signed a contract to deliver a production line to an eastern European customer who is making a new investment in the manufacture of crystalline solar cells. Subject to the approval of the responsible bodies, the delivery of the production line is scheduled for early 2013.

In addition, SINGULUS TECHNOLOGIES AG decided to issue a corporate bond with a volume of up to EUR 60m, an annual interest rate of 7.75% and a term of five years. The bond can be subscribed to during the offer period that begins on 12 March and is expected to end on 20 March 2012. Initial listing of the bond at the Frankfurt Stock Exchange in the Entry Standard for bonds of Deutsche Börse AG is scheduled for 23 March 2012.

SINGULUS TECHNOLOGIES plans to use the proceeds from the issue to finance major projects in the Solar division, the expansion of system partnerships with manufacturers of thin-film solar cells and the development of new products for the Solar division as well as of production systems for the next generation of Blu-ray discs. Furthermore, SINGULUS TECHNOLOGIES intends to establish new segments relating to vacuum coating and is currently assessing an acquisition opportunity in this area. SINGULUS TECHNOLOGIES aims to position itself as a leading machine supplier in silicon and thin-film solar cell technology as well as a development partner for new solar cell concepts. In the Optical Disc segment, SINGULUS' goal is to maintain its market leadership in dual-layer Blu-ray disc production equipment. Business activities in the Semiconductor division were boosted by the emerging growth of the MRAM semiconductor market. The Company also seeks to develop additional market segments for vacuum coating in other industries and industrial applications based on the available know-how.

The management board endorsed the consolidated financial statements on 8 March 2012 and passed them on to the supervisory board for review.

EUR 10.1m of the bank guarantee lines under the syndicated loan facility expire on 31 March 2012. The Company is now negotiating new financing arrangements with several banks. The management board expects follow-up financing to be entered into during the second quarter of 2012. If a short-term extension of the bank guarantee lines under the syndicated credit facility is required until follow-up financing is arranged, this can be achieved at short notice due to the existing security agreements.

34 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 2011 were:

Roland Lacher , Gelnhausen-Meerholz	Chairman (until 31 May 2011)
Dr.-Ing. Wolfhard Lechnitz , Essen	Chairman (since 31 May 2011); previously deputy chairman (until 31 May 2011)
Günter Bachmann , Bad Homburg	Deputy chairman (since 31 May 2011); previously member
Dr. rer. nat. Rolf Blessing , Trendelburg	Member (since 31 May 2011)

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.

Mr. Roland Lacher, founder and chairman of the supervisory board of SINGULUS TECHNOLOGIES AG until the shareholder meeting on 31 May 2011, did not stand for re-election as a member of the supervisory board.

In the same shareholder meeting, the supervisory board members Dr.-Ing. Wolfhard Lechnitz, Essen, and business administration graduate Günter Bachmann, Bad Homburg, were reappointed for another term of office on the supervisory board. Physics graduate Dr. rer. nat. Rolf Blessing, Trendelburg, was appointed as the third member of the supervisory board by the shareholder meeting of SINGULUS TECHNOLOGIES AG.

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 netted with 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. The basis of assessment for the payment of additional variable compensation was not fulfilled in the fiscal year. In addition, the supervisory board members were reimbursed expenses of EUR 8k.

The following supervisory board members hold shares in the Company:

	2011	2010
Shares as of 31 December	No.	No.
Dr.-Ing. Wolfhard Lechnitz	24,344	20,000
Günter Bachmann	20,000	15,000
	44,344	35,000

Furthermore, VVG Familie Roland Lacher KG held 594,472 shares as of 31 May 2011.

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

	Occupation	Membership of other supervisory boards and similar oversight bodies
Roland Lacher Until 31 May 2011	Engineering graduate	–
Dr.-Ing. Wolfhard Lechnitz	Construction engineer	Tempton Holding GmbH, member of the supervisory board
Günter Bachmann	Business administration graduate, general manager of Coperion Capital GmbH and Coperion GmbH	–
Dr. rer. nat. Rolf Blessing Since 31 May 2011	Engineering graduate, general manager of B.plus GbR Beschichtungen Projekte Gutachten	BLUETEC GmbH Co. KG Member of the advisory board (chairman)

Members of the management board in fiscal year 2011 were:

Dr.-Ing. Stefan Rinck	Chairman of the management board
Markus Ehret	Head of finance

During the reporting period, the management board received regular total remuneration for its work of EUR 1,298k.

This breaks down as follows:

	2011				2010
	Fixed	Other ¹⁾	Variable	Total	Total ²⁾
	EUR k	EUR k	EUR k	EUR k	EUR k
Dr.-Ing. Stefan Rinck	400	219	267	886	633
Dipl.-Oec. Markus Ehret	210	62	140	412	239
Roland Lacher	0	0	0	0	108
Dr.-Ing. Anton Pawlakowitsch	0	0	0	0	243
	610	281	407	1,298	1,223

- 1) Other remuneration included fringe benefits such as pension commitments, insurance and company car.
 2) Total remuneration for the members of the management board did not include a disclosure of additions to pension claims under "Other remuneration" in prior years. In addition, Mr. Ehret, Mr. Lacher and Dr. Pawlakowitsch were not members of the management board throughout the entire year 2010. Thus, the total amounts for fiscal years 2010 and 2011 are not comparable.

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 after departure is treated as a severance payment. In fiscal year 2011, Mr. Pawlakowitsch was entitled to fixed remuneration of EUR 247k and to other remuneration of EUR 24k.

Former members of the management board of SINGULUS TECHNOLOGIES AG received total remuneration of EUR 0.5m in the fiscal year. As of 31 December 2011, the provisions for pension claims for former board members stood at EUR 4.5m.

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

	2011	2010
	No.	No.
Dr.-Ing. Anton Pawlakowitsch	80,000	80,000

In fiscal year 2011, personnel expenses of EUR 4k (prior year: EUR 47k) were recognized 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:

	2011	2010
	No.	No.
Dr.-Ing. Stefan Rinck	9,619	8,000
Markus Ehret	2,493	2,000
	12,112	10,000

The following warrants were also held in fiscal year 2010:

	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

By the end of the fiscal year, these warrants had lapsed.

35 Information on shareholdings

	Currency	Share-holding	Equity in thousands (local currency)*	Profit or loss for the period in thousands (local currency)*
Germany				
SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany	EUR	100	7,378	-3,765
SINGULUS CIS Solar Tec GmbH, Kahl am Main, Deutschland	EUR	66	23	-2
Other countries				
SINGULUS TECHNOLOGIES Inc., Windsor, USA	USD	100	34,406	2,154
SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK	GBP	100	350	134
SINGULUS TECHNOLOGIES ASIA PACIFIC Pte, Ltd., Singapur	SGD	100	7,651	-298
SINGULUS TECHNOLOGIES Latin America Ltda., São Paulo, Brazil	EUR	91.5	525	-299
SINGULUS TECHNOLOGIES Ibérica S.L., Sant Cugat del Vallés, Spain	EUR	100	1,094	-153
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Illzach, France	EUR	100	-574	-337
SINGULUS TECHNOLOGIES ITALIA s.r.l., Ancona, Italy	EUR	99.99	368	-880
MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland	EUR	100	3,072	302
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipei, Taiwan	TWD	100	-21,264	-6,201
SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China	CNY	51	39,273	-8,979
HamaTech Slowakei s.r.o., Nove Mesto, Slovakia	EUR	100	10,035	-5
STEAG HamaTech Asia Ltd., Hongkong, China	CNY	100	0	0
HamaTech USA Inc., Austin, Texas, USA	USD	100	-1,139	-16

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

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.

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

36 Financial risk management

The financial liabilities from bank loans in the consolidated financial statements serve to finance the acquisition of the remaining 49% of the shares in SINGULUS STANGL SOLAR. 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 hedge an amortizing loan.

In accordance with group policy, no derivatives trading took place in fiscal years 2011 or 2010, 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 reasonably possible change in the EUR/USD and the EUR/SGD exchange rates. All other factors remain unchanged.

	Development of the USD	Effect on EBT	Effect on equity
		EUR m	EUR m
2011	+10%	2.0	0.0
	-10%	-2.5	0.0
2010	+10%	1.8	0.0
	-10%	-2.3	0.0

	Development of the SGD	Effect on EBT	Effect on equity
		EUR m	EUR m
2011	+10%	-0.2	0.0
	-10%	0.2	0.0
2010	+10%	-0.7	0.0
	-10%	0.6	0.0

The effect of potential changes in the USD and the SGD exchange rates on SINGULUS TECHNOLOGIES' EBT relate exclusively to bank balances, unhedged trade receivables and payables as well as unhedged intragroup receivables and payables denominated in USD and in SGD.

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 2011, there were no effects on cash flow hedges recognized directly in equity.

Liquidity risk

In the second quarter of fiscal year 2011, EUR 5.6m of the amortizing loan granted on 14 December 2007 and EUR 10.0m of the revolving credit line was repaid so that both loans were repaid in full. Under this syndicated credit facility, a bank guarantee line of EUR 6.5m was available as of 31 December 2011. In addition, another bank guarantee line of EUR 6.2m was issued by way of a ratification to finance the completion of an order in the Solar operating segment. At the end of the fiscal year, EUR 3.6m of this credit line was available. Overall, the Group had access to bank guarantee lines of EUR 19.1m, of which EUR 7.8m had been utilized at the end of the fiscal year.

EUR 10.1m of the bank guarantee lines under the syndicated credit facility expire on 31 March 2012. The Company is now negotiating new financing arrangements with several banks. The management board expects follow-up financing to be entered into during the second quarter of 2012. If a short-term extension of the bank guarantee lines under the syndicated credit facility is required until follow-up financing is arranged, this can be achieved at short notice due to the existing security agreements.

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 in fiscal year 2010, 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 14.8m (net of transaction costs) from a cash increase involving the issue of 3,694,640 shares on 11 March 2010. Another cash increase involving the issue of 7,880,203 shares in fiscal year 2011 generated a cash inflow of EUR 25.2m (net of transaction costs) for the Company.

At the end of the fiscal year, the amortizing loan and the revolving loan were repaid in full through scheduled and unscheduled repayments. Under this syndicated credit facility, only a bank guarantee commitment of EUR 6.5m exists at present. The KfW loan amounted to EUR 6.7m at the end of the fiscal year.

The Group currently has adequate cash and cash equivalents to cover all its payment obligations. Entry into the solar systems business may require additional credit facilities depending on project-specific requirements. In this context, negotiations are being held about new financing arrangements.

The table below summarizes the maturity profile of the Group's financial liabilities as of 31 December 2011. The disclosures are made on the basis of the contractual, non-discounted payments.

	Payable on de- mand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Fiscal year ended 31 December 2011	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Interest-bearing loans	0.0	0.6	1.9	4.2	0.0	6.7
Other liabilities	3.0	6.3	4.1	0.0	0.0	13.4
Trade payables	3.5	3.7	1.2	0.0	0.0	8.4
	6.5	10.6	7.2	4.2	0.0	28.5

The negative fair value of the interest rate swap concluded to hedge the floating-rate loan will result in cash flows of EUR 0.1m (prior year: EUR 0.4m) until the end of the term (December 2012).

	Payable on de- mand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Fiscal year ended 31 December 2010	EUR m	EUR m	EUR m	EUR m	EUR m	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

Interest rate risk

The risk of fluctuations in the market interest rates to which the Group is exposed arises mainly from its long-term floating-rate loans. To mitigate the risk of market interest rate fluctuations, an interest rate swap was entered into in February 2008, whereby the Group agrees to exchange with the contracting partner, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional amount. This interest rate swap serves to hedge the risk from the interest obligation resulting from a loan of EUR 25m with a term of five years. The interest rate swap matches the original amount of the amortizing loan and repayment scheduled. After having renegotiated the syndicated credit facility, extraordinary repayments had to be made. Thus, when the liability is fully repaid, the amounts of the loan and interest rate swap will no longer match. The hedged volume as of the prior-year balance sheet date was EUR 10.8m.

An upward and downward shift in the term structure of interest rates by 50 basis points would have no significant effect on the Group's EBT.

As in the prior year, 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 cash and cash equivalents, short-term deposits as well as financial assets less interest-bearing loans and broke down as follows at the end of the fiscal year:

	2011	2010
	EUR m	EUR m
Interest-bearing loans	-6.7	-26.1
Cash and cash equivalents, short-term deposits and financial assets	25.0	20.4
Net liquidity	18.3	-5.7

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.

37 Financial instruments

Fair values

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

	Category	Carrying amount		Fair value	
		2011	2010	2011	2010
		EUR m	EUR m	EUR m	EUR m
Financial assets					
Cash	L&R	17.8	12.3	17.8	12.3
Other assets	L&R	7.2	8.1	7.2	8.1
Derivative financial instruments	FAHfT	0.0	0.2	0.0	0.2
Trade receivables	L&R	44.0	37.4	44.0	37.4
Financial liabilities					
Floating-rate loans	FLAC	6.7	26.1	6.7	26.1
Derivative financial instruments	FLHfT	0.0	0.5	0.0	0.5
Convertible bonds	FLAC	0.0	0.1	0.0	0.1
Trade payables	FLAC	8.4	12.5	8.4	12.5
Total	L&R	69.0	57.8	69.0	57.8
Total	FAHfT	0.0	0.2	0.0	0.2
Total	FLAC	15.1	38.7	15.1	38.7
Total	FLHfT	0.0	0.5	0.0	0.5

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 1.0m (prior year: USD 3.6m) had been hedged by forward exchange contracts. In addition, SINGULUS TECHNOLOGIES AG had entered into forward exchange contracts to hedge future USD transactions (USD 1.3m in total; prior year: USD 2.5m) and future SGD transactions (SGD 0.8m in total; prior year: SGD 4.0m).

In addition, an interest rate swap was entered into to hedge variable interest rates. As a result of unscheduled repayments, the amounts of the loan and interest rate swap no longer match. The hedged volume as of the prior-year balance sheet date was EUR 10.8m. As of the end of the reporting period, the loan had been fully repaid.

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts/interest rate swaps				
Fair value	0.0	0.3	0.2	0.5

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

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

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 2011	Level 1	Level 2	Level 3
	EUR m	EUR m	EUR m	EUR m
Financial assets at fair value through profit or loss				
Foreign exchange contracts – hedged	0.0	–	0.0	–

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

Liabilities measured at fair value:

	As of 31 December 2011	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	0.3	–	0.3	–

	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	–

38 Headcount

In the fiscal year, the Company had an annual average of 460 permanent employees. In the prior year, the annual average headcount was 484. The Group had 455 employees as of 31 December 2011 (prior year: 459).

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

	2011	2010
Assembly, production and logistics	195	217
Development	63	63
Sales	138	140
Administration (excluding management board members)	64	64
	460	484

39 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):

	2011	2010
	EUR m	EUR m
a) for tax services	0.1	0.2
b) for audit services	0.4	0.4
c) for other services	0.0	0.1
Total	0.5	0.7

40 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.

41 Publication

The consolidated financial statements of SINGULUS TECHNOLOGIES AG are due to be authorized for issue by the management board on 27 March 2012.

Kahl am Main, 12 March 2012

SINGULUS TECHNOLOGIES AG
The Management Board

Dr.-Ing. Stefan Rinck

Markus Ehret

FUTURE

SINGULUS develops coating technology

SINGULUS TECHNOLOGIES possesses proven know-how in the manufacturing of machines for the vacuum coating of different materials.

SINGULUS TECHNOLOGIES intends to extend this know-how for the development of vacuum coating machines to new application areas in the future.



Audit opinion

We issued the following 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 2011. 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 accord-

ance 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 of future development.

Eschborn/Frankfurt am Main, 12 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller
[German Public Auditor]

Winterling
[German Public Auditor]

SINGULUS TECHNOLOGIES AG

Balance Sheets as of December 31, 2011 and 2010

ASSETS

	[EUR]	Dec. 31, 2011 [EUR]	Dec. 31, 2010 [EUR]
A, Fixed assets			
I. Intangible assets			
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets		4,485,169.08	2,782,595.50
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land	13,763,980.75		14,649,505.14
2. Plant and machinery	791,061.46		451,117.38
3. Other equipment, furniture and fixtures	1,023,516.58		1,245,795.00
4. Prepayments and assets under construction	0.00		415,016.71
		15,578,558.79	16,761,434.23
III. Financial assets			
Shares in affiliates		39,633,168.15	59,566,234.79
		59,696,896.02	79,110,264.52
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	12,152,478.81		11,898,941.87
2. Work in process	45,150,070.40		34,919,859.46
3. Prepayments made	1,541,471.31		1,313,259.32
4. Prepayments received	-26,224,945.78		-11,628,194.79
		32,619,074.74	36,503,865.86
II. Receivables and other assets			
1. Trade receivables	24,727,411.96		11,211,956.30
2. Receivables from affiliates	9,022,087.05		2,829,114.37
3. Other assets	777,089.76		1,329,095.95
		34,526,588.77	15,370,166.62
III. Cash and bank balances		17,576,896.08	15,264,526.09
		84,722,559.59	67,138,558.57
C. Prepaid expenses		87,893.78	42,789.40
Total Assets		144,507,349.39	146,291,612.49

EQUITY AND
LIABILITIES

		Dec. 31, 2011	Dec. 31, 2010
	[EUR]	[EUR]	[EUR]
A, Equity			
I. Subscribed capital Conditional capital: EUR 276,855.00	48,930,314.00		41,050,111.00
II. Capital reserves	75,184,875.88		57,060,408.98
III. Other revenue reserves	0.00		16,540,132.72
IV. Accumulated loss	- 61,760,473.73		- 71,601,743.82
		62,354,716.15	43,048,908.88
B. Provisions			
1. Provisions for pensions and similar obligations	7,465,732.00		6,811,632.00
2. Tax provisions	379,167.42		107,871.74
3. Other provisions	8,671,167.16		8,571,187.35
		16,516,066.58	15,490,691.09
C. Liabilities			
1. Bonds thereof convertible: EUR 0 (prior year: EUR 84,500.00)	0.00		84,500.00
2. Liabilities to banks	6,685,671.04		25,754,364.61
3. Trade payables	7,206,197.32		8,983,226.73
4. Liabilities to affiliates	36,770,439.09		37,726,136.79
5. Other liabilities thereof for taxes: EUR 256,264.08 (prior year: EUR 227,661.78) thereof for social security: EUR 1,231.19 (prior year: EUR 1,746.31)	14,914,259.21		15,203,784.39
		65,576,566.66	87,752,012.52
D. Deferred income		60,000.00	0.00
Total liabilities and shareholders' equity		144,507,349.39	146,291,612.49

SINGULUS TECHNOLOGIES AG

Income Statements 2011 und 2010

	[EUR]	2011 [EUR]	2010 [EUR]
1. Revenue	118,748,366.52		67,837,721.17
2. Increase in finished goods and work in process	8,023,904.31		9,919,900.63
3. Other own work capitalized	0.00		133,095.36
4. Other operating income thereof income from currency translation: EUR 298,917.14 (prior year: EUR 91,526.26)	5,987,919.68		4,579,064.99
		132,760,190.51	82,469,782.15
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-65,579,118.68		-44,812,004.70
b) Cost of purchased services	-11,472,524.34		-7,316,349.67
6. Personnel expenses			
a) Wages and salaries	-18,120,793.80		-14,256,577.54
b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 564,066 (prior year: EUR 106,070.53)	-3,283,853.66		-2,114,143.93
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	-3,886,726.05		-5,905,442.00
8. Other operating expenses thereof expenses from currency translation: EUR 585,529.09 (prior year: EUR 18,804.85)	-23,957,830.71		-28,571,027.51
		-126,300,847.24	-102,975,545.35
9. Other interest and similar income thereof from affiliates: EUR 140,046.70 (prior year: EUR 39,394.70) thereof income from discounting: EUR 0.00 (prior year: EUR 20,570.05)	2,306,578.04		1,368,776.20
10. Write-downs of financial assets	-12,300,000.00		-41,866,524.41
11. Interest and similar expenses thereof to affiliates: EUR 181,788.48 (prior year: EUR 80,107.97) thereof expenses from discounting: EUR 362,659.00 (prior year: EUR 352,394.00)	-4,081,815.71		-5,915,090.23
		-14,075,237.67	-46,412,838.44
12. Result from ordinary activities		-7,615,894.40	-66,918,601.64
13. Extraordinary income	1,328,100.23		0.00
14. Extraordinary expenses	0.00		-4,666,193.43
15. Extraordinary result		1,328,100.23	-4,666,193.43
16. Income taxes	-363,721.72		34,721.21
17. Other taxes	-47,346.74		-51,669.96
		-411,068.46	-16,948.75
18. Net loss for the year		-6,698,862.63	-71,601,743.82
19. Loss carryforward from the prior year		-71,601,743.82	-54,015,078.94
20. Appropriation of "Other revenue reserves"		16,540,132.72	54,015,078.94
21. Accumulated loss		-61,760,473.73	-71,601,743.82

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 12, 2012

SINGULUS TECHNOLOGIES AG
The Executive Board

Corporate Calendar 2012

March	March 27 March 27	Annual Press Conference Analysts' Conference
May	May 10	Q1/2012 Report
June	June 19	Annual Shareholders' Meeting Frankfurt
August	August 14	Q2/2012 Report
November	November 8	Q3/2012 Report

Annual Shareholders' Meeting 2012

SINGULUS TECHNOLOGIES AG, Kahl am Main
Tuesday, June 19, 2012, 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/2012.html>
extensive information about the Annual General Shareholders' Meeting 2012,

Key Figures 2009 - 2011

The financial statements of the years 2009 to 2011 were drawn up according to the International Financial Reporting Standards (IFRS)

		2009	2010	2011
Revenue (gross)	million €	116.6	120.1	160.0
Revenue (net)	million €	115.0	118.2	157.5
Revenue Germany	%	18.4	25.1	17.1
Revenue Rest of Europe	%	24.3	22.9	11.7
Revenue Americas	%	23.3	26.6	34.3
Revenue Asia	%	32.7	20.0	34.8
Revenue Africa & Australia	%	1.3	5.4	2.1
Order intake	million €	81.1	128.2	151.6
Order backlog (Dec. 31)	million €	34.7	35.5	26.8
EBIT	million €	-73.2	-80.2	6.7
EBIT margin	%	-63.7	-67.8	4.3
EBITDA	million €	-42.7	-16.6	18.5
Earnings before taxes	million €	-79.4	-84.9	5.6
Profit or loss for the period	million €	-78.9	-77.9	5.6
Operating cash flow	million €	0.2	-0.9	7.5
Operating cash flow in % of net sales		0.0	-0.1	4.8
Property, plant & equipment	million €	12.3	10.6	9.9
Goodwill	million €	42.5	21.7	21.7
Current assets	million €	114.3	107.3	105.4
Shareholders' equity	million €	165.8	106.2	137.9
Equity ratio	%	62.9	58.4	75.6
Balance sheet total	million €	263.6	181.9	182.4
Research & development expenditures	million €	15.1	11.0	8.8
in % of net sales		13.1	9.3	5.6
Employees (Dec. 31)		572	459	455
Weighted average shares outstanding, basic		37,294,111	40,383,023	45,195,314
Weighted average shares outstanding, diluted		37,294,111	40,383,023	45,195,314
Stock price at year-end	€	3.07	4.48	2.04
Earnings per share, basic	€	-2.11	-1.92	0.14

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