
# Report for the 1st Quarter 2014

Consolidated Report Pursuant to IFRS –
as of March 31, 2014 (unaudited)

SINGULUS

## Business Trends and Situation of the SINGULUS TECHNOLOGIES Group

- → Sales slightly lower
- → EBIT at previous year's level
- → Order intake weak due to seasonality of the 1st quarter
- → Development in the 1st quarter in-line with expectations
- → Pilot line for CIGS thin-film modules commissioned
- → Coating machines for PERC delivered in Europe
- → First call-off by M•Cells for coating machine for PERC solar cells in China
- → New orders for semiconductor technology
- → Positive EBIT for 2014 expected

As expected, the 1st quarter of the business year 2014 was quiet. Due to seasonality the key financial figures remained on a similar level as in the prior-year quarter in 2013.

In the quarter under review sales in the SINGULUS TECHNOLOGIES Group amounted to € 16.7 million (previous year: € 22.8 million). The earnings before interest and taxes (EBIT) of € -5.1 million remained at a comparable level to 2013 (previous year: € -4.9 million). The order intake in the quarter under review of € 14.1 million (1st quarter 2013: € 15.6 million) was similar to 2013. The order backlog declined slightly compared with the year-end 2013 and stood at € 17.7 million (December 31, 2013: € 20.3 million).

Overall, the course of business was in-line with our expectations for the 1st quarter 2014. The weak photovoltaics market as well as the seasonal trend in the Optical Disc segment had a significant impact on the development of the quarter under review.


**VISTARIS sputtering system**

**Optical Disc**

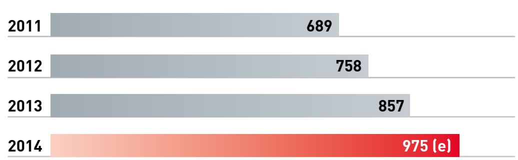
The development in the Optical Disc segment depends on innovations and on growth of the international media markets as well as the order cycle of large international disc producers. The production of Blu-ray Discs during the course of the year is always seasonally strong towards the end of the year. Following a favorable trend for the Christmas activities in 2013, in the first half of the new year dispositions are made for the current year 2014.

Therefore, SINGULUS TECHNOLOGIES does expect larger orders only in the 2nd and 3rd quarter. Once again, the largest media market, the US, rose slightly in 2013 and thus offers a positive base for 2014.

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). The annual sales for optical discs declined slightly from USD 8.47 billion to USD 7.78 billion, which is mainly attributable to a decline in DVD sales. Sales from Blu-ray discs continue to expand considerably, but were not able to offset the lower DVD sales, however. 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, 2012: USD 96.0 million). Amid lower prices per Blu-ray Disc the recorded sales growth means a disproportionate growth of the underlying volume sales and thus for production figures of Blu-ray Discs.

The market research institute Futuresource Consulting reported global growth of Blu-ray Disc production of 13 % for the year 2013 (previous year: +10 %). Accordingly, for 2014 additional growth of the overall production from 857 million to 975 million (+14 %) Blu-ray discs in total is forecast.

**GLOBAL BLU-RAY PRODUCTION CAPACITY**
Million discs




Source: Futuresource, 11/2013

## Solar

After weak years, several studies now project a slowly beginning in 2014 in the solar market. In its study published in January 2014, the US consulting company Solarbuzz projects, after an 18-months decline, for the full-year 2014 expected demand of 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.

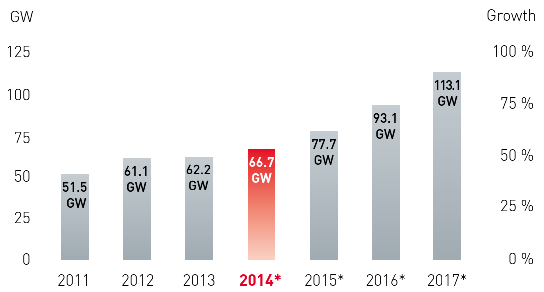
In its current study Solarbuzz forecast a growth in the cell production capacity of 7 % for the year 2014. In the following year 2015 the growth is set to continue to 17 %.

After a repeated decline in investment for production equipment in the year 2013 by about 60 % compared with 2012, for the current year 2014 a recovery to USD 2,759 million 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.

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 in particular points out new future markets such as South Africa, South America, the Middle East and Australia.

Generally, the assessments of these studies seem to be confirmed by numerous project talks for the area of CIGS thin-film solar technology as well as for upgrades for PERC solar cells. The first coating machine for PERC solar cells was delivered to an European customer in recent days. Initial, new orders were recorded for the wet-chemical segment. On February 3, 2014, in the presence of highly-ranked politicians and business partners as well as numerous honorary guests from

ANNUAL PV PRODUCTION CAPACITY

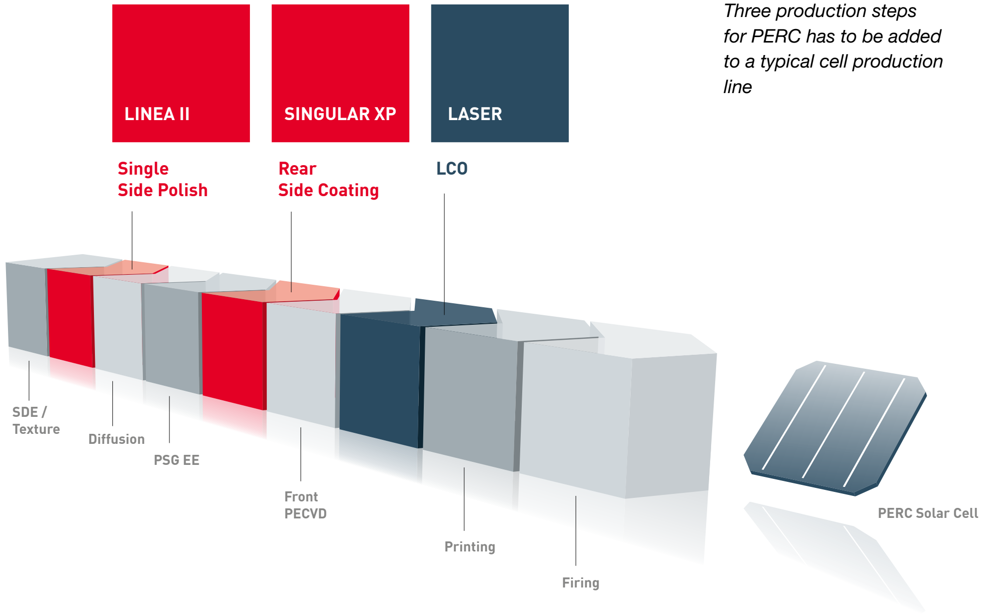



Source: Solarbuzz, 2014, * estimated

Germany and South Africa, the Photovoltaic Technology Intellectual Property (PTiP), South Africa, ceremonially commissioned its 5 MWp pilot production line for the manufacturing of CIGS thin-film solar modules. SINGULUS TECHNOLOGIES supplied the engineering technology for the key production processes. SINGULUS TECHNOLOGIES has already been working with PTiP and with the University of Johannesburg for three years and in the course of the cooperation already delivered the first laboratory systems in 2011.

With the vacuum coating, the selenization oven as well as two key work steps for wet-chemical processing, SINGULUS TECHNOLOGIES supplied the majority of the key processing steps of the CIGS line. In the future, with this modern pilot line customary CIGS modules with a size of 1200 mm x 600 mm can be commercially produced and technologically developed.

The Chinese cell manufactuer M•Cells and SINGULUS TECHNOLOGIES had concluded a framework contract with an option for 16 SINGULAR XP machines in 2013. After the period under review SINGULUS TECHNOLOGIES received the first call-off order from M•Cells for a coating machine for PERC solar cells. The SINGULAR XP coating equipment is intended for the rear side passivation of crystalline PERC solar cells in the production of 500 MW highly efficient multi-cells.




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

**Semiconductors**

In January 2014 SINGULUS TECHNOLOGIES received two new orders from Asia and the US for semiconductor vacuum coating machines. Both orders are intended for equipment in connection with MRAM applications. The two orders confirm SINGULUS in its expectation of a continuing favorable business trend in the work area of nano-deposition.

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.

The market research company VLSIresearch projects a significant growth of MRAM wafers in the next years. Many large memory producers such as Everspin, Hynix, Micron and Samsung as well as Crocus and Rusnano amongst others have announced to invest into the MRAM development and manufacturing. Several alliances for the development and production have already been agreed. 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.

**ROTARIS vacuum deposition machine for application tests (delivered to University of Mainz)**

## Key financial figures

### Order intake and order backlog

The order intake of € 14.1 million in the 1st quarter 2014 was slightly lower than in the previous year (previous year: € 15.6 million). The order backlog amounted to € 17.7 million as of March 31, 2014 (March 31, 2013: € 32.9 million).

### Sales and earnings

Sales in the 1st quarter 2014 of € 16.7 million were not quite able to reach the level one year ago totaling € 22.8 million. Sales are split into € 10.0 million in the Optical Disc segment (previous year: € 11.6 million), Solar at € 5.4 million (previous year: 7.1 million) and Semiconductors at € 1.3 million (previous year: € 4.1 million).

The percentage regional breakdown of sales for the 1st quarter 2014 was as follows:

- Europe 38.4 % (previous year: 25.9 %)
- North and South America 32.3 % (previous year: 50.4 %)
- Asia 26.9 % (previous year: 22.8 %)
- Africa and Australia 2.4 % (previous year: 0.9 %)

In contrast to the trend in sales the gross margin in the 1st quarter 2014 was substantially improved compared with the prior-year quarter. In the first three months of the business year a gross margin in the amount of 23.4 % (previous year: 14.5 %) was achieved. Correspondingly, the gross profit from sales amounted to € 3.9 million in the quarter under review (previous year: € 3.3 million). In the period under review the total operating expenses amounted to € 9.0 million and were € 0.8 million above the prior-year period (€ 8.2 million). This increase is mainly due to higher expenses for research and development.

**Segmental reporting from January 1 to March 31, 2014 and 2013**

| | Segment Optical Disc | | Segment Solar | | Segment Semiconductor | | SINGULUS Group | |
|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **EUR m** | EUR m | **EUR m** | EUR m | **EUR m** | EUR m | **EUR m** | EUR m |
| Sales (gross) | **10.0** | 11.6 | **5.4** | 7.1 | **1.3** | 4.1 | **16.7** | 22.8 |
| Sales reductions and indivual selling expenses | **0.0** | -0.1 | **0.0** | 0.0 | **0.0** | 0.0 | **0.0** | -0.1 |
| Sales (net) | **10.0** | 11.5 | **5.4** | 7.1 | **1.3** | 4.1 | **16.7** | 22.7 |
| Depreciation and write-offs | **-0.6** | -0.7 | **-0.6** | -0.5 | **-0.1** | -0.2 | **-1.3** | -1.4 |
| Operating result (EBIT) | **-1.5** | -1.8 | **-2.6** | -2.2 | **-1.0** | -0.9 | **-5.1** | -4.9 |
| Financial result | | | | | | | **-0.8** | -0.8 |
| Earnings before taxes | | | | | | | **-5.9** | -5.7 |

Overall, in the 1st quarter 2014 earnings before interest and taxes (EBIT) in the amount of € -5.1 million around the prior-year level were realized (previous year: € -4.9 million).

**Balance Sheet and Liquidity**

The long-term assets of € 65.6 million were € 4.7 million below the level as of December 31, 2013 (€ 70.3 million). This is mainly due to changes from the reduction of accounts receivable with a term of more than one year by € 3.6 million to € 16.8 million in the quarter under review (previous year: € 20.4 million). The capitalized development expenses amounted to € 6.1 million (previous year: € 6.4 million). In the first three months of 2014 the investments in developments totaled € 0.2 million (previous year: € 1.1 million). Scheduled write-offs and amortization on capitalized development expenses amounted to € 0.5 million in the quarter under review (previous year: € 0.5 million). In addition, property, plant & equipment declined slightly to € 7.2 million (previous year: € 7.5 million). The capital expenditure in property, plant and equipment remained around the prior-year level and amounted to € 0.1 million in the 1st quarter of 2014 (previous year: € 0.2 million). Most of the spending was used for replacement investments.

Current assets declined by € 10.1 million during the period under review. The reasons for the decline in liquid funds in the amount of € 14.0 million are the payment of interest for the corporate bond (€ -4.4 million) and the subdued business activities. Furthermore, other receivables and assets declined to € 12.8 million (previous year: € 16.2 million) due to the transfer of a customer payment (€ 5.4 million) to already forfeited receivables. Inventories displayed a contrasting trend and in the first three months of the business year increased by € 4.5 million to € 32.6 million. In addition, accounts receivable with a term of less than one year (€ +2.2 million) and receivables for production orders (€ +1.1 million) increased.

The short-term liabilities declined by € 8.8 million compared with the year-end level of 2013. Specifically, short-term financing liabilities from the issue of the corporate bond declined by € 3.5 million. This is in connection with the payment of the coupon as of March 23, 2014 in the amount of € 4.4 million. In addition, the other liabilities declined analogue to the other receivables due to the transfer of a customer payment (€ 5.4 million) to € 15.8 million. Furthermore, accounts payable dropped by € 1.9 million to € 6.4 million. In contrast, liabilities due to production orders (€ +1.1 million) and prepayments received (€ +1.0 million) increased.

As of the balance sheet date the long-term liabilities amounted to € 72.7 million and thus approximately remained around the prior-year level (previous year: € 72.6 million).

**Shareholders' equity**

The shareholders' equity in the Group declined by € 6.1 million in the quarter under review and stood at € 67.7 million as of March 31, 2014 (previous year: € 73.8 million). Equity in the amount of € 66.8 million is attributable to the shareholders of the parent company and € 0.9 million to minorities. Accordingly, the equity ratio is nearly unchanged at 37.7 % (previous year: 38.0 %).

## Cash Flow

In the 1st quarter of 2014 the operating cash flow of the Group of € -7.5 million was negative and thus lower than the prior-year level (previous year: € -5.1 million). The cash flow from investing activities of € 4.7 million (previous year: € 8.7 million) was impacted by the maturity of time deposits in the quarter under review with a term of more than three months in the amount of € 5.0 million. The cash flow from financing activities amounted to € -6.2 million in the 1st quarter 2014 and results mainly from the payment of interest for the corporate bond (€ 4.4 million). Due to the aforementioned matured term deposits (€ 5.0 million) a different report of the changes in cash and cash equivalents in the cash flow statements (€ -9.0 million) and the liquid funds in the balance sheet (€ -14.0 million) results.

## Risk Report

During the first three months of the business year 2014 there were no changes regarding the risks depicted in the Annual Report for the year 2013.

## Development of costs and prices

From our perspective the selling prices developed as planned in the 1st quarter of the business year. Material and personnel expenses also developed according to our budgets. However, the price situation in the Solar segment strongly depends on the future developments of demand in this market.

## Research and development

At € 2.0 million in total the expenditures for research and development in the first three months of 2014 were on prior-year level (previous year: € 2.0 million).

## Employees

The number of employees in the SINGULUS Group rose slightly from 362 employees as of December 31, 2013 to 370 employees as of March 31, 2014.

## Changes in the Executive and Supervisory Boards

There were no changes of the members of the Executive and Supervisory Boards in the period under review.

## The SINGULUS TECHNOLOGIES Stock

The shares of SINGULUS TECHNOLOGIES closed the year 2013 with a share price of € 2.11. While the stock was able to post a positive performance of more than 50 % in 2013, the share price increased to nearly € 2.80 at the end of February 2014. Subsequently, the share price once again declined to € 2.47 on March 31, 2014 also due to political uncertainties.

## The SINGULUS TECHNOLOGIES Corporate Bond

The bond of the SINGULUS TECHNOLOGIES AG has now been trading for over two years at the Open Market of the Deutsche Börse AG in the segment “Entry Standard for Bonds” at the Frankfurt Stock Exchange. 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 successfully supported the price of the bond. Therefore, the program was extended in mid-2013 until December 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 2013, the Executive Board once again extended the program until June 30, 2014. The general conditions of the program remain unchanged by the extension of the program. Currently, the bond is even trading above the issue price of 100 % again.

## Strategy and outlook for 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 existing 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 also open new markets.

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 continues to impact the results and could lead to a negative net profit pursuant to IFRS after all.

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. 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.


**CISARIS lab selenisation system (delivered to PTiP South Africa)**

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 currently mainly positive. 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. Accordingly, the business activities in the Solar division should perform significantly better than in the previous year, which is the reason why we expect a significant increase compared with the business year 2013 with respect to sales and operating result (EBIT). Assumed that the order intake in the solar segment can be realized as expected.

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

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 perspective, we project sales within the segment around the level of the year 2013. However, the operating result (EBIT) will presumably improve considerably.

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.

Yours sincerely,

The Executive Board
SINGULUS TECHNOLOGIES AG

# Consolidated Balance Sheet

*from January 1 to March 31, 2014 and December 31, 2013 (IFRS unaudited)*

## ASSETS

| | 03/31/2014 [in million €] | 12/31/2013 [in million €] |
|---|---|---|
| Liquid funds | **37.0** | 51.0 |
| Trade receivables | **25.9** | 23.7 |
| Receivables from contract work | **3.8** | 2.7 |
| Borrowings | **1.9** | 2.4 |
| Other receivables and other assets | **12.8** | 16.2 |
| Total receivables and other assets | **44.4** | 45.0 |
| Raw materials, consumables and supplies | **15.1** | 14.4 |
| Work in process | **17.5** | 13.7 |
| Total inventories | **32.6** | 28.1 |
| **Total current assets** | **114.0** | 124.1 |
| Trade receivables | **16.8** | 20.4 |
| Borrowings | **3.7** | 3.7 |
| Property, plant and equipment | **7.2** | 7.5 |
| Capitalized development costs | **6.1** | 6.4 |
| Goodwill | **21.7** | 21.7 |
| Other intangible assets | **7.4** | 7.9 |
| Deferred tax assets | **2.7** | 2.7 |
| **Total non-current assets** | **65.6** | 70.3 |
| **Total assets** | **179.6** | 194.4 |

## EQUITY AND LIABILITIES

| | 03/31/2014 | 12/31/2013 |
|---|---|---|
| | [in million €] | [in million €] |
| Trade payables | 6.4 | 8.3 |
| Prepayments received | 8.3 | 7.3 |
| Liabilities from construction contracts | 1.7 | 0.6 |
| Current financing liabilities from the issuance of bonds | 0.1 | 3.6 |
| Other current liabilities | 15.8 | 20.7 |
| Provisions for restructuring measures | 2.1 | 2.4 |
| Provisions for taxes | 0.7 | 0.7 |
| Other provisions | 4.1 | 4.4 |
| **Total current liabilities** | **39.2** | 48.0 |
| Non-current financing liabilities from the issuance of bonds | 56.4 | 56.3 |
| Provisions for restructuring measures | 6.4 | 6.4 |
| Pension provisions | 9.9 | 9.9 |
| **Total non-current liabilities** | **72.7** | 72.6 |
| **Total liabilities** | **111.9** | 120.6 |
| Subscribed capital | 48.9 | 48.9 |
| Capital reserves | 77.2 | 77.2 |
| Reserves | 1.7 | 1.7 |
| Retained earnings | -61.0 | -54.9 |
| Equity attributable to owners of the parent | 66.8 | 72.9 |
| Non-controlling interests | 0.9 | 0.9 |
| Total equity and liabilities | 67.7 | 73.8 |
| **Total liabilities** | **179.6** | 194.4 |

# Consolidated Income Statement

*from January 1 to March 31, 2014 and 2013 (IFRS unaudited)*

| | 01/01 - 03/31/2014 | | 01/01 - 03/31/2013 | |
|---|---|---|---|---|
| | [in million €] | [in %] | [in million €] | [in %] |
| **Revenue (gross)** | **16.7** | **100.0** | 22.8 | 100.4 |
| Sales deductions and direct selling costs | 0.0 | 0.0 | -0.1 | -0.4 |
| **Revenue (net)** | **16.7** | **100.0** | 22.7 | 100.0 |
| Cost of sales | -12.8 | -76.6 | -19.4 | -85.5 |
| **Gross profit on sales** | **3.9** | **23.4** | 3.3 | 14.5 |
| Research and development | -2.4 | -14.4 | -1.6 | -7.0 |
| Sales and customer service | -3.6 | -21.6 | -4.0 | -17.6 |
| General administration | -2.6 | -15.6 | -2.4 | -10.6 |
| Other operating expenses | -0.7 | -4.2 | -0.5 | -2.2 |
| Other operating income | 0.3 | 1.8 | 0.3 | 1.3 |
| Total operating expenses | -9.0 | -53.9 | -8.2 | -36.1 |
| **Operating result (EBIT)** | **-5.1** | **-30.5** | -4.9 | -21.6 |
| Finance income | 0.5 | 3.0 | 0.6 | 2.6 |
| Finance costs | -1.3 | -7.8 | -1.4 | -6.2 |
| **EBT** | **-5.9** | **-35.3** | -5.7 | -25.1 |
| Tax income | -0.1 | -0.6 | -0.2 | -0.9 |
| **Profit or loss for the period** | **-6.0** | **-35.9** | -5.9 | -26.0 |
| Thereof attributable to: | | | | |
| Owners of the parent | -6.0 | | -5.8 | |
| Non-controlling interests | 0.0 | | -0.1 | |

| | | | | |
|---|---|---|---|---|
| | [in €] | | [in €] | |
| Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent | -0.12 | | -0.12 | |
| Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent | -0.12 | | -0.12 | |
| Basic number of shares, pieces | 48,930,314 | | 48,930,314 | |
| Diluted number of shares, pieces | 48,930,314 | | 48,930,314 | |

# Consolidated Statement of Comprehensive Income

*from January 1 to March 31, 2014 and 2013 (IFRS unaudited)*

| | **01/01 - 03/31/2014** | 01/01 - 03/31/2013 |
|---|---|---|
| | **[in million €]** | [in million €] |
| **Profit or loss for the period** | **-6.0** | -5.9 |
| Items that may be reclassified to profit and loss: | | |
| Exchange differences in the fiscal year | **0.0** | 0.3 |
| Total income and expense recognized directly in other comprehensive income | **0.0** | 0.3 |
| **Total comprehensive income** | **-6.0** | -5.6 |
| Thereof attributable to: | | |
| Owners of the parent | **-6.0** | -5.6 |
| Non-controlling interests | **0.0** | 0.0 |

# Statement of Changes in Equity

*as of March 31, 2014 and 2013 (IFRS unaudited)*

| | Equity attributable to owners | | | | | | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|
| | | | Reserves | Loss carryforward | | | | |
| | **Subscribed capital [in million €]** | **Capital reserves [in million €]** | **Currency translation reserves [in million €]** | **Actuarial gains and losses from pension commitments [in million €]** | **Other revenue reserves [in million €]** | **Total [in million €]** | | |
| **As of January 1, 2013** | **48.9** | **77.2** | **2.2** | **-1.9** | **-52.9** | **73.5** | **1.0** | **74.5** |
| Profit or loss for the period | 0.0 | 0.0 | 0.0 | 0.0 | -5.8 | -5.8 | -0.1 | -5.9 |
| **Other comprehensive income** | **0.0** | **0.0** | **0.2** | **0.0** | **0.0** | **0.2** | **0.1** | **0.3** |
| **Total comprehensive income** | **0.0** | **0.0** | **0.2** | **0.0** | **-5.8** | **-5.6** | **0.0** | **-5.6** |
| **As of March 31, 2013** | **48.9** | **77.2** | **2.4** | **-1.9** | **-58.7** | **67.9** | **1.0** | **68.9** |
| | | | | | | | | |
| **As of January 1, 2014** | **48.9** | **77.2** | **1.7** | **-1.4** | **-53.6** | **72.8** | **0.9** | **73.7** |
| Profit or loss for the period | 0.0 | 0.0 | 0.0 | 0.0 | -6.0 | -6.0 | 0.0 | -6.0 |
| **Other comprehensive income** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total comprehensive income** | **0.0** | **0.0** | **0.0** | **0.0** | **-6.0** | **-6.0** | **0.0** | **-6.0** |
| **As of March 31, 2014** | **48.9** | **77.2** | **1.7** | **-1.4** | **-59.6** | **66.8** | **0.9** | **67.7** |

# Consolidated Statement of Cash Flows

*from January 1 to March 31, 2014 and 2013 (IFRS unaudited)*

| | **01/01 - 03/31/2014 [in millon €]** | | 01/01 - 03/31/2013 [in millon €] | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit or loss for the period | | **-6.0** | | -5.9 |
| Adjustment to reconcile profit or loss for the period to net cash flow | | | | |
| Amortization, depreciation and impairment of non-current assets | **1.3** | | 1.4 | |
| Additions to pension provisions | **0.1** | | 0.0 | |
| Other non-cash expenses/income | **0.8** | | 0.8 | |
| Net tax expense | **0.1** | | 0.2 | |
| Change in trade receivables | **1.4** | | 4.0 | |
| Change in construction contracts | **0.0** | | -4.8 | |
| Change in other receivables and other assets | **-0.4** | | -1.5 | |
| Change in inventories | **-4.6** | | 2.3 | |
| Change in trade payables | **-1.9** | | -2.0 | |
| Change in other liabilities | **0.4** | | -1.0 | |
| Change in prepayments | **1.0** | | 1.3 | |
| Change in loans | **0.5** | | 0.0 | |
| Change in provisions from restructuring measures | **-0.3** | | -0.3 | |
| Change in further provisions | **-0.3** | | 0.1 | |
| Interest paid | **0.0** | | -0.1 | |
| Interest received | **0.5** | | 0.7 | |
| Income tax paid | **-0.1** | **-1.5** | -0.3 | 0.8 |
| **Net cash from/used in operating activities** | | **-7.5** | | -5.1 |

| | 01/01 - 03/31/2014 [in millon €] | | 01/01 - 03/31/2013 [in millon €] | |
|---|---|---|---|---|
| **Cash flows from investing activities** | | | | |
| Cash paid for investments in development projects | **-0.2** | | -1.1 | |
| Cash paid for investments in other intangible assets and property, plant and equipment | **-0.1** | | -0.2 | |
| Change in time deposits (with terms longer than 3 months) | **5.0** | **4.7** | 10.0 | 8.7 |
| Net cash from/used in investing activities | | **4.7** | | 8.7 |
| **Cash flows from financing activities** | | | | |
| Cash received from the issue of a bond | **-4.4** | | -4.7 | |
| Cash used to redeem bonds | **0.0** | | -0.6 | |
| Cash used to pay down loans | **0.0** | | -0.1 | |
| Cash received/used on financial assets subject to restrictions on disposal | **-1.8** | **-6.2** | -0.1 | -5.5 |
| Net cash from/used in financing activities | | **-6.2** | | -5.5 |
| **Increase/decrease in cash and cash equivalents** | | **-9.0** | | -1.9 |
| Effect of exchange rate changes | | **0.0** | | 0.1 |
| **Cash and cash equivalents at the beginning of the fiscal year** | | **35.0** | | 40.9 |
| **Cash and cash equivalents at the end of the fiscal year** | | **26.0** | | 39.1 |
| Time deposits with terms longer than 3 months | | **11.0** | | 5.0 |
| **Liquid funds at end of the fiscal year** | | **37.0** | | 44.1 |

## Notes to the interim results (unaudited)

The SINGULUS TECHNOLOGIES Aktiengesellschaft (hereinafter also "SINGULUS" or the "Company") is an exchange-listed stock corporation domiciled in Germany. The consolidated financial accounts presented for the interim reporting of the SINGULUS TECHNOLOGIES AG and its subsidiaries (the "Group") for the first three months of the business year 2014 were approved for publication by decision of the Executive Board as of May 14, 2014.

The consolidated financial accounts were drawn up in Euro (€). If not stated otherwise, all figures are in millions of Euro (million €). Due to statements in million € differences in rounding may occur.

### Accounting and valuation principles

The preparation of the abbreviated consolidated interim results for the period from January 1 to March 31, 2014 was made pursuant to IAS 34 "Interim Financial Reporting". The abbreviated consolidated interim results do not include all of the notes and information required for the reporting for the full business year and should be read in conjunction with the consolidated financial accounts as of December 31, 2013.

The preparation of the annual results pursuant to IAS 34 requires estimates and assumptions by the management, affecting the level of the reported assets, liabilities, income, expenses as well as contingent liabilities. These assumptions and estimates mainly affect the Group-consistent determination of useful life expectancy, the write-offs of assets, the valuation of provisions, the recoverability of receivables, the determination of realizable terminal values in the area of inventories as well as the realizability of future tax relieves. The actual values can differ from the assumptions and estimates made on a case by case basis. Changes are recognized affecting earnings at the time of the knowledge gained.

The accounting and valuation methods applied in the consolidated accounts for the interim reporting correspond to those applied for the most recent consolidated financial report as of the end of the business year 2013. For a detailed description of the accounting principles please refer to the notes of the consolidated financial statements of our Annual Report 2013.

### Scope of consolidation

In addition to the SINGULUS TECHNOLOGIES AG the consolidated financial statements include all companies, which are legally or factually controlled by the company. In the interim report as of March 31, 2014, in addition to the SINGULUS TECHNOLOGIES AG in total three domestic and twelve foreign subsidiaries were included.

No companies have been added or deleted from the scope of consolidation in the current business year.

### Accounts receivable and production receivables

The accounts receivable and production receivables as of March 31, 2014 are split as follows:

| | March 31, 2014 in million € | March 31, 2013 in million € |
|---|---|---|
| Accounts receivable – short-term | **28.6** | 26.4 |
| Receivables from production orders | **3.8** | 2.7 |
| Accounts receivable – long-term | **16.8** | 20.4 |
| less write-offs | **-2.7** | -2.7 |
| | **46.5** | 46.8 |

## Intangible assets

Capitalized development expenses, goodwill, customer bases as well as concessions, intellectual property rights and other intangibles are included under intangible assets. As of March 31, 2014, the capitalized development expenses amounted to € 6.1 million (December 31, 2013: € 6.4 million). In the first three months of 2014 the investments in developments of our products totaled € 0.2 million (previous year: € 1.1 million). Scheduled write-offs and amortization on capitalized development expenses amounted to € 0.5 million (previous year: € 0.5 million).

## Property, plant & equipment

In the first three months of the business year 2014 € 0.1 million were invested in property, plant & equipment (previous year: € 0.2 million). During the same period scheduled depreciation amounted to € 0.4 million (previous year: € 0.4 million).

## Contingent liabilities and other financial obligations

At the end of the quarter under review the contingent liabilities and other financial obligations not included in the consolidated accounts amount to € 34.5 million (December 31, 2013: € 34.0 million) and mainly include rent and leasing obligations (€ 26.2 million), guarantees for prepayments received (€ 6.1 million) as well as guarantees (€ 1.8 million). The Executive Board does not have knowledge about facts that could have a materially adverse impact on the business operations, the financial situation or the business results of the company.

## Geographical breakdown of sales

| Geographical information as of March 2014 | Germany in million € | Rest of Europe in million € | North and South America in million € | Asia in million € | Africa & Australia in million € |
|---|---|---|---|---|---|
| Sales by country of origin | 8.2 | 0.6 | 4.0 | 3.9 | 0.0 |
| by country of destination | 3.7 | 2.7 | 5.4 | 4.5 | 0.4 |

| Geographical information as of March 2013 | Germany million € | Rest of Europe million € | North and South America million € | Asia million € | Africa & Australia million € |
|---|---|---|---|---|---|
| Sales by country of origin | 16.7 | 1.2 | 4.3 | 0.6 | 0.0 |
| by country of destination | 2.9 | 3.0 | 11.5 | 5.2 | 0.2 |

### Sales reductions and individual selling expenses

The sales reductions include cash discounts granted. The individual selling expenses are mainly composed of expenses for packaging, freight and commissions.

### General administrative expenses

The administrative expenses include the expenses for the management, personnel expenses, the finance and accounting departments as well as the corresponding expenses for rent and company cars. Furthermore, they include the ongoing IT expenses, legal and consulting fees, expenses for investor relations activities, the Annual General Meeting as well as the annual financial statements.

### Research and development expenses

In addition to the research and non-capitalizable development expenses, the research and development expenses in the 1st quarter of 2014 also include the scheduled amortization of capitalized development expenses in the amount of € 0.5 million (previous year: € 0.5 million).

### Financial income and financing expenses

The interest income/ expenses are composed as follows:

| | **March 31, 2014 in million €** | March 31, 2013 in million € |
|---|---|---|
| Interest income from long-term customer claims | **0.4** | 0.4 |
| Interest income from time deposits/ sight deposits | **0.0** | 0.1 |
| Interest income from loans | **0.0** | 0.1 |
| Gains from bond repurchase | **0.0** | 0.0 |
| other interest income | **0.1** | 0.0 |
| Financing expenses from issuance of bond | **-1.2** | -1.3 |
| other financing expenses | **-0.1** | -0.1 |
| | **-0.8** | -0.8 |

### Financial instruments

*Attributable time value*

Liquid funds as well as accounts payable regularly have a short term to maturity. The balance sheet values are approximately the attributable time values. The same holds true for short-term accounts receivables and other assets.

The attributable time values of long-term accounts receivable corresponds to the present values corresponding to the payments of the assets subject to the relevant interest rate parameters.

As a valuation price for the foreign exchange forwards concluded, for cash rates the ECB reference prices and for forward rates the relevant forward rate prices of the relevant commercial banks are used.

The attributable time value of the exchange-listed bonds corresponds to the exchange price at the balance sheet date plus the book value of the accrued interest liabilities as of the balance sheet date.

The maximum credit risk is reflected by the book values of the financial assets and liabilities.

The following table displays the book values and the corresponding time values of all financial instruments included in the consolidated financial statement by class.

| | Valuation category | Book value March 31, 2014 in million € | Book value Dec. 31, 2013 in million € | Attributable time value March 31, 2014 in million € | Attributable time value Dec. 31, 2013 in million € |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Liquid funds ** | L&R | **37.0** | 51.0 | **37.0** | 51.0 |
| Borrowings ** | L&R | **5.6** | 6.1 | **5.6** | 6.1 |
| Other assets ** | L&R | **8.5** | 12.2 | **8.5** | 12.2 |
| Derivatives | | | | | |
| Hedging derivatives ** | HD | **0.0** | 0.1 | **0.0** | 0.1 |
| Accounts receivable ** | L&R | **42.7** | 44.1 | **42.7** | 44.1 |
| Receivables from production orders ** | L&R | **3.8** | 2.7 | **3.8** | 2.7 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Corporate bond * | FLAC | **56.5** | 59.9 | **57.5** | 56.7 |
| Accounts payable ** | FLAC | **6.4** | 8.3 | **6.4** | 8.3 |
| | | | | | |
| **Total** | L&R | **97.6** | 116.1 | **97.6** | 116.1 |
| **Total** | FLAC | **62.9** | 68.2 | **63.9** | 65.0 |
| **Total** | HD | **0.0** | 0.1 | **0.0** | 0.1 |

* The valuation at attributable time value was accounted for as Level 1 attributable time value, based on the input factors of the applied valuation procedures.
** The valuations at attributable time value were accounted for as Level 2 attributable time value, based on the input factors of the applied valuation procedures.

**Annotations to the abbreviations:**
L&R: Loans and Receivables
FLAC: Financial Liabilities Measured at Amortised Cost
HD Hedging derivatives

*Hierarchy of attributable time values*
The Group applies the following hierarchy for the calculation and reporting of the corresponding time values of financial instruments as per valuation method:

Level 1: listed (unadjusted) prices on active markets for similar assets or liabilities,

Level 2: methods, in which all input parameters which have a material impact on the calculated attributable time value, can be observed directly or indirectly,

Level 3: methods, which use input parameters, which have a material impact on the calculated attributable time value and which are not based on observable market data.

### Earnings per share

For the calculation of the diluted earnings per share the earnings attributable to the bearers of the common shares of the parent company are divided by the weighted average number of common shares in circulation during the period under review in addition to the weighted average number of shares resulting from the conversion of all potential common shares with dilution effect into common shares. Dilution effects were neither recorded in the quarter under review nor in the same period one year ago. In the period from the balance sheet date until the drawing up of the consolidated financial statements there were no additional transactions of common shares or potential common shares.

### Events after the Balance Sheet Date

There were no events with material impact after the completion of the quarter under review.

### Shareholdings of Board members

As of the balance sheet date, the members of the Executive and Supervisory Boards of the SINGULUS TECHNOLOGIES AG held the following number of shares, convertible bonds and stock options:

The Chairman of the Supervisory Board, Dr.-Ing. Leichnitz, held 39,344 shares of the company in total as of March 31, 2014.

Furthermore, at the end of the quarter under review members of the Executive Board had themselves purchased the following number of shares of the SINGULUS TECHNOLOGIES AG:

| | March 31, 2014<br>shares |
|---|---|
| Dr.-Ing. Stefan Rinck | 9,619 |
| Markus Ehret | 7,000 |
| | 16,619 |

**Affirmation of the Legal Representatives**

"We assert to our best knowledge and belief that pursuant to the applicable accounting principles for the interim financial reporting the consolidated financial statements reflect the true situation of the asset, financial and earnings situation of the Group. The consolidated interim status report depicts the course of business including the financial results and the situation of the Group in a way reflecting the true situation and describing the material opportunities and risks of the foreseeable developments of the Group during the remainder of the business year."

Kahl am Main, in May 2014

The Executive Board

## At a glance –
*Consolidated Key Figures*

| | | 2012 | 2013 | **2014** |
|---|---|---|---|---|
| Revenue (gross) | million € | 16.0 | 22.8 | **16.7** |
| Order intake | million € | 55.7 | 15.6 | **14.1** |
| Order backlog (03/31) | million € | 66.8 | 32.9 | **17.7** |
| EBIT | million € | -5.7 | -4.9 | **-5.1** |
| EBITDA | million € | -2.7 | -3.5 | **-3.8** |
| Earnings before taxes | million € | -5.8 | -5.7 | **-5.9** |
| Profit/loss for the period | million € | -4.7 | -5.9 | **-6.0** |
| Operating cash flow | million € | -0.1 | -5.1 | **-7.5** |
| Shareholders' equity | million € | 132.4 | 68.9 | **67.7** |
| Balance sheet total | million € | 237.0 | 191.4 | **179.6** |
| Research & development expenditures | million € | 1.7 | 2.0 | **2.0** |
| Employees (03/31) | | 448 | 384 | **370** |
| Weighted number of shares, basic | | 48,930,314 | 48,930,314 | **48,930,314** |
| Earnings per share, basic | € | -0.10 | -0.12 | **-0.12** |

## Corporate Calendar
*2014*

| | | |
|---|---|---|
| **May** | May 15 | Q1/2014 Report |
| | May 28 | Annual Shareholders Meeting<br>10:30 am, Auditorium der Commerzbank,<br>Große Gallusstrasse 19,<br>60311 Frankfurt am Main |
| **August** | August 14 | Q2/2014 Report |
| **November** | November 13 | Q3/2014 Report |

## Future-oriented statements and forecasts

This report contains future-oriented statements based on the current expectations, assessments and forecasts of the Executive Board as well as on the currently available information to them. Known as well as unknown risks, uncertainties and impacts could cause the actual results, the financial situation or the development to differ from the statements made in this report. We assume no obligation to update the future-oriented statements made in this report.

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