Optical Disc | Solar | Semiconductor | Vacuum Coating

Innovative Technologies

Annual Report 2013
of the SINGULUS TECHNOLOGIES AG

SINGULUS

At a Glance

Consolidated Key Figures

		2012	**2013**
Sales	**in million €**	108.6	**134.9**
Order intake	**in million €**	121.9	**115.1**
Order backlog (Dec. 31)	**in million €**	40.1	**20.3**
EBIT	**in million €**	-60.5	**2.2**
Earnings before taxes	**in million €**	-63.8	**-1.0**
Net profit/loss	**in million €**	-62.4	**-0.7**
Operating cash flow	**in million €**	-0.4	**-0.6**
Shareholders' equity	**in million €**	74.5	**73.8**
Balance sheet total	**in million €**	206.5	**194.4**
Research & development expenditures	**in million €**	8.9	**7.7**
Employees (Dec. 31)		400	**362**
Weighted average shares outstanding, basic	**shares**	48,930,314	**48,930,314**
Earnings per share, basic	**€**	-1.25	**-0.01**

SINGULUS TECHNOLOGIES – Innovations for New Technologies

SINGULUS TECHNOLOGIES' goal is the technologic leadership in the segments Optical Disc, Solar and Semiconductor as well as the use of synergies to open new work areas in the future. In this process SINGULUS TECHNOLOGIES focuses on solutions that are not only economical, but also sustainable and resource-efficient.

In the Optical Disc segment SINGULUS TECHNOLOGIES continues to expand its market leadership and today is already able to offer machines, which enable the production of triple-layer Blu-ray Discs with a storage volume of about 100 GB in total.

SINGULUS TECHNOLOGIES positions itself as a supplier for new production solutions for crystalline and thin-film solar cells, which with lower production costs increase the level of efficiency or achieve a higher level of efficiency. SINGULUS TECHNOLOGIES establishes itself in this market as a development partner and machine supplier for technologies enabling a sustainable and chosen energy provision on the basis of renewable energies.

In the Semiconductor segment SINGULUS TECHNOLOGIES focuses its activities on the vacuum coating of wafers with ultra thin layers for the manufacturing of MRAM memory, thin-film write/read heads, sensors and other semiconductor applications.

SINGULUS TECHNOLOGIES is continuously expanding its technologic know-how in the areas vacuum coating, automation, process technology as well as the integration of production steps in order to open further, attractive work areas. In this context, internal growth from the development of proprietary solutions as well as acquisition opportunities for the generation of external growth are analyzed with respect to their feasible implementation.

SINGULUS TECHNOLOGIES

The Year 2013 In Review

Q12013

Participation at the Intermag Conference in the US as well as the PV Expo in Japan

Photovoltaic sales & marketing activities in Korea intensified

Agreement for technologic cooperation with M•Cells, China, for the production of highly-efficient crystalline silicon cells signed

Buy-back program for corporate bond extended until June 30

Annual balance sheet conference and analysts' conference in Frankfurt am Main on March 27

Q22013

Memory-Tech, Japan, orders new BLULINE II systems

CD Video Manufacturing starts Blu-ray Disc production with a BLULINE II in the US

Report for the 1st quarter 2013 published on May 8

Toyo Recording, Japan, orders additional BLULINE II

The Cinram Group orders BLULINE II systems

Annual General Meeting of the company in Frankfurt am Main on June 6

Buy-back program of corporate bond extended until December 31 and increased to € 5.0 million in total

Participation at international conferences and fairs:

- Colonial Purchasing Meeting in the US
- Semicon Singapore as well as Semicon and Solarcon Russia
- SNEC Photovoltaics Conference and Fair in Shanghai, China
- IntersolarEurope, Munich

Q32013

Participation at the Semicon West/Intersolar US

Report for the 1st half 2013 published on August 13

Arvato Entertainment orders several Blu-ray production machines

Presentation of the company at the GulfSol in Dubai and at the 2nd PV Briefing in Saudi-Arabia

Participation at the Intersolar North America in the US as well as the Intersolar South America in São Paulo, Brazil

At the IFA, Berlin, a machine concept for 100 GB Blu-ray Disc is presented

Participation at the 6th Renewable Energy India 2013 Expo, Region of Delhi, India

Framework contact for the supply of 16 machines for the manufacturing of PERC solar cells with M•Cells, China

Q42013

SINGULUS TECHNOLOGIES presents new solar production machines for PERC and CIGS solar cells at the 28th EU PVSEC in Paris, France

New production line by SINGULUS TECHNOLOGIES for crystalline solar cells in Lithuania commissioned

Positive results for the first three quarters of 2013 reported on November 12

UN General Secretary Ban Ki-moon visits SINGULUS cell line in Lithuania

3rd international customer event with 120 participants in Kahl on December 4 & 5

Buy-back program of the corporate bond extended until June 30, 2014

Participation at the photo-voltaics and semiconductor fairs in Taiwan, Malaysia, the US and Japan

The Times Square in New York City symbolizes the modern variety of entertainment and recreational activities to a particular extent. New TV formats, new gaming consoles such as the PS4 and Xbox One shape this entertainment experience.

Future trend: entertainment

Entertainment and recreational activities are shaped by rapid progress. Movies and games with new and ever better graphics and innovative, new ideas are released at short intervals. With our technology we provide a visual experience and entertainment enjoyment in highest quality. In this market we are the No. 1 - and ready for the next generation of optical discs.

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To the shareholders of the SINGULUS TECHNOLOGIES AG

Report of the Supervisory Board

Dear Shareholders!

The SINGULUS TECHNOLOGIES AG made continuous technological progress in the past couple of years and is thus very well positioned with its products in the three segments Optical Disc, Solar and Semiconductor. Despite the challenging overall economic conditions – in particular in the solar industry – the company was successful in finishing the business year 2013 with a positive EBIT. The success of the business year 2013 is characterized by the favorable development in the Optical Disc segment, in particular the delivery of Blu-ray production machines.

It is the company's goal to develop new, innovative products in all three segments on the basis of the core competencies nano- and vacuum-coating as well as thermal and wet-chemical process technology to successfully development additional markets. The targeted expansion of the existing product portfolio through proprietary research and development is in the focus of the corporate strategy. Additional details regarding the development of the company are depicted in the Status Report.

I would like to present the focus of the activities of the Supervisory Board in the business year 2013 in my report. In the past business year the Supervisory Board attended to all legal and statutory duties and adhered to the guidelines of the bylaws of the Supervisory Board. The Supervisory Board regularly advised the Executive Board of the SINGULUS TECHNOLOGIES AG in managing the company and provided oversight over the activities of the Executive Board. The Executive Board of the SINGULUS TECHNOLOGIES AG involved the Supervisory Board in all significant decisions and processes and informed the Board about all relevant proceedings.

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.

From left to right:
Christine Kreidl, Deputy Chairperson of the Supervisory Board,
Dr.-Ing. Wolfhard Leichnitz, Chairman of the Supervisory Board,
Dr. rer. nat. Rolf Blessing, Member of the Supervisory Board

CHANGES IN THE SUPERVISORY BOARD

After Mr. Günter Bachmann's leaving the Board, Ms. Dipl.-Kauffrau Christine Kreidl, Auditor and Tax Consultant, was appointed by the Local Court Aschaffenburg as member of the Supervisory Board with effect from December 4, 2012 up to the conclusion of the Annual General Meeting on June 6, 2013. The Annual General Meeting on June 6, 2013 elected Ms. Kreidl with more than 99% of the votes as a member of the Supervisory Board until the conclusion of the Annual General Meeting voting on the discharge of the Supervisory Board for the business year 2015. On June 10, 2013 Ms. Kreidl was appointed Deputy Chairperson of the Supervisory Board by means of written consent in lieu of a meeting.

SUPERVISORY BOARD MEETINGS 2013

During the business year 2013 nine meetings of the Supervisory Board were convened: There were five meeting in presence and four conference calls. The Supervisory Board was completely represented in each of the meetings detailed below.

- → Meeting in presence on January 24, 2013
- → Meeting in presence on March 18, 2013
- → Conference call on May 6, 2013
- → Meeting in presence on June 6, 2013
- → Conference call on August 8, 2013
- → Meeting in presence on September 5, 2013
- → Conference call on September 10, 2013
- → Conference call on November 7, 2013
- → Meeting in presence on November 21, 2013

The Supervisory Board has intensively analyzed the course of business of the company, in particular its financial development, during its ordinary meetings. The reporting by the Executive Board and in this respect predominantly the development of order intake, sales and profitability formed the basis. The actual course of business was compared with the company's budgets and deviations and possibly required measures discussed. All interim statements of the company in the business year 2013 were discussed by the Supervisory Board in detail and expressly approved by the Board.

ADVICE AND OVERSIGHT BY THE SUPERVISORY BOARD

In the past business year the Supervisory Board has regularly informed itself about the course of business and the financial situation of the corporate group and monitored the activities of the Executive Board. The Supervisory Board has assured itself of the legitimacy, expediency and compliance of all business events.

The detailed monthly reporting was the basis of the information and monitoring activities of the Supervisory Board. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplemented the reporting. Furthermore, the Chairman of the Supervisory Board regularly discussed the situation of the company and its future development in individual talks with the Executive Board. At all times, the other members of the Supervisory Board were informed about these meeting thereafter.

In its monthly reporting the Executive Board presented the Supervisory Board the current course of business of the individual segments and laid out the respective current market conditions. The strategic positioning of the company was agreed between the Executive Board and the Supervisory Board and its implementation in the further course of the year discussed at regular intervals. Here, in particular the required investment plans were discussed as well as the target companies for a possible corporate acquisition analyzed.

The Executive Board sent out all interim reports for the year 2013 to the Supervisory Board before publication. The Executive Board laid out to the Supervisory Board the reports and key figures as well as statements in detail. The Supervisory Board had individual items of the profit-and-loss statement as well as specific balance sheet items explained. In addition, the share price performance and the corporate bond performance were discussed. The Executive Board reported about ongoing talks with capital market participants. The recommendations of the Supervisory Board with regards to individual reports were implemented by the Executive Board.

The Supervisory Board was directly involved in all decisions, which were of fundamental importance for the company. Business activities that had to be approved or were required to be discussed by the Supervisory Board due to company interests, were approved by the Supervisory Board after diligent discussions and reviews, if applicable after the provision of additional information. This also included projects concerning the extension of the current range of products and services offered. The set-up of a complete manufacturing line for crystalline solar cells for the BOD Group, Lithuania, which had been agreed in the prior year, was discussed in several meetings of the Supervisory Board and its progress towards completion reviewed.

In the fourth quarter the production line for crystalline solar cells under the brand name SOLARE at the customer BOD Group was ceremonially commissioned and successfully technologically accepted by the customers in the Lithuanian capital Vilnius in the presence of the Lithuanian Prime Minister Algirdas Burkevicius, the German Ambassador Matthias Mülmenstädt as well as the Mayor of Vilnius, Arturas Zuokas.

The corporate bond issued on March 23, 2012 was a topic of discussions in several meetings of the Supervisory Board in the year 2013. The extension of the buy-back program of the issued bond agreed by the Executive Board on March 26 and June 26, 2013 had been approved in advance by the Supervisory Board during its meetings on March 18, 2013 and June 6, 2013, respectively. The low price level enabled the buy-back of the corporate bond below nominal value. As a result, the outstanding volume of the bond was reduced without straining the liquidity. The increase of the program to a maximum total volume of € 5.0 million was also based on an approval by the Supervisory Board. Recently, during its meeting on November 21, 2013 the Supervisory Board approved to once again extend the buy-back program until June 30, 2014. The Executive Board approved this measure on December 12, 2013.

The company has drawn up an ethics code as an internal guideline for the compliance within the company, which was a topic during the meetings on June 6, 2013 and September 5, 2013. Subsequently, the ethics code was reviewed by the auditor KPMG AG with respect to completeness and feasibility. In the business year 2014 the ethics code will be implemented in the entire company.

Corporate governance was an additional focus of the Supervisory Board meetings in the year 2013. During the meeting on November 21, 2013 the auditor KPMG AG presented to the Supervisory and Executive Boards in detail the current requirements to internal monitoring systems and corporate governance and set out innovations of the German Corporate Governance Code, which were resolved in May 2013. Current modifications and possible deviations from the Code were discussed among the members of the Supervisory Board against this background and the future proceedings reviewed (please also refer to the details set out below).

CONFLICTS OF INTEREST

In the past business year there were no 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.

CORPORATE GOVERNANCE

The SINGULUS TECHNOLOGIES AG and its Supervisory Board subscribe to the principles of proper and responsible corporate governance. The Executive Board and the Supervisory Board have made a declaration of conformity pursuant to Art. 161 AktG and Art. 3.10 of the German Corporate Governance Code (the Code), according to which the company adheres to the recommendations of the German Corporate Governance Code except for the mentioned and explained deviations.

The modification of the Code in its version as of May 13, 2013 were noted by the Supervisory Board and discussed. The modifications, in particular with respect to the remuneration of the Executive Board, are currently not applicable to our company, because no contracts with members of the Executive Board have been concluded or prolonged since the modifications have come into effect. However, the Supervisory Board has defined the peer groups "management team" and "relevant employees" and will consider the remuneration of these peer groups when concluding new or prolonging existing Executive Board contracts, as stipulated by Art. 4.2.2 of the Code in its current version.

Compared with the previous year there have thus been no changes in the declaration of conformity. Please refer to the detailed presentation in the Corporate Governance Report on page 20 of the Annual Report 2013, which also includes the current declaration of conformity.

COMPENSATION OF THE EXECUTIVE BOARD

The sitting members of the Executive Board have signed individual employment contracts with the company in the year 2012. For details please refer to the Compensation Report on the pages 80 to 87 of the Annual Report 2013.

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 has thus set up a corresponding monitoring system, which was improved and adjusted to the ongoing developments in the current year. According to the assessment by the auditor KPMG AG in the course of the annual audit, the system meets the legal requirements. After extensive presentation by the auditors and subsequent discussion of the audit the Supervisory Board has no reservations, either. The Supervisory Board regards the monitoring system of the SINGULUS TECHNOLOGIES AG as efficient and shares the risk assessment of the Executive Board (the Risk Report can be found on page 70 of the Annual Report 2013).

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 87 of this Annual Report 2013).

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, 2013 were audited by the auditors KPMG AG, Frankfurt am Main. As proposed by the Supervisory Board the auditor KPMG AG, Frankfurt am Main, was elected as auditor for the business year 2013 at the ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG on June 6, 2013.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2013 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 auditor KPMG AG 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.

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, 2013 were presented to all Supervisory Board members for examination in a timely manner. The audit proposal of the auditor KPMG AG was presented, discussed and preliminary approved during the Supervisory Board meeting on November 21, 2013. The audited financial statements and the combined status report were the subject of the Supervisory Board meeting on March 19, 2014. During this meeting the responsible auditors were also present, who explained the extent, the course and the results of the audit and answered the questions of the Supervisory Board members in detail. The Supervisory Board extensively discussed the results of the audit of the financial statements and consolidated financial statements by the auditor and did not have any objections. There were no objections on part of the Supervisory Board regarding the annual accounts of the SINGULUS TECHNOLOGIES AG, the consolidated financial statements as well as the combined status report as of December 31, 2013.

In its meeting on March 19, 2014, the Supervisory Board approved the financial statements of the SINGULUS TECHNOLOGIES AG drawn up by the Executive Board, the consolidated financial statements and the combined status report. The annual accounts have thus been finalized.

The Supervisory Board expects the SINGULUS TECHNOLOGIES AG to further expand its position in all segments and to generate new business areas. Together with the Executive Board the Supervisory Board awaits the long-term positive development of the company.

The Supervisory Board would like to express its gratitude to the Executive Board and all employees of the company for their excellent commitment in the past business year 2013.

Kahl am Main, in March 2014

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

DR.-ING. STEFAN RINCK

With effect from September 1, 2009 Dr.-Ing. Stefan Rinck was appointed as member of the Executive Board of the SINGULUS TECHNOLOGIES AG. Since April 1, 2010 he has been Chief Executive Officer and is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Activities. In addition, Dr.-Ing. Rinck is a member of the Main Executive Board of the VDMA and Chairman of the Committee for Research and Innovation.

Dr.-Ing. Stefan Rinck (born 1958) studied Engineering with a Major in Production Technology at the Rheinisch-Westfaelischen Technischen Hochschule (RWTH) in Aachen where he received a PhD.

Report of the Executive Board

Letter to Shareholders

Dear Shareholders of the SINGULUS TECHNOLOGIES AG, dear Ladies and Gentlemen! Today, we look back to the business year 2013, in which we were able to demonstrate in our core business what kind of potential SINGULUS TECHNOLOGIES offers. In the prospering market segments we achieved good results with our technology.

Overall, the past business year has been very favorable thanks to the financial success of our Optical Disc segment. We were able to meet our communicated forecast and achieved a positive operating result (EBIT). However, after taking into account financing costs in the Group, a slightly negative result pursuant to IFRS resulted.

In addition to pursuing the opportunities provided by the Optical Disc segment, we continued our path to progress the structural change of the company. The goal is to reduce the economic dependence on the Optical Disc division. At the forefront of these developments are the core competencies of SINGULUS TECHNOLOGIES and their applications in the Solar and Semiconductor divisions as well as in new market segments. They build on the fundamental understanding of vacuum and coating technology as well as related processing steps. We are not only able to work out complex production processes, but are also able to transfer them to efficiently operating production machines for our customers.
In this context the capabilities of SINGULUS TECHNOLOGIES combine disciplines from mathematics, physics, chemistry, electrical engineering and plant engineering. In the future, innovative products on the basis of the core competencies of nano- and vacuum-coating as well as thermal and wet-chemical process technology will be developed to open new markets.

We will now shed some light on the segments individually and their developments during the past business year:

Optical Disc

The year 2013 was a very good year for Optical Disc. Volume sales of BLULINE II machines for the production of Blu-ray Discs were so high that all assembled machines were sold at the end of the year. Furthermore, there were several orders for CD and DVD machines. Once again it became evident that the technologic market entry barriers for the market of production equipment for Blu-ray Discs with a storage capacity of 50 GB is high, which is the reason why we were able to maintain our leading position as the sole machine supplier for our customers and were even able to expand this position.

New dispositions for Blu-ray Disc production lines are usually only made by the market in the middle of the year. However, we notice that the global market for Blu-ray Discs with movie content continues to grow and that the sales of Blu-ray Discs for the Christmas activities 2013 increased sharply. The market experienced additional, positive stimulus through the market launch of the new gaming consoles Play-Station 4 (PS4) by Sony, Wii by Nintendo as well as the Xbox One by Microsoft with Blu-ray Disc drives. The Blu-ray format is internationally an unchallenged success, which is the reason why we assess the fundamental developments in the coming years as positive and still expect favorable volume sales for our Blu-ray production machines.

In addition, an important development is the introduction of the new high-definition TV format Ultra High Definition (UHD), which will extend the life cycle of the Blu-ray Disc through the requirements of high storage capacity.

In time for the market launch of the new UHD-format we have already presented the production technology for new triple-layer Blu-ray Discs with 100 GB storage volume.

In general, we were able to demonstrate for the Optical Disc segment in the past year, what kind of earnings power and opportunities are present for SINGULUS TECHNOLOGIES in markets with high demand.

Solar

Although the end-market for solar modules developed very favorably world-wide, the global market for production machines of solar cells and modules unfortunately continued to remain weak in the previous year. While we had still been able to achieve extremely good order intake in 2012 in relation to the market and our competitors, 2013 proved to be a weak year for us. Nevertheless, we were able to demonstrate some success in the Solar segment. In the fourth quarter 2013 the production line for crystalline solar cells at our customer in Vilnius, Lithuania, was commissioned. The coating machine SINGULAR XP for the rear-side coating of the new PERC solar cells was successfully placed with initial customers. We expect the finalization of the industrial manufacturing processes for PERC cells in the current year and foresee a very good starting position in the market for the so-called "upgrade" business of existing cell lines due to the first orders received from China - amongst others a framework contract for the delivery of up to 16 SINGULAR XP.

In the area of thin-film cells, the existing machine concepts were supplemented by additional production equipment, e.g. a vacuum deposition machine. Thus, SINGULUS TECHNOLOGIES already today covers around two thirds of the needed equipment of a CIS/CIGS module production and has developed into a globally accepted partner for the leading suppliers of such solar modules. On this year's February 3, a customer in South Africa has opened and commissioned a pilot production line for CIGS thin-film modules.

Towards the end of past business year and in the first weeks of 2014 several market forecasts were published, which once again show rising demand for photovoltaics and also project a new investment cycle for capital goods. In addition to the brighter forecasts of relevant market research companies, we also received initial order intakes, which suggest a pick-up in capital spending once again. This investment activity is mainly based on the achieved price parity of solar electricity in many countries in the world as well as the rapidly growing markets for solar modules in Asia and other sun-rich regions in the world. A positive market development would impact the investment decisions of our potential customers and thus result in order intake for SINGULUS TECHNOLOGIES.

Semiconductor

In the year 2012 we recorded more order intake for vacuum coating machines than ever before in this segment. In the past year 2013 these machines were assembled and successfully commissioned by our globally operating semiconductor customers. We have gained leads and suggestions from these customer projects and expanded our machine platform. Thus, the TIMARIS III was developed, which offers our customers production equipment with a significantly increased capacity for the wafer manufacturing. With this new machines generation SINGULUS TECHNOLOGIES is deliberately targeting the expected demand for industrial production of MRAM wafers. The ROTARIS was finalized as a platform for research and development applications and already established in the market with the first customers.

Thus SINGULUS TECHNOLOGIES is able to serve the demand segment for research and development on the one hand and on the other hand for industrial mass production of wafers.

New project talks with many renowned semiconductor producers for future investments in machine technology supplied by SINGULUS TECHNOLOGIES were started in 2013. These project negotiations include both extensions of existing development and pilot machines and spending for new production capacities. Several projects for new investments were up for a decision towards the end of 2013 and were recorded as order intake for this segment in the meantime. Additional projects are currently being negotiated.

Strategy and outlook for 2014

The path of further development along the core competencies entered by the Executive Board of the SINGULUS TECHNOLOGIES in the past couple of years will also be consistently followed in the coming years. This means an expansion of the production range within the already existing segments. For this the development efforts are continued and intensified in order to implement machines and plant concepts and to develop them to marketability. On the other hand, the company's competencies will be transferred to new application areas to broaden the customer base. At the same time, the dependency on the cycles in the individual sales markets will be reduced. The intensive further development of the existing product portfolio through internal measures will also be in the spotlight of the corporate strategy in the year 2014.

Similar to the past business year 2013, the Executive Board will review the acquisition of companies or parts of companies. Of course, these opportunities to broaden the product and service range for a bigger customer base will be analyzed with due diligence and reviewed with commercial prudence. SINGULUS TECHNOLOGIES' know-how offers very good opportunities to continue to strengthen the company by a mix of internal and external measures and to expand the position as a leading technology company and to also open additional future-oriented work areas. For the year 2014 we once again expect a favorable development of the course of business with positive operating earnings (EBIT).

The Executive Board and the entire staff will work on the goals and strategy of the company with a high level of commitment.

The Executive Board expresses its gratitude for the very good and trustful cooperation with our customers and partners for many years. We would like to thank all employees of SINGULUS TECHNOLOGIES for their continuing commitment in the past year.

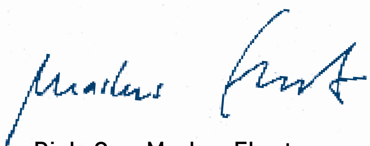
We thank our shareholders for their support.

Kahl am Main, in March 2014

Yours sincerely.

SINGULUS TECHNOLOGIES AG

Dr.-Ing. Stefan Rinck
Chief Executive Officer



Dipl.-Oec. Markus Ehret
Chief Financial Officer

DIPL.-OEC. MARKUS EHRET

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

Mr. Markus Ehret (born 1967) studied at the University Hohenheim, Stuttgart and at the University of Massachusetts, US, from 1988 until 1994 and received a graduate degree as Diplom-Ökonom (Graduate Economist).

Corporate Governance

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

All members of the Supervisory Board are independent in the meaning of the German Corporate Governance Code (Code). No conflicts of interests of members of the Supervisory Board arose during the period under review. The cooperation of the Supervisory Board was characterized by efficiency, professional competence and trust.

Since the change of the corporate form into a corporation (Aktiengesellschaft) the Supervisory Board is comprised of three members. The Supervisory Board continued to refrain from forming an audit committee or other committees in the fiscal year 2013, because according to its assessment 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. 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.

The members of the Executive and Supervisory Boards have published a joint Declaration of Conformity pursuant to Art. 161 AktG in January 2014 (cf. page 25 of this Annual Report 2013) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 20 to 25 of this Annual Report 2013. This report explains the deviations from recommendations of the Code. The Declaration of Conformity and the report are part of the declaration of corporate governance, which is permanently published at the company's website. For further information please refer to this declaration.

In November, in a workshop with the auditor KPMG AG the Executive and Supervisory Boards were informed in detail about the current requirements for internal monitoring systems and good corporate governance. Furthermore, the auditor KPMG AG explained the modifications of the Code. Against this background, possible deviations from the Code were discussed among the members of the Supervisory Board and the Executive Board and the future proceedings reviewed.

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 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 2013. 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.

Taking into account the modifications of the Code in 2012 the Supervisory Board amended its bylaws in January 2013. In addition, the Executive Board and the Supervisory Board proposed a modification of the bylaws pursuant to the requirements of the Code with respect to the remuneration of the Supervisory Board to a purely fixed compensation, which was adopted by the Annual General Meeting on June 6, 2013 and already applies to the business year 2013.

The modification of the Code in its version as of May 13, 2013 were discussed by the Supervisory Board and the Executive Board. The modifications of the Code, in particular with respect to the remuneration of the Executive Board, are currently not applicable to the company according to the Executive and Supervisory Boards' assessment, because no contracts with members of the Executive Board have been concluded or prolonged since the modifications have come into effect. A modification of existing contracts and, if necessary, required adjustments of the determined compensation components is not enforceable ex parte by the company and is not required by the recommendation of the Code according to the assessment of the Executive and Supervisory Boards. The interpretation of the new recommendations is yet still unclear with full details. However, according to the assessment of the Supervisory Board it not expected that a material adjustment of the currently agreed compensation structure has to be implemented for the future. This assessment will be reviewed by the Supervisory upon conclusion of new contracts.

Correspondingly, the Executive and Supervisory Boards resolved the Declaration of Conformity to the Code, which can be found on page 25. 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. The current joint Declaration of Conformity of the Executive and Supervisory Boards pursuant to Art. 161 AktG is also 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.

On the basis of the reports by the Executive Board the Supervisory Board discusses the business trends and planning, the corporate strategy and its 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 for the Executive Board. It issues the audit mandate for the auditor elected at the Annual General Meeting and is informed about the audit. After its own review the Supervisory Board adopts the quarterly reports, the annual reports and the consolidated financial statements.

The Executive Board currently consists of two members, the Supervisory Board 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 basis of the information and monitoring activities of the Supervisory Board is the detailed monthly reporting. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplement the reporting. Furthermore, the Chairman of the Supervisory Board regularly discusses the situation and the future development of the company during individual talks with the Executive Board and subsequently informs the other members of the Supervisory Board about these discussions. Thereafter, the reports are reviewed and discussed within the Supervisory Board and also jointly with the Executive Board. According to the bylaws of the Executive Board, significant business decisions are subject to the approval by the Supervisory Board. In total, there were nine Supervisory Board meetings in the business year 2013 and all members of the Supervisory Board participated in each of these Supervisory Board meetings.

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 as well as the interests of the shareholders and of the employees.

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 the Chief Executive Officer, Mr. Markus Ehret is member of the Executive Board of the SINGULUS TECHNOLOGIES AG since April 19, 2010. Both members of the Executive Board have concluded new employment contracts in 2012. The employment contract of Dr.-Ing. Stefan Rinck expires on August 31, 2017, Mr. Markus Ehret's contract has a term until March 31, 2015.

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

The compensation of the Executive Board is specified in detail in the Compensation Report (c. page 80).

The Executive Board has already employed women in management position for years, if they have the professional and personal qualifications. Accordingly, two of the three authorized representatives of the SINGULUS TECHNOLOGIES AG are female.

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 Supervisory Board is currently comprised of Dr.-Ing. Wolfhard Leichnitz, Ms. Christine Kreidl WP/StB and Dr. rer. nat. Rolf Blessing. Dr.-Ing. Wolfhard Leichnitz has been a member of the Supervisory Board since 2009 and is Chairman of the Supervisory Board since 2011. His tenure ends with the conclusion of the Annual General Meeting, which votes on the discharge for the business year 2015. Dr. rer. nat. Rolf Blessing is a member of the Supervisory Board since 2011. His remaining tenure is identical to Dr. Leichnitz's tenure. On December 4, 2012, Ms. Christine Kreidl was appointed member of the Supervisory Board by court until the conclusion of the Annual General Meeting on June 6, 2013. The Annual General Meeting on June 6, 2013 elected Ms. Kreidl as a member of the Supervisory Board until the conclusion of the Annual General Meeting voting on the discharge of the Supervisory Board for the business year 2015. On June 10, 2013 Ms. Christine Kreidl was elected as Deputy Chairwoman by the Supervisory Board.

The Supervisory Board also refrained from forming audit committees or other Supervisory Board committees in 2013 since committees are not reasonable for a Supervisory Board with three members.

On January 24, 2013, the Supervisory Board amended its bylaws with respect to Art. 5.4.1 of the Code. Henceforward, it was defined that the Supervisory Board is to be composed of two thirds of independent members in the sense of Art. 5.4.2 of the Code. Currently all members of the Supervisory Board are independent. At the same time the Supervisory Board modified the terms for the selection of candidates, which are recommended to the Annual General Meeting for appointment to the Supervisory Board. In this context, the Supervisory Board has refrained from introducing a fixed women's quota. Although the Supervisory Board very much welcomes the appointment of a woman to the Supervisory Board with Ms. Christine Kreidl, it does not regard the fixation of a quota for the participation of women as reasonable.

The Supervisory Board reviews the efficiency of its work regularly. For detailed information about the work of the Supervisory Board in the business year 2013 please refer to the Report of the Supervisory Board on pages 8 to 13 of the Annual Report.

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 the company is being exempt in individual cases. All ad-hoc announcements published in 2013 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. The SINGULUS TECHNOLOGIES AG 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 as well as ad-hoc announcements, "Directors' Dealings" pursuant to Art. 15a WpHG and voting right announcements pursuant to Art. 21ff. WpHG are published under www.singulus.de in the segment "Investor Relations". In addition, this section includes all reports and documents concerning corporate governance including the declaration of conformity to the German

Corporate Governance Code, a link to the complete text of the Code itself, the bylaws of the SINGULUS TECHNOLOGIES AG as well as invitations to the Annual General Meeting, information regarding the Annual General Meeting and respective voting results.

To improve transparency and to support the stock price the SINGULUS TECHNOLOGIES AG held several analyst conferences and numerous one-on-one discussions with investors.

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.

Accounting principles and audit of financial accounts

Since the business year 2004 the Group's annual accounts, the annual accounts and the interim accounts have been drawn up according to the International Financial Reporting Standards (IFRS) and are internationally comparable. The annual financial statements and consolidated statements drawn up by the Executive Board were audited by the auditor KPMG AG, Frankfurt am Main. The Supervisory Board reviewed the statements and adopted them. Half-year and quarterly financial reports are not subject to an audit. Important aspects were discussed with the Supervisory Board and the reports were approved by the board before publication.

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.

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. In addition, also the contributions to pensions, which is based on a defined contribution scheme, is disclosed individually. 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 80 to 87 of this Annual Report.

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 on page 87 and also on the website under Investor Relations / SINGULUS Stock / Directors' Dealings.

DECLARATION OF CONFORMITY 2014 TO THE GERMAN CORPORATE GOVERNANCE CODE

The last declaration of conformity was published in January 2013 on the basis of the German Corporate Governance Code (the "Code") amended as of May 15, 2012. Since publishing this declaration the SINGULUS TECHNOLOGIES AG adhered to the recommendations of the German Corporate Governance Code in that version with the exception of the deviations described in the Declaration of Conformity. On May 13, 2013 an amended version of the Code was resolved. Except for the following deviations the SINGULUS TECHNOLOGIES AG (the Company) adhered and adheres to the modified Code as well:

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 this case committees will neither provide 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. 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 Para. 2 of the Code). The Supervisory Board very much welcomes the appointment of Ms. Christine Kreidl to the Supervisory Board. However, the Supervisory Board does not regard it as reasonable to set a specific future target participation of women. The members of the Supervisory Board should exclusively be appointed according to expertise and qualification regardless of gender and nationality. They are to advise and monitor the Executive Board in a competent and efficient manner. Therefore, the members should have expertise and sector know-how in the areas of high-tech engineering or the management of complex development projects. Due to the traditionally low share of women in high-tech engineering or related sectors and due to the fact that the Supervisory Board is only comprised of three members, a mandatory quota cannot be specified in a reasonable manner.

Except for the aforementioned deviations the SINGULUS TECHNOLOGIES AG adheres to the recommendation of the German Corporate Governance Code as amended as of May 13, 2013 and will adhere to them in the future as well.

Kahl am Main, January 2014

For the Executive Board:

Dr.-Ing. Stefan Rinck
Markus Ehret

For the Supervisory Board:

Dr.-Ing. Wolfhard Leichnitz
Christine Kreidl
Dr. rer. nat. Rolf Blessing

SINGULUS TECHNOLOGIES
On the Capital Market

01

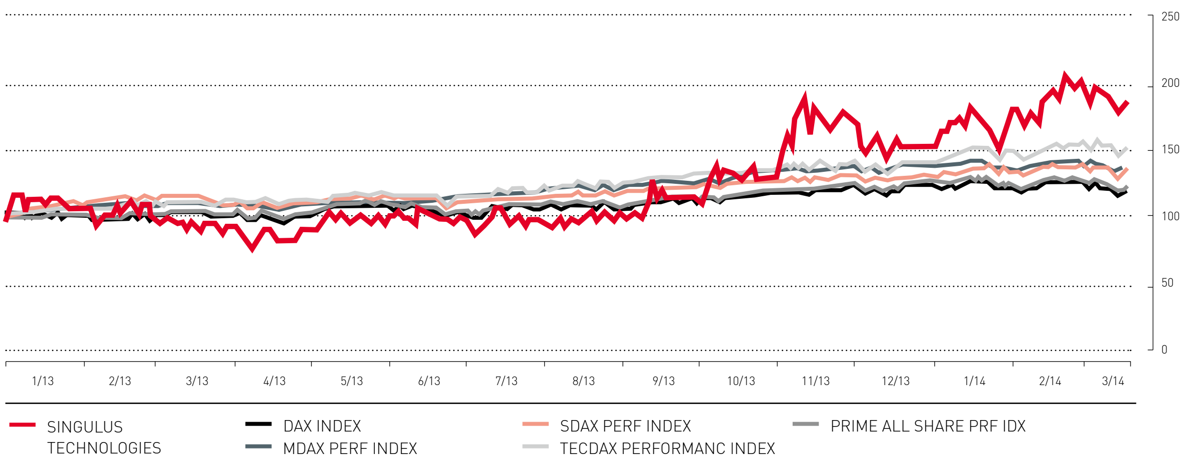
01 *Introduction of SINGULUS TECHNOLOGIES Corporate Bond at Frankfurt Stock Exchange*

GENERAL ENVIRONMENT

Also in the sixth year after the outbreakt of the big financial crisis the international capital markets were impacted by extraordinary developments in the macroeconomic environment. Fortunately, the debt crisis in the Euro-zone did not regain momentum in 2013. In the course of the year the American central bank caused some slight dislocations after it announced the phase out of the bond buyback program in spring at first, which, however, was not implemented after all.

Only towards the end of the year 2013, the slow reduction of the purchase of US Treasuries was initiated. Additional market-moving topics were the US budget confrontation, the temporary liquidity crunch in the Chinese banking sector, the for the time being cautious reaction of the ECB in the international currency game for as well as the regulation of the financial sector in general. Except for the Euro-zone, the key economic regions were able to leave the recession behind. The growth in the industrial nations still remains at a very low level and also the emerging countries have lost their momentum. This sluggish recovery rekindles deflation fears once again. The necessity of negative real interest rates seems to drive many investors into stocks, in particular in countries such as the US, Germany and Japan. As a consequence, the benchmark indices of the stock markets displayed positive performances of about 30 % (S&P500), 25 % (DAX) and 57 % (Nikkei225) in 2013.

SINGULUS TECHNOLOGIES STOCK COMPARISON WITH BENCHMARK INDICES



THE SINGULUS TECHNOLOGIES STOCK

The SINGULUS TECHNOLOGIES stock started the year at € 1.40 and dropped to € 1.10 by the end of April. In the following a recovery of the stock price ensued, which lasted for nearly the entire year. In November 2013, the SINGULUS TECHNOLOGIES shares reached the high for the year at € 2.59. After that the share price consolidated, so that the shares concluded the stock market year 2013 with a price of € 2.11. This corresponds to a positive performance of more than 50 % during the course of the year. In comparison the benchmark index TecDAX was able to gain nearly 41 % in the year 2013. At the beginning of 2014 the uptrend of the SINGULUS TECHNOLOGIES shares continued and the stock price once again increased to € 2.49 on January 31, 2014 and stood at € 2.57 at March 17, 2014.

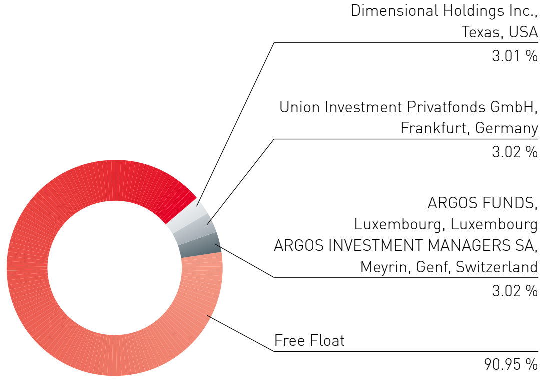
ANALYSTEN COVERAGE

→ Close Brothers Seydler
→ Deutsche Bank AG
→ DZ-Bank
→ equinet
→ Kepler Capital Markets
→ Natureo Finance
→ Independent Research
→ Warburg
→ Steubing

SHAREHOLDER STRUCTURE

The Dimensional Holdings Inc., Texas, US, has already been invested in the SINGULUS TECHNOLOGIES AG since 2012. The investment is currently above the reportable 3 %-threshold.

In January 2014 there were further changes in the shareholder structure. Both the Union Investment Privatfonds GmbH, Frankfurt, Germany and the Argos Fund, Luxembourg each hold more than 3 % in the company. Overall there is brisk interest from international and German investors with a particular focus on the technology and small-cap segment, which the SINGULUS TECHNOLOGIES AG covers with its shares.



THE SINGULUS TECHNOLOGIES STOCK
Xetra close in €

KEY STOCK FIGURES
ISIN: DE0007238909, WKN: 723890
Stock symbol: SNG/Reuters SNGG.DE/Bloomberg SNG.NM, Prime Standard: Technology

	2008	2009	2010	2011	2012	**2013**
Outstanding shares as of December 31:	36,946,407	37,294,111	41,050,111	48,930,314	48,930,314	**48,930,314**
Nominal capital in €	36,946,407	37.,294,111	41,050,111	48,930,314	48,930,314	**48,930,314**
Market capitalization as of December 31 in million €	129	197	184	100	68	**103**
Lowest share price for the year in €:	2.53	1.76	3.27	1.95	1.06	**1.10**
Highest share price for the year in €:	10.97	4.66	6.66	4.76	3.12	**2.59**
Closing share price in €:	3.50	3,.07	4.48	2.04	1.39	**2.11**
Ø daily turnover (Xetra):	268,987	240,794	325,518	245,243	168,430	**101,622**
Earnings per share in €	-1.32	-2,.11	-1.92	0.14	-1.25	**-0.01**

THE SINGULUS TECHNOLOGIES CORPORATE BOND

The bond of the SINGULUS TECHNOLOGIES AG has now been trading for nearly two years at the Open Market of the Deutsche Börse AG in the segment "Entry Standard for Bonds" at the Frankfurt Stock Exchange (ISIN/WKN: DE000A1MASJ4 / A1MASJ). The corporate bond has an annual coupon of 7.75 %, a term to maturity of five years and is due for repayment on March 22, 2017. The bonds with a face value of € 1,000 each were issued at a price of 100 %. On December 11, 2012, the Executive Board of the SINGULUS TECHNOLOGIES AG resolved to start a bond buyback program with a maximum of € 3.0 million, since according to the assessment of the Executive Board, at only 70 % the bond traded below its fair value. The bond buyback program also successfully supported the price of the bond. Therefore, the program was extended in mid-2013 until December 31, 2013 and its total volume was increased to a maximum amount of € 5.0 million. Overall, the price of the bond recovered from around 70 % in the course of the year up to more than 90 %. In December 31, 2013, the Executive Board upon approval of the Supervisory Board once again extended the program until June 30, 2014. The general conditions of the program remain unchanged by the extension of the program. As of December 31, 2013, the company acquired bonds with a total nominal value of € 2.65 million in the course of the buyback program.

Accordingly, the communicated goal with the issue of the bonds of the financing of growth still remains intact. With the received financial funds from the corporate bond SINGULUS TECHNOLOGIES has already financed larger projects in the Solar division and the development of production machines for the next generation of Blu-ray Discs. An additional part of the funds was used for the set-up of new business areas in the realm of vacuum coating technology through research and development.

KEY FIGURES SINGULUS BOND

Issuer	Singulus Technologies Aktiengesellschaft
ISIN / WKN	DE000A1MASJ4 / A1MASJ
Stock symbol	SNGA
Issue volume	60 Mio. Euro
Face value	1,000 Euro
Coupon	7.75 % annually
Subscription period	5 years, March 23, 2012 – March 22, 2017
Term to maturity	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)

PERFORMANCE OF CORPORATE BOND
Frankfurt Stock Exchange, €

Highest bond price for the year:	95.00
Lowest bond price for the year:	73.90
Closing bond price:	92.60
Current bond price*:	99.00

* As of March, 17, 2014

SINGULUS TECHNOLOGIES BOND PRICE
Frankfurt Stock Exchange, %

CONTINUING DIALOGUE WITH THE CAPITAL MARKET

At all times, SINGULUS TECHNOLOGIES attaches great importance on intensive communications with the capital market. The open and transparent exchange with our private and institutional investors and analysts is the declared goal to be able to provide timely information about the current situation as well as the future corporate strategy. With the Annual General Meeting in Frankfurt am Main and with our current publications we safeguard that also our private investors are informed in detail. With analysts and institutional investors we seek an exchange during numerous conferences, one-on-one talks and road shows in many countries. The annual event "Technology & Market Review and Future Outlook/MEDIA-TECH Year-End Event", which was already held for the third time with broad international participation has established itself. This come-together provides an ideal platform for the exchange with many participants and amongst others, was visited by analysts for an update about news, in particular about the optical disc market. Especially with these direct contacts SINGULUS TECHNOLOGIES is able to offer an open communication of the corporate strategy and to share the corporate goals with the capital market participants.

Ultra High Definition and 4K are the new buzz words. Many people are talking about these innovations. The entertainment industry already showcases the next generation of pin sharp movie pictures at home: television sets with a resolution of 3,840 x 2,160 pixels.

Future trend: Ultra High Definition TV

The Blu-ray Disc will provide an easy solution to enjoy Ultra HD. Production equipment by SINGULUS TECHNOLOGIES enables the production of next generation optical discs on the basis of our current BLULINE machines. On three memory layers, about 100 GB video and audio data is stored.

COMBINED 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.

Basics of the Group

BUSINESS MODEL

The SINGULUS TECHNOLOGIES Group focuses its activities on the development and construction as well as the marketing & sales and the assembly of machines and equipment for the segments Optical Disc, Solar and Semiconductor.

In the Optical Disc segment this mainly concerns machines for the production of dual layer Blu-ray Discs with 50 GB storage capacity as well as replacement requirements for CD and DVD. For Blu-ray Discs with 100 GB storage capacity SINGULUS TECHNOLOGIES offers a new, modularly set-up production machine under the brand name BLULINE III. Due to the high base of installed machines, the global expansion of the replacement and service activities is also in the spotlight.

In the Solar division SINGULUS TECHNOLOGIES provides vacuum deposition and cathode sputtering machines, selenization equipment as well as machines for the wet-chemical processing of CIS/CIGS thin-film solar modules. In this division, SINGULUS TECHNOLOGIES also markets vacuum coating machines, equipment for wet-chemical processing as well as complete production lines for crystalline silicon solar cells. For the market of PERC cells (solar cells with passivated, selective emitter and rear-side contacts) SINGULUS TECHNOLOGIES has presented a new production solution in 2013.

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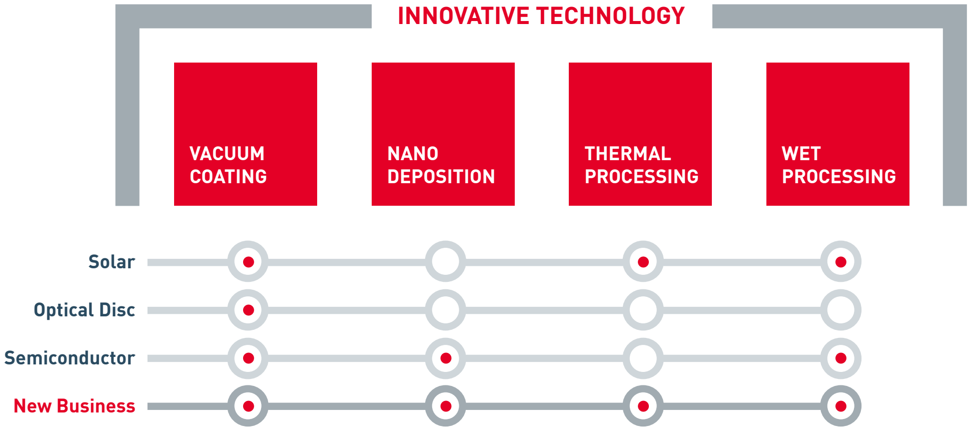
In the Semiconductor segment SINGULUS TECHNOLOGIES offers a modular machine platform under the brand name TIMARIS. In order to meet the expected requirement of the semiconductor market for applications of Magneto-resistive Random Access Memory (MRAM) and sensor technology, SINGULUS TECHNOLOGIES developed powerful production machines and markets them under the name TIMARIS III. For the application research in the semiconductor sector, the program is complemented by a universal vacuum coating machine with the product name ROTARIS.

Furthermore, SINGULUS TECHNOLOGIES develops processes and machines for various new applications. These concepts are partially tested with potential customers in the course of preliminary tests, to gauge the opportunities for organic growth through new machines and equipment and to finally take advantage of these opportunities. An additional expansion of the business activities through acquisitions is also continuously reviewed if interesting offers present themselves. Here the company is in regular dialogue with interested parties.

CORPORATE STRUCTURE

At the site in Kahl am Main, the Group's management and Finance, Administration and Marketing & Sales as well as all central functions of the company are concentrated. In Kahl am Main machine concepts for all segments are developed, constructed and assembled. In Fürstenfeldbruck SINGULUS TECHNOLOGIES focuses especially on the development, assembly and commissioning of machines for wet-chemical processes, i.e. cleaning, etching and coating equipment.

SINGULUS TECHNOLOGIES has a marketing & sales and service network in all regions relevant for our products worldwide and thus provides our customers access to support and services globally around the clock on 365 days of the year. Subsidiaries in key regions are complemented by a network of long-time associated representations. Experienced marketing & sales and service staff serve our company's clients and form the bridges to our headquarters.



GOALS AND STRATEGY

SINGULUS TECHNOLOGIES' strategy is based on the use and expansion of the existing core competencies. These are high levels of expertise in a combination of process-technological, scientific know-how paired with complex solutions of machines and plant engineering. The application areas of this expertise today are subjects of vacuum technology, surface coating and processing as well as the resulting chemical and physical processing steps. Our machines are employed by globally operating customers for their products in the segments Optical Disc, Solar and Semiconductor.

On the once hand, the existing core competencies are to be expanded along the technology and value-added chain. On the other hand, additional competencies are to be acquired gradually and integrated into the company's group. At the same time customers should be tied to SINGULUS TECHNOLOGIES in the long-term due to the efficiency of our products and our services.

The goal of the company is targeted on the sustainable increase of business volume to generate stable, profitable results.

In Optical Disc SINGULUS TECHNOLOGIES is the global market leader for the manufacturing and sales of production equipment for Blu-ray Discs as well as for the DVD and CD formats. It is the declared goal of the company to maintain the achieved unique position for these products worldwide and to extend this position. This is achieved by the high, technologic market entry barriers for Blu-ray, which do not allow access of other competitors in the market for the time being.

The market-proven Blu-ray Disc production line BLULINE II is globally marketed and the customer base is further enhanced. For the future, we are aiming to make the announced triple-layer blu-ray Disc with a storage volume of 100 GB marketable with partners and to present our new machine concept BLULINE III. With this innovation the advantage of SINGULUS TECHNOLOGIES is further expanded and our customers receive a unique selling proposition. The service partnership with our customers will be further intensified in order to generate business through the replacement part activities and additional services as well as to strengthen the customer relationships.

In the Solar segment we take advantage of our know-how in the two technology areas with regards to coating, plant engineering and the integration of complex processing steps. We will further intensify the development partnerships with institutes and leading solar companies which we have initiated in the past couple of years to provide efficient high-tech for the cell production in the future.

In the market for crystalline solar cells we see demand for our SOLARE production line which was successfully installed in 2013. It is offered to customers in different regional markets, who demand highly-integrated, up-to-date production technology for the manufacturing of highly-efficient screen printing solar cells.

We address the modernization of existing production lines for the achievement of higher levels of efficiency (Upgrades) with our technology to manufacture PERC cells.

In the work area of thin-film solar cells SINGULUS TECHNOLOGIES will mainly focus on the CIS/CIGS technology. Here, we distinguish ourselves through a combination of proprietary process know-how and our high-tech plant engineering knowledge.

In the past couple of years the company has acquired a high level of expertise in the market for CIS/CIGS technology with respect to both process know-how and the relevant engineering knowledge. This is demanded and recognized by globally leading module producers. With the customized and individually optimized machines the company intends to gradually gain an excellent unique selling proposition and the stepwise expansion of the product range within the CIS/CIGS factories to be built.

SINGULUS TECHNOLOGIES has won a market share in the solar sector, which in the company's opinion will result in sharply expanding business activities amid a once again expanding market.

In the Semiconductor segment we work on the expansion of our product range on the basis of our technologically leading concept for the coating of wafers with thinnest possible magnetic layers. With this extension the testing of new applications is targeted. In the future research institutes and globally operating semiconductor producers will intensively progress products for MRAM and sensor technology towards production maturity. Here, since 2013 SINGULUS TECHNOLOGIES has been providing key customers a new, more powerful concept of its TIMARIS product family for demands with higher capacities: a modular machine platform under the name TIMARIS III. The new platform offers the semiconductor market a significantly increased production capacity for the wafer manufacturing.

In particular, SINGULUS TECHNOLOGIES targets an expected increased demand for MRAM wafers with the new plant generation. For the targeted application research we have presented a development machine with the product name ROTARIS, which we intend to market in the future.

On the basis of the existing core competencies SINGULUS TECHNOLOGIES is moving in a direction, which should lead the company through new application areas towards new, attractive market segments. Specifically, in case of organic growth, this means to transfer the existing process know-how as well as the expertise in machine and plant engineering to new applications. With selected key customers we will then develop new concepts and studies for machines, which will possess definite advantages compared to our competitors on the target markets.

The basic capabilities and the required know-how is hereby transferred from the existing activities within the company, which will be implemented through the comprehensive cooperation of scientists and engineers spanning over different subjects and departments within SINGULUS TECHNOLOGIES. Already in the near future initial developments should achieve marketability and be transferred towards industrial production together with our key customers.

Where our own expertise does not appear to be sufficient to achieve rapid growth in an attractive market, the management of SINGULUS TECHNOLOGIES will consider the acquisition of rights and patents, parts of companies and also entire companies. During the course of the past business year several opportunities were reviewed by the company and considered. Of course, the management conducts very due diligence for these opportunities to analyze the opportunities and risks accordingly. If the company reaches a positive assessment of the review and the use of the respective funds are considered reasonable, SINGULUS TECHNOLOGIES will open a new work area, technologic competence or a customer segment through an acquisition.

MANAGEMENT SYSTEM

For the sake of the company's management the Group is divided into reportable business segments according to products. The management is predominantly focused on key financial figures. For the management of the Group sales and EBIT (earnings before interest and taxes) by segments is used to make decision regarding the distribution of resources and to determine the earnings power of the segments. Debt is monitored and managed on a group-wide level.

RESEARCH, DEVELOPMENT AND ENGINEERING

At SINGULUS TECHNOLOGIES the research and development of new processes as well as the applied research for new applications has very high significance.

Together with the constructional capabilities of our engineers we work out new solutions and by this follow the challenges of our company, a changed environment and our markets. Sustainable thinking and acting is of highest priority. New product solutions strengthen the position of the company in its diverse markets and in international competition.

In the business year 2013, on average there were 64 employees group-wide employed in the divisions Research, Development and Construction. The non-capitalized development expenses in the Group amounted to € 5.3 million in 2013 (previous year: € 5.7 million). In addition, development expenses amounting to € 2.3 million were capitalized (previous year: € 4.8 million). The capitalization ratio in the business year 2013 amounted to 30 % (previous year: 54 %). The scheduled depreciation on capitalized development expenses amounted to € 2.0 million (previous year: € 5.6 million).

Focus of developments in 2013

In 2013 SINGULUS TECHNOLOGIES presented the concept for a new replication line with the product name BLULINE III. The BLULINE III was developed for the production of triple-layer Blu-ray Discs with a storage volume of 100 GB. Production equipment by SINGULUS TECHNOLOGIES enables the production of next generation optical discs on the basis of the current BLULINE II machines for dual-layer Blu-ray Discs.

The trend in the solar industry towards ever thinner wafers for crystalline solar cells with higher levels of efficiency at the same time requires an improved surface passivation of the cell rear side. In 2012 SINGULUS TECHNOLOGIES already cooperated with the Institute for Solar Energy Research Hameln (ISFH) for the further development of the cell technology. In this cooperation it was possible to enhance the efficiency of screen printing silicon solar cells from the customary range of 17.0 % to 18.5 % in the PV industry to a record level of 20.1 %.

In the Solar segment the focus in 2013 was set on the further development of the production solution for PERC cells (passivated emitter and rear cell). For the upgrade of an existing cell production line three additional production steps are required. Before coating the cells' rear side, it is glazed with a wet-chemical polish. The passivation layer is applied in a vacuum coating machine. For the rear side contacting through a laser process, SINGULUS TECHNOLOGIES is closely cooperating with partners.

The “BOD Group High Technology Center L.I.G.H.T. Wing (Lithuanian of green and high technologies)” had an opening ceremony on October 15, 2013 in the Lithuanian capital Vilnius, attended by the Lithuanian Prime Minister Algirdas Butkevicius, the German ambassador Matthias Mülmenstädt and the Mayor of Vilnius Arturas Zuokas.

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01 *During his travelling through the Baltics the UN Secretary General Ban Ki-moon visited the BOD Group (BOD) in Lithuania. The new production line for crystalline solar cells (SOLARE), which was supplied by SINGULUS TECHNOLOGIES, Germany, (SINGULUS) was in the spot-light of the company’s visits.*

02 *Dr.-Ing Stefan Rinck and CFO Markus Ehret during final acceptance of the SOLARE cell production line*

03 Dr.-Ing Stefan Rinck during opening ceremony

04 Dr.-Ing Stefan Rinck with German ambassador

05 Lithuanian Prime Minister Algirdas Butkevicius during opening speech

06 New production line for crystalline solar cells at BOD Group

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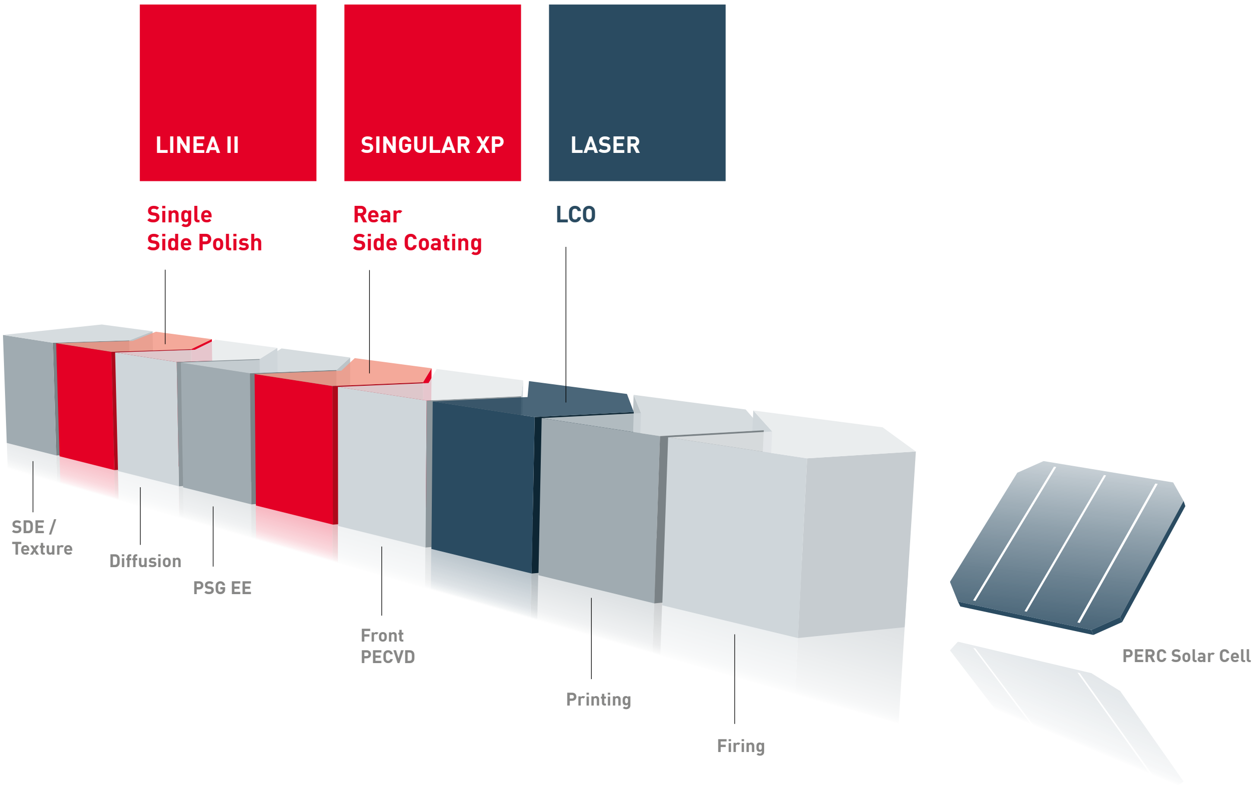


01 *Three production steps for PERC has to be added to a typical cell production line*

The SINGULAR XP vacuum coating machine by SINGULUS TECHNOLOGIES is specifically designed for the production capacity of a typical cell production line. The SINGULAR XP provides the advantage that the two layer systems required for the rear side passivation, aluminum oxide (AlOx) and silicon nitride (SiNx) can be applied without discontinuation of the vacuum. Due to its compact assembly the machine is suited for the integration as an upgrade for existing cell production lines. For the wet-chemical polishing of the rear side of crystalline cells the LINEA II Polish/Etch was developed.

SINGULUS TECHNOLOGIES has combined the upgrade package to a production solution. This solution with the product name PERCEUS is specifically offered for the upgrade of existing cell production lines and is compatible with the prevalent production lines for the manufacturing of screen-print solar cells.

In the area of thin-film solar technology SINGULUS TECHNOLOGIES cooperates closely with potential customers on the further development of process machines for the manufacturing of CIS/CIGS solar modules. The goal is to optimize the process and to improve the calibration of the individual processing steps, to enhance the module performance and to reduce the production costs. As an additional production solution for the manufacturing of CIS/CIGS modules a vaporization machine was developed, delivered in the past business year and successfully commissioned. With cathode sputtering, selenization, wet-chemical processes and vaporization technology SINGULUS TECHNOLOGIES covers all key production steps of the CIS/CIGS technology.

In the Semiconductor division, based on the TIMARIS platform, a new, universal vacuum coating machine for application research under the product name ROTARIS was developed and assembled. At the same time the TIMARIS II was further developed to meet the increased production demands of the MRAM market. SINGULUS TECHNOLOGIES has been discussing machines concepts, which guarantee a significantly higher production output, since mid-2013. The machine platform with the name TIMARIS III is actively market in the semiconductor market.

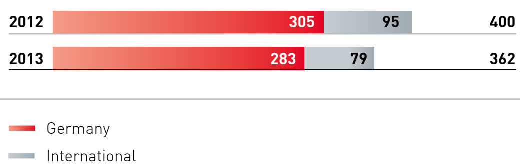
Parallel to the development efforts in the three segments Optical Disc, Solar and Semiconductor SINGULUS TECHNOLOGIES works on opening new applications areas with existing process and machine know-how.

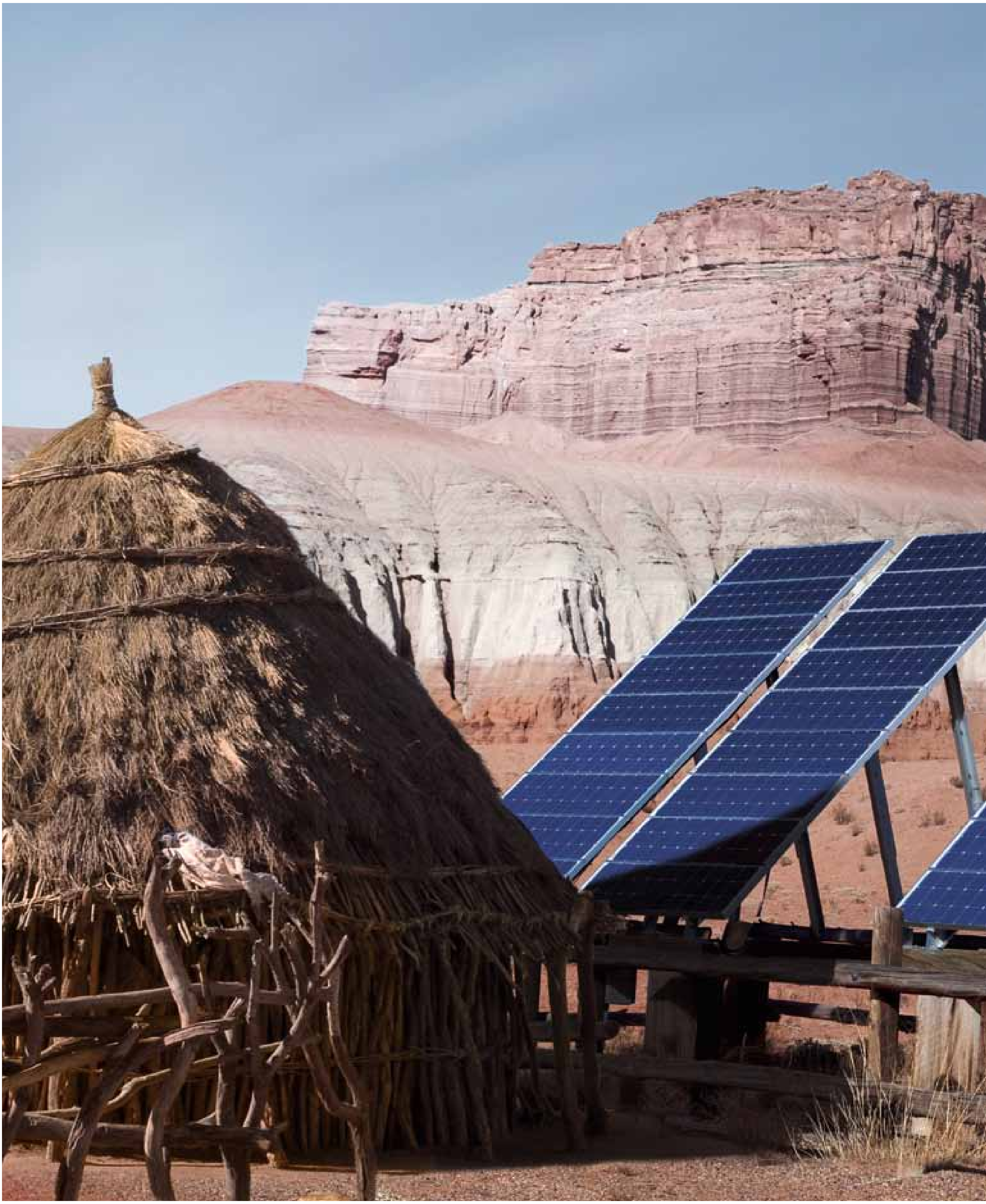
EMPLOYEES

The level of headcount in the company was reduced. At the end of 2013 the Group employed 362 people in total (previous year: 400 employees), thereof 232 employees at the SINGULUS TECHNOLOGIES AG in Kahl am Main (previous year: 246 employees). In Germany 283 were employed (previous year: 305). The headcount abroad amounted to 79 (previous year: 95).

Advanced training programs for all work areas within the company were continuously discussed with employees and implemented.

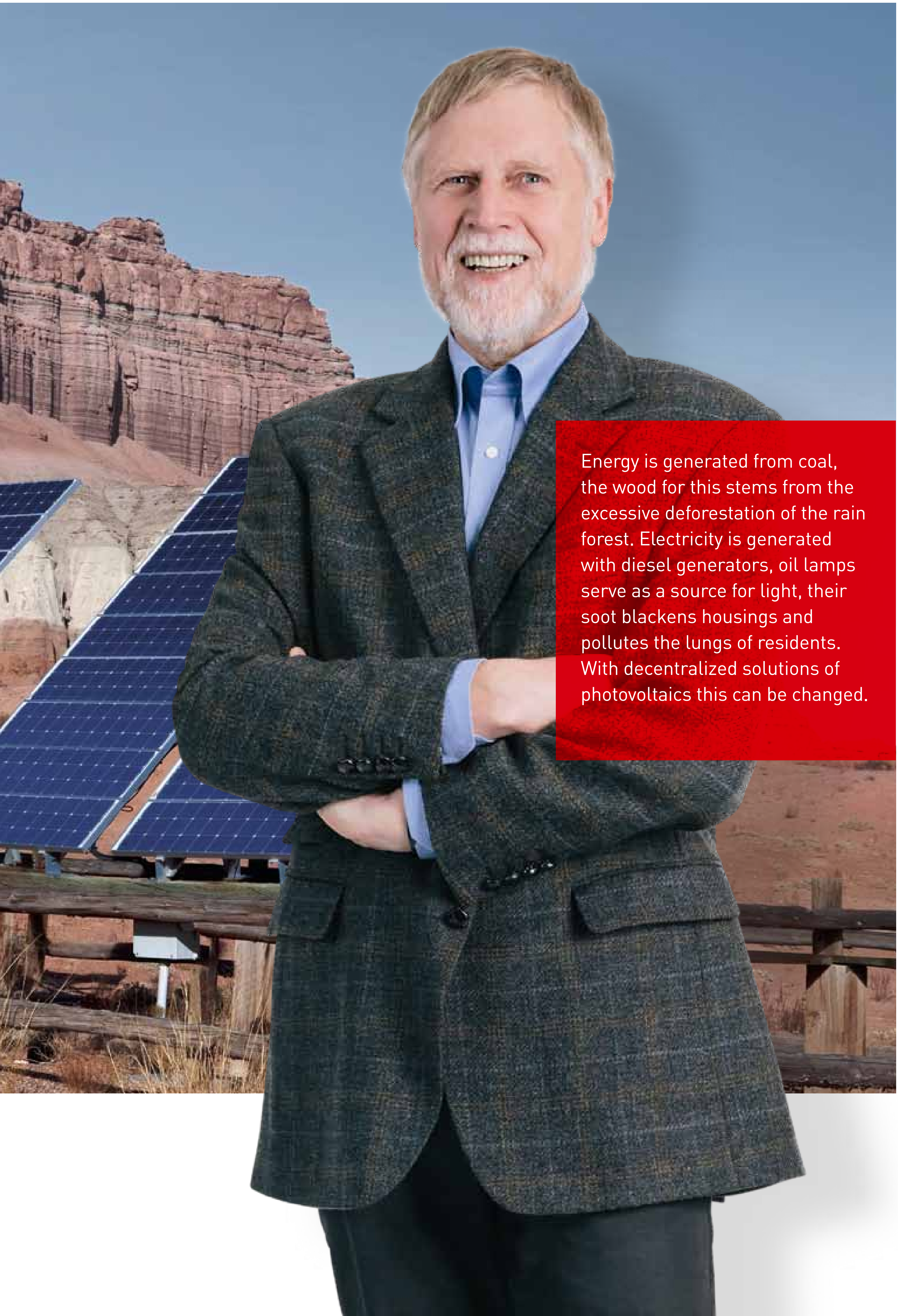
EMPLOYEES AS OF DECEMBER 31, 2013





Future trend: energy independence in rural areas

Independent energy generation - for your own house, entire settlements or only for the water supply. Efficiently operating solar modules help with this. We at SINGULUS TECHNOLOGIES work on novel solutions to produce solar cells in a simple and inexpensive manner in order to safeguard a sustainable energy supply.



Energy is generated from coal, the wood for this stems from the excessive deforestation of the rain forest. Electricity is generated with diesel generators, oil lamps serve as a source for light, their soot blackens housings and pollutes the lungs of residents. With decentralized solutions of photovoltaics this can be changed.

Economic Report

OVERALL ECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

The uncertainty caused by the financial market crisis and the Euro debt crisis declined in 2013. However, there are still structural challenges in Europe and some emerging markets to be mastered. The necessary adjustment processes dampen the economic development of the global economy. In the meantime, the US economy appears to be on a stable growth path. In contrast, the Euro-zone only very hesitantly leaves the recession behind. For China a growth rate of about 7.5 % is projected. However, leading indicators such as the global purchasing manager index or the leading indicator of the OECD suggest a continuation of the current improvements for the Euro-zone and the global economy as well. The German economy is expected to continue its moderate growth path.
The German gross domestic product for the full-year 2013 will only be slightly above the prior-year level to the weak past winter.
The gradually increasing stimulus from the global economy strengthens the German merchandise exports and thus the outlook for the German export sector remains favorable.
Following stagnating activities in 2013 the sector association VDMA projects a production growth of 3 % for the engineering sector in 2014 as well as increasing employment levels.

OPTICAL DISC MARKT

The market for optical disc production equipment depends on innovations and the growth of the international media markets.

The creativity and success of marketing strategies from Hollywood are still very important. If the movie industry produces new movies, which are successful at the box office, the demand for Blu-ray Discs and DVDs will increase. Together with the catalog business, i.e. the release of older movies on Blu-ray Discs, this results to a positive trend of the market overall. Other influencing factors are trends in the market for gaming consoles. For example, the already in November 2012 launched Wii U by Nintendo with a Blu-ray drive had a positive impact. The new Xbox One by Microsoft and the gaming console PS4 by Sony - both equipped with a Blu-ray drive - have further increased the demand for games on Blu-ray discs with their success since their market introduction at the end of 2013 with 5 million sold PS4 consoles alone.

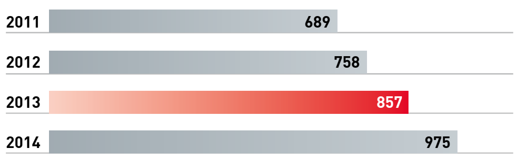
Smart phones and tablets are still on the rise of consumers' demand. They bring new trends to the world of digital media. Often, content (such as TV shows and shorter movies) are viewed on these devices. However, they do not even come close to the consumers' enjoyment of high-definition movies on a large Full-HD screen with a modern audio system. Here the Blu-ray Disc provides users an unrivaled visual quality paired with sound, for example in Dolby 7.1.

In total, the largest media market, the US, once again developed slightly positive in 2013. According to the Digital Entertainment Group (DEG), overall sales from physical and digital rentals as well as the sales of video products amounted to about USD 18.2 billion in 2013 (previous year: USD 18.0 billion). Amid lower prices per Blu-ray Disc the recorded sales growth means a disproportionate growth of the underlying volume sales of Blu-ray Discs.

The annual sales for optical discs in total declined from USD 8.47 billion to USD 7.78 billion. However, this is due to a drop in DVD sales and a decline in price per disc. Blu-ray sales continue to expand. In December 2013 there were record sales for Blu-ray with up to USD 127.1 million per week (average 2013 per week: USD 107.0 million, previous year: USD 96.0 million).

The market research institute Futuresource Consulting reported global growth of Blu-ray Disc production of 13.2 % for the year 2013 (previous year: +10 %). Accordingly, for 2014 additional growth of the overall production from 857 million to 975 million Blu-ray discs in total is forecast.

GLOBAL BLU-RAY PRODUCTION CAPACITY
Million discs



Source: Futuresource, 11/2013

GLOBAL BLU-RAY PRODUCTION

	2013	2012
Global Blu-ray video production		
Million discs	**645**	566
Growth rate	**+13.9 %**	+10.9 %
Global Blu-ray ROM production		
Million discs	**212**	191
Growth rate	**+11.0 %**	+7.4 %
Global Blu-ray production total		
Million discs	**857**	758
Growth rate	**+13.2 %**	+10,.0 %

Source: Futuresource, 11/2013

The Trend in Germany

The home entertainment market figures for movies for the year 2013 increased further to total market sales in the amount of € 1,757 million following € 1,707 million in 2012. As shown by current figures of the GfK Panel Services Deutschland, which were collected on behalf of the German Movie Support Association (FFA), this result is mainly due to the sales market in the amount of € 1,445 million (+3 % following € 1,408 million in 2012) and a +4 % rise of rental revenues in the amount of € 312 million (€ 300 million in 2012).

Online sales revenues only increased moderately to € 52 million (€ 46 million in 2012). The growth is due to still continuing demand for physical products. While the DVD with sales of € 984 million dropped slightly below the prior-year level of € 1,019 million (-3 %), this decline in sales was more than compensated by the changed media consumption of high definition standard Blu-ray to sales of € 410 million (+20 % following € 343 million in 2012).

The still continuing preference towards physical products limited the sales share of digital sales in 2013 to 4 % of the total sales volume.

Future Development of the Blu-ray Market

The future development of the Blu-ray Disc depends on the trend towards the production of high-value box office movies and on the market introduction of new television sets with UHD resolution.

Box office movies today are still produced with 24 frames per second. However, high-quality produced box office movies and 3D movies are using 48 frames in the meantime. This higher frequency uses the lag effect and enables the viewer to perceive a sequence of individual pictures as a continuous sequence. Some productions are already planned with about 60 frames. This quality increase of film production results in a significantly higher storage requirement per movie. Movies such as "Avatar", "The Hobbit" and "Pirates of the Caribbean" as well as almost all of the 3D movies nowadays require between 70 and 90 GB of storage volume.

Furthermore, the trend of the media landscape towards higher quality television sets plays an important role. At last year's International Funkausstellung (IFA) already 17 devices were presented working with the new ultra high-definition technology (UHD). Also at the professional fair CES in Las Vegas in January 2014 the new TV sets with a resolution of 3,840 x 2,160 pixels were the highlights. In the meantime nearly all of the big electronics companies market these devices.

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01 *Sylvia Hitzel, Vice President Marketing & Sales during opening*

02 *Demonstration of a new OLED TV (Merck, Darmstadt)*

SINGULUS TECHNOLOGIES hosted the international industry highlight of the optical disc sector on December 4 & 5, 2013. Many customers and business partners as well as representatives from market research institutes accepted the invitation for the event titled "Technology & Market Review 2013 and Future Outlook/MEDIA-TECH Year-End Event". This event took place for the third time and around 120 guests from 19 countries attented at SINGULUS' headquarters in Kahl am Main. The current market developments, latest trends in the media sector as well as innovative production methods were in the spotlight of the numerous trade presentations.

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03 *Marcel Gonska, WLC Germany, discussing new UHD technology*

04 *Futuresource presentation via video conference*

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01 *Large UHD TV from Samsung with 3,840 x 2,160 pixel*

The Blu-ray Disc offers the only possibility to play and enjoy Ultra HD movies. There is an option to store the content on novel Blu-ray Discs with additional storage layers of up to about 100 GB. With the realization of a new and specifically designed data compression method for the UHD technology, the storage volume per information layer can be increased from 25 GB to 33 GB.

Within the realms of the Blu-ray Disc Association (BDA) the "Format Extension Study Task Force" is already working on the further development of the current Blu-ray Disc standards. In particular, this related to the implementation of new technologies and coding algorithms, which should enable UHD videos on Blu-ray Discs. The Blu-ray Disc Association expects the optical storage medium Blu-ray to play a big role in the distribution of movie content in the long-term.

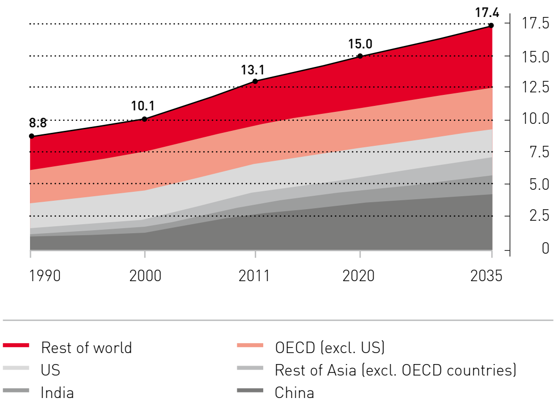
SINGULUS TECHNOLOGIES already presented the concept of a new replication line under the product name BLULINE III for the manufacturing of triple-layer Blu-ray Discs with a storage capacity of 100 GB in 2013. Production equipment by SINGULUS TECHNOLOGIES enables the production of next generation optical discs on the basis of the current BLULINE II machines for dual-layer Blu-ray Discs.

With a respective decision of the BDA SINGULUS TECHNOLOGIES expects the first enquiries for the BLULINE III replication line and also forecasts good business prospects for this product due to its unique global position.

PHOTOVOLTAICS MARKET

In a publication from November 2013 the International Energy Agency (IEA) projects that more and more energy will be required in the future. Accordingly, the consumption of energy will increase by one third by 2035. In particular in India and South-East Asia the demand will rise substantially. In contrast, in China and the OECD countries the required volume will hardly increase. The IEA forecasts that the demand for all sources of energy will continue to rise. This also holds true for renewable energies.

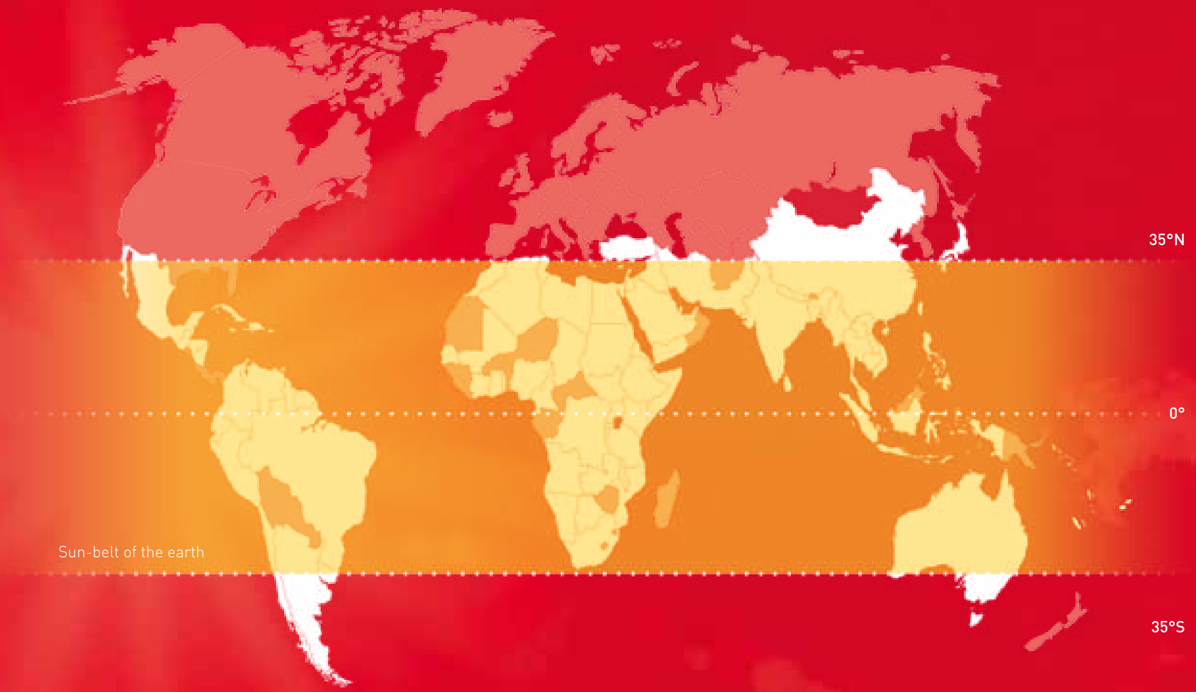
GLOBAL HUNGER FOR ENERGY
In million barrel oil equivalents



Source: FAZ/IEA scenario (IEA=International Energy Agency)

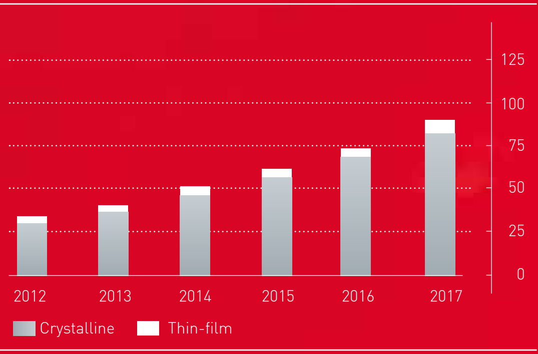
Development and situation of photovoltaics

After weak years, several studies now project a beginning upturn in the solar market. More than 60 % of demand in 2013 came from three countries: China, Japan and the US. According to the market research institute NPD Solarbuzz the demand also increased to around 36 GW. In the previous year the market for solar modules was still characterized by excess capacities. However, the prices for solar modules are now slowly recovering due to the further increasing demand as well as regional protective tariffs on Chinese solar modules. The still existing excess capacity for production output for cells and modules for the time being leads to a continuing investment restraint for production equipment in the solar market. Nevertheless, several studies forecast a positive development of the solar market in 2014.



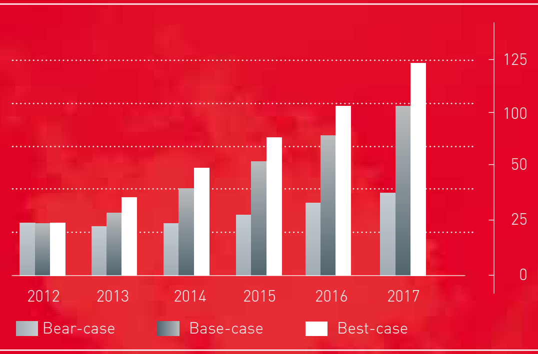
In the so called "Sun-Belt" countries the demand for photovoltaic is growing and energy produced by PV is available at grid parity level.

MARKET DEVELOPMENT FOR MODULE PRODUCTION FOR CRYSTALLINE AND THIN-FILM SOLAR CELLS
GW



Source: NPD Solarbuzz 2014

DEMAND FOR PV-MODULES
GW



Source: NPD Solarbuzz 2014

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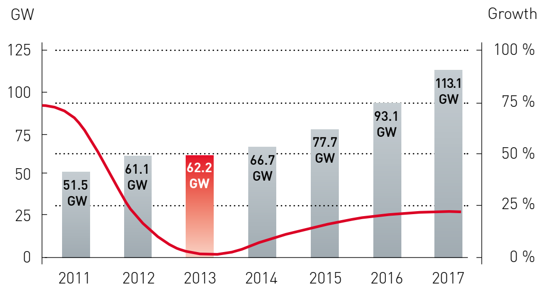
01 *SINGULAR XP vacuum desposition machine for rear-side coating of PERC cells*

In its study published in January 2014, the US consulting company NPD Solarbuzz projects after an 18-months decline for the full-year 2014 expected 49 GW (previous year: 36 GW), which is an approx. 36 % growth in demand for photovoltaics modules. The strongest growth markets are still China, Japan and the US.

A publication by Deutsche Bank forecasts a similarly positive development of the photovoltaics sector. The bank projects a newly-installed overall output of 56 GW in 2015. The study also mentions new future markets such as South Africa, South America, the Middle East and Australia. In particular in countries of the so-called "Sun Belt" of the Earth demand for photovoltaics will rise.

ANNUAL PV PRODUCTION CAPACITY



Source: NPD Solarbuzz, 2014

ANNUAL PRODUCTION CAPACITY & INVESTMENT SPENDING

	2013	2014
Manufacturing capacity (GW)	**62.2**	66.1
Capacity c-Si cells (GW)	**55.8**	59.5
Capacity thin-film cells (GW)	**6.4**	6.6
Investment spending (bn. US-$)	**1.727**	2.759
Investment c-Si cells (bn. US-$)	**0.512**	1.148
Investment thin-film cells (bn. US-$)	**0.512**	0.032

Source: NPD Solarbuzz, 2014

Market volume for photovoltaic production machines

In its current study Solarbuzz forecast a growth in the cell production capacity of 7 % for the year 2014. In the following year 2015 the growth is set to continue to 17 %.

After a decline in investment for production equipment in the year 2013 by about 60 % compared with 2012, for the current year 2014 an increase to USD 2,759 is expected (2013: USD 1,727 million). Investments for the area of crystalline solar cells are set to more than double. In the area of thin-film the development is mainly dependent on the decision of a few major companies (Solar Frontier, Hanergy). If the expansion plans of these companies are realized, in particular the CIGS sector will also increase significantly.

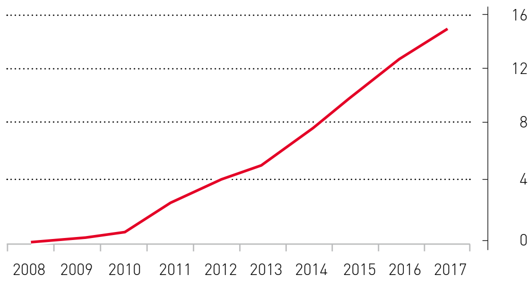
Germany: Expansion of solar energy substantially lower

According to data by the German Federal Network Agency new photovoltaic plants with a total output of 3.3 GW were installed in 2013. This corresponds to a decline of more than 50 % compared with the year 2012. The German sector association Solar projects a continued decrease in the current year 2014. Currently, solar power in Germany contributes around 29 GW per year to the electricity generation.

GLOBAL SEMICONDUCTOR EQUIPMENT SALES
Bn. US-dollar

Source: SEMI, December 2013

DEVELOPMENT MRAM MARKET
Mn. units



Source: VLSI Reasearch, December 2012

SEMICONDUCTOR MARKET

According to its publication on December 12, 2013, the semiconductor association Semicon generally expects the sentiment in the semiconductor market to brighten up once again. After a decline of semiconductor equipment sales in 2013 to around USD 32.0 billion from USD 36.9 billion, the market is forecast to rise significantly again in 2014. Sales of USD 39.5 billion are expected for 2014.

Amongst other, SINGULUS TECHNOLOGIES addresses the market for MRAM memory, which is still in an early development stage.

The market research company VLSIresearch projects for this segment a significant growth of MRAM wafers in the next years. In 2013, many large memory producers such as Everspin, Hynix, Micron and Samsung amongst others have announced to invest into the MRAM development and manufacturing. Several alliances for the development and production have been agreed. Crocus Technologies, a semiconductor producer based in the Silicon Valley, has set up a modern MRAM production line in 2013 as a joint venture with the Russian stock-listed company Rusnano and announced MRAM chips.

If the MRAM memory components will establish themselves in the next couple of years due to their specific advantages, the transition towards the industrial mass production is expected.

BUSINESS TRENDS OF THE SINGULUS TECHNOLOGIES GROUP

In the past business year 2013 SINGULUS TECHNOLOGIES met its full-year forecast and as announced concludes the business with an overall slightly positive operating result (EBIT) in the Group. Sales within the group of companies was increased according to our prior-year forecast. As expected, adjusting for financing expenses a slightly negative net result for the Group pursuant to IFRS resulted, however.

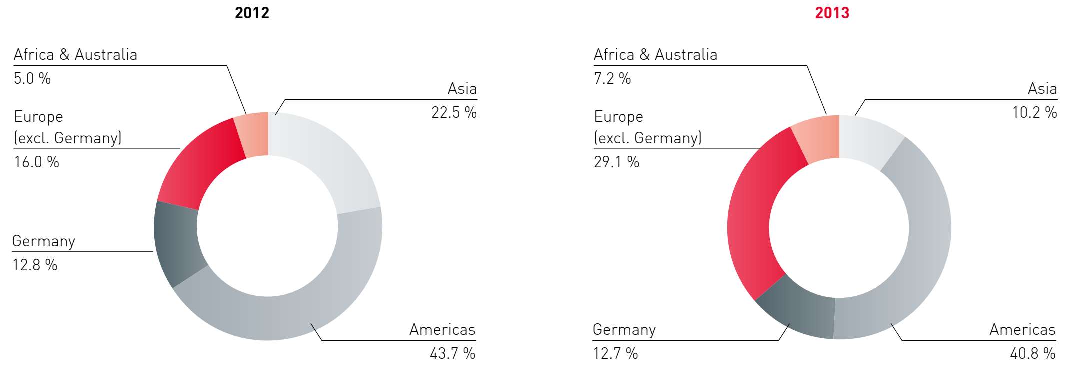
The result of the business year 2013 was characterized by the very favorable development in the Optical Disc segment, in particular the delivery of Blu-ray production machines. Both in terms of sales and the operating result the developments in this segment significantly exceeded our expectations. In 2013, the high demand for Blu-ray Discs due to the high volume sales of discs with movie content as well as the introduction of gaming consoles with Blu-ray drives resulted in a high demand for production equipment. Volume sales of BLULINE II machines for the production of Blu-ray Discs were so high that all assembled machines were sold at the end of the year. Once again, it became apparent how high the technologic market entry barriers for the market of production machines for Blu-ray Discs with a storage capacity of 50 GB are. Furthermore, there were also several orders for CD and DVD machines.

Sales and EBIT in the Solar segment for 2013 were significantly below our forecast issued in the business year 2012. In particular, expected major orders could not be realized. This unexpected trend resulted in a considerable burden of the EBIT within the Group.

Unfortunately, the global market for production machines for solar cells and modules proved to remain weak in the past year. However, some success was achieved in the Solar segment. In the fourth quarter 2013 the production line for crystalline solar cells at our customer in Vilnius, Lithuania, was commissioned. The coating machine SINGULAR XP for the rear-side coating of the new PERC solar cells was successfully placed with the initial customers. In the area of thin-film solar cells SINGULUS TECHNOLOGIES developed and delivered a new vaporization machine, amongst others. Thus, SINGULUS TECHNOLOGIES already today covers two thirds of the required machines of a CIS/CIGS modules production with its range of machines.

In the Semiconductor division the expected slight increase in sales could not be achieved. Sales and EBIT fell significantly short of expectations. However, in 2013 numerous semiconductor coating machines were assembled and successfully commissioned by our globally operating semiconductor customers. In 2013 SINGULUS TECHNOLOGIES extended its machine platform and developed and presented the TIMARIS III with a considerably increased capacity for the wafer production. The ROTARIS was finalized as a platform for research and development applications and already established in the market with the first customers. Thus SINGULUS TECHNOLOGIES is able to serve the demand segment for research and development on the one hand and on the other hand for industrial mass production of wafers.

REGIONAL SALES BREAKDOWN
in %

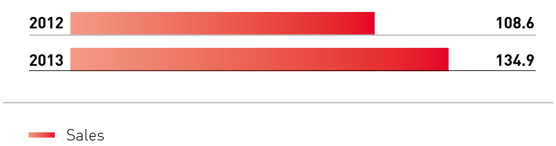


SITUATION

Earnings

Sales (gross) of the business year 2013 amounted to € 134.9 million and were therefore significantly above previous year's level (previous year: € 108.6 million). This corresponds to a rise in sales of 24.2 % compared with the prior-year level.

SALES
In mn. €



In the Optical Disc segment sales increased by € 29.9 million compared with the previous year's level and totaled € 94.9 million in the year under review (previous year: € 65.0 million). In this segment sales were considerably shaped by the business with our BLULINE II machines as well as replacement and service activities. The reason for the uptrend was mainly a volume effect due to increased sales of Blu-ray machines. In the Solar segment sales in the amount of € 29.0 million were realized (previous year: € 29.1 million). Therefore, sales within this segment once again remained at a low level due to the generally weak demand for photovoltaic machines. The sales in the year under review mainly stem from our activities of the sale and the installation of our SOLARE line as well as from major lines in the area of the CIS/CIGS technology. In the Semiconductor segment sales in the amount of € 11.0 million were realized in the year under review. This corresponds to a decline of € 3.5 million.

The sales in the year under review mainly stem from our activities of selling TIMARIS equipment.

In the year under review SINGULUS TECHNOLOGIES realized a gross profit margin in the amount of 25.0 % (previous year: 18.0 %). However, in the prior-year period the gross margin was burdened by implemented extraordinary charges. Adjusted for this effect the gross margin in 2012 stood at 23.7 %.

Overall, the previous year was burdened by extraordinary charge in the amount of € 43.9 million, which mainly included impairment and restructuring expenses (€ 27.1 million).

The operating expenses came to € 31.1 million in the business year 2013 (previous year: € 79.9 million). This included income from the reversal of provisions for restructurings in the amount of € 1.6 million. Adjusted for this the operating expenses amounted to € 32.7 million. The prior-year result was burdened by extraordinary expenses in the amount of € 37.7 million. Adjusted for this the operating expenses in 2012 amounted to € 42.2 million. Adjusted for this the operating expenses declined by € 9.5 million compared with the prior-year result. This is mainly due to cost savings and reduced write-offs.

Specifically, expenses for research and development amounted to € 8.4 million (previous year: € 17.5 million). In the prior-year period the expenses for research and development included extraordinary charges in the amount of € 6.2 million. Adjusted for this, therefore a reduction in the expenses of research and development in the amount of € 2.9 million resulted, which is mainly due to reduced write-offs of the development expenses capitalized in the previous years. The expenses for marketing & sales and customer service declined by € 2.0 million to € 15.0 million. The general & administrative expenses at € 11.2 million also came in below the prior-year level (previous year: € 12.3 million).

The other operating expenses came to € 1.6 million (previous year: € 8.8 million) and mainly include provisions for specific doubtful debts in the amount of € 0.6 million (previous year: € 4.7 million). Within the items "Impairment and restructuring charges" in 2013 an income in the amount of € 1.6 million was reported from the reversal of provisions.

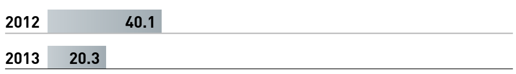
In the year under review the EBIT amounted to € 2.2 million (previous year: € -60.5 million). Adjusted for extraordinary expenses in the amount of € 43.9 million in total, an adjusted EBIT of € -16.6 million resulted for the business year 2012. For the year under review an EBIT excluding the income from the reversal of provisions for restructurings in the amount of € 0.6 million resulted. Thus, the adjusted operating result improved by 17.2 million compared with the same period one year ago.

KEY FINANCIAL FIGURES
In mn. €

	2012	2013
EBIT	-60.5	2.2
EBITDA	-33.8	8.1
Net Profit	-62.4	-0.7
Earnings per share in €	-1.25	-0.01

ORDER INTAKE
In mn. €

ORDER BACKLOG (DEC. 31)
In mn. €



Specifically, the EBIT in the Optical Disc segment came to € 17.4 million in the period under review. Adjusted for the extraordinary charges in the amount of € 17.4 million a negative EBIT in the amount of € -7.6 million resulted for this segment in the prior-year period. The Solar segment recorded a negative EBIT in the amount of € -11.3 million (previous year: € -36.7 million). Adjusted for extraordinary charges of € 26.5 million, an operating results for this segment in the amount of € -10.2 million resulted for the business year 2012. In the Semiconductor segment a negative EBIT in the amount of € -3.9 million (previous year: € 1.2 million) was realized.

The financial result was negative at € -3.2 million and therefore nearly around the previous year's level (previous year: € -3.3 million). Interest expenses amounted to € 5.7 million and were therefore above previous year's level (previous year: € -5.1 million).

Interest expenses in the amount of € 5.0 million resulted from the issuance of the corporate bond in 2012 (previous year: € 3.8 million).

The net result in the business year 2013 amounted to € -0.7 million (previous year: € -62.4 million). Adjusted for extraordinary expenses a result of € -20.0 million was realized in 2012 (adjusting for deferred tax assets and liabilities).

In the business year 2013 the order intake stood at € 115.1 million, which was slightly below the prior-year level (previous year: € 121.9 million). The order backlog amounted to € 20.3 million as of December 31, 2013 (previous year: € 40.1 million). The amount of the order intake and the order backlog for the business year 2013 is mainly due to not yet realized contract conclusions in the segments Solar and Semiconductor.

Financial Situation

PRINCIPLES AND GOALS OF FINANCIAL MANAGEMENT

SINGULUS TECHNOLOGIES has a central financial management for the management of the liquidity. The goal of the financial management is securing liquidity to a sufficient extent. Excess liquidity at subsidiaries is pooled and monitored at the parent company, if possible. With a high level of liquidity the flexibility and security of the group of companies is to be strengthened. Additional liquidity potential can be utilized through credit lines, if necessary. Derivatives are used to hedge foreign exchange risks. This predominantly includes foreign exchange forwards. The exclusive purpose of these derivatives is hedging the currency risks stemming from the Group's business activities. Without the existence of a respective underlying business no derivative transactions are entered. To hedge the credit risk, credit insurance or bank guarantees are used, if possible. For further information about the management of the specific financial risks please refer to No. 38 of the annotations of the consolidated financial statements.

LIQUIDITY MANAGEMENT

In the course of the placement of a corporate bond as of March 23, 2012 the SINGULUS TECHNOLOGIES AG received € 58.4 million in total (after subtracting transaction costs). The term of the bond is five years and the coupon amounts to 7.75 % p.a. In the business year 2013 an increase of the bond buyback program of up to € 5.0 million was resolved. Until now bonds with a nominal value of € 2.7 million were purchased. The group of companies still has guaranteed credit lines in the amount of € 21.6 million at its disposal. Thereof, € 6.7 million were drawn as of the end of the business year. To cover these credit commitments liquid funds were deposited as security. The Group currently has sufficient liquid fund to honor its payment obligations. Excess liquidity is exclusively invested in time deposits. Foreign exchange risks from the business activities in other countries are reviewed in a risk analysis. Part of the sales of the SINGULUS TECHNOLOGIES Group is subject to US-Dollar (USD) currency risk. For this reason derivatives to hedge the USD foreign exchange risk are used. Foreign exchange risks, if they are material, are continuously reviewed in the course of the risk management system.

CAPITAL MANAGEMENT

The predominant goal of the capital management is the maintenance of a healthy capital structure. In this connection the equity of the company should be further strengthened to safeguard the corporate flexibility, security as well as the trust of investors and creditors in the future. In particular the future potential financing requirements with appropriate conditions should be covered through the capital markets.

In the business year 2013 the operating cash flow of the Group of € -0.6 million was negative and thus around the level of the previous year (previous year: € -0.4 million).

Due to the issue of the corporate bond in March 2012 the cash flows from investing activities and from financing activities differ materially from the prior-year levels. The cash flow from investing activities came to € -5.2 million (previous year: € -21.7 million). The prior-year period was characterized by the investment of liquid funds from the inflow due to the bond in the amount of € 15.0 million. These time deposits with a term to maturity exceeding three months are reported in the investing segment of the cash flow calculation.

The cash flow from financing activities amounted to € 0,2 million overall in the business year 2013. Here, the decline in restricted funds resulted in an increase of financial funds in the amount of € 10.9 million. The payment of interest for the corporate bond (€ -4.6 million), the bond buyback (€ -1.9 million) as well as the repayment of loans (€ -4.2 million) had a contrasting effect. In the previous year, the cash flow from financing activities amounted to € 45.1 million due to the cash inflow from the issue of the bond.

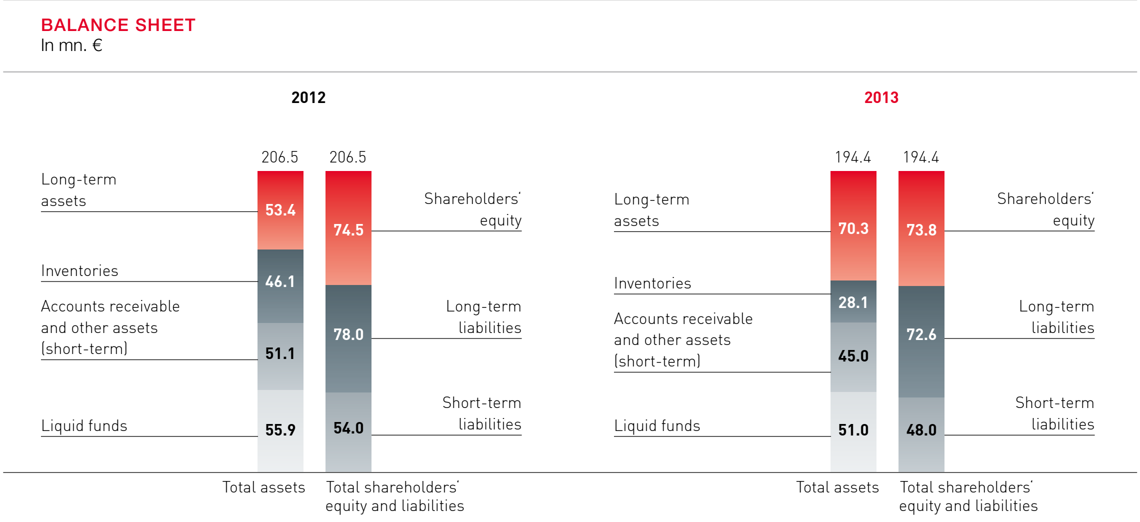
CASH FLOW
In mn. €

	2013	2012
Cash flow from operating activities	**-0.6**	-0.4
Cash flow from investing activities	**-5.2**	-21.7
Cash flow from financing activities	**0.2**	45.1
Increase/decrease in cash and cash equivalents	**-5.6**	23.0
Cash and cash equivalents at the beginning of the year	**40.9**	17.8
Currency-related changes	**-0.3**	0.1
Cash and cash equivalents at the end of the year	**35.0**	40.9
Time deposits with terms longer 3 months	**16.0**	15.0
Liquid funds at the end of the year	**51.0**	55.9

Overall, the liquid funds decreased by € 4.9 million in the period under review and amounts to € 51.0 million. At the end of the business year 2013 undrawn guaranteed credit amounted to € 14.9 million. From today's point of view the company is thus able to meet its payment obligations.

Assets

The long-term assets increased by € 16.9 million in the business year 2013 and stood at € 70.3 million. This is mainly due to the increase in accounts receivable in the Optical Disc segment with a remaining term of more than one year by € 16.9 million owing to the increased share of sales with long-term payment agreements.



The current assets declined by € 29.0 million and came to € 124.1 million. The reason is the sale of inventoried equipment in the Optical Disc segment which resulted in a drop in inventories by € 18.0 million overall. In addition, the other receivables and other assets declined by € 8.5 million. This drop is mainly due to the decline of cash deposits for prepayment guarantees by € 10.8 million. In the period under review the liquid funds decreased by € 4.9 million.

Compared with the year-end 2012 the short-term debt declined by € 6.0 million and amounted to € 48.0 million at the end of the period under review. Specifically, the liabilities from production orders declined by € 15.5 million in connection with the completion of current orders, which are accounted for pursuant to the percentage-of-completion method. Furthermore, the short-term provisions for restructuring measures decreased by € 2.7 million. On the one hand this is in connection with the drawdown of the provision in the amount of € 2.1 million, on the other hand the provision for restructuring measures in the year under review were reversed by € 1.6 million due to changed economic conditions. The short-term bank liabilities declined by € 2.5 million due to the complete repayment of the KfW loan. In contrast, the other short-term liabilities increased by € 8.0 million. This rise is mainly connected to a payments obligation from the forfaiting of accounts receivable.

The long-term liabilities declined by € 5.4 million compared with the year-end level of 2012 and amounted to € 72.6 million. This results from a reduction of long-term financing liabilities of € 2.0 million from the issuance of the bond due to the bond buyback program. Furthermore, the long-term bank liabilities declined due to the repayment of the KfW loan. The company is financed through a fixed-rate bond with a term of five years, which matures on March 23, 2017.

The equity of the Group decreased by € 0.7 million and stood at € 73.8 million as of December 31, 2013. The shareholders' equity of the parent company amounts to € 72.9 million (previous year: € 73.5 million), minority interests account for € 0.9 million (previous year: € 1.0 million). The equity ratio of 38.0 % (previous year: 36.1 %) was at a satisfactory level.

FINANCIAL ACCOUNTS PURSUANT TO HGB

Earnings, financial and asset positions of the SINGULUS TECHNOLOGIES AG

KEY FINANCIAL FIGURES COMPARED WITH THE PRIOR-YEAR AT A GLANCE
million €

	2013	2012
Sales	**134.7**	93.2
Cost of materials	**-62.2**	-64.4
Personnel expenses	**-20.7**	-22.4
Other operating expenses/income	**-11.7**	-21.3
Extraordinary result	**0.0**	10.1
Net loss	**-13.8**	-4.2
Property, plant & equipment	**44.5**	57.6
Current assets	**117.0**	112.6
Liquid funds	**47.4**	62.9
Bonds	**60.0**	60.0
Bank borrowings	**0.0**	4.2
Shareholders' equity	**44.3**	58.2

Specifically, the order intake at the SINGULUS TECHNOLOGIES AG amounted to € 97.9 million (previous year: € 105.1 million), while the order backlog at the balance sheet date stood at € 27.9 million (previous year: € 64.7 million).

Due to the favorable business trend in the Optical Disc segment the sales as well as the net result, adjusted for write-offs on investments, exceeded expectations in 2013. In the following the most important effects on the earnings, financial and asset positions in the previous business year are discussed.

The sales increase of € 41.5 million or 44.5 % to € 134.7 million was mainly the result of higher sales in the Optical Disc segment due to volume effects. Within this segment sales amounted to € 78.7 million (previous year: € 51.8 million). In the Solar division sales of € 36.5 million remained around the prior-year level (previous year: € 35.9 million). Sales in the Semiconductor segment amounted to € 19.5 million compared with € 5.5 million in the previous year. Since in contrast to the procedures pursuant to IFRS sales in the segments Solar and Semiconductor are only realized upon completion of the projects, these figures are higher than the consolidated financial results.

The material expenses declined from € 64.4 million to € 62.2 million. Overall output (sales including inventory changes) came to € 108.3 million in the business year 2013 (previous year: € 91.1 million). This corresponds to a cost of materials margin of 57.4 % (previous year: 70.7 %). The reduction is mainly due to the changes in the product mix. In addition, the prior year was impacted by write-offs on inventories in the course of restructuring measures.

Personnel expenses in the amount of € 20.7 million (previous year: € 22.4 million) were below the prior-year level. This decrease is mainly due to extraordinary expenses in connection with restructuring measures in the previous year.

Similar to the previous year, the other operating expenses in the amount of € 17.4 million (previous year: € 24.5 million) mainly include commissions to third parties and associated companies as well as financial statements, legal and consulting expenses. In addition, write-offs on accounts receivable in the amount of € 0.9 million (previous year: € 4.7 million) are included.

The other operating income in the amount of € 5.8 million (previous year: € 3.3 million) mainly includes the reversal of provisions as well as the reversal of provisions for specific accounts receivable.

Due to the sustained weak earnings situation at SINGULUS SOLAR STANGL GmbH the book value of the participation of this company was written off by € 21.0 million in the business year 2013.

Overall, a net loss of € 13.8 million (previous year: € 4.2 million) resulted.

As of December 31, 2013, loans to associated companies amounted to € 14.1 million (previous year: 8.7 million). This included € 13.2 million to the SINGULUS STANGL SOLAR GmbH. In the course of a major project a customer was granted a credit volume of € 5.5 million, which was completely drawn as of December 31, 2013 and reported under Other Loans.

Overall, the liquid funds decreased by € 15.5 million in the business year 2013 and stood at € 47.4 million at the end of the business year. Thereof, in the course of collateral management for credit agreements € 5.8 million were transferred to blocked accounts (previous year: € 16.7 million). The decline in liquid funds is mainly due to the financing of working capital in connection with the increased business activities.

The shareholders' equity declined by € 13.8 million to € 44.3 million in the year under review. The equity ratio amounted to 27.4 % at the end of the year under review (previous year: 34.1 %).

The other provisions increased by € 3.7 million, which is mainly due to the increase of provisions for trailing production costs and guarantees. The rise of both provisions is mainly due to the changes in the product mix.

Forecast for the business year 2014

In the annual accounts pursuant to HGB customer orders in the Solar and Semiconductor segments are predominantly only recognized as sales with the final acceptance and thus with a time lag compared with the sales realization pursuant to IFRS. Due to the project structure we expect significantly fewer final acceptances in these segments in 2014 compared with 2013. In addition, the sales forecast for the Optical Disc segment is considerably below the prior-year level. For the business year 2014 we project significantly lower sales, but slightly positive income from ordinary activities and therefore a substantial rise in earnings compared with the business year 2013, which was strongly impaccted by write-offs on Investments.

Supplementary Report

There were no material events for the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG after the balance sheet date.

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02

03

01 *Control unit of the vacuum sputtering system*

02 *VISTARIS sputtering system*

03 *CISARIS lab selenisation system*

04 *Dr.-Ing. Stefan Rinck and Prof. Vivian Alberts with guests during PTiP opening*

In the presence of numerous honorary guests from Germany and South Africa including high-ranking politicians, business and technical partners, Photovoltaic Technology Intellectual Property officially launched the successful commissioning of its pilot production line for the manufacturing of CIGS thin-film solar modules. SINGULUS TECHNOLOGIES supplied the engineering technology and support for the key production processes.

04

05 *Prof. Vivian Alberts during PTiP opening ceremony*

06 *Opening ceremony with 130 guests*

05

06

Forecast Report

GENERAL ECONOMIC CONDITIONS

For the current year 2014 a stable development of the global economy is expected. The uncertainty caused by the financial market crisis and the Euro debt crisis has receded once again. Leading indicators such as the global purchasing manager index or the leading indicator of the OECD suggest a continuation of the current improvements for the Eurozone and the global economy as well.

The World Bank expects a global upturn for 2014 (publication as of January 15, 2014). According to the assessment of the World Bank the prospects for the global economy have not been that bright for a long time thanks to a positive trend in the industrialized countries. Correspondingly, the gross domestic product (GDP) will increase by 3.2 % in 2014 (following 2.4 % in the previous year). The gain in 2015 is forecast to come to 3.4 % in a year-over-year comparison. As the main driver for the upturn, the organization cites the development in the industrialized countries, which still suffered from the financial and economic crisis in the past couple of years. The World Bank also projects an upswing for the entire Euro-zone. In the current year 2014 the growth is forecast to amount to 1.1 % and to 1.4 % in 2015. The projections for the US are significantly better: for the biggest economy the World Bank expects growth of 2.8 % for this year and 2.9 % in 2015.

SECTOR-SPECIFIC FORECASTS AND OUTLOOK FOR THE BUSINESS YEAR 2014

Against the background of favorable economic framework conditions SINGULUS TECHNOLOGIES generally expects a positive trend for the business year 2014. However, there are several challenges and factors in the respective segments, which could materially impact the year 2014.

SINGULUS TECHNOLOGIES has continuously progresses in the past couple of years through its technologic know-how and is thus well positioned in the three segments. The goal is to develop innovative products on the basis of the core competencies of nano- and vacuum-coating as well as thermal and wet-chemical process technology to open new markets.

The Blu-ray Disc is experiencing a high level of popularity and the demand in the consumer market will show a further uptrend in 2014. New gaming consoles by Sony and Microsoft were introduced in 2013, the high marketing interest of film studios for the Blu-ray Disc format is unbowed, higher-resolution formats such as HD and UHD or 3D require more storage capacity and therefore good sales figures were reported for Blu-ray Discs towards the end of 2013. Overall, the capacity utilization rate on the basis of our machines delivered to customers was high and very satisfactory during the second half of the year.

2013 was a very good year for our Optical Disc segment, in which we were able to significantly exceed our expectations stated in the budget drawn up in 2012. The production of Blu-ray Discs during the course of the year is always seasonally strong towards the end of the year. Therefore, order intake of our machines, which serve to expand the existing production capacities, is only recorded in the middle of the year, which is the reason why a quantitative forecast for the figures of this segment is characterized by a high level of uncertainty at this moment in time. For 2014, the company has once again drawn up cautious plans in fall 2013. On the basis of this budget for 2014, compared with the realized results 2013 we expect significantly lower sales and earnings (EBIT) contributions. However, Optical Disc should also contribute positively to the consolidated results in the current business year.

After the weak years of 2012 and 2013, in the Solar segment we are internationally well positioned with our new developments for innovative production equipment. The indications of market research institutes for the solar market for the years 2014 and 2015 are mainly positive. In particular in Asia and other countries of the sun belt the demand for photovoltaic cells and modules is set to rise sharply. The Deutsche Bank AG even cites "a second gold rush for photovoltaics" in one of its publications. For 2015 the bank projects a newly installed module output of up to 56 GW and this especially also in new future markets such as South Africa, South America, the Middle East and Australia.

Due to the currently already existing product portfolio as well as due to our plans of targeted broadening of our machines offered, we expect to participate disproportionately from the market growth. The business trend in the Solar segment should thus be significantly more favorable than in the past couple of years. This assumes the realization of major orders with an order volume in the double-digit million range. In terms of sales and operating results we project a very substantial rise in the business year 2014 and 2015.

The forecast for the general economic developments for investments in semiconductor production equipment for 2014 is positive.

In the sub-segment of MRAM semiconductor wafers targeted by SINGULUS TECHNOLOGIES market research companies such as VLSIresearch also project considerable growth for the next couple of years.

We expect to gain a better perspective on the future development and the importance of MRAM as a possible storage technology of the future in the course of the current year. Until now, we have already seen the first installed production lines, numerous development cooperations by renowned semiconductor manufacturers for MRAM and concede that the topic MRAM continues to gain further interest internationally.

If there are investment decisions in the next couple of months, this could result in a strong pick-up in demand for our coating machines of the TIMARIS type. From today's view, we expect sales around the level of 2013 within this segment. However, the operating result (EBIT) will presumably improve substantially compared with the business year 2013 due to an improved cost structure.

In summary, with the positioning of our products and the targeted expansion of our product range, we expect relevant order intake in all segments, in particular the Solar segment. For the business year 2014 SINGULUS TECHNOLOGIES projects a slight increase in sales and in the operating result (EBIT). The current financing structure of the company via the issued bond results in an interest expense, which impacts the results and could lead to a negative net profit pursuant to IFRS after all.

For the outlook for the business year pursuant to HGB accounting principles please refer to the chapter describing the annual accounts pursuant to HGB on page 63 of this status report.

Sunlight is transformed into electricity. After the devastating nuclear catastrophe in Fukushima in Japan, the transition of energy supply towards renewable energies has gained momentum. The question how mankind can generate energy in an intelligent and efficient manner is a future challenge.

Future trend: efficient energy generation

Solar power is at the forefront of becoming a supporting pillar for future energy supply. This intelligent energy transition poses both an opportunity and a challenge for a renewable energy generation. The consistent use of available space makes this possible. Highly-efficient photovoltaic cells provide the opportunity to realize this. We at SINGULUS TECHNOLOGIES supply the know-how and technology for this trend.

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.

GOALS AND PRINCIPLES OF THE RISK MANAGEMENT

SINGULUS TECHNOLOGIES considers efficient and forward-looking risk management as an important and value-adding task. Risk management is one of the core functions of entrepreneurial endeavors and is a material element for the success of our business activities.

Specifically, risk management supports achieving the company's goals by creating transparency about the risk situation of the company as the basis for risk-aware decisions, the identification of potential threats to the assets, earnings and financial situation of the company as well as prioritizing risks and the respective requirements to act. In addition, risk management safeguards the explicit management of risks by respective measures and their monitoring. Furthermore, the risks should be limited to an acceptable level as well as the costs of risks optimized.

Accordingly, risk management contributes to increasing the company's value, is in the interests of providers of capital and stakeholders and serves to meet legal requirements.

The risk management at SINGULUS TECHNOLOGIES is characterized by the following principles:

- The risk management is primarily implemented by the operating segments in the course of the management duties;
- The risk management must not be limited to financial risks, but must also include all risks associated with the business activities;
- The risk management has to be an integral part of the business processes;
- The precondition for an effective risk management is the clear and unambiguous assignment of tasks and responsibilities and a systematic risk management process;
- Support and active participation on part of the management team;
- Functionality and reliability of the risk management are to be supervised continuously and adjusted, if necessary;
- The risk management system has to be documented in a suitable manner, principles and guidelines of the risk management have to be in written form and communicated to the relevant people.
- Opportunities are not a component of the risk management.

In particular, risk management should make the following contributions:

- to improve the risk awareness and risk transparency;
- to identify, suitably manage and monitor all essential risks;
- to highlight risk accumulations and
- to provide reliable management information about the risk situation of the company.

Organization of the risk management

The risk management organization is integrated into the existing organization of SINGULUS TECHNOLOGIES. It is not an independent structure. The respective heads of the departments, supported by the risk manager and the Chief Financial Officer, are responsible for the risk management organization at SINGULUS TECHNOLOGIES. The Chief Financial Officer coordinates all activities in connection with the risk management of SINGULUS TECHNOLOGIES with the Chief Executive Officer.

For the identification of risks the risk development is reviewed annually in the course of the company's planning and new risks/opportunities for the business development from the company's perspective within all of SINGULUS TECHNOLOGIES' producing company as well as sales subsidiaries are discussed. Due to a weak independence of the sales subsidiaries their risks are directly included within the parent company. The respective managing directors or department heads are responsible for the subsequent formulation and implementation of measures to handle risks. The risk manager has the method and guideline competence within the company and coordinates the reporting about the risks within the SINGULUS TECHNOLOGIES Group.

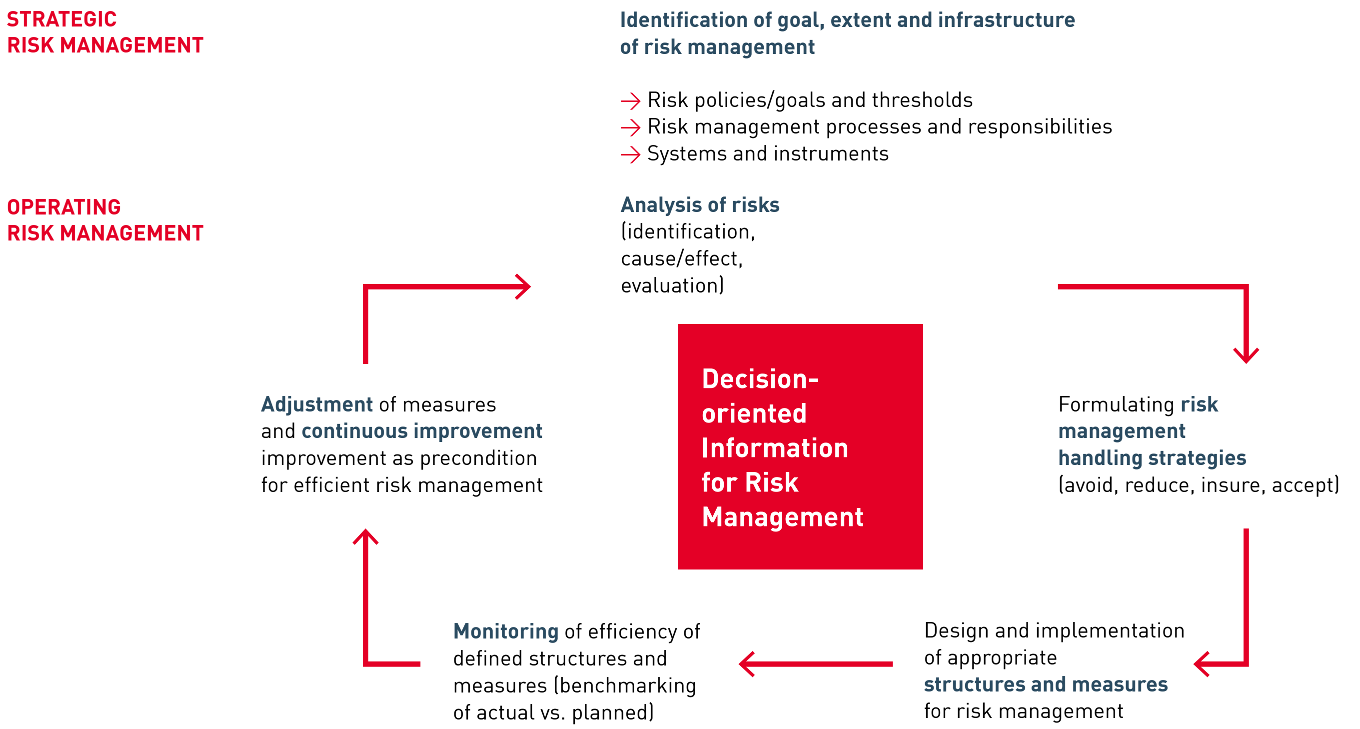
The Executive Board has the overall responsibility for the implementation of an appropriate and functioning risk management, to safeguard the timely identification and mastering of trends threatening the continuation of the company.

The risk management process in the SINGULUS TECHNOLOGIES Group

Overall, the risk management system is a continuous process according to the business risk management process:

LEVEL 1: IDENTIFICATION OF GOALS, EXTENT AND INFRASTRUCTURE

The basis of the strategic risk management process is formed by the alignment of risk policies (including targets and thresholds), the risk management processes and the definition of the required relevant systems and instruments. The original definitions are subsequently amended or modified in the course of a long-term control cycle.



LEVEL 2: ANALYSIS OF RISKS

In a second step risks are initially identified and documented, afterwards analyzed from different perspectives and finally evaluated, if possible. To safeguard a complete risk inventory, the risk model is applied. The analysis and updating is performed in the course of the annual planning. On a quarterly basis, a risk reporting is established to document the essential risks.

The evaluation of risks is performed on an ordinal scale. Here, gross damage is evaluated.

This assessment is renewed on a quarterly basis.

The gross damage is defined as the negative earnings impact on the EBIT. The probability of occurrence is the subjective assessment of the probability of the event occurring in the current business year. Specifically, a low, medium or high probability is classified. The evaluation is performed on a "gross" basis, i.e. existing controls and measures are not taken into account. The relevant figures for the classification of the gross risk are defined in the following table.

Subsequently, the probability of occurrence is estimated for the individual risks.

Relevance	Characteristics
1	Insignificant risks, neither materially impacting EBIT nor company value.
2	Medium risks, with a significant impact on EBIT.
3	Significant risks, materially impacting the EBIT and significantly reducing the company value.
4	Major risks resulting in a negative EBIT and materially reducing the company value.
5	Existential risks, which threaten the continuation of the company with a high probability.

LEVEL 3: FORMULATING A RISK HANDLING STRATEGY

On the basis of risk handling, strategies, specific measures and indicators can be derived. The definition of these strategies is made with respect to the overall strategy and the risk preference of the company. Basically, management has the following alternative for the handling of risks at its disposal:

- **Eliminate risks**
  The elimination of risks results in a complete elimination of the risk, e.g. by leaving a risky or unprofitable business.
- **Reduce risks**
  The goal of the reduction of risks is to lower the probability of occurrence and/or the impact on the EBIT or the company's target to an acceptable level, e.g. by improving the early detection of risks of the implementation of counter-measures.
- **Transfer (insure) risks**
  In case of an insurance/cover the potential damage is transferred to a third party, e.g. with a respective insurance cover.
- **Bear (accept) risks**
  With the acceptance of risks the direct form of risk financing is carried out by SINGULUS TECHNOLOGIES, e.g. through financial cover via the addition of provisions. The development of the risks is only monitored by the involved employees without introducing specific measures for the handling of risks.

LEVEL 4: DESIGN AND IMPLEMENTATION OF APPROPRIATE STRUCTURES AND MEASURES

On the basis of the above-formulated risk handling strategy, subsequently the required structures and measures are derived and implemented.

LEVEL 5: MONITORING OF EFFICIENCY

The implemented measures are regularly monitored and reviewed with respect to their efficiency. In addition, the legal documentation requirements are met.

LEVEL 6: ADJUSTING THE MEASURES AND CONTINUOUS IMPROVEMENT PROCESS

The dynamic nature of the environment demands the risk management to be understood as a continuous process. For this reason continuous adjustments of the risk management process to external and internal developments are essential. To enable this, intensive knowledge management is still necessary. The starting point for the risk management process of SINGULUS TECHNOLOGIES is the corporate strategy, on which the definition and communication of the business goals is based.

The review of the risk management systems is performed by impartials, i.e. people who are not directly involved in the management of risks. The following principle review requirements apply:

- **Supervisory Board**
  The Supervisory Board is responsible for the review of the efficiency of the risk management. For this, the Executive Board at least annually informs the Supervisory Board about the current state of the risk management.
- **Audit**
  In the course of the audit of the annual financial statement pursuant to Art. 317 Para. 4 HGB the audit includes the assessment, whether the Executive Board has performed the measures pursuant to Art. 91 Para. 2 AktG in an appropriate manner and whether the according monitoring system is appropriate to meet these requirements.

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 and of the Group from today's perspective, on the basis of the overall Group and which could result in a shortfall of the targets.

SALES MARKET RISKS

Risk description:

SINGULUS TECHNOLOGIES depends upon its global customers' willingness to invest into new production machines for optical memory storage, solar cells and semiconductors.

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. Even though the dependency of the competitiveness of photovoltaic installations is gradually decreasing due to the reduction in system costs for photovoltaic equipment, the market for these installations depends on the continuation of public support programs for investments in photovoltaics.

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.

Impact:

We are currently assessing the market risk in the Solar segment with a relevance score of 4 and a medium probability of occurrence. Accordingly, the risk is assessed as being major and can result in a negative EBIT for the entire group of companies and therefore materially reduce the company value. Specifically, the management expects considerable growth for the Solar segment. If the sales fall short of expectations in the future as well, this will result in a valuation gap to book values and trigger impairment charges. The market risk in the Optical Disc segment is only assessed with a relevance score of 2 and a low probability of occurrence. The business volume of the Semiconductor segment is currently not yet viewed as being relevant.

Measures:

External data such as market research results but also close contacts with our customers as well as monthly reviews of actual and forecast results help to improve the evaluation of future trends.

PROJECT RISKS

Risk description:

According to our definition project risks include orders, which concern non-standardized machines with a sales price usually exceeding € 3 million. This affects the Solar and Semiconductor segments. Specifically, the resulting risks are the shortfall of forecast costs as well as the project schedule, the failure of acceptance criteria as well as order cancellations and the resulting non-acceptance of machines and the resulting contractual risks.

Impact:

If risks still 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 particular in the Solar segment our expectations and assessments of the business development are mainly based on the increasing importance of the system activities. In particular, the risk of higher costs than forecast is considered as being material. This is currently assessed with a relevance score of 3 and a medium probability of occurrence. Therefore, the market risk for this business segment is assessed as being significant and can materially impact the net profit or significantly reduce the company value.

Measures:

To manage the risks within this segment, already in the proposal stage project calculations, project schedules as well as project-specific risk assessments and liquidity forecasts are conducted. With a continuing monitoring of changes in the parameters parallel to the project's progress, potential project risks should be identified at an early stage and necessary measures initiated. 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.

FINANCIAL RISKS

Risk description:

The SINGULUS TECHNOLOGIES Group is exposed to financial risks in particular with respect to liquidity risks and credit risks.

Impact:

We are currently assessing the credit risk with a relevance score of 4, the liquidity risk is assessed with 1, however both probabilities of occurrence are considered low. From today's point of view we expect a sufficient cover of the financial risks stemming from counterparty risks.

Measures:

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 an issued bond, 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. However, in the Solar business additional financing agreements could become necessary subject to project-specific requirements. As the main instrument to hedge defaults of international customers 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.

TECHNOLOGY RISK

Risk description:

The SINGULUS TECHNOLOGIES Group is operating in competitive markets. If the further or new development of products leads to erroneous trends, this could result in substantial costs.

Impact:

We are currently assessing the risk of faulty or delayed development with a relevance score of 3 and a medium probability of occurrence.

Measures:

A key aspect of the review of the development risks is the analysis of market requirements. We reduce the risk of faulty or delayed developments through the cooperation with partners, research institutes and a continuous evaluation process, which continuously reviews the efficiency, opportunities 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.

PROCUREMENT MARKET RISKS

Risk description:

The availability, unexpected price increases and inadequate quality of procured components pose a risk for SINGULUS TECHNOLOGIES.

Impact:

In the short- and medium term we do not expect significant price increases from current contract negotiations and from the analysis of market expectations. However, the average delay rate as well as the number of quality complaints were temporarily slightly above the target level in the business year 2013. This is mainly due to the early maturity phase of the assembled machines in the segments Solar and Semiconductor. However, for the future we expect the relevant key figures to improve again. Accordingly, the probability of occurrence of this risk is assessed as low. The relevance score for the inventory risk is assessed as 4, however, the probability of occurrence is deemed to be low. From today's point of view we expect this to sufficiently cover the inventory risks.

Measures:

To avoid unexpected price increases contracts as long-term as possible are concluded with suppliers. 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.

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

Within the SINGULUS TECHNOLOGIES Group the internal control and risk management system is viewed as a holistic system. Accordingly, an internal monitoring system includes the principles, procedures and measures implemented by the management of the company for the organizational implementation of the decisions of the management. Specifically they include:

- securing the efficacy and efficiency of business operations
- the correctness and reliability of internal and external accounting
- the compliance with regulations relevant for the company.

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

The overall responsibility for the internal monitoring system with respect to the accounting process and the consolidated accounting process rests upon the Executive Board. By means of a clearly defined management and reporting organization all companies included in the consolidated financial statement are included. In the course of the accounting process and the consolidated accounting process, the characteristics of the internal monitoring and risk management system are deemed material, which substantially affect the consolidated financial statements and the overall statement of the consolidated statements including the consolidated status report. This includes primarily the following elements:

- identification of material risk areas and monitoring the 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.

Opportunities Report

Corporate opportunities are not taken into account 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. This process starts with the analysis of the market environment. Specifically, if possible, customer requests, markets trends or competitors are analyzed and reviewed in terms of profitability. Here, costs and income are forecast over a multi-year period and the impact on the profit-and-loss statements as well as the cash flow statements reflected. The direct responsibility for the early identification of opportunities and their realization rests upon the Executive Board.

In the Optical Disc segment there are opportunities which could significantly extend the life cycle of physical storage media. The wide-spread popularity of 3D movies as well as the introduction of new gaming consoles in 2013 could result in a substantial increase in demand. The market launch of the new UHD television sets requires storage media with a higher capacity. A new Blu-ray format with 100 GB storage capacity is discussed. If the Blu-ray Association votes in this favor, opportunities for SINGULUS TECHNOLOGIES will open for the market introduction of a new generation of Blu-ray Disc production machines.

In the Semiconductor segment there is a great chance that MRAM will be broadly introduced as a new storage chip generation. Large memory chip producer worldwide are working on this subject. With its TIMARIS machine family SINGULUS TECHNOLOGIES is very well positioned for this growth (for further information please refer to page 43 of this Annual Report).

Of course, the continuation of our positive corporate trend and expansion depends on our ability to create innovations through research and development. In particular in the vacuum coating area, we are working on numerous new applications with potential customers. This presents good opportunities to generate additional sales and earnings.

SUMMARY OF RISKS AND OPPORTUNITIES

In the past business year there were no material changes with respect to the risk assessment compared with the prior year. Due to the weak order situation in the Solar segment in the past couple of years, in particular the market risk within this business segment has to be assessed as being material. If no major order intake is received in the current business year either, this will have a significant negative impact on the financial, asset and earnings situation of the SINGULUS TECHNOLOGIES Group. Nevertheless, from today's view we are forecasting a rising demand for machines for the manufacturing of solar cells in the future. Due to the currently already developed product portfolio as well as due to our further plans of targeted broadening of our machines offered, we expect to participate substantially in the market's growth.

Environment and sustainability

Responsible and sustainable corporate governance continued to be very important to the SINGULUS TECHNOLOGIES in 2013 as well. 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 (please also refer to page 20).

The company is subscribing to the goal of taking into account environmental safety and sustainability in all of its economic activities and processes.

The company's products, i.e. production equipment for Optical Disc (CD, DVD & Blu-ray Disc) as well as production machines for solar cells are continuously improved to reduce their energy consumption. For the company, the recycling of consumable materials, such as lacquer, goes without saying.

We regard sustainability as an opportunity for SINGULUS TECHNOLOGIES to position itself accordingly with very innovative products and to therefore achieve value conservation and increase in the long-term. In the Semiconductor segment the TIMARIS machine as equipment to manufacture MRAM chips is predestined to reduce the energy consumption of its end-products. SINGULUS TECHNOLOGIES does not only produce manufacturing equipment in the Solar segment, that is energy-efficient, but that also enables the cost-efficient generation of renewable energy.

Generally, entrepreneurial actions also include sustainable actions. In 2014, the following aspects are still in the focus:

- social responsibility within the company and within the region,
- environmental awareness,
- efficient use of resources,
- avoidance of unnecessary CO_2 pollution.

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

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 (Art. 289 Para. 2 No. 5 HGB) amended by the German Management Compensation Disclosure Act (VorstOG) is an element of the Appendix pursuant to Art. 314 HGB and the status report pursuant to Art. 315 HGB.

The compensation report takes into account the recommendations of the German Corporate Governance Code.

A. COMPENSATION OF THE EXECUTIVE BOARD

I. Members of the Executive Board in the business year 2013

Dr.-Ing. Stefan Rinck
Chief Executive Officer; Executive Board member responsible for Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International

Dipl.-Oec. Markus Ehret
Executive Board member responsible for Finance, Controlling, Investor Relations, Human Resources, Procurement and IT

II. 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 variable monetary compensation (including stock-based compensation), 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. In the future the Supervisory Board will include the relation of compensation of the "top management circle" into its assessment. However, it is not expected that an adjustment of the remuneration will result from this comparison. The Supervisory Board 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. Following the conclusion of new employment contracts in 2012, the Supervisory refrained from raising the fixed components of the Executive Board in the business year 2013.

1.2 Composition of the compensation

The compensation generally includes fixed and performance-related components. For both members of the Executive Board new employment contracts were concluded in 2012, due to which the compensation is now uniformly granted according to the depicted compensation scheme. The fixed part is composed of a fixed salary, company pension benefits and benefits in kind. The performance-based components are split into a variable bonus and virtual stocks ("phantom stocks"), whose value depend on the long-term performance of the company as a long-term incentive for future activities.

The variable bonus is tied to achieving individual targets, which include financial, operating and strategic goals. These targets are reset 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. The target remuneration upon 100% achievement of goals is to be composed of about 60 % fixed compensation and about 40 % from performance-related compensation. 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. It is in the Supervisory Board's discretion to pay the Chief Executive Officer up to 150 % of the agreed bonus payment in case of exceeding the agreed targets.

The contracts 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.

Since the business year 2011 the company has been granting virtual stocks ("phantom stocks") to members of the Executive Board according to the guidelines of the phantom stock program resolved by the Supervisory Board. 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 allocation of phantom stocks is free of charge as an additional compensation component. Each phantom stock virtually entitles to the purchase of one 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 owner of the virtual shares receives upon exercise the equivalent of the share price less the exercise price exclusively in the form of cash settlement, however, limited to an amount not exceeding three times the exercise price. A settlement in shares of the company is excluded.

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. After expiration of the waiting period within a period of time of 14 trading days, beginning with the sixth trading day (including) after the publication of the quarterly report for the first or third quarter, while during the first exercise period up to 25 % of the phantom stocks and within each additional exercise period semi-annually up to additional 25 % can be exercised.

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 the average is a specific percentage value higher than the exercise price. The non-weighted average of closing prices at the Frankfurt Stock Exchange during the reference period is relevant for the calculation of the goal of an exercise period; the reference period is a period of five trading days in Frankfurt am Main from the publication of the quarterly report relevant for the beginning of the exercise period. The exercise of the phantom stocks is only possible if the non-weighted average of the closing prices of the shares in the reference period for the first 25 % of the subscription rights (first exercise tranche) is at least 15.0 %, in the reference period for the next 25 % of the subscription rights (second exercise tranche) is at least 17.5 %, in the reference period for the following 25 % of the subscription rights (third exercise tranche) is at least 20.0 %, and in the reference period for the remaining 25 % of the subscription rights (fourth exercise tranche) is at least 22.5 % above the exercise price. An early exercise is possible regardless of reaching the goals for a period, in which a takeover offer in the meaning of Art. 29 Para. 1 Wertpapiererwerbs- und Übernahmegesetz (WpÜG) was published or a person gains control in the meaning of Art. 29 Para. 2 WpÜG.

Finally, the members of the Executive Board receive benefits in kind such as company cars, insurances as well as defined-contribution pension benefits sponsored by the company.

1.3 Maximum levels

Since May 2013, Art. 4.2.3 Para. 3 S. 6 of the Code recommends that the compensation should have absolute maximum levels overall and maximum levels in terms of the variable share of compensation. The Supervisory Board generally deems maximum levels for the Executive Board remuneration as reasonable and has implemented these as follows:

The employment contracts of the sitting Executive Board members do not specify an absolute maximum level for the overall compensation. However, there are maximum levels of the variable compensation components, which result from the system of the compensation and which are monitored by the Supervisory Board. The amount of the variable compensation upon 100 %-achievement as well as the goals to be achieved are determined for the following year through a target agreement between the Supervisory Board and the Executive Board. The target remuneration upon 100% achievement of goals is to be composed of 60 % fixed compensation and up to 40 % from performance-related compensation. The Supervisory is authorized to discretionary increase the performance bonus of the Chief Executive Office upon exceeding the targets by up to 150 % of the target amount. In addition, the Executive Board receives phantom stocks. The number of phantom stocks to be granted does not have a maximum level on the outset, but is determined by the Supervisory Board upon granting each tranche. Upon realization of the phantom stocks the beneficiary receives the difference between the stock price at issuance (issuance price) and the exercise price, subject to a maximum amount of three times the issuance price. Correspondingly, the possible payment to the Executive Board has a maximum amount overall, which can be determined by the Supervisory Board at the beginning of each business year.

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. Following the conclusion of new employment contracts in 2012, the Supervisory refrained from raising the fixed components of the Executive Board in the business year 2013.

For the business year 2013 the total fixed salary (including other compensation) paid amounted to T € 754.

3. VARIABLE COMPENSATION

On the basis of the individual targets and according to reaching them in the business year 2013 the provisioned variable compensation amounted to T€ 473.

4. STOCK OPTIONS AND VIRTUAL SHARES (PHANTOM STOCKS)

In the business year 2013 the SINGULUS TECHNOLOGIES AG did not grant the members of the Executive Board any additional virtual shares. In 2012, the members of the Executive Board were granted 180,000 virtual shares in total. The exercise price of these virtual shares amounted to € 1.08 (€ 2.356 for the phantom stocks granted in 2011).

Together with the already granted virtual shares Dr.-Ing. Stefan Rinck holds 200,000 virtual shares (100,000 phantom stocks granted in 2011 and 100,000 phantom stocks granted in 2012) and Mr. Markus Ehret 180,000 virtual shares (100,000 phantom stocks granted in 2011 and 80,000 phantom stocks granted in 2012). On an accrual basis, the time value of the virtual shares in the IFRS consolidated financial statement for the business year 2013 resulted in expenses in the amount of T€ 76 (previous year: T€ 9) for Dr.-Ing. Stefan Rinck and T€ 67 for Mr. Markus Ehret (previous year: T€ 9).

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

5. OTHER COMPENSATION

In addition, the members of the Executive Board receive fringe benefits in kind, such as company cars or lump-sum compensation for use of private cars for professional purposes as well as casualty and personal liability insurances. Each individual Executive Board member has to pay taxes on these fringe benefits as part of the overall compensation. As a basic principle, each member of the Executive Board is granted the same amount.

The members of the Executive Board did not receive additional compensation in the business year 2013 for their activities as managing directors of subsidiaries.

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

6. PENSION PLANS

The members of the Executive Board receive a company pension plan financed by the company in the form of defined contributions. 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. This form of pension enables the company to reliably calculate the annual - and accordingly also the long-term - expenses. The amount of the pension payment was calculated as a percentage of the fixed salary on the basis of an approximately targeted pension level, a hypothetical tenure and the expected interest rate development according to actuarial principles. However, the actual pension level is not fixed for a defined-contribution pension, since it depends on the tenure as an Executive Board member and the interest rate development.

The annual pension contribution amounted to 59.97 % for Dr.-Ing. Stefan Rinck from January 1, 2012 and 23.07 % for Mr. Markus Ehret of the gross annual fixed salary. The annual pension contributions for the company paid in the year 2013 amounted to T€ 314 (previous year: T€ 321), with T€ 258 (previous year: T€ 264) attributable to Dr.-Ing. Stefan Rinck and T€ 56 (T€ 58) attributable to Mr. Markus Ehret.

In 2011 the pension benefits were outsourced from the company to the incorporated society Towers Watson Second e-Trust e.V. ("Incorporated Society"). The pension benefits include pensions and surviving dependents' pensions. With respect to the pension it is determined that if a member of the Executive Board retires from the company after completion of the age of 63, a monthly pension or a lump sum will be paid. If a member of the Executive Board retires from the company before the age of 63 but after completion of the age of 60, as an early pension an early monthly pension or an early lump sum will be paid, if the member of the Executive Board asks for the payment of the early pension benefits at the time of leaving the company. The amount of the (early) pension benefits depends an actuarial principles corresponding to the pay scale of the liability insurer. The Incorporated Society concludes a corresponding liability insurance to insure the pension benefits. The Incorporated Society is exclusively entitled to the rights from these contracts. In case of death of a member of the Executive Board before claiming (early) pension benefits, the surviving spouse will receive a surviving dependents' lump sum. The amount of the surviving dependents' lump sum is calculated upon occurrence of the death and corresponds to the payable repayment of contributions in case of death before retirement resulting from the liability insurance concluded for the members of the Executive Board by the Incorporated Society. In case of death after claiming the (early) pension benefits through monthly payments, but before the lapse of 20 years after retirement, the surviving spouse will receive a temporarily limited surviving dependent's pension until the lapse of this 20-year period. If there is no surviving spouse entitled for benefits, under certain conditions the surviving minors will receive surviving dependents' payments in equal parts. If a member of the Executive leaves the SINGULUS TECHNOLOGIES AG before the pension benefits are due, the proportional claim for pension benefits remains, regardless whether at the time of leaving the legal vesting applies pursuant to the relevant regulations of the employers' retirement benefits law.

III. Individual compensation 2013

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

2013	Fixed salary	Other compensation[1]	Variable compensation	Components with long-term incentivation[2]	Total
	[in '000 €]	[in '000 €]	[in '000 €]	[in '000 €]	[in '000 €]
Dr.-Ing. Stefan Rinck	440	44	293	-	777
Dipl.-Oec. Markus Ehret	250	20	180	-	450
Total	**690**	**64**	**473**	**-**	**1,227**

2012	Fixed salary	Other compensation[1]	Variable compensation	Components with long-term incentivation[2]	Total
	[in '000 €]	[in '000 €]	[in '000 €]	[in '000 €]	[in '000 €]
Dr.-Ing. Stefan Rinck	413	35	214	62	724
Dipl.-Oec. Markus Ehret	240	13	144	50	447
Total	**653**	**48**	**358**	**112**	**1,171**

[1] Other compensation includes fringe benefits such as insurances and company cars.
[2] Phantom stocks are included with their respective time value at the time of first issuance.

Overall, the compensation of the members of the Executive Board for the business year 2013 amounted to T€ 1,227. The annually fixed remuneration contributed about 60 % and the variable components about 40 % of the total compensation. The other compensation mainly included company cars. In the business year 2013 no new phantom stocks were issued.

IV. Committed benefits in case of termination of employment and by third parties, change of control clauses

1. SEVERANCE POLICIES

In case of an early termination of the employment contract through statutory notice of termination or in case of termination of appointment to the Executive Board, the members of the Executive Board receive a severance payment limited to two years' compensation at maximum (severance cap). The amount depends upon the fixed compensation excluding benefits in kind and other compensation including the generalized variable compensation in the amount of 25 % of the respective fixed compensation; in case of Dr.-Ing. Stefan Rinck the inclusion of the addition to pension benefits is additionally agreed. If the remaining term of the employment contract is less than two years, the severance payment is reduced pro rata temporis to the remaining term of the employment contract. In case of an extra-ordinary dismissal for cause, there is no right to a severance payment.

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

The employment contracts of the Executive Board members include a change of control clause. Accordingly, in case that the employment contact is terminated after a change in control at the SINGULUS TECHNOLOGIES, because the member of the Executive Board exercise the extraordinary termination rights in connection with a change in control or the contract is not prolonged, the member of the Executive Board receives an special payment in the amount of the fixed compensation and a variable bonus payment for two year (for the Chief Executive Officer including pension benefits). The entitlement to a special payment only exists if the employment contract has a remaining term of more than nine months at the time of the extraordinary termination at the time of a change in control. A change in control exists in this meaning, if (i) a shareholder has gained control in the meaning of Art. 29 WpÜG, or (ii) a controlling agreement pursuant to Art. 291 AktG has been concluded and become effective with the company as dependent company, or (iii) the company is merged to a different non-Group entity pursuant to Art. 2 Umwandlungsgesetz (UmwG), provided that the value of the different entity amounts to less than 50 % of the value of the company according to the agreed exchange ratio, or (iv) the completion of a take over or mandatory offer in the meaning of the WpÜG.

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 remuneration of the Supervisory Board is governed by the bylaws. It is based on the functions and responsibilities of the members of the Supervisory Board. 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, 2013 and is included in Art. 11 of the bylaws. With the adjustment to a purely fixed compensation the compensation of the Supervisory Board of the SINGULUS TECHNOLOGIES AG fulfills the recommendations of Art. 5.4.6 of the German Corporate Governance Code.

In addition to the reimbursement of expenses, the members of the Supervisory Board receive a fixed compensation in the amount of € 40,000 for each full business-year of being a member of the Supervisory Board, which is paid after completion of the business year.

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

The company is reimbursing each member of the Supervisory Board the value-added tax on their compensation.

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

	2013	2012
	[in ‘000 €]	[in ‘000 €]
Dr.-Ing. Wolfhard Leichnitz	**80**	60
Günter Bachmann (until November 30, 2012)	**-**	42
Dr. rer. nat. Rolf Blessing	**40**	30
Christine Kreidl (from December 4, 2012)	**60**	3
Total	**180**	**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

No member of the Executive or Supervisory Board holds 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, 2013:

	2013	2012
Supervisory Board		
Dr.-Ing. Wolfhard Leichnitz	**39,344**	39,344
Executive Board members		
Dr.-Ing. Stefan Rinck, CEO	**9,619**	9,619
Dipl.-Oec. Markus Ehret, CFO	**7,000**	7,000

The sitting members of the Executive Board did not hold subscription rights through stock options or convertible bonds as of December 31, 2013.

E. DIRECTORS’ DEALINGS

Pursuant to Art. 15a German Securities Trading Act (WpHG) all members of the Executive and Supervisory Board of the SINGULUS TECHNOLOGIES AG and related persons have to publish the purchase or disposal of shares of the SINGULUS TECHNOLOGIES AG or financial instruments referenced to them, if the cumulated value of the transactions in the business year is € 5,000 or higher. In the business year 2013 no transactions were published.

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 Subject to the approval of the Supervisory Board, the Executive Board is authorized to increase the nominal capital against payment in kind and/or in cash once or several times by up to € 24,465,157.00 until June 18, 2017 (Authorized Capital 2012/I). The Executive Board upon approval of the Supervisory Board is entitled to exclude the legal subscription right of shareholders for newly issued shares with a total nominal value of up to 20 % of the nominal capital at the time of the becoming effective of the entitlement or - if this value is lower - at the time of the exercise provided, that (1) it is necessary to offset fractional amounts; (2) it is necessary to grant bearers of options or creditors of convertible bonds, which were issued by the SINGULUS TECHNOLOGIES AG or its subordinated companies in the Group, a subscription right for new shares to the extent that they are entitled to according to the option or conversion rights are the fulfillment of conversion obligations; (3) for capital increases against payment in kind, in order to be able to offer the new shares to third parties in the course of company mergers or the acquisition of companies, company parts, investment in companies or other assets.

Furthermore, the Executive Board upon approval of the Supervisory Board is entitled to exclude the legal subscription right for newly issued shares against cash payment with a total nominal value of up to 10 % of the nominal capital at the time of the becoming effective of the entitlement or - if this value is lower - at the time of the exercise, provided that the issue price of the new shares is in the meaning of Art. 186 Para. 3 Sent. 4 AktG not materially lower than the stock price of the already stock-listed shares with same conditions. Shares that have or will be issued during the course of this entitlement until the time of its exercise due to other entitlements in direct or indirect application of Art. 186 Para. 3 Sent. 4 AktG with exclusion of subscription rights have to be taken into account for the 10 % limit.

The nominal capital of the company is conditionally increased by up to € 9,750,000.00 through the issuance of up to 9,750,000 bearer shares with a nominal capital of € 1.00 each (Authorized Capital 2012/III). The conditional capital increase will only be performed if the bearers of option or conversion rights or the parties obligated to convert or exercise options due to options or convertible bonds, which are issued or guaranteed pursuant to the authorization from the Annual General Meeting on June 19, 2012 under Agenda Item 6 by the SINGULUS TECHNOLOGIES AG or a Group company of the SINGULUS TECHNOLOGIES AG in the meaning of Art. 18 AktG, which the SINGULUS TECHNOLOGIES AG directly or indirectly holds at least 90 %, or if the SINGULUS TECHNOLOGIES AG exercises a right to completely or partly issue common shares of the SINGULUS TECHNOLOGIES AG instead of the payment of the amount due.

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 a change of control clause. Accordingly, in case that the employment contact is terminated after a change in control at the SINGULUS TECHNOLOGIES, because the member of the Executive Board exercise the extraordinary termination rights in connection with a change in control or the contract is not prolonged, the member of the Executive Board receives a special payment in the amount of the fixed compensation and a variable bonus payment for two year (for the Chief Executive Officer including pension benefits). The entitlement to a special payment only exists if the employment contract has a remaining term of more than nine months at the time of the extraordinary termination at the time of a change in control. A change in control exists in this meaning, if (i) a shareholder has gained control in the meaning of Art. 29 WpÜG, or (ii) a controlling agreement pursuant to Art. 291 AktG has been concluded and become effective with the company as dependent company, or (iii) the company is merged to a different non-Group entity pursuant to Art. 2 Umwandlungsgesetz (UmwG), provided that the value of the different entity amounts to less than 50 % of the value of the company according to the agreed exchange ration, or (iv) the completion of a take over or mandatory offer in the meaning of the WpÜG.

In this case (i) and (iv) the issued virtual shares (phantom stocks) can also be exercised prematurely (please refer to the annotations to phantom stocks in the Compensation Report under II. No. 4).

In addition, the members of the Executive Board have an extraordinary termination right in case of a change of control. If the employment contract is not extended or terminated, if the member of the Executive Board is sent on leave or if he exercises the extraordinary termination right after a change of control at the SINGULUS TECHNOLOGIES AG, upon termination of the employment contract, all issued virtual shares (phantom stocks), which were granted both members of the Executive Board, may be exercised prematurely. The compensation report sets forth the compensation system for the members of the Executive Board in detail.

Corporate Governance declaration in accordance with Art. 289a HGB

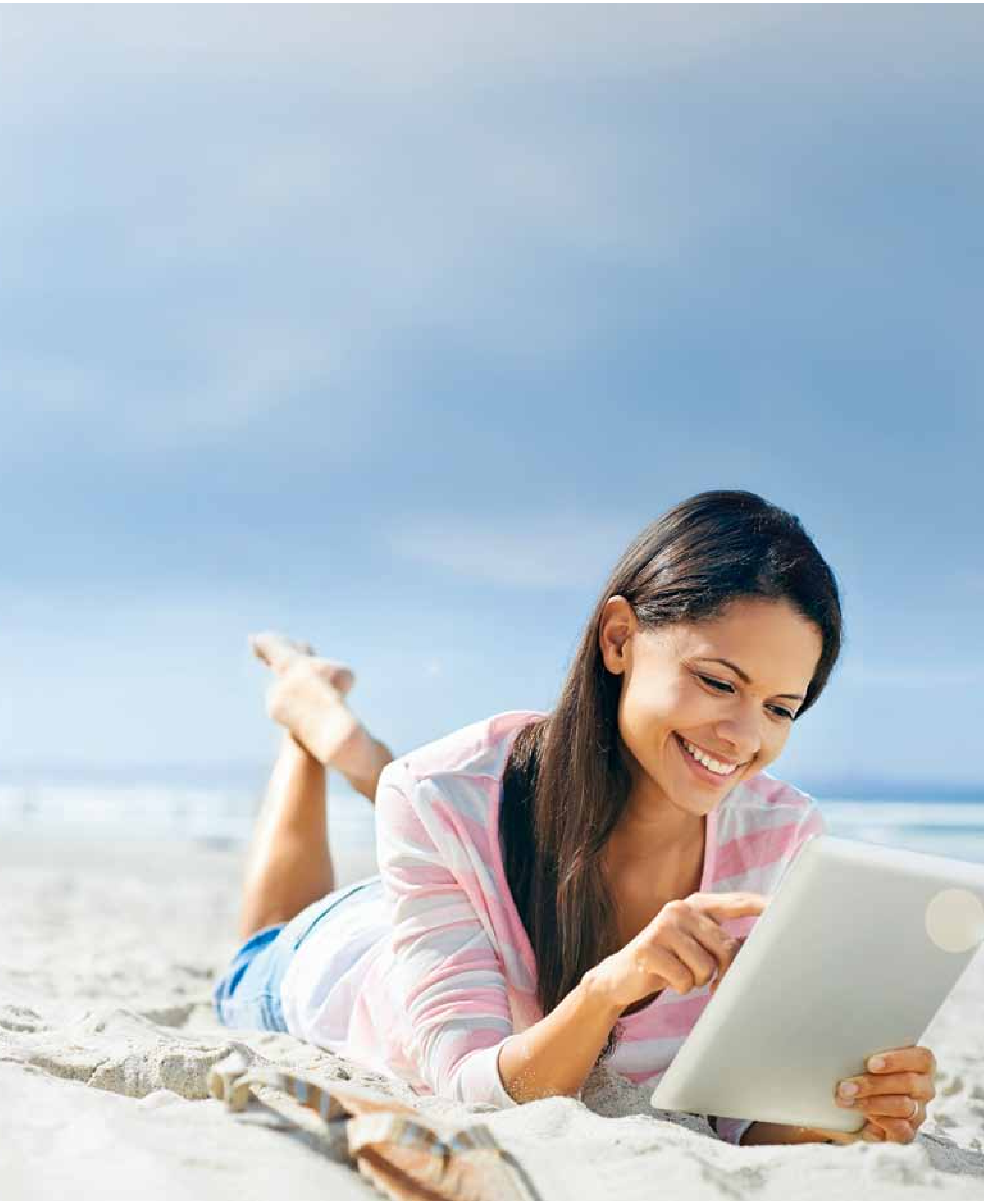
A corporate governance declaration in accordance with Art. 289a HGB is available on the website www.singulus.de.

Kahl am Main, March 17, 2014

SINGULUS TECHNOLOGIES AG
The Executive Board

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

Our mobility requires completely new solutions in many areas. Extremely thin layers are required for semiconductor technology, e.g. for MRAM chips, which are particularly energy-efficient and very fast. Especially mobile devices such as laptops, mobile phones, tablets and organizers can benefit from this new technology.



Future trend: mobility

In vacuum coating machines, functional layers consisting of different materials can be applied with various thicknesses. For example, key components of pocket-size laboratories and sensors for automobile technology can be produced. As one of the few providers of production equipment for MRAM wafers, we have a considerable know-how advantage for this application.

Consolidated Balance Sheet

as of December 31, 2013 and December 31, 2012

ASSETS	Note	Dec. 31, 2013 [EUR m]	Dec. 31, 2012 adjusted* [EUR m]	Jan. 1, 2012 adjusted* [EUR m]
Liquid funds	(6)	**51.0**	55.9	17.8
Trade receivables	(7)	**23.7**	23.0	25.4
Receivables from contract work	(7)	**2.7**	3.4	9.4
Borrowings	(10)	**2.4**	0.0	0.0
Other receivables and other assets	(8)	**16.2**	24.7	11.3
Total receivables and other assets		**45.0**	51.1	46.1
Raw materials, consumables and supplies		**14.4**	20.0	16.8
Work in process		**13.7**	26.1	25.0
Total inventories	(9)	**28.1**	46.1	41.8
Total current assets		**124.1**	153.1	105.7
Trade receivables	(7)	**20.4**	3.5	9.2
Borrowings	(10)	**3.7**	3.7	0.0
Property, plant and equipment	(12)	**7.5**	7.5	9.9
Capitalized development costs	(11)	**6.4**	7.1	17.1
Goodwill	(11)	**21.7**	21.7	21.7
Other intangible assets	(11)	**7.9**	8.9	18.0
Deferred tax assets	(22)	**2.7**	1.0	0.8
Total non-current assets		**70.3**	53.4	76.7
Total assets		**194.4**	206.5	182.4

EQUITY AND LIABILITIES

	Note	Dec. 31, 2013 [EUR m]	Dec. 31, 2012 adjusted* [EUR m]	Jan. 1, 2012 adjusted* [EUR m]
Trade payables		**8.3**	7.8	8.4
Current bank liabilities	(17)	**0.0**	2.5	2.5
Prepayments received	(14)	**7.3**	3.7	3.3
Liabilities from construction contracts	(7)	**0.6**	16.1	0.9
Current financing liabilities from the issuance of bonds	(16)	**3.6**	3.6	0.0
Other current liabilities	(13)	**20.7**	12.7	12.5
Provisions for restructuring measures	(20)	**2.4**	5.1	0.0
Provisions for taxes		**0.7**	0.3	0.4
Other provisions	(19)	**4.4**	2.2	2.3
Total current liabilities		**48.0**	54.0	30.3
Non-current financing liabilities from the issuance of bonds	(16)	**56.3**	58.3	0.0
Non-current bank liabilities	(17)	**0.0**	1.7	4.2
Provisions for restructuring measures	(20)	**6.4**	7.5	0.0
Pension provisions*	(18)	**9.9**	10.5	7.4
Deferred tax liabilities	(22)	**0.0**	0.0	2.5
Total non-current liabilities		**72.6**	78.0	14.1
Total liabilities		**120.6**	132.0	44.4
Subscribed capital	(21)	**48.9**	48.9	48.9
Capital reserves	(21)	**77.2**	77.2	77.2
Reserves	(21)	**1.7**	2.2	1.3
Loss carryforward*		**-54.9**	-54.8	8.3
Equity attributable to owners of the parent		**72.9**	73.5	135.7
Non-controlling interests	(21)	**0.9**	1.0	2.3
Total equity		**73.8**	74.5	138.0
Total equity and liabilities		**194.4**	206.5	182.4

*Prior-year figures adjusted/see Notes (3/18/22)

Consolidated Income Statement

for 2013 and 2012

		2013		2012 adjusted*	
	Note	[EUR m]	[in %]	[EUR m]	[in %]
Revenue (gross)	(5)	**134.9**	**101.1**	108.6	101.0
Sales deductions and direct selling costs	(25)	**-1.5**	**-1.1**	-1.1	-1.0
Revenue (net)		**133.4**	**100.0**	107.5	100.0
Cost of sales		**-100.1**	**-75.0**	-88.1	-82.0
Gross profit on sales		**33.3**	**25.0**	19.4	18.0
Research and development	(30)	**-8.4**	**-6.3**	-17.5	-16.3
Sales and customer service		**-15.0**	**-11.2**	-17.0	-15.8
General administration	(29)	**-11.2**	**-8.4**	-12.3	-11.4
Other operating expenses	(32)	**-1.6**	**-1.2**	-8.8	-8.2
Other operating income	(32)	**3.5**	**2.6**	2.8	2.6
Impairment and restructuring expenses (income in current year)	(31)	**1.6**	**1.2**	-27.1	-25.2
Total operating expenses		**-31.1**	**-23.3**	-79.9	-74.3
Operating result (EBIT)		**2.2**	**1.6**	-60.5	-56.3
Finance income	(33)	**2.5**	**1.9**	1.8	1.7
Finance costs	(33)	**-5.7**	**-4.3**	-5.1	-4.7
EBT		**-1.0**	**-0.7**	-63.8	-59.3
Tax income*	(22)	**0.3**	**0.2**	1.4	1.3
Profit or loss for the period		**-0.7**	**-0.5**	-62.4	-58.0
Thereof attributable to:					
Owners of the parent*		**-0.6**		-61.1	
Non-controlling interests		**-0.1**		-1.3	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent*	(23)	**-0.01**		-1.25	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent*	(23)	**-0.01**		-1.25	

* Prior-year figures adjusted/see Notes (3/18/22)

Consolidated Statement of Comprehensive Income

for 2013 and 2012

	Note	2013 [EUR m]	2012 adjusted* [EUR m]
Profit or loss for the period		**-0.7**	-62.4
Items that will never be reclassified to profit and loss:			
Actuarial gains and losses from pension commitments*	(18)	**0.7**	-2.8
Tax effect*	(22)	**-0.2**	0.8
Items that may be reclassified to profit and loss:			
Derivative financial instruments	(39)	**0.0**	0.1
Exchange differences in the fiscal year	(21)	**-0.5**	0.8
Tax effect	(22)	**0.0**	0.0
Total income and expense recognized directly in other comprehensive income		**0.0**	-1.1
Total comprehensive income		**-0.7**	-63.5
Thereof attributable to:			
Owners of the parent*		**-0.6**	-62.2
Non-controlling interests		**-0.1**	-1.3

*Prior-year figures adjusted/see Notes 3, 18 and 22

Statement of Changes in Equity

as of December 31, 2013 and 2012

	Equity attributable to owners							Non-controlling interests	Equity
			Reserves		Loss carryforward				
	Subscribed capital [EUR m]	Capital reserves [EUR m]	Currency translation reserves [EUR m]	Hedge accounting reserves [EUR m]	Actuarial gains and losses from pension commitments * [EUR m]	Other revenue reserves* [EUR m]	Total [EUR m]	[EUR m]	[EUR m]
Note	(21)	(21)	(21)	(21)				(21)	
As of January 1, 2012 before adjustments	**48.9**	**77.2**	**1.4**	**-0.1**	**0.0**	**8.2**	**135.6**	**2.3**	**137.9**
Accounting adjustments	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
As of January 1, 2012 adjusted	**48.9**	**77.2**	**1.4**	**-0.1**	**0.1**	**8.2**	**135.7**	**2.3**	**138.0**
Profit or loss for the period*	0.0	0.0	0.0	0.0	0.0	-61.1	-61.1	-1.3	-62.4
Other comprehensive income*	**0.0**	**0.0**	**0.8**	**0.1**	**-2.0**	**0.0**	**-1.1**	**0.0**	**-1.1**
Total comprehensive income	**0.0**	**0.0**	**0.8**	**0.1**	**-2.0**	**-61.1**	**-62.2**	**-1.3**	**-63.5**
As of December 31, 2012	**48.9**	**77.2**	**2.2**	**0.0**	**-1.9**	**-52.9**	**73.5**	**1.0**	**74.5**
As of January 1, 2013	**48.9**	**77.2**	**2.2**	**0.0**	**-1.9**	**-52.9**	**73.5**	**1.0**	**74.5**
Profit or loss for the period	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6	-0.1	-0.7
Other comprehensive income	**0.0**	**0.0**	**-0.5**	**0.0**	**0.5**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income	**0.0**	**0.0**	**-0.5**	**0.0**	**0.5**	**-0.6**	**-0.6**	**-0.1**	**-0.7**
As of December 31, 2013	**48.9**	**77.2**	**1.7**	**0.0**	**-1.4**	**-53.5**	**72.9**	**0.9**	**73.8**

*Prior-year figures adjusted/see Notes 3, 18 and 22

Consolidated Statement of Cash Flows

for 2013 and 2012

	Note	2013 [EUR m]		2012 adjusted* [EUR m]	
Cash flows from operating activities					
Profit or loss for the period*			**-0.7**		-62.4
Adjustment to reconcile profit or loss for the period to net cash flow					
Amortization, depreciation and impairment of non-current assets	(11/12)	**5.9**		26.7	
Additions to pension provisions	(18)	**-0.4**		-0.2	
Gain/loss on the disposal of non-current assets		**0.1**		-0.1	
Other non-cash expenses/income		**1.6**		13.7	
Net interest income	(33)	**3.2**		3.3	
Net tax expense*	(22)	**-0.3**		-1.4	
Change in trade receivables		**-16.9**		4.9	
Change in construction contracts		**-14.9**		21.3	
Change in other receivables and other assets		**3.2**		-2.5	
Change in inventories		**16.6**		-13.6	
Change in trade payables		**0.5**		-0.5	
Change in other liabilities		**3.2**		1.8	
Change in prepayments		**3.5**		0.4	
Change in loans		**-2.1**		-3.7	
Change in provisions for restructuring measures		**-2.1**		12.6	
Change in further provisions		**-1.4**		0.1	
Interest paid	(33)	**-0.5**		-0.4	
Interest received	(33)	**1.6**		0.4	
Income tax paid	(22)	**-0.7**	**0.1**	-0.8	62.0
Net cash from/used in operating activities			**-0.6**		-0.4

	Note	2013 [EUR m]		2012 adjusted* [EUR m]	
Cash flows from investing activities					
Cash paid for investments in development projects	(11)	**-2.3**		-4.8	
Cash paid for investments in other intangible assets and property, plant and equipment	(11/12)	**-1.9**		-0.9	
Change in time deposits (with terms longer than 3 months)		**-1.0**		-15.0	
Cash paid for the acquisition of Oerlikon's Blu-Ray business		**0.0**	**-5.2**	-1.0	-21.7
Net cash from/used in investing activities			**-5.2**		-21.7
Cash flows from financing activities					
Cash received from the issue of a bond	(16)	**0.0**		58.4	
Interest paid on bonds	(8)	**4.6**		0.0	
Cash used to redeem bonds	(16)	**-1.9**		-0.3	
Cash used to pay down loans	(17)	**-4.2**		-2.5	
Cash received/used on financial assets subject to restrictions on disposal		**10.9**	**0.2**	-10.5	45.1
Net cash from/used in financing activities			**0.2**		45.1
Increase/decrease in cash and cash equivalents			**-5.6**		23.0
Effect of exchange rate changes			**-0.3**		0.1
Cash and cash equivalents at the beginning of the fiscal year			**40.9**		17.8
Cash and cash equivalents at the end of the fiscal year			**35.0**		40.9
Time deposits with terms longer than 3 months			**16.0**		15.0
Liquid funds at end of the fiscal year	(6)		**51.0**		55.9

*Prior-year figures adjusted/see Notes 3, 18 and 22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013

01 GENERAL

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

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

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 Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The term "IFRSs" includes all International Financial Reporting Standards and International Accounting Standards ("IASs") with mandatory application as of the reporting date. All interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRS IC") – formerly the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC") – that were mandatory for fiscal year 2013 were likewise applied.

In order to improve the clarity and meaningfulness of the consolidated financial statements, individual items are aggregated in the balance sheet and income statement and presented separately and in the notes to the financial statements.

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.

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

03 NEW ACCOUNTING STANDARDS

New accounting standards and interpretations requiring application

In previous years, the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRS IC") issued the following new accounting standards or interpretations. These standards/interpretations have been endorsed by the EU as part of the endorsement project and are mandatory for fiscal year 2013.

- Amendments to IAS 1 – "Presentation of Financial Statements"
- Amendment to IAS 19 – "Employee Benefits"
- IFRS 13 – Fair Value Measurement

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

- Amendment to IAS 1 – "Presentation of Financial Statements"

  This amendment changed the presentation of other comprehensive income in the statement of comprehensive income. Items of other comprehensive income that will later be reclassified to the income statement under certain circumstances ("recycling") must henceforth be presented separately from the items of other comprehensive income that will never be reclassified. If the items are presented at gross, i.e., without offsetting the effects from deferred taxes, the deferred taxes are now no longer presented as a total, but instead allocated to the two groups of items.

- Amendment to IAS 19 – "Employee Benefits"

  The IASB published amendments to IAS 19 – "Employee Benefits" in June 2011, which were adopted by the EU in June 2012. As a rule, the amendments to IAS 19 must be applied retrospectively to financial statements for fiscal years beginning on or after January 1, 2013. The Group has adjusted the reported prior-year's figures by the effects from changes to IAS 19.

The Group had previously used the corridor method to measure pension provisions. The elimination of the corridor method by the revised IAS 19 directly impacts the actuarial gains and losses in the consolidated balance sheet and resulted in an increase in pension provisions in the amount of EUR 2.7 million as of January 1, 2013 as well as a decrease in equity in the same amount. As of January 1, 2012, this change resulted in a decrease in pension provisions and an increase in equity in the amount of EUR 0.1 million. In the future, the consolidated income statement will remain free of effects from actuarial gains and losses because these must now be recognized in other comprehensive income.

- IFRS 13 – Fair Value Measurement

This standard governs uniform fair value measurement in IFRS financial statements. Henceforth, all fair value measurements required based on other standards must follow the uniform provisions of IFRS 13; only IAS 17 and IFRS 2 have additional provisions of their own. In addition, the standard replaces and expands the disclosure requirements with respect to fair value measurement in other IFRSs.

Under IFRS 13, the fair value is defined as the exit price, i.e., the price that would be received from the sale of an asset or the price that would have to be paid to transfer a liability. As already known from the fair value measurement of financial assets, a 3-level hierarchy is introduced that categorizes inputs according to the dependency on observable quoted prices.

The application of this standard has no material effect on the Group's net assets, financial position and results of operations.

New and revised accounting standards and interpretations that do not yet require application

In addition to the new accounting standards and interpretations published by the IASB and IFRS IC requiring application, other standards and interpretations have also been published, some of which have already been endorsed by the EU but will only become mandatory at a later date. The following standards will be applied on the date on which they became mandatory. Use was not made of the option to adopt the standards voluntarily at an earlier date in these financial statements. Unless otherwise indicated, the effects on the SINGULUS TECHNOLOGIES consolidated financial statements are currently being examined.

The new and revised standards and interpretations listed below have already been endorsed by the EU:

- IFRS 10 – "Consolidated Financial Statements"
- IFRS 11 – "Joint Arrangements"
- IFRS 12 – "Disclosure of Interests in Other Entities"
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – "Transition Guidance"
- Amendments to IFRS 10, IFRS 12 and IAS 27 – "Investment Entities"
- Amendments to IAS 27 – "Separate Financial Statements"
- Amendments to IAS 28 – "Investments in Associates and Joint Ventures"
- Amendments to IAS 32 – "Offsetting Financial Assets and Financial Liabilities"
- Amendments to IAS 36 – "Recoverable Amount Disclosures for Non-financial Assets"
- Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting"

The following new and revised standards have not yet been endorsed by the EU:

- IFRS 9 (2009/2010) – "Financial instruments"
- IFRS 9 (2013) – "Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39"
- Amendments to IFRS 9 and IFRS 7 – "Mandatory Effective Date and Transition Disclosures"

- Amendments to IAS 19 – "Defined Benefit Plans: Employee Contributions"
- IFRIC 21 – "Levies"
- Annual Improvements 2010 - 2012 Cycle – Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38
- Annual Improvements 2011 - 2013 Cycle – Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40

Only those Standards and Interpretations having a material effect on the SINGULUS TECHNOLOGIES Group's net assets, financial position and results of operations are explicitly listed below.

- IFRS 10 – "Consolidated Financial Statements"

  This standard comprehensively redefines the term "control". If an entity controls another entity, the parent must consolidate the subsidiary. Pursuant to the new concept, control is a given if, due to voting rights or other rights, the potential parent has power over the potential subsidiary, participates in positive or negative returns from the subsidiary and can affect these returns through its ability to use power.

  The new standard must be applied for the first time in fiscal years beginning on or after January 1, 2014. IFRS 10 must be applied retrospectively, with certain exceptions.

- IFRS 11 – "Joint Arrangements"

  IFRS 11 governs the new accounting treatment of joint arrangements. Under the new concept it must be decided whether there is a joint operation or a joint venture. A joint operation exists if the parties with joint control have direct rights to the assets and obligations for the liabilities. The individual rights and obligations are recognized proportionately in the consolidated financial statements. In contrast, in a joint venture, the parties with joint control have rights to the net assets. This right is reflected by applying the equity method in the consolidated financial statements; the option for proportionate consolidation in the consolidated financial statements therefore no longer applies.

  The new standard must be applied for the first time in fiscal years beginning on or after January 1, 2014. There are specific guidelines for transition, e.g., from proportionate consolidation to the equity method.

- IFRS 12 – "Disclosure of Interests in Other Entities"

  This standard governs the disclosure requirements regarding interests in other entities. The required disclosures are considerably more extensive compared to the previous disclosures to be made pursuant to IAS 27, IAS 28 and IAS 31.

  The new standard must be applied for the first time in fiscal years beginning on or after January 1, 2014.

- Amendments to IAS 28 – "Investments in Associates and Joint Ventures"

  Amendments to IAS 28 were also made in connection with the adoption of IFRS 11 "Joint Arrangements". IAS 28 governs – as before – the application of the equity method. However, the adoption of IFRS 11 considerably expanded its scope because, in the future, not only investments in associates, but also in joint ventures (see IFRS 11) must be accounted for using the equity method. The use of proportionate consolidation for joint ventures therefore no longer applies.

  An additional change concerns the accounting treatment in accordance with IFRS 5 if only a part of an interest in an associate or joint venture is held for sale. IFRS 5 must be applied to the interest to be sold, while the remaining interest (to be held) must continue to be recognized using the equity method until disposal of the former interest.

  The amendment is applicable for the first time in fiscal years beginning on or after January 1, 2014.

- Amendments to IAS 32 – "Offsetting Financial Assets and Financial Liabilities"

  This addition to IAS 32 clarifies the requirements for offsetting financial instruments. The amendment explains the meaning of "currently has a legally enforceable right of set-off" and clarifies which gross settlement processes may be considered as net settlement within the meaning of the standard.

  The amendment to IAS 32 is applicable for the first time in fiscal years beginning on or after January 1, 2014.

- Amendments to IAS 36 – "Recoverable Amount Disclosures for Non-financial Assets"

  In the course of a subsequent amendment to IFRS 13 "Fair Value Measurement", a new mandatory disclosure on the goodwill impairment test pursuant to IAS 36 was introduced. The recoverable amount of the cash-generating units must be disclosed regardless of whether an impairment was actually recognized. Because this notes disclosure was introduced unintentionally, it was deleted with this amendment from May 2013.

On the other hand, this amendment results in additional disclosures if an impairment was actually recognized and the recoverable amount was determined based on a fair value.

The changes are applicable for the first time in fiscal years beginning on or after January 1, 2014.

→ IFRS 9 (2009/2010) –
"Financial instruments"

The recognition and measurement of financial instruments in accordance with IFRS 9 replaces IAS 39.

In future, financial assets will be classified and measured in just two groups: at amortized cost and at fair value. The group of financial assets at amortized cost consists of those financial assets that only provide for a claim to interest and principle payments at specified dates and that are also held within a business model whose objective is to hold assets. All other financial assets constitute the group at fair value. Under certain circumstances, financial assets in the first category – as before – can be designated as at fair value ("fair value option").

Remeasurement gains/losses on financial assets in the fair value category must generally be recognized in profit or loss. For certain equity instruments, however, the option to recognize remeasurement gains/losses in other comprehensive income can be exercised. Dividend receivables from these assets must be recognized in profit or loss however.

The provisions for financial liabilities are generally taken over from IAS 39. The most significant difference concerns the recognition of remeasurement gains/losses on financial liabilities measured at fair value. In future, these gains or losses must be allocated: the portion attributable to the liability's credit risk must be recognized in other comprehensive income; the remaining portion of the remeasurement gains/losses is recognized in profit or loss.

The date of initial application of IFRS 9 is currently still unknown, but it is not expected before January 1, 2017.

→ IFRS 9 (2013) –
Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39

The objective of the new hedge accounting model under IFRS 9 is to more closely align the relationship between the risk management system and the accounting treatment. The hedging relationships that are still permissible are cash flow hedge accounting, fair value hedge accounting and the hedge of a net investment in a foreign operation.

The list of items eligible as hedged items and hedges was also expanded. For example, groups of items in particular may be designated as hedged items if the hedged items qualify for designation individually, and net positions and nil net positions may as well. Generally, any financial instrument that it recognized at fair value is suitable as a hedging instrument. Exceptions to this are liabilities for which the fair value option was exercised as well as equity instruments under the FVOCI option (fair value through other comprehensive income) under the provisions for Phase I.

Under IFRS 9, the range of 80% to 125% required under IAS 39 for measuring effectiveness is eliminated so that retrospective effectiveness testing must no longer be performed. Prospective effectiveness testing is still necessary, as is the recognition of any ineffectiveness.

A hedging relationship can be discontinued only if the defined requirements for discontinuance are satisfied; this means that the hedging relationship must be continued when the risk management objectives remain unchanged.

Enhanced notes disclosures must be made with respect to the risk management strategy, the effects of risk management on future cash flows and the effects that hedge accounting has on the financial statements.

In addition, an entity's own credit risks for financial liabilities using the fair value option may now be recognized in other comprehensive alone, i.e., without applying the remaining requirements of IFRS 9.

The initial application of the new provisions on hedge accounting follows the provisions regarding the initial application of IFRS 9. Hedging relationships are not to be terminated due to the transition from IAS 39 to IFRS 9 if the requirements and qualitative characteristics continue to be met. Optionally, the existing provisions under IAS 39 may also continue to be applied under IFRS 9.

- Amendments to IFRS 9 and IFRS 7 – Mandatory Effective Date and Transition Disclosures

  The amendments permit forgoing restated prior period amounts upon initial application of IFRS 9. Originally, this exemption was possible only upon early application of IFRS 9 prior to January 1, 2012.

  The exemption entails additional notes disclosures in accordance with IFRS 7 at the transition date.

  The date of initial application of these changes is currently still unknown, analogously to the provisions of the IFRS 9, but is not expected prior to January 1, 2017.

- Annual Improvements 2010 - 2012 Cycle – Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38

  Changes were made to seven standards as part of the annual improvements project. The revision of the wording in individual IFRSs is intended to clarify existing provisions. There are also changes effecting notes disclosures. The following standards are affected: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

  The changes are applicable for the first time in fiscal years beginning on or after July 1, 2014 – subject to an adoption into EU law still outstanding; the amendment to IFRS 2 is applicable to share-based payments that are granted on or after July 1, 2014.

- Annual Improvements 2011 - 2013 Cycle – Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40

  Four standards were amended as part of the annual improvements project. The revision of the wording in individual IFRSs is intended to clarify existing provisions. The following standards were affected: IFRS 1, IFRS 3, IFRS 13 and IAS 40.

  The changes are applicable for the first time in fiscal years beginning on or after July 1, 2014 – subject to an adoption into EU law still outstanding.

04 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation and consolidation principles

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

Subsidiaries are fully consolidated as of the date of their 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 as of the same balance sheet date as that of 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.

In addition to 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 TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES MOCVD Inc., Windsor, USA (formerly 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., Sao Paolo, Brazil
- 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 TAIWAN Limited, Taipei, Taiwan
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- HamaTech USA Inc., Austin, USA
- STEAG HamaTech Asia Ltd., Hong Kong, China
- SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany, hereinafter also referred to as SINGULUS STANGL
- SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany
- SINGULUS MOCVD GmbH, Kahl am Main, Germany
- SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland

SINGULUS MASTERING INTERNATIONAL, Schaffhausen, Switzerland was in liquidation as of December 31, 2013. The deconsolidation is anticipated to be made upon conclusion of the liquidation during the 2014 fiscal year.

The share of equity and profit or loss attributable to minority interests is reported 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.

For more information, please refer to Note 37.

4.2 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 relevant local currency. For inclusion of the foreign financial statements in the Group's reporting currency, the balance sheet items are translated using the closing rate on the balance sheet date and income statement items are translated using the average rate for the fiscal year. The equity of equity investments is translated using the historical rate. Currency translation differences arising from the application of different exchange rates are recognized in other comprehensive income.

Foreign currency monetary items are translated using the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

4.3 Management's use of judgment and main sources of estimating uncertainties

The preparation of consolidated financial statements in accordance with IFRSs requires the use of estimates and assumptions 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 collectability 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 made. Any changes are recognized in profit or loss as and when better information is available.

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

4.3.1 IMPAIRMENT OF ASSETS

The Group determines whether goodwill is impaired at least once a year. Moreover, if there is any indication that an asset may be impaired, that asset is tested for impairment by estimating its recoverable amount. 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 is allocated.

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 4.16 "Impairment losses".

4.3.2 DEFERRED TAX ASSETS

Deferred tax assets are recognized 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 probable timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments in Note 22.

4.3.3 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 on which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments; this approach depends on the terms and conditions of the grant. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, dividend yield and the corresponding assumptions, must be determined. The assumptions and approaches used are disclosed in Note 15.

4.3.4 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 18.

4.3.5 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 test for impairment, the management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments in Note 11.

4.3.6 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 comments under 4.16 "Impairment losses".

4.3.7 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 34.

4.3.8 CONTRACT WORK

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 below under 4.4 "Revenue recognition" and to the comments in Note 7.

4.3.9 PROVISIONS

Estimating future expenses is fraught with uncertainty. Estimates relate in particular to restructuring measures which extend over a longer period. When determining the provision for expected losses, it was necessary to make estimates concerning the capacity utilization of the building. Please refer to our comments under Note 31.

4.4 Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc operating segment is recognized when a contract has entered into effect, the delivery has been made, and, if required, the equipment has been installed for and accepted by the customer and payment is reasonably certain. Revenue relating to services is recognized when the service has been rendered, a price has been negotiated and is determinable and payment thereof is probable.

Because the Solar and Semiconductor operating segments do not work on the basis of serial production, but rather deal in specific customer orders, revenue is recognized in accordance with the percentage-of-completion ("POC") method. The relevant 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. Contracts are recognized on the balance sheet either as receivables from construction contracts (assets) or as liabilities from construction contracts if the prepayments received exceed the cumulative work performed. If it is probable that the total contract costs exceed the total contract revenue, the expected loss is immediately expensed.

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

Revenue is recognized net of VAT, returns, sales deductions, credits and direct selling costs (primarily commissions).

4.5 Goodwill

In all business combinations, the goodwill acquired was initially measured at cost, this being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed (partial goodwill method). After the effective date of the revised IFRS 3 and IAS 27, there is an option to recognize the total amount of the goodwill acquired, including goodwill attributable to non-controlling interests (full goodwill method), for all business combinations made on or after July 1, 2009. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recognized goodwill is not amortized. It is tested for impairment annually or whenever there are indications of impairment. Impairment testing takes place at the cash-generating unit level. If the recoverable amount of the relevant unit has fallen below the carrying amount of the unit, an impairment loss is recognized in accordance with IAS 36. Reversals of impairment losses are prohibited.

4.6 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.

4.7 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. Development costs are amortized using the straight-line method over the expected useful life of the developed products (3 to 5 years).

Amortization and impairment of capitalized development costs 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.

4.8 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 requirements are not met, the costs related to such intangible assets 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, and are instead tested for impairment at least once a year. No intangible assets with indefinite useful lives were recognized in the reporting period.

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

- → Software 3 years
- → Patents 8 years
- → Technology 5 to 8 years
- → Customer lists 10 to 11 years

4.9 Liquid funds

This item comprises cash and cash equivalents as well as time deposits with terms longer than three months, which are aggregated in the balance sheet.

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.

Time deposits with a term of more than three months comprise cash deposits with a contractual term of more than three months as of the acquisition date.

If the Company has any financial assets subject to restrictions on disposal, they are recognized under other assets. They are included in the consolidated statement of cash flows as cash flows from financing activities if they are related to the Company's financing transactions.

4.10 Receivables

Trade invoices are issued mainly in euros and reported at the fair value of the services rendered.

If there is an objective indication that receivables 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. For trade receivables, if there are objective indications that not all due amounts will be collected pursuant to the original payment terms (such as probability of insolvency or significant financial difficulties of the debtor), an impairment loss is charged. This only applies where there is no collateral (e.g., credit insurance policies, etc.). 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 must not result in the carrying amount of the asset exceeding what the amortized cost would have been at the date the impairment is reversed if the impairment had 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 4.12 "Financial assets and liabilities".

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under 4.2 "Foreign currency translation" and 4.13 "Hedge accounting".

4.11 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. In the case of manufactured products, the cost includes an appropriate share of the production overheads based on normal operating capacity. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

The four existing allowance classes for salability are derived from past experience and range between 0 % and 80 % of depreciated cost. The four existing allowance classes for days inventory held ("DIH") also range between 0 % and 80 % of depreciated cost.

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

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized in the balance sheet when an entity becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially recognized at fair value (plus any transaction costs).

Financial assets, other than loans or receivables, or those that must be classified as "held for trading" 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. Loans and receivables are measured reflecting discounts and premiums upon acquisition and include transaction costs and fees which are an integral part of the effective interest rate. 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.

The Group has not classified any financial assets as at fair value through profit or loss.

Financial assets and financial liabilities 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 and financial liabilities 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.

Borrowings are initially recognized at fair value net of transaction costs directly associated with the borrowing. They are not designated as measured at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following conditions is met:

- 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.

4.13 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 other comprehensive income 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.

Hedge accounting pursuant to IAS 39 entails significant obligations regarding its documentation and supporting evidence. Economic hedging relationships are accounted for using hedge accounting only if the necessary preconditions 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 comprehensive income, 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.

4.14 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

Depreciation and impairment of property, plant and equipment are recognized in the functional area to which the respective assets are allocated.

4.15 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 the 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 by the lessee.

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.

4.16 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 through profit and loss 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.

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. These estimates are based a five-year plan prepared by the Management Board, which is derived from the three-year plan approved by the Supervisory Board and extrapolated a further two years in order to determine the recoverable amount. The perpetual annuity is determined on the basis of the fifth planning year.

For purposes of impairment testing, the goodwill acquired in business combinations is allocated to the cash-generating units, which correspond to the Group's three operating segments. Since goodwill from the acquisition of SINGULUS STANGL SOLAR 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.

4.16.1 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:

→ Development of revenue and future EBIT margins
→ Discount rates
→ Market shares
→ Growth rates used to extrapolate cash flow projections beyond the forecast period

The EBIT margins are based on the revenue expectations of the management, which are in turn validated using market research forecasts for the industry. The corporate planning factors in revenue for planning years 2014 to 2016 (budget period), which is estimated in particular on the basis of customer requests and bids which are in the process of negotiation. The budgeted revenue was also measured using probabilities of success. Overall, management assumes an increase in revenue in the Solar and Semiconductor segments above that of general market growth based on the low level in the fiscal year just ended. The Management Board assumes a clearly positive development of EBIT margins in connection with the planned increase in revenue. Market expectations are factored in for 2017 and 2018 in particular. This revenue planning is used to determine the cost of sales and operating expenses based on current cost structures, budgetary calculations and past experience. The overall detailed budget period extends over five years.

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. Further components include the 6.0% market risk premium (previous year: 6.5%), beta factors, assumptions regarding country and credit risk premiums and the debt ratio using market data.

Assumptions regarding market changes and market growth are vital to the management not only for determining growth rate assumptions (see below), but also for assessing which technological trends are likely to prevail, how market volume will change and how SINGULUS might position itself in the market environment during the planning period. These assessments are particularly important when calculating the value in use in the Solar segment. The Company's own industry experience, dialog with customers and published industry-specific market research forecast significant growth for the solar market.

Growth rate estimates – The forecast growth rates outside of the budget period are based on published industry-specific market research. The budget for both the Solar and Semiconductor segments extrapolated a growth rate of 1% for the perpetual annuity in the discounted cash flow (DCF) model. No growth rate was factored in for the Optical Disc segment (previous year: 1% growth rate).

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 prepared by senior management covering a five-year period. The pre-tax discount rate used for the cash flow projections for the Optical Disc operating segment is 12.35% (previous year: 12.92%), 16.78% for the Solar operating segment (previous year: 14.43%) and 13.88% for the Semiconductor operating segment.

4.16.2 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 cash-generating unit exceeds the recoverable amount. This could result from a 1.2 percentage-point increase in the pre-tax discount rate used. The Solar operating segment is likely to benefit from the expected global market growth.

At the same time, management expects the EBIT margin to increase. This development is thus reflected in the value in use of the cash-generating units in this operating segment. EBIT margins will increase from a low level to 7.8 % by 2018. The perpetual annuity is calculated using this 7.8 % EBIT margin. In the event the actual EBIT margin for 2018 is 0.8 percentage points lower than the assumed margin due to lower revenue, the result would be a shortfall in the carrying amounts.

4.16.3 IMPAIRMENT TEST FOR CUSTOMER LISTS

The expected revenue from the Blu-ray equipment business is a core factor in the value of the Oerlikon customer lists. The impairment test conducted in the reporting year did not indicate any need to write down the residual value of EUR 5.8 million as of December 31, 2013.

If the market recovers, the impairment loss on customer lists will need to be reversed in subsequent periods. If technological change, among other factors, results in demand not developing as forecast for the relevant segments, the Company cannot rule out the need to recognize further impairment losses.

4.17 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 taxes relating to items which are recognized in comprehensive income are also recognized in the statement of comprehensive income and not in profit or loss.

4.18 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 for use of the deductible temporary differences and the carryforward of unused tax losses.

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. Previously 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. This decision is made based on 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.

4.19 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 and vested benefits known as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future. The actuarial gains and losses are recognized in other comprehensive income.

4.20 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.

4.21 Liabilities

The Group initially recognizes financial liabilities in connection with the issue of bonds as of the issue date. All other financial liabilities are initially recognized on the trade date, i.e., the date on which the Group became a contractual party to the financial instrument.

Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

Non-derivative financial instruments are classified as other financial liabilities. Such financial liabilities are initially recognized at fair value less directly attributable transaction costs. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

Other financial liabilities include loans and interest-bearing financial liabilities, financial liabilities in connection with the issue of bonds, trade payables and other liabilities.

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

4.22 Share-based payment

The Management Board and senior executives are granted share-based payments which can be settled with a cash payment (cash-settled share-based payment transactions) or in the form of equity instruments.

The cost of granting the share-based payments made after November 7, 2002 is measured at the fair value of these instruments on the date they were granted. The fair value is determined by an external valuer using a suitable measurement 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 certain market conditions, which are treated as vesting irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied.

The costs arising due to cash-settled share-based payments is initially measured using a binominal model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date and at the date of settlement. Changes in the fair value are recognized in profit or loss.

4.23 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.

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.

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:

Optical Disc segment

The primary focus of SINGULUS TECHNOLOGIES' Optical Disc segment is to manufacture and distribute integrated production lines used in the manufacture of Blu-ray discs. SINGULUS TECHNOLOGIES offers BLULINE II modular production systems for 50 GB Blu-ray discs. SINGULUS TECHNOLOGIES manufactures BLULINE BD-R/RE systems for recordable Blu-ray Discs (BD-R/RE).

Income from the replacement parts and service business related to the aforementioned product lines is also reported under the Optical Disc segment.

Solar segment

At Kahl am Main, machinery is designed for use in evaporation, cathode sputtering and selenization processes, and end-to-end production lines are manufactured and offered. The focus of SINGULUS TECHNOLOGIES' activities at its Fürstenfeldbruck plant is to develop, assemble and commission equipment used in wet-chemical processes, such as cleaning, etching and deposition machinery.

Semiconductor segment

SINGULUS TECHNOLOGIES operates in the market for semiconductor elements through its Semiconductor segment. One area of focus is the development and manufacture of equipment that uses tunnel magnetic resistance (TMR) technology for IT applications.

This equipment is used to process wafers for MRAM, thin film heads and sensors.

Directly attributable income, expenses and assets are generally reported directly under the segments to which they are directly attributable in the segment reporting. Income, expenses and assets which cannot be directly attributed to a given segment are allocated as a proportion of planned revenue for the fiscal year.

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

The key figures for management are net revenue and EBIT (operating result). Liabilities are managed at the group level. Assets, revenue and operating results were allocated to the operating segments as follows in 2013:

	Geschäftssegment "Optical Disc"		Segment "Solar"		Segment "Semiconductor"		SINGULUS TECHNOLOGIES Group	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	EUR m	EUR m	**EUR m**	EUR m	**EUR m**	EUR m	**EUR m**	EUR m
Segment assets	**99.0**	108.5	**80.2**	81.6	**15.2**	16.4	**194.4**	206.5
Gross revenue	**94.9**	65.0	**29.0**	29.1	**11.0**	14.5	**134.9**	108.6
Sales deductions and direct selling costs	**-1.3**	-0.8	**-0.1**	-0.3	**-0.1**	0.0	**-1.5**	-1.1
Net revenue	**93.6**	64.2	**28.9**	28.8	**10.9**	14.5	**133.4**	107.5
Impairment and restructuring expenses	**1.6**	-13.1	**0.0**	-14.0	**0.0**	0.0	**1.6**	-27.1
Operating result (EBIT)	**17.4**	-25.0	**-11.3**	-36.7	**-3.9**	1.2	**2.2**	-60.5
Financial income/expense							**-3.2**	-3.3
EBT							**-1.0**	-63.8

In fiscal year 2013, the SINGULUS TECHNOLOGIES Group generated substantial revenue with two customers in the Optical Disc operating segment. Of that revenue, EUR 31.6 million or 23.5% of total revenue was attributable to one customer. EUR 25.3 million or 18.8% of total revenue (previous year: EUR 16.0 million or 14.7%) was attributable to the second customer. Furthermore, revenue of EUR 18.7 million or 13.8% of total revenue was achieved with one customer in the Solar operating segment.

The table below shows information by geographical region as of December 31, 2013 based on gross revenue and assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
2013	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by country of origin	105.6	6.5	19.8	3.0	0.0
Destination	17.1	39.3	55.0	13.8	9.7

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	175.4	5.0	7.4	6.6	0.0

The table below shows information by geographical region as of December 31, 2012 based on gross revenue and assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
2012	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by country of origin	78.5	6.1	15.8	8.2	0.0
Destination	13.9	17.4	47.5	24.4	5.4

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	188.0	6.2	5.7	6.6	0.0

Outside of Germany, significant revenue was generated in the USA (EUR 30.8 million), Lithuania (EUR 18.7 million) and Mexico (EUR 16.1 million) during the fiscal year.

06 LIQUID FUNDS

	2013	2012
	EUR m	EUR m
Cash and cash equivalents	35.0	40.9
Time deposits with terms longer than 3 months	16.0	15.0
Liquid funds	51.0	55.9

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods ranging between one day and twelve months, depending on the relevant cash requirements of the Group. These earn interest at the relevant rates applicable to short-term deposits. The fair value of liquid funds is EUR 51.0 million (previous year: EUR 55.9 million).

In addition, the Company has cassh deposits of EUR 6.8 million (previous year: EUR 17.6 million) in blocked accounts over which it has no power of disposal, which are reported under other receivables and other assets. These deposits are included as cash flows from financing activities in the consolidated statement of cash flows if they are linked to the Group's financing transactions. In addition, the cash subject to restrictions on disposal includes a payment received on forfaited receivables in the amount of EUR 5.4 million.

07 TRADE RECEIVABLES AND RECEIVABLES FROM CONSTRUCTION CONTRACTS

	2013	2012
	EUR m	EUR m
Trade receivables – current	26.4	27.4
Receivables from construction contracts	2.7	3.4
Trade receivables – non-current	20.4	4.1
Less allowances	-2.7	-5.0
	46.8	29.9

As of December 31, 2013, bad debt allowances of a nominal EUR 2.7 million had been charged on trade receivables (previous year: EUR 5.0 million). The development of the valuation allowances is presented below:

	2013	2012
	EUR m	EUR m
As of January 1	5.0	4.0
Allowances recognized in profit or loss	0.6	4.7
Utilization	-1.6	-3.4
Reversal	-1.3	-0.3
As of December 31	2.7	5.0

If trade receivables become uncollectible, the associated receivables and allowances are derecognized.

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

As of December 31, the age structure of trade receivables and receivables from construction contracts, taking into account specific bad debt allowances, are broken down as follows:

	Total	Not due	Past due but not impaired				
			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	EUR m	EUR m
2013	46.8	43.4	2.2	0.4	0.2	0.4	0.2
2012	29.9	26.7	1.9	0.7	0.2	0.2	0.2

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.

Subsequent measurement of trade receivables resulted in a net effect of EUR 0.7 million (previous year: EUR -4.4 million). This consisted essentially of income from the reversal from specific bad debt allowances amounting to EUR 1.3 million (previous year: EUR 0.3 million) and from expenses from allocations to specific bad debt allowances in the amount of EUR 0.6 million (previous year: EUR 4.7 million).

Receivables from construction contracts 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 estimated profits include directly allocable costs and all production-related overheads. Receivables from construction contracts are all due within one year. The receivables from construction contracts and the project-related prepayments offset against them break down as follows:

	2013	2012
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	**7.1**	16.9
Prepayments received	**-4.4**	-13.5
Receivables from construction contracts	**2.7**	3.4

Gross amounts due to customers for construction contracts, which are reported as liabilities from construction contracts in a separate balance sheet item, break down as follows:

	2013	2012
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	**2.8**	11.5
Prepayments received	**-3.4**	-27.6
Gross amount due to customers for construction contracts	**-0.6**	-16.1

Revenue from construction contracts of EUR 35.4 million (previous year: EUR 39.0 million) was recognized in the fiscal year.

08 OTHER RECEIVABLES AND OTHER ASSETS

Other receivables and other assets break down as follows:

	2013	2012
	EUR m	EUR m
Financial assets subject to restrictions on disposal	**12.2**	17.6
Prepayments made	**1.9**	3.1
Tax refund claims	**0.9**	2.4
Miscellaneous	**1.2**	1.6
	16.2	24.7

Please see Note 6 with regard to the financial assets subject to restrictions on disposal.

As of December 31, 2013, EUR 6.8 million in financial assets subject to restrictions on disposal was provided as collateral (previous year: EUR 17.6 million).

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

As of the balance sheet date, there were receivables amounting to USD 1.9 million, for which SINGULUS TECHNOLOGIES AG had entered into forward exchange contracts.

The total of all hedges with positive fair values was EUR 0.1 million (previous year: EUR 0.1 million) 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 for fiscal year 2013 essentially concern SINGULUS TECHNOLOGIES AG (EUR 0.2 million) and result from claims for income tax reimbursements.

09 INVENTORIES

The Group's inventories break down as follows:

	2013	2012
	EUR m	EUR m
Raw materials, consumables and supplies	**24.9**	33.8
Work in process	**25.9**	40.8
Less allowances	**-22.7**	-28.5
	28.1	46.1

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle as well as decreases in carrying values to account for a lack of marketability and excessive days inventory held.

In addition, write-downs to the net realizable value amounting to EUR 1.3 million were made on inventories during the 2013 fiscal year.

The carrying amount of inventories recognized at net realizable value comes to EUR 6.9 million (previous year: EUR 5.0 million).

10 LOANS

	2013	2012
	EUR m	EUR m
Loans	**6.1**	3.7

The loans essentially concern a loan granted to a customer with a remaining balance of EUR 5.5 million. It is being repaid in six semiannual installments by December 2016. The loan carries an interest rate at EURIBOR plus 6.5% p.a., although the interest rate is capped at 7.75% p.a.

11 INTANGIBLE ASSETS

In fiscal years 2013 and 2012, intangible assets developed as follows (all amounts in EUR m):

	Goodwill	Other intangible assets	Capitalized development costs	Total
Cost				
As of Jan. 1, 2012	**52.9**	**78.3**	**103.5**	**234.7**
Additions	0.0	0.1	4.8	4.9
Disposals	0.0	0.0	-6.7	-6.7
As of Dec. 31, 2012	**52.9**	**78.4**	**101.6**	**232.9**
Additions	0.0	1.3	2.3	3.6
Reclassifications	0.0	0.0	-1.0	-1.0
Disposals	0.0	-0.1	-0.8	-0.9
As of Dec. 31, 2013	**52.9**	**79.6**	**102.1**	**234.6**
Amortization and impairment				
As of Jan. 1, 2012	**31.2**	**60.3**	**86.4**	**177.9**
Additions to amortization (scheduled)	0.0	3.7	5.6	9.3
Additions to impairment losses (unscheduled)	0.0	5.5	9.2	14.7
Disposals	0.0	0.0	-6.7	-6.7
As of Dec. 31, 2012	**31.2**	**69.5**	**94.5**	**195.2**
Additions to amortization (scheduled)	0.0	2.3	2.0	4.3
Disposals	0.0	-0.1	-0.8	-0.9
As of Dec. 31, 2013	**31.2**	**71.7**	**95.7**	**198.6**
Carrying amounts Dec. 31, 2012	**21.7**	**8.9**	**7.1**	**37.7**
Carrying amounts Dec. 31, 2013	**21.7**	**7.9**	**6.4**	**36.0**

In the previous year and as of the balance sheet date, the Solar segment reported goodwill with a carrying amount of EUR 21.7 million.

Other intangible assets primarily consist of customer lists from the acquisition of Oerlikon Balzers AG's Blu-ray disc equipment business. The residual carrying amount as of the end of the reporting period was EUR 5.8 million, and the remaining useful life was five years as of December 31, 2013. Amortization of customer lists is reported under selling expenses.

EUR 2.3 million of the development costs incurred in fiscal year 2013 qualifies for recognition as an asset under IFRSs (previous year: EUR 4.8 million). The capitalized development costs are primarily related to expenses in the Solar and Semiconductor segments. Amortization of capitalized development costs is recognized under development costs in the consolidated income statement. In the 2013 fiscal year, one development system was reclassified from capitalized development costs to property, plant and equipment.

Please refer to 4.5 and 4.16 for more information on goodwill.

12 PROPERTY, PLANT AND EQUIPMENT

In fiscal years 2013 and 2012, property, plant and equipment developed as follows (all amounts in EUR m):

	Land, own buildings	Tech. equip. & mach.	Office & operating equip.	Assets under construction	Total
Cost					
As of Jan. 1, 2012	**6.7**	**9.9**	**10.0**	**0.4**	**27.0**
Additions	0.2	0.3	0.3	0.0	0.8
Disposals	0.0	-0.8	-0.2	0.0	-1.0
Reclassifications	0.0	0.2	0.0	-0.2	0.0
As of Dec. 31, 2012	**6.9**	**9.6**	**10.1**	**0.2**	**26.8**
Additions	0.0	0.1	0.4	0.1	0.6
Disposals	-0.1	-0.2	-0.2	0.0	-0.5
Reclassifications	0.0	1.0	0.0	0.0	1.0
As of Dec. 31, 2013	**6.8**	**10.5**	**10.3**	**0.3**	**27.9**
Amortization and impairment					
As of Jan. 1, 2012	**3.3**	**5.4**	**8.4**	**0.0**	**17.1**
Additions to depreciation (scheduled)	0.3	1.1	0.6	0.0	2.0
Additions to impairment losses (unscheduled)	0.0	0.5	0.1	0.0	0.6
Disposals	-0.1	-0.2	-0.1	0.0	-0.4
As of Dec. 31, 2012	**3.5**	**6.8**	**9.0**	**0.0**	**19.3**
Additions to depreciation (scheduled)	0.3	0.8	0.5	0.0	1.6
Disposals	-0.1	-0.2	-0.2	0.0	-0.5
As of Dec. 31, 2013	**3.7**	**7.4**	**9.3**	**0.0**	**20.4**
Carrying amounts Dec. 31, 2012	**3.4**	**2.8**	**1.1**	**0.2**	**7.5**
Carrying amounts Dec. 31, 2013	**3.1**	**3.1**	**1.0**	**0.3**	**7.5**

13 OTHER CURRENT LIABILITIES

Other liabilities are broken down as follows:

	2013	2012
	EUR m	EUR m
Liabilities from repayment obligation	**5.4**	0.0
Outstanding invoices	**3.0**	2.5
Services to be provided	**2.4**	1.5
Employee bonuses	**2.0**	1.2
Outstanding liabilities to personnel	**1.8**	2.4
HamaTech AG expedited shareholder action	**1.7**	1.8
Financial reporting, legal and consulting fees	**0.8**	0.8
Miscellaneous	**3.6**	2.5
	20.7	12.7

The miscellaneous current liabilities include an amount of EUR 5.4 million from a payment received from forfaited receivables shortly prior to the closing date.

In the fiscal year, performance-related payments of EUR 2.0 million (previous year: EUR 1.2 million) to members of the Management Board, managing directors of subsidiaries and senior executives were recognized as a liability.

The Company recognized a liability of EUR 1.7 million with regard to the expedited shareholder action in connection with the merger of HamaTech AG with SINGULUS TECHNOLOGIES AG.

14 PREPAYMENTS RECEIVED

	2013	2012
	EUR m	EUR m
Prepayments from customers	**7.3**	3.7

Prepayments as of December 31, 2013 and 2012 mainly relate to advances for orders received by the Optical Disc and Solar segments, which are reported under inventories as work in process.

15 SHARE-BASED PAYMENT

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

Phantom stock program 2011 (PSP I, PSP II and PSP III)

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 subscribe at no additional charge to the grant price for a virtual 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. Issuance was originally limited until the end of March 2012. This time limit for issuance was extended in 2012 until December 31, 2012.

In this connection, 200,000 stock options with an grant price of EUR 2.3560 were issued to the members of the Management Board effective as of September 23, 2011 (PSP I). Another tranche of 136,000 stock options from this program was issued to the Group's senior executives effective October 11, 2011 (PSP II). The grant price of these stock options is EUR 2.3724. A final tranche from this program for 134,000 stock options with a grant price of EUR 1.0800 was also issued to senior executives effective as of November 26, 2012 (PSP III).

Phantom stock program 2012 (PSP IV)

By resolution dated November 26, 2012, the Supervisory Board resolved to issue 180,000 stock options to the Management Board (PSP IV). The underlying phantom stock program corresponds to the 2011 program. The grant price of these stock options is EUR 1.0800.

The specific terms and conditions of the above phantom stock programs are as follows:

The term of the stock options is five years. The stock options can be exercised at the earliest upon expiry of the two-year vesting period within a period 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 grant price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the grant price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the grant price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the grant price during the reference period for the last 25 % (fourth tranche).

If the stock options of a tranche cannot be exercised within the respective exercise period because the 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 unmet earnings target for the respective previous exercise period(s) is achieved in those reference 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.

The development of the issued tranches is presented below:

	PSP I		PSP II	
	2013		2013	
Change in stock options	Number of stock options	Average grant price (EUR)	Number of stock options	Average grant price (EUR)
Outstanding as of beginning of the fiscal year	200,000	2.3560	136.000	2.3724
Issued in the fiscal year	0	–	0	–
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	2.3560	136.000	2.3724
Exercisable at the end of the fiscal year	0	–	0	–

	PSP III		PSP IV	
	2013		2013	
Change in stock options	Number of stock options	Average grant price (EUR)	Number of stock options	Average grant price (EUR)
Outstanding as of beginning of the fiscal year	134,000	1.0800	180.000	1.0800
Issued in the fiscal year	0	–	0	–
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	134,000	1.0800	180.000	1.0800
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.

The following parameters were used when measuring the options:

Tranche	PSP I	PSP II	PSP III	PSP IV
Grant date	Sep. 23, 2011	Oct. 11, 2011	Nov. 26, 2012	Nov. 26, 2012
Grant price	2.3560	2.3724	1.0800	1.0800
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	0.29 %	0.29 %	0.64 %	0.64 %
Volatility of SINGULUS TECHNOLOGIES	50.93 %	50.93 %	50.89 %	50.89 %
Fair value per option	EUR 0.564	EUR 0.551	EUR 1.099	EUR 1.095

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 a historical timeframe.

The issuance of phantom shares during the fiscal year resulted in personnel expenses of EUR 247 thousand (previous year: EUR 29 thousand).

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

16 CORPORATE BONDS

SINGULUS TECHNOLOGIES AG placed corporate bonds with an issue volume of EUR 60.0 million effective as of March 23, 2012. The corporate bonds bear interest of 7.75 % p.a. and mature in five years. Open market trading on Deutsche Börse AG's Frankfurt Stock Exchange was started on March 14, 2012 in the "Entry Standard for Corporate Bonds." The corporate bonds are listed under ISIN: DE000A1MASJ4 / A1MASJ.

A buyback program limited in amount and time was launched in December 2012. This program is limited in volume to a maximum of EUR 5.0 million. The program was extended until June 30, 2014. Bonds with a principal amount of EUR 2.7 million had been repurchased by December 31, 2013.

17 LIABILITIES TO BANKS

As of December 31, 2013, all remaining liabilities to banks (previous year: EUR 4.2 million) had been repaid.

These liabilities concerned a loan requested in January 2010 in the amount of EUR 10.0 million from the Reconstruction Loan Corporation [Kreditanstalt für Wiederaufbau, "KfW"]. The normal principal payment of EUR 2.5 million was made during the year under review as was a voluntary principal payment of EUR 1.7 million for the complete discharge of the liability. The effective interest rate on this loan at year's end was 6.60% per annum. As collateralization of this loan, the KfW had joined the collateral pool of a syndicated loan, which has since been repaid.

The following collateral was transferred to the lender in this connection:

- **SINGULUS TECHNOLOGIES AG**
  - 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 to restricted accounts for advance payments secured by bank guarantees

- **SINGULUS TECHNOLOGIES Inc.**
  - Transfer of all assets as collateral

Following the complete repayment of the KfW loan, the release of the aforementioned collateral is currently in preparation.

In addition, the Group has bank guarantee lines in the amount of EUR 21.6 million. EUR 6.7 million of these had been drawn down as of the end of the fiscal year. Liquid funds were deposited as collateral to secure these loan commitments.

Financial liabilities measured at amortized cost resulted in a loss of EUR 5.2 million in the reporting period (previous year: EUR 4.2 million). The net loss was essentially attributable to interest.

Please refer to Note 38.

18 PENSION OBLIGATIONS

Pension plans were granted by SINGULUS TECHNOLOGIES AG and from the previous HamaTech AG. They are defined benefit plans in both cases.

HamaTech AG's benefit obligations were transferred to SINGULUS TECHNOLOGIES AG in connection with the merger in fiscal year 2009. HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Management Board.

At SINGULUS TECHNOLOGIES AG company pension schemes in the form of direct pension commitments are provided for only some of the employees. On the one hand, beneficiaries are those employees who were employed at Leybold prior to the founding of the company in 1995 in accordance with the pension directives there in the versions dated January 1, 1969 and January 1, 1986 and, on the other hand, some former Management Board members as well as a few employees who were granted corporate pension benefits based on an individual contract. New pension commitments have not been issued for some time. In particular, there are no pension plans open for new employees.

The existing pension obligations are all based on defined benefit plans. In a special case based on individual contractual arrangements, a one-time capital payment is promised when the age limit is reached, otherwise all benefits are in the form of lifetime pensions upon disability, age or death (to survivors). The amount of the pensions is contractually stipulated for the individual commitments. The commitments under the Leybold pension directives are based on the length of service in the company and the pensionable income; the total pension from the company pension and statutory pensions has an upper limit that may not exceed the last net pay received. The age limit is the last day on which the beneficiary is 65.

All benefits are financed internally by the regular accumulation of provisions. There are no plan assets within the meaning of IAS 19, nor are there other employers' pension insurance plans.

The company is charged with taxes or social security contributions on the retirement benefits.

Other than the general risks arising from interest rates, inflation, longevity and case law, there are no special risks specific to the company for these pension commitments. The longevity risk is taken into account through the use of cohort tables when calculating the obligation. The cohort tables make appropriate assumptions, in particular with respect to the further increase in life expectancy in the future.

The risk of inflation is factored in sufficiently by a long-term estimate of 1.75% p.a. when calculating the obligation based on current knowledge. Moreover, this risk primarily impacts the adjustment when reviewing current pensions. Currently, there are no known risks arising from labor law by virtue of supreme court rulings which would impact the commitments.

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 covered by plan assets. 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 below.

The change in SINGULUS TECHNOLOGIES AG's pension obligations as of December 31, 2013 and 2012 is presented in the following tables:

Change in pension obligations:	2013 EUR m	2012 EUR m
Present value at the beginning of the fiscal year	**10.5**	7.4
Recognized in profit or loss:		
Service cost	**0.1**	0.2
Interest expense	**0.3**	0.4
Recognized in other comprehensive income:		
Actuarial gains/losses from:		
financial assumptions	**-0.7**	2.8
demographic assumptions	**0.0**	0.0
experience-based adjustments	**0.0**	0.0
Miscellaneous:		
Payments made	**-0.3**	-0.3
Present value at the end of the fiscal year	**9.9**	10.5

Net pension expenses break down as follows:

	2013 EUR m	2012 EUR m
Service cost	**0.1**	0.2
Interest expense	**0.3**	0.4
	0.4	0.6

While service cost was mainly recognized under selling costs and general and 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:

	2013	2012	2011	2010	2009
	EUR m	EUR m	EUR m	EUR m	EUR m
Present value of the defined benefit obligation	**9.9**	10.5	7.4	6.5	6.4

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

	2013	2012
Biometrics	**Heubeck 2005 G actuarial tables**	Heubeck 2005 G actuarial tables
Discount rate (future pensioners)	**3.70 %**	3.22 %
Discount rate (current pensioners)	**2.90 %**	2.54 %
Estimated future wage and salary increases	**2.00 %**	2.00 %
Estimated future pension increases	**1.75 %**	1.75 %

As of December 31, 2013, the weighted average term of the defined benefit obligation was 16.0 years.

Pension expenses of EUR 0.4 million are estimated for the 2014 fiscal year (of which EUR 0.3 million for interest expense).

Contributions to the statutory pension insurance system amounted to EUR 1.4 million in the year under review. This is a defined contribution plan. In addition, members of the Management Board received a defined-contribution company pension benefit financed by the company. EUR 0.3 million was paid out for this in the year under review.

Keeping all other assumptions constant, from a reasonable perspective, possible changes to one of the significant actuarial assumptions as of the reporting date would have affected the defined benefit obligation in the following amounts.

	Defined benefit obligation	
Effect in EUR m	Increase	Decrease
Discount rate (0.5% change)	**-0.7**	0.8
Estimated future wage and salary increases (0.25% change)	**0.1**	-0.1
Estimated future pension increases (0.25% change)	**0.3**	-0.3
Life expectancy (+1 year change)	**0.4**	–

19 OTHER PROVISIONS

Other provisions developed as follows in the fiscal year:

	Jan. 1, 2013	Utilization	Reversal	Allocation	Dec. 31, 2013
	EUR m	EUR m	EUR m	EUR m	EUR m
Warranties	2.0	-1.2	-0.3	3.6	4.1
Miscellaneous	0.2	0.0	0.0	0.1	0.3
	2.2	-1.2	-0.3	3.7	4.4

Provisions for warranty costs are recognized as a percentage of product cost as well as for individual warranty risks. The percentages are derived from experience for each product type and, unchanged from the previous year, range between 1.80 % and 4.00% in relation to cost. Commitments for individual cases are also taken into account. The guarantee period, and thus a possible utilization, ranges from 1 month to 24 months.

20 PROVISIONS FOR RESTRUCTURING MEASURES

The provisions for restructuring measures developed as follows during the fiscal year:

	Jan 1, 2013	Utilization	Reversal	Dec. 31, 2013
	EUR m	EUR m	EUR m	EUR m
Provisions for restructuring measures	12.6	-2.2	-1.6	8.8

The provisions for restructuring measures essentially include expenses in connection with the concentration of activities within the Optical Disc segment at the headquarters in Kahl am Main in the 2012 fiscal year. This concentration entailed implementing restructuring measures in a number of foreign branches and operating facilities. We expect to utilize the provisions by the end of the first half of 2014.

In addition, wet-chemical capacities in the Solar segment were significantly reduced. A provision in the amount of EUR 6.4 million was reported within non-current liabilities in this connection, which concerns capacities of the operating facility at Fürstenfeldbruck. Utilization of the provisions is anticipated to extend over the term of the leased administrative and production building in Fürstenfeldbruck until 2024.

21 EQUITY

Subscribed capital

The share capital totaled EUR 48,930,314.00 with no change from the previous year and consisted of 48,930,314 fully paid-in bearer shares with a par value of EUR 1.00 each.

SINGULUS TECHNOLOGIES AG was admitted to the regulated market [Neuer Markt] of the Frankfurt Stock Exchange on November 21, 1997. The Management Board is authorized to make the following changes to the capital stock:

Authorized capital

AUTHORIZED CAPITAL 2012 / I:

By resolution of the annual shareholders' meeting dated June 19, 2012, the Management Board is authorized to increase the Company's share capital, with the approval of the Supervisory Board, until June 18, 2017, once or severally by up to a total of EUR 24,465,157.00 in exchange for cash and/or contributions in kind by issuing up to 24,465,157 new bearer shares with a par value of EUR 1.00 per share. The shareholders are to be granted a subscription right.

The Management Board has resolved to use the authorization to increase share capital proposed for the resolution by the annual shareholders' meeting only with the following limitation:

The total shares issued under exclusion of subscription rights in exchange for cash and contributions in kind under this authorization may not exceed 20 % of the share capital as of the date this authorization enters into force, or as of the date this authorization is exercised if this value is smaller. Shares that were issued during the term of the Authorized Capital 2012/I in exchange for cash under exclusion of subscription rights in accordance with Sec. 186 (3) sentence 4 AktG ["Aktiengesetz": German Stock Corporation Act], as well as shares issued in exchange for a contribution in kind, and such shares that are to be issued under exclusion of shareholders' subscription rights from debt instruments issued with conversion rights or warrants and/or conversion obligations, are to be included in this 20% limit.

The Management Board made this binding declaration to the shareholders at the annual shareholders' meeting on June 19, 2012.

Contingent capital

CONTINGENT CAPITAL 2012 / III:

With the approval of the Supervisory Board, the Management Board is authorized to issue bearer bonds with warrants and/or convertible bonds (together referred to as "debt instruments") until June 18, 2017, once or severally, in a total principal amount of up to EUR 150,000,000.00, and to grant conversion rights to or impose conversion obligations on holders of bonds with warrants, and to grant conversion rights to or impose conversion obligations on holders of convertible bonds for up to 9,750,000 bearer shares of SINGULUS TECHNOLOGIES AG with a par value of EUR 1.00 per share and a maturity of not more than 20 years with a proportionate interest in the share capital totaling up to EUR 9,750,000.00 under more detailed provisions of the terms and conditions of the debt instruments.

Capital reserves

The capital reserves did not change during the 2013 fiscal year.

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

Reserves

Changes in the fair value of cash flow hedges, actuarial gains and losses from pension commitments as well as currency translation differences from translating foreign financial statements are recognized in the reserves.

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.

22 INCOME TAXES

The disclosures on income taxes for 2013 and 2012 are as follows:

	2013	2012*
	EUR m	EUR m
Current income taxes:		
Germany	**-0.6**	0.1
Foreign	**-1.0**	-0.7
Sub-total	**-1.6**	-0.6
Deferred taxes:		
Germany*	**1.9**	1.7
Foreign	**0.0**	0.3
Sub-total	**1.9**	2.0
Total tax expenses/income	**0.3**	1.4

*Prior-year figures adjusted

In connection with amendments to IAS 19, since fiscal year 2013 actuarial gains and losses – reduced by deferred taxes – are recognized in other comprehensive income. This change must be presented in the comparative period for the previous year. The corresponding deferred tax assets from the recognition of actuarial losses in the previous reporting period were not capitalized. Accordingly, this change resulted in a lower net tax income for 2012 of EUR 0.8 million.

Pursuant to German tax law, the income taxes comprise corporate income tax, trade income tax and the solidarity surcharge.

Deferred tax assets relate to the following:

	2013	2012
	EUR m	EUR m
Inventories	**3.6**	1.2
Deferred taxes on loss carryforwards	**1.9**	1.6
Pension provisions	**1.2**	0.6
Provision for restructuring measures	**0.6**	1.0
Trade receivables	**0.4**	3.4
Other liabilities	**0.2**	0.0
	7.9	7.8
Netting with deferred tax liabilities	**-5.2**	-6.8
Deferred tax assets	**2.7**	1.0

The deferred tax assets (before netting with deferred tax liabilities) of EUR 7.9 million were near the prior year's level (EUR 7.8 million). A lower netting with deferred tax liabilities gave rise to an increase in deferred tax assets to EUR 2.7 million (previous year: EUR 1.0 million).

Deferred tax assets developed as follows:

	2013	2012*
	EUR m	EUR m
Balance as of Jan. 1	**1.0**	0.8
Recognized in other comprehensive income: Change in actuarial gains and losses from pension commitments*	**-0.2**	0.8
Recognized through profit and loss: Change in temporary differences	**0.4**	-0.6
Aktivierung von Verlustvorträgen	**1.5**	0.0
Balance as of Dec. 31	**2.7**	1.0

*Prior-year figures adjusted

As of December 31, 2013, SINGULUS TECHNOLOGIES AG and SINGULUS STANGL SOLAR GmbH have preliminary corporate income tax loss carryforwards in the amount of EUR 112.7 million (previous year: EUR 110.1 million), municipal trade tax loss carryforwards of EUR 104.8 million (previous year: EUR 102.9 million) and interest carryforwards in the amount of EUR 9.3 million (previous year: EUR 10.1 million) for the years from 2007 up to and including 2013.

When determining the taxes for the year under review, corporate income tax loss carryforwards amounting to EUR 3.8 million, municipal trade tax loss carryforwards of EUR 4.7 million and loss carryforwards from the interest deduction ceiling amounting to EUR 0.8 million were utilized.

No deferred tax assets were recognized for non-forfeitable unused corporate income tax loss carryforwards in the amount of EUR 108.4 million, municipal trade tax loss carryforwards of EUR 100.3 million and interest carryforwards in the amount of EUR 9.3 million.

Deferred tax liabilities break down as follows:

	2013	2012
	EUR m	EUR m
Capitalized development costs	**2.1**	2.1
Other intangible assets	**1.7**	2.1
Receivables and liabilities from construction contracts	**0.5**	1.6
Property, plant and equipment	**0.4**	0.5
Financial liabilities from bond issue	**0.4**	0.4
Other liabilities	**0.1**	0.1
	5.2	6.8
Netting with deferred tax assets	**-5.2**	-6.8
	0.0	0.0

The year under review saw a decline in deferred tax liabilities (before netting with deferred tax assets) of EUR 1.6 million to EUR 5.2 million. This effect resulted essentially from lower deferred taxes from receivables and liabilities from construction contracts. As a result, the deferred tax liabilities in the fiscal year were fully offset against deferred tax assets.

The amount of the temporary differences related to investments in subsidiaries for which no deferred tax liabilities have been recognized totaled EUR 0.7 million.

The effective tax rate in Germany (for corporate income tax, trade tax and the solidarity surcharge) is 29.13% (previous year: 29.86%) The effective tax rate is reconciled to the actual tax rate as follows:

	2013	2012
	EUR m	EUR m
Anticipated tax*	-0.3	-19.1
Losses and temporary differences of the current period for which no deferred taxes were recognized	2.0	11.2
Unrecognized loss carryforwards from previous years (adjustment)	1.2	4.2
Non-tax deductible expenses (+)/ tax-free income (-)	0.1	1.4
Adjustment to tax rates	0.0	0.1
Tax reimbursements for previous years	0.0	-0.1
Reduction of current taxes due to the utilization of losses/tax credits and temporary differences, for which no deferred tax asset was recognized	-2.0	0.0
Recognition of previously unrecognized deferred tax assets on losses and temporary differences	-1.4	0.0
Other	0.1	0.9
Current taxes	**-0.3**	**-1.4**

*A minus sign denotes tax income

The most recent tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2005 up to and including 2009. The correspondingly amended tax assessments for these years were issued in 2011. The resulting expenses for subsequent payments of taxes plus interest for the above audit period were recognized in 2011 and paid in 2012.

23 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 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:

	2013 EUR m	2012* EUR m
Profit attributable to owners of the parent for calculating basic earnings per share*	**-0.6**	-61.1
Weighted average number of ordinary shares for calculating basic earnings per share	**48,930,314**	48,930,314
Dilution effect	**–**	–
Weighted average number of common shares adjusted for dilution	**48,930,314**	48,930,314

*Prior-year figures adjusted

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

24 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Off-balance sheet contingent liabilities and other financial obligations amount to EUR 7.1 million (previous year: EUR 18.7 million) 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.

Please see Note 34 regarding other financial commitments from rents and leases.

25 SALES DEDUCTIONS AND DIRECT SELLING COSTS

Sales deductions comprise all cash discounts and rebates granted. Direct selling costs essentially includes commissions.

26 COST OF MATERIALS

The cost of sales for fiscal year 2013 includes material costs of EUR 84.9 million (previous year: EUR 72.7 million).

27 PERSONNEL EXPENSES

The income statement for fiscal year 2013 includes personnel expenses in the amount of EUR 30.8 million (previous year: EUR 35.3 million). Adjusted for personnel expenses incurred due to restructuring, the expense in 2012 totaled EUR 32.2 million. Expenses for social security contributions in the year under review totaled EUR 3.8 million (previous year: EUR 4.6 million); post-employment expenses were EUR 0.4 million (previous year: EUR 0.6 million).

28 DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses amounted to EUR 5.9 million (previous year: EUR 11.3 million).

29 GENERAL AND 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 the annual shareholders' meeting and the financial statements are also recognized in this item.

30 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 2.0 million (previous year: EUR 5.6 million).

Totaling EUR 7.7 million in 2013, the expenditures for research and development were at the previous year's level (previous year: EUR 8.9 million).

31 IMPAIRMENT AND RESTRUCTURING EXPENSES

When implementing the restructuring measures, the expenses provisioned in the previous year exceeded the actual utilization during the 2013 fiscal year. Income of EUR 1.6 million was recognized in connection with the reversal of the provision.

A total of EUR 27.1 million in restructuring expenses and impairments were recognized in the previous year. Of that amount, EUR 10.8 million related to the remeasurement of mastering activities. Specifically, this primarily involved amortization of capitalized development costs in the amount of EUR 3.0 million and write-downs of inventories of EUR 3.4 million. In addition, one-off expenses of EUR 8.8 million were recognized in connection with the equity investment in SINGULUS STANGL SOLAR. These resulted primarily from necessary capacity adjustments (EUR 8.4 million) within our wet-chemical activities. In addition, as part of the initial consolidation of STANGL Semiconductor Equipment AG (now SINGULUS STANGL SOLAR GmbH), Fürstenfeldbruck, impairment losses of EUR 3.6 million on capitalized customer lists and EUR 1.6 million on the acquired brand were taken in fiscal year 2012. Restructuring costs of EUR 2.3 million were incurred in connection with the restructuring of other subsidiaries.

32 OTHER OPERATING INCOME/EXPENSES

In the fiscal year, other operating income mainly contained income from the reversal of individual bad debt allowances on receivables amounting to

EUR 1.3 million (previous year: EUR 0.3 million), income from the reversal of provisions and liabilities totaling EUR 0.8 million (previous year: EUR 1.0 million) as well as foreign currency gains of EUR 0.6 million (previous year: EUR 0.6 million).

Other operating expenses in the fiscal year primarily included additions to the individual bad debt allowances on receivables of EUR 0.6 million (previous year: EUR 4.7 million) and foreign currency losses amounting to EUR 0.4 million (previous year: EUR 1.0 million). In the prior-year period, expenses from returned equipment of EUR 1.2 million and expenses from the provision for the amount of an additional payment pursuant to the court decision on the merger of HamaTech AG into SINGULUS TECHNOLOGIES AG (EUR 1.5 million) were also included in other operating expenses.

33 FINANCE INCOME AND FINANCE COSTS

Interest income/expenses break down as follows:

	2013	2012
	EUR m	EUR m
Interest income from non-current receivables from customers	**1.3**	1.1
Price gains from bond redemption	**0.4**	0.0
Interest income from time/overnight deposits	**0.3**	0.6
Interest income from loans	**0.3**	0.0
Other interest income	**0.2**	0.1
Finance costs from the bond issue (including incidental expenses)	**-5.0**	-3.8
Other finance costs	**-0.7**	-1.3
	-3.2	-3.3

34 RENTS AND LEASES

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease began on July 1, 2000 and ends on June 30, 2018. The annual lease payment is EUR 1.5 million.

As of September 26, 2008, SINGULUS STANGL SOLAR entered into a real estate lease with Steatit Grundstücksverwaltungsgesellschaft mbH covering a production and administrative building in Fürstenfeldbruck. The total investment costs of the property are EUR 17.5 million; the lease period is 15 years plus a lease extension option of 5 years. The annual payments to the lessor in this connection are EUR 1.4 million.

Pursuant to IAS 17, both leases must be classified as operating leases, as substantially all the opportunities and risks connected to ownership of the property remain with the lessor.

As of December 31, 2013, the future minimum payments arising from rental agreements and operating leases in the Group were:

	EUR m
2014	3.0
2015	2.9
2016	2.8
2017	2.7
2018 and thereafter	15.5
	26.9

35 EVENTS AFTER THE BALANCE SHEET DATE

There were no events requiring disclosure events after the end of the fiscal year.

36 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 TECHNOLOGIES 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 2013 were:

Dr.-Ing. Wolfhard Leichnitz, Essen	Chairman
Christine Kreidl, Oberursel	Deputy Chairman
Dr. rer. nat. Rolf Blessing, Trendelburg	Member

The above members of the Supervisory Board are elected for the period until the end of the annual shareholders' meeting that resolves the ratification of their actions for the fourth fiscal year following the beginning of their term of office. Mr. Günter Bachmann resigned his office as member of the Supervisory Board and left the board as of November 30, 2012. His successor is Ms. Christine Kreidl, who was proposed by the Supervisory Board to the local court [Amtsgericht] as a replacement and was appointed effective December 4, 2012 until the next annual shareholders' meeting on June 6, 2013. Ms. Kreidl was elected by a majority of the shareholders at the 2013 annual shareholders' meeting.

In addition to compensation for expenses, each member of the Supervisory Board receives fixed remuneration of EUR 40 thousand for each full fiscal year of board membership. In the 2013 annual shareholders' meeting, the articles of incorporation were amended with regard to the compensation of the Supervisory Board. As of the 2013 remuneration period, the Supervisory Board only receives a fixed component as described above instead of the variable, performance-based remuneration component. As compensation, the base fixed component was increased by EUR 10 thousand.

The chairman receives twice and the deputy chairman one and half times this amount. 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 180 thousand. In addition, the Supervisory Board members were reimbursed expenses of EUR 4 thousand.

Dr.-Ing. Leichnitz held a total of 39,344 shares in the Company as of December 31, 2013 (previous year: 39,344 shares).

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
Dr.-Ing. Wolfhard Leichnitz	Construction engineer	–
Christine Kreidl	Diplom-Kauffrau, German Public Auditor (Wirtschaftsprüferin) and Tax Consultant	–
Dr. rer. nat. Rolf Blessing	Dipl.-Physiker, Director of B.plus Beschichtungen Projekte Gutachten	–

Members of the Management Board in fiscal year 2013 were:

Dr.-Ing. Stefan Rinck	Chairman of the Management Board
Dipl.-Oec. Markus Ehret	Head of finance

During the reporting period, the Management Board received regular total remuneration EUR 1,227 thousand for its work.

This is broken down as follows:

2013	Fixed remuneration	Other remuneration[1]	Variable remuneration	Components with long-term incentive[2]	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Dr.-Ing. Stefan Rinck	440	44	293	0	777
Dipl.-Oec. Markus Ehret	250	20	180	0	450
	690	64	473	0	1,227

The remuneration of the Management Board for the previous year is broken down as follows:

2012	Fixed remuneration	Other remuneration[1]	Variable remuneration	Components with long-term incentive[2]	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Dr.-Ing. Stefan Rinck	413	35	214	62	724
Dipl.-Oec. Markus Ehret	240	13	144	50	447
	653	48	358	112	1,171

[1] Other compensation includes ancillary benefits such as insurance and company vehicles.
[2] Phantom shares are accounted for at the respective fair value upon the initial grant.

Members of the Management Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Management Board members an annual pension contribution amounting to a certain percentage of their respective gross annual fixed remuneration. For Dr.-Ing. Stefan Rinck, this amounted to 59.97% beginning on January 1, 2012 and for Mr. Markus Ehret, this percentage was

23.07%. The total annual pension contributions paid out in 2013 amounted to EUR 314 thousand (previous year: EUR 321 thousand), of which EUR 258 thousand (previous year: EUR 264 thousand) to Dr.-Ing. Stefan Rinck and EUR 56 thousand (EUR 58 thousand) to Mr. Markus Ehret.

Former members of the Management Board of SINGULUS TECHNOLOGIES AG received total remuneration of EUR 0.2 million in the fiscal year. As of December 31, 2013, the provisions for pension claims for former board members stood at EUR 5.5 million.

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:

	2013	2012
	No.	No.
Dr.-Ing. Stefan Rinck	**9,619**	9,619
Dipl.-Oec. Markus Ehret	**7,000**	7,000
	16,619	16,619

37 DISCLOSURES ON SHAREHOLDINGS

	Currency	Equity interest %	Equity in thousands*	Net income/loss in thousands*
Germany				
SINGULUS STANGL SOLAR GmbH, Fürstenfeldbruck, Germany	EUR	100	-17,570	-6,664
SINGULUS CIS Solar Tec GmbH, Kahl, Germany	EUR	66	20	0
SINGULUS MOCVD GmbH, Kahl, Germany	EUR	100	41	-34
Foreign				
SINGULUS TECHNOLOGIES Inc., Windsor, CT USA	USD	100	9,586	1,960
SINGULUS TECHNOLOGIES UK Ltd., Swindon, United Kingdom	GBP	100	472	130
SINGULUS TECHNOLOGIES ASIA Pacific Pte. Ltd., Singapore	SGD	100	8,537	1,031
SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paolo, Brazil	EUR	91.5	-758	-654
SINGULUS TECHNOLOGIES IBÉRICA S.L., Sant Cugat del Vallés, Spain	EUR	100	751	23
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Sausheim, France	EUR	100	-1,287	-208
SINGULUS TECHNOLOGIES ITALIA s.r.l., Ancona, Italy	EUR	100	45	-265
SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland	EUR	100	2,903	587
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipeh, Taiwan	TWD	100	-37,343	-8,801
SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China	CNY	51	15,209	-1,988
STEAG HamaTech Asia Ltd., Hongkong, China	CNY	100	0	0
HamaTech USA Inc., Austin, TX, USA	USD	100	-1,234	-53

*Equity and net income/loss were taken from the IFRS annual financial statements

SINGULUS TECHNOLOGIES Inc., Windsor, CT, USA, wholly owns SINGULUS TECHNOLOGIES MOCVD Inc. (formerly: SINGULUS TECHNOLOGIES SERVICE GROUP Inc.), Windsor, CT, USA.

The remaining 8.5% of the interest in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paolo, 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.

SINGULUS MASTERING INTERNATIONAL, Schaffhausen, Switzerland was in liquidation as of December 31, 2013.

38 FINANCIAL RISK MANAGEMENT

The financial liabilities contained in the consolidated financial statements essentially concern the bond placed in 2012. 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, primarily forward exchange contracts. Their purpose is to hedge against currency risks arising from the Group's business activities.

In accordance with group policy, no derivatives trading took place in fiscal years 2013 or 2012, nor will derivatives be traded for speculative purposes in the future.

The operating and financing activities can essentially give rise to interest rate, credit, liquidity and foreign currency risks.

The individual risks are described in greater detail below. Additional remarks may be found in the risk report within the management report.

Foreign currency risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason, derivative financial instruments are used to hedge against USD exchange rate risks. Risks from foreign currencies are continually assessed as part the risk management system.

The following table shows the sensitivity of consolidated earnings before taxes (due to the change in the fair values of monetary assets and liabilities) and of consolidated equity (due to the changes in fair values of forward exchange contracts recognized in other comprehensive income) to a change in the USD/EUR exchange rate generally possible based on reasonable judgment. All other factors remain unchanged.

	Exchange rate trend of the USD	Effects on EBT	Effects on Equity
		EUR m	EUR m
2013	**+10%**	**0.9**	**0.0**
	–10%	**-0.7**	**0.0**
2012	+10%	0.2	0.0
	–10%	-0.3	0.0

The effect of potential changes in the USD exchange rate on SINGULUS TECHNOLOGIES' earnings results from bank balances, unhedged trade receivables and payables as well as unhedged intragroup receivables and payables denominated in USD.

The effects on equity reflect the potential change in fair value of forward exchange contracts recognized in other comprehensive income (cash flow hedges).

Liquidity risk

SINGULUS TECHNOLOGIES AG received EUR 58.4 million (after deducting transaction costs) in connection with the placement of a corporate bond effective as of March 23, 2012. The bond matures in five years and bears interest of 7.75% p.a.

The Group still has bank guarantee lines in the amount of EUR 21.6 million. EUR 6.7 million of these had been drawn down as of the end of the fiscal year. Liquid funds were deposited as collateral to secure these loan commitments.

The Group currently has adequate liquid funds to cover all its payment obligations.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2013. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended December 31, 2013	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Bond repayment	0.0	0.0	0.0	57.3	0.0	57.3
Bond interest	0.0	4.4	0.0	13.3	0.0	17.7
Other liabilities	0.0	9.3	11.4	0.0	0.0	20.7
Trade payables	0.5	7.5	0.3	0.0	0.0	8.3
	0.5	**21.2**	**11.7**	**70.6**	**0.0**	**104.0**

Fiscal year ended December 31. 2012	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Bond repayment	0.0	0.0	0.0	59.7	0.0	59.7
Bond interest	0.0	4.7	0.0	18.6	0.0	23.3
Interest-bearing loans	0.0	0.7	2.0	1.7	0.0	4.4
Other liabilities	5.1	6.4	1.2	0.0	0.0	12.7
Trade payables	2.4	5.0	0.3	0.1	0.0	7.8
	7.5	**16.8**	**3.5**	**80.1**	**0.0**	**107.9**

Interest rate risk

The Group's exposure to the risk of fluctuations in market interest rates results primarily from the corporate bond placed in 2012.

A shift in the yield curve by +/- 50 basis points would not have any significant effect on the Group's earnings before taxes.

Credit risk

The credit risk is the risk of financial losses if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The credit risk generally arises from trade receivables and the Group's receivables from construction contracts. We use export credit insurance as the primary instrument to hedge against specific country risks. Customers' creditworthiness and payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance and bank guarantees. From our current perspective, we assume sufficient coverage of the receivables default risk.

SIGNIFICANCE OF THE CREDIT RISK

The carrying amounts of the financial assets correspond to the maximum credit risk. The Group's maximum credit risk as of the reporting date is presented below:

	2013	2012
	EUR m	EUR m
Liquid funds	**51.0**	55.9
Financial assets subject to restrictions on disposal	**12.2**	17.6
Trade receivables	**44.1**	26.5
Receivables from construction contracts	**2.7**	3.4
Hedging derivatives	**0.1**	0.1
	110.1	103.5

Capital management

The Group analyzes its capital based on the "net liquidity" (as the total of liquid funds, short-term deposits and financial assets subject to restrictions on disposal less the bond and interest-bearing loans). As of the end of the fiscal year, the net liquidity was as follows:

	2013	2012
	EUR m	EUR m
Bond liabilities	**-59.9**	-61.9
Interest-bearing loans	**0.0**	-4.2
Liquid funds, deposits and financial assets subject to disposal restrictions	**63.2**	73.5
Net liquidity	**3.3**	7.4

In order to identify liquidity risks at an early stage, cash flow forecasts are prepared every four weeks on the basis of a three-month forecast.

39 FINANCIAL INSTRUMENTS

Fair values

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements by category.

	Measurement category	Carrying amount 2013 EUR m	Carrying amount 2012 EUR m	Fair value 2013 EUR m	Fair value 2012 EUR m
Financial assets					
Liquid funds**	L&R	51.0	55.9	**51.0**	55.9
Loans**	L&R	6.1	3.7	**6.1**	3.7
Other assets**	L&R	12.2	17.6	**12.2**	17.6
Derivative financial instruments Hedging derivatives**	HD	0.1	0.1	**0.1**	0.1
Trade receivables**	L&R	44.1	26.5	**44.1**	26.5
Receivables from construction contracts**	L&R	2.7	3.4	**2.7**	3.4
Financial liabilities					
Bond*	FLAC	59.9	61.9	**56.7**	47.8
Variable-rate loans**	FLAC	0.0	4.2	**0.0**	4.2
Derivative financial instruments Hedging derivative**	HD	0.0	0.0	**0.0**	0.0
Trade payables**	FLAC	8.3	7.8	**8.3**	7.8
Off-balance sheet financial instruments					
Loan commitments to customers**		0.0	1.5	**0.0**	1.5
Total	L&R	116.1	107.1	**116.1**	107.1
Total	FLAC	68.2	73.9	**65.0**	59.8
Total	HD	0.1	0.1	**0.1**	0.1

* Fair value measurement was categorized as fair value Level 1 based on the input factors for the measurement approach applied.
** Fair value measurement was categorized as fair value Level 2 based on the input factors for the measurement approach applied.

Abbreviations:

L&R: Loans and receivables
FLAC: Financial Liabilities measured at Amortized Cost
HD Hedging Derivatives

Liquid funds and trade payables normally have short residual terms. 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.

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 value of the exchange-listed bond equals the market price as of the balance sheet date plus the carrying amount of accrued interest liabilities as of the balance sheet date.

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

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

Hedges

As of the balance sheet date, there were receivables amounting to USD 1.9 million, for which SINGULUS TECHNOLOGIES AG had entered into forward exchange contracts. In the previous year, SINGULUS TECHNOLOGIES AG had entered into forward exchange contracts for future USD transactions with a total value of USD 6.1 million.

The following table shows the periods in which the cash flows are anticipated to occur and the fair values of the hedging instruments.

		2013 Expected cash flows			
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
	EUR m	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts assets	0.1	1.4	0.1	1.3	0.0
Liabilities	0.0	0.0	0.0	0.0	0.0

		2012 Expected cash flows			
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
	EUR m	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts assets	0.1	2.4	0.0	2.4	0.0
Liabilities	0.0	2.3	1.2	1.1	0.0

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 0.1 million in the fiscal year (previous year: EUR 0.1 million).

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 December 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts - hedged	0.1	-	0.1	-

	As of December 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts - hedged	0.1	-	0.1	-

Liabilities measured at fair value:

	As of December 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts	0.0	-	0.0	-

	As of December 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts	0.0	-	0.0	-

40 HEADCOUNT

In the fiscal year, the Company had an annual average of 369 permanent employees. In the previous year, the annual average headcount was 435. The Group had 362 employees as of December 31, 2013 (previous year: 400).

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

	2013	2012
Assembly, production and logistics	**129**	175
Development	**64**	68
Sales	**127**	132
Administration (excluding Management Board members)	**49**	60
	369	435

41 AUDITOR'S FEES (DISCLOSURES PURSUANT TO SEC. 314 (1) NO. 9 HGB)

In the year under review, SINGULUS TECHNOLOGIES AG and its subsidiaries were charged the following fees by the auditor of the consolidated financial statements:

	2013
	T€
a) for the audit of the financial statements	**287**
b) for tax consulting services	**95**
c) other	**49**
Total	**431**

42 CORPORATE GOVERNANCE

The Management Board and the Supervisory Board made the declaration required under Sec. 161 AktG in January 2014 and have made it available to shareholders on a permanent basis on the Company's website.

43 PUBLICATION

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were released for publication by the Management Board on March 17, 2014.

Kahl am Main, March 17, 2014

SINGULUS TECHNOLOGIES AG
The Management Board

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

Future trend: urban life in the city

Clean technologies and production processes that preserve the environment are essential. Our vacuum coating technology is an excellent solution for this. Vacuum coating processes preserve the environment, are particularly efficient and sustainable. In the past couple of years SINGULUS TECHNOLOGIES has continuously advanced through technologic know-how and provides new, innovative products on the basis of its core competencies such as nano- and vacuum coating.

More and more people live in the big centers of the world. The challenge for the future is to create more living spaces. The rehabilitation of industrial areas is an important possibility to generate urban life again and to live sustainably. The High Line Park in New York is an elevated railway that has been converted into a parkway since 2006.

Auditor's Report

We audited the consolidated financial statements of the SINGULUS TECHNOLOGIES AG, Kahl am Main – consisting of balance sheet, income statement, consolidated income statement, change in equity statement, cash flow statements as well as annotations - as well as the consolidated status report, which is combined with the status report of the Singulus Technologies AG for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statement and the consolidated status report pursuant to IFRS, as applicable in the EU, and the supplementary commercial law regulations pursuant to Art. 315a Para. 1 HGB is the responsibility of the Executive Board of the company. Our duty is to issue an opinion on the consolidated financial statements and the consolidated status report on the basis of the audit conducted.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW (Institut der Wirtschaftsprüfer "Institute of Public Accountants in Germany). 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 consolidated status 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 the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the consolidated status report are examined on a test basis within the framework of the audit. The audit includes an opinion on the annual financial statements of the companies included in the consolidated financial statements, the scope of consolidation, the applied accounting and consolidation principles and the material assessments of the Executive Board as well as a review of the overall depiction of the consolidated financial statements and the consolidated status report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Based on the insights from our audit, according to our assessment, the consolidated financial statements comply with IFRS, as applicable in the EU, and with the supplementary commercial law regulations pursuant to Art. 315a Para. 1 HGB and provide a true and fair presentation of the assets, financial and earnings situation in the Group taking into account the above regulations. The consolidated status 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.

Kahl am Main, March 17, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pürsün
German Public Auditor

Gebhardt
German Public Auditor

SINGULUS TECHNOLOGIES AG

Balance Sheet as of December 31, 2013 and 2012

ASSETS	Dec. 31, 2013		Dec. 31, 2012	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
A. Fixed assets				
I. Intangible fixed assets				
Purchased industrial and similar rights and assets		**841**		1,570
II. Tangible fixed assets				
1. Land, land rights and buildings, including buildings on third-party land	**12,001**		12,962	
2. Plant and machinery	**296**		385	
3. Other equipment, operating and office equipment	**691**	**12,988**	850	14,197
III. Long-term financial assets				
1. Shares in affiliates	**8,236**		29,187	
2. Loans to affiliates	**14,095**		8,675	
3. Long-term securities	**2,251**		224	
4. Other loans	**6,129**	**30,711**	3,738	41,824
		44,540		57,591
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	**11,242**		16,644	
2. Work in process	**16,657**		43,085	
3. Prepayments made	**1,876**		3,771	
4. Prepayments received	**-9,316**	**20,459**	-42,042	21,458
II. Receivables and other assets				
1. Trade receivables thereof with a residual term longer than one year EUR 20,356 thousand (PY: EUR 3,443 thousand)	**37,943**		21,387	
2. Receivables from affiliates	**5,101**		4,327	
3. Other assets	**6,052**	**49,096**	2,511	28,225
III. Cash and bank balances		**47,436**		62,917
		116,991		112,600
C. Prepaid expenses		**99**		113
Total assets		**161,630**		170,304

EQUITY AND LIABILITIES

	Dec. 31, 2013		Dec. 31, 2012	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
A. Equity				
I. Subscribed capital		**48,930**		48,930
II. Capital reserves		**75,185**		75,185
III. Accumulated losses		**-79,807**		-65,958
		44,308		58,157
B. Provisions				
1. Provisions for pensions and similar obligations		**8,034**		7,688
2. Provisions for taxes		**636**		156
3. Other provisions		**17,023**		13,321
		25,693		21,165
C. Liabilities				
1. Bonds		**60,000**		60,000
2. Liabilities to banks thereof with a residual term of less than one year: EUR 0 thousand (PY: EUR 1,660 thousand)		**0**		4.160
3. Trade payables thereof with a residual term of less than one year: EUR 5,860 thousand (PY: EUR 6,649 thousand)		**5,908**		6,754
4. Liabilities to affiliates thereof with a residual term of less than one year: EUR 5,683 thousand (PY: EUR 4,485 thousand)		**5,683**		4,485
5. Other liabilities thereof with a residual term of less than one year: EUR 10,701 thousand (PY: EUR 5,387 thousand) thereof in relation to taxes: EUR 260 thousand (PY: EUR 258 thousand)		**19,957**		15,583
		91,548		90,982
D. Deferred income		**81**		0
Total Equity and Liabilities		**161.630**		170.304

SINGULUS TECHNOLOGIES AG

Income statement for the period from January 1 to December 31, 2013

	2013		2012	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
1. Revenue		134,735		93,191
2. Decrease in work in progress		-26,428		-2,065
3. Other operating income thereof income from currency translation: EUR 244 thousand (PY: EUR 588 thousand)		5,766		3,250
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-53,685		-52,313	
b) Cost of purchased services	-8,525	-62,210	-12,114	-64,427
5. Personnel expenses				
a) Wages and salaries	-17,427		-19,225	
b) Social security, pension and other benefit costs thereof for old-age pensions: EUR 563 thousand (PY: EUR 438 thousand)	-3,283	-20,710	-3,178	-22,403
6. Amortization or depreciation of intangible and tangible fixed assets		-2,427		-5,002
7. Other operating expenses thereof currency translation losses: EUR 214 thousand (PY: EUR 145 thousand)		-17,448		-24,529
8. Income from investments thereof from affiliates: EUR 0 thousand (PY: EUR 22,268 thousand)		0		22,268
9. Other interest and similar income thereof from affiliates: EUR 592 thousand (PY: EUR 385 thousand)		2,582		2,065
10. Write-downs of financial assets		-21,026		-11,085
11. Interest and similar expenses thereof to affiliates: EUR 0 thousand (PY: EUR 26 thousand) thereof expenses from discounting: EUR 387 thousand (PY: EUR 384 thousand)		-6,076		-5,531
12. Result from ordinary activities		-13,242		-14,268
13. Extraordinary income/result		0		10,052
14. Income taxes (PY: income)		-589		73
15. Other taxes		-18		-55
16. Net loss for the year		-13,849		-4,198
17. Loss carryforward		-65,958		-61,760
18. Withdrawals from other revenue reserves		0		0
19. Accumulated loss		-79,807		-65,958

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 17, 2014

SINGULUS TECHNOLOGIES AG
The Executive Board

SINGULUS TECHNOLOGIES – Operating Globally!

JANUARY
2014

World Future Energy Summit
(WFES), 20. - 22. January 2014
Abu Dhabi , UAE

FEBRUARY
2014

PV Expo 2014
26. - 28. February 2014
Tokio, Japan

MARCH
2014

Semicon China 2014
18. - 20. March 2014,
Shanghai, China

AfricaPVSEC 2014
27. - 29. March 2014
Durban, South Africa

SINGULUS TECHNOLOGIES
Educational Photovoltaic Seminar
on the AfricaPVSEC 2014
28. March 2014
Durban, South Africa

APRIL
2014

Semicon Singapore
23. - 25. April 2014
Singapore

MAY
2014

SVC Techcon
3. - 8. May 2014
Chicago, USA

Intermag Europe 2014
4. - 8. May 2014
Dresden, Germany

Semicon Russia
14. - 15. May 2014
Moskau, Russia

SNEC PV POWER EXPO 2014
20. - 22. May 2014
Shanghai, China

JUNE
2014

MEDIA-TECH Conference 2014
3. - 4. June 2014
Mövenpick Hotel Hamburg,
Germany

Intersolar Europe
4. - 6. June 2014
Munich, Germany

JULY
2014

Semicon West/Intersolar USA
8. - 10. July 2014
San Francisco, USA

AUGUST
2014

Intersolar Süd Amerika
26. - 28. August 2014
São Paulo, Brazil

SEPTEMBER
2014

8th Renewable Energy
India 2014 Expo
3. - 5. September 2014
Greater Noida, India

29th EUPVSEC
23. - 25. September 2014
Amsterdam, Netherlands

NOVEMBER
2014

59th Conference on Magnetism
and Magnetic Materials
3. - 7. November 2014
Honolulu, Hawaii

DECEMBER
2014

Technology & Market Review 2014
and Future Outlook/MEDIA-TECH
Year-end Event
3. - 4. December 2014,
Kahl am Main, Germany

Semicon Japan
4. - 6. December 2014
Chiba, Japan

Annual Shareholders' Meeting 2014

SINGULUS TECHNOLOGIES AG, Kahl am Main
Wednesday, May 28, 2013, 10:30 am
Commerzbank Auditorium
Große Gallusstrasse 19
60311 Frankfurt am Mainn

Please refer to SINGULUS TECHNOLOGIES ' page under: http://www.singulus.de/de/investor-relations/hauptversammlung.html for detailed information about the Annual General Meeting 2014.

Corporate Calendar 2014

MARCH	03/31	Annual balance sheet press conference 09:00 a.m., Frankfurt
	03/31	Analysts conference 11:30 a.m. Frankfurt
MAY	05/15	Quarterly Report Q1/2014
	05/28	Annual General Meeting 10:30 a.m. Auditorium Commerzbank, Große Gallusstraße 19, 60311 Frankfurt am Main
AUGUST	08/14	Quarterly Report Q2/2014
NOVEMBER	11/13	Quarterly Report Q3/2014

Consolidated Key Figures
2010-2013

		2010	2011	2012	2013
Sales (gross)	in million €	120.1	160.0	108.6	**134.9**
Sales (net)	in million €	118.2	157.5	107.5	**133.4**
Sales Germany	%	25.1	17.1	12.8	**12.7**
Sales Rest of Europe	%	22.9	11.7	16.0	**29.1**
Sales Americas	%	26.6	34.3	43.7	**40.8**
Sales Asia	%	20.0	34.8	22.5	**10.2**
Sales Africa/Australia	%	5.4	2.1	5.0	**7.2**
Order intake	in million €	128.2	151.6	121.9	**115.1**
Order backlog (Dec. 31)	in million €	35.5	26.8	40.1	**20.3**
EBIT	in million €	-80.2	6.7	-60.5	**2.2**
EBIT margin	%	-67.8	4.3	-56.3	**1.6**
EBITDA	in million €	-16.6	18.5	-33.8	**8.1**
Earnings before taxes	in million €	-84.9	5.6	-63.8	**-1.0**
Net profit/loss	in million €	-77.9	5.6	-62.4	**-0.7**
Operating cash flow	in million €	-0.9	7.5	-0.4	**-0.6**
Operating cash flow in % of net sales		-0.1	4.8	-0.4	**-0.5**
Property, plant & equipment	in million €	10.6	9.9	7.5	**7.5**
Goodwill	in million €	21.7	21.7	21.7	**21.7**
Current assets	in million €	107.3	105.4	153.1	**124.1**
Shareholders' equity	in million €	106.2	137.9	74.5	**73.8**
Equity ratio	%	58.4	75.6	36.1	**38.0**
Balance sheet total	in million €	181.9	182.4	206.5	**194.4**
Research & development expenditures	in million €	11.0	8.8	8.9	**7.7**
(in % of net sales)		9.3	5.6	8.3	**5.8**
Employees (Dec. 31)		459	455	400	**362**
Weighted average number of shares		40,383,023	45,195,314	48,930,314	**48,930,314**
Stock price at year-end	€	4.48	2.04	1.39	**2.11**
Earnings per share	€	-1.92	0.14	-1.25	**-0.01**

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