Thin-Film Deposition | Plasma Engineering | Thermal Processing | Wet Chemical

Innovative Technologies

Annual Report 2014
of the SINGULUS TECHNOLOGIES AG

At a Glance

Consolidated Key Figures

		2013	**2014**
Sales	**in million €**	134.9	**66.8**
Order intake	**in million €**	115.1	**60.6**
Order backlog (Dec. 31)	**in million €**	20.3	**14.0**
EBIT	**in million €**	2.2	**-49.1**
Earnings before taxes	**in million €**	-1.0	**-51.7**
Net profit/loss	**in million €**	-0.7	**-51.6**
Operating cash flow	**in million €**	-0.6	**-10.1**
Shareholders' equity	**in million €**	73.8	**20.1**
Balance sheet total	**in million €**	194.4	**130.2**
Research & development expenditures	**in million €**	7.7	**11.0**
Employees (Dec. 31)		362	**352**
Weighted average shares outstanding, basic	**shares**	48,930,314	**48,930,314**
Earnings per share, basic	**€**	-0.01	**-1.05**

SINGULUS TECHNOLOGIES – Innovations for New Technologies

SINGULUS TECHNOLOGIES develops technologies for economical and resource-efficient production processes. The core competencies are vacuum thin-film technologies, wet-chemical processes, surface technologies and thermal processing technologies. SINGULUS TECHNOLOGIES taps new work areas with these competencies and develops innovative solutions.

For all processes and applications SINGULUS TECHNOLOGIES uses its know-how in the segments automation and process technologies as well as the integration of production steps and works on transferring these solutions to additional areas of application.

SINGULUS TECHNOLOGIES works on expanding this expertise in the existing segments to new markets and develops new ideas for innovative product solutions. SINGULUS TECHNOLOGIES is one of the world's leading drivers of innovations for technologic areas with high growth potential. This includes renewable energies, the entire area of entertainment, ever increasing mobility, semiconductor technologies as well as consumer goods of any kind.

SINGULUS TECHNOLOGIES

The Year 2014 in Review

Q1

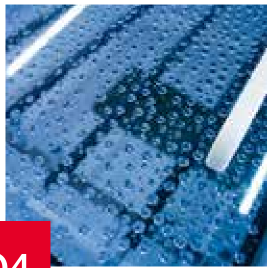
- Trade fairs and conference in the 1st quarter:
  - World Future Energy Summit (WFES), January 20 - 22, Abu Dhabi
  - PV Expo 2014, February 26 - 28, Tokyo, Japan
  - Semicon China 2014, March 18 - 20, Shanghai, China
  - AfricaPVSEC 2014, March 27 - 29, Durban, South Africa
- SINGULUS TECHNOLOGIES books new orders for TIMARIS thin-film coating machine
- JunWan Ren of SINGULUS TECHNOLOGIES China is appointed to the management committee of the Chinese Thin-Film PV Industry Alliance
- PTiP, long-standing cooperation partner of SINGULUS TECHNOLOGIES, officially commissions CIGS pilot production line in South Africa
- Girl's Day at SINGULUS TECHNOLOGIES in Kahl am Main on March 27
- Annual press conference for the year 2013 as well as analysts conference in Frankfurt am Main on March 31

Q2

- Trade fairs and conferences in the 2nd quarter:
  - Semicon Singapore, April 23 - 25, Singapore
  - SVC Techcon, May 3 - 8, Chicago, USA
  - Intermag Europe 2014, May 4 - 8, Dresden, Germany
  - Semicon Russia, May 14 - 15, Moscow, Russia
  - SNEC PV POWER EXPO 2014, May 20 - 22, Shanghai, China
  - MEDIA-TECH Conference 2014, June 3 - 4, Hamburg, Germany
  - Intersolar Europe, June 4 – 6, 2014, Munich, Germany
- The Annual General Meeting of SINGULUS TECHNOLOGIES takes place on May 30
- SoliTek, Lithuania, presents 100% PID-free solar modules at the Intersolar Europe, solar cells produced on SINGULUS TECHNOLOGIES turnkey line
- SINGULUS TECHNOLOGIES extends buyback program for corporate bond until December 31, 2014
- SINGULUS TECHNOLOGIES signs contract with Hanergy Solar Group for the delivery of a production machine for CIGS solar modules

Q3

- Trade fairs and conferences in the 3rd quarter:
  - Intersolar USA 2014 and Semicon West USA 2014, July 8 - 10, San Francisco, USA
  - Intersolar South Amerika, August 26 - 28, São Paulo, Brazil
  - 8th Renewable Energy India 2014 Expo, September 3 - 5, Greater Noida, India
  - EU PVSEC 2014, September 23 – 25, 2014, Amsterdam, Netherlands
- SINGULUS TECHNOLOGIES reports on course of business and situation of the Group for the first half of 2014
- SINGULUS TECHNOLOGIES adjusts annual forecasts for 2014 and reports this through an ad-hoc release



Q4

- Trade fairs and conferences in the 4th quarter:
  - IGEM2014, October 16 - 19, Kuala Lumpur, Malaysia
  - PV Taiwan 2014, October 22 - 24, Taipei, Taiwan
  - 59th Conference on Magnetism and Magnetic Materials, November 3 - 7, Hawaii, USA
  - Semicon Japan, December 4 - 6, Chiba, Japan
- SINGULUS TECHNOLOGIES reports financial results for the first nine months of 2014
- SINGULUS TECHNOLOGIES extends buyback program for the corporate bond until June 30, 2015

SINGULUS TECHNOLOGIES
Table of contents

01

P. 8 – P. 31
To the Shareholders

8 **Report of the Supervisory Board**
18 **Report of the Executive Board**
24 **Corporate Governance**
32 **SINGULUS TECHNOLOGIES On the Capital Market**

02

P. 40 – P. 109
Combined Status Report of the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG

40 **Basics of the Group**
40 Business Model
41 Corporate Structure
42 Goals and Strategy
46 Management System
46 Research, Development and Engineering
49 Employees

50 **Economic Report**
50 Overall Economic and Sector-Specific Framework Conditions
50 The Market for Production Machines for Solar Cells
53 Business Trends in the Optical Disc Segment
55 Semiconductor Segment
56 Course of Business Activities
58 Status Report
58 Earnings
61 Financial Situation
63 Assets
65 Financial Accounts Pursuant to HGB

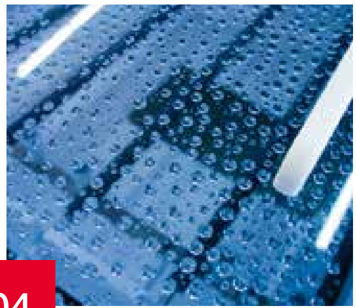
69 **Supplementary Report**
70 **Forecast Report**
70 General Economic Conditions
70 Sector-Specific Forecasts and Outlook for the Business Year 2015
76 **Risk Report (including declaration pursuant to Art. 289 Para. 5 HGB)**

89 Opportunities Report
91 Environment and Sustainability
92 Compensation Report
106 Status Report Pursuant to Art. 289 Para. 4, Art. 315 Para. 4 HGB
109 Corporate Governance Declaration in Accordance with Art. 289a HGB

03

P. 112 – P. 165
Consolidated Financial Statements of the SINGULUS TECHNOLOGIES AG

112 Balance Sheet
114 Profit and Loss Statements
115 Earnings
115 Development of Shareholders' Equity
116 Cash-Flow Statements
118 Annotations to the Consolidated Financial Statements



04

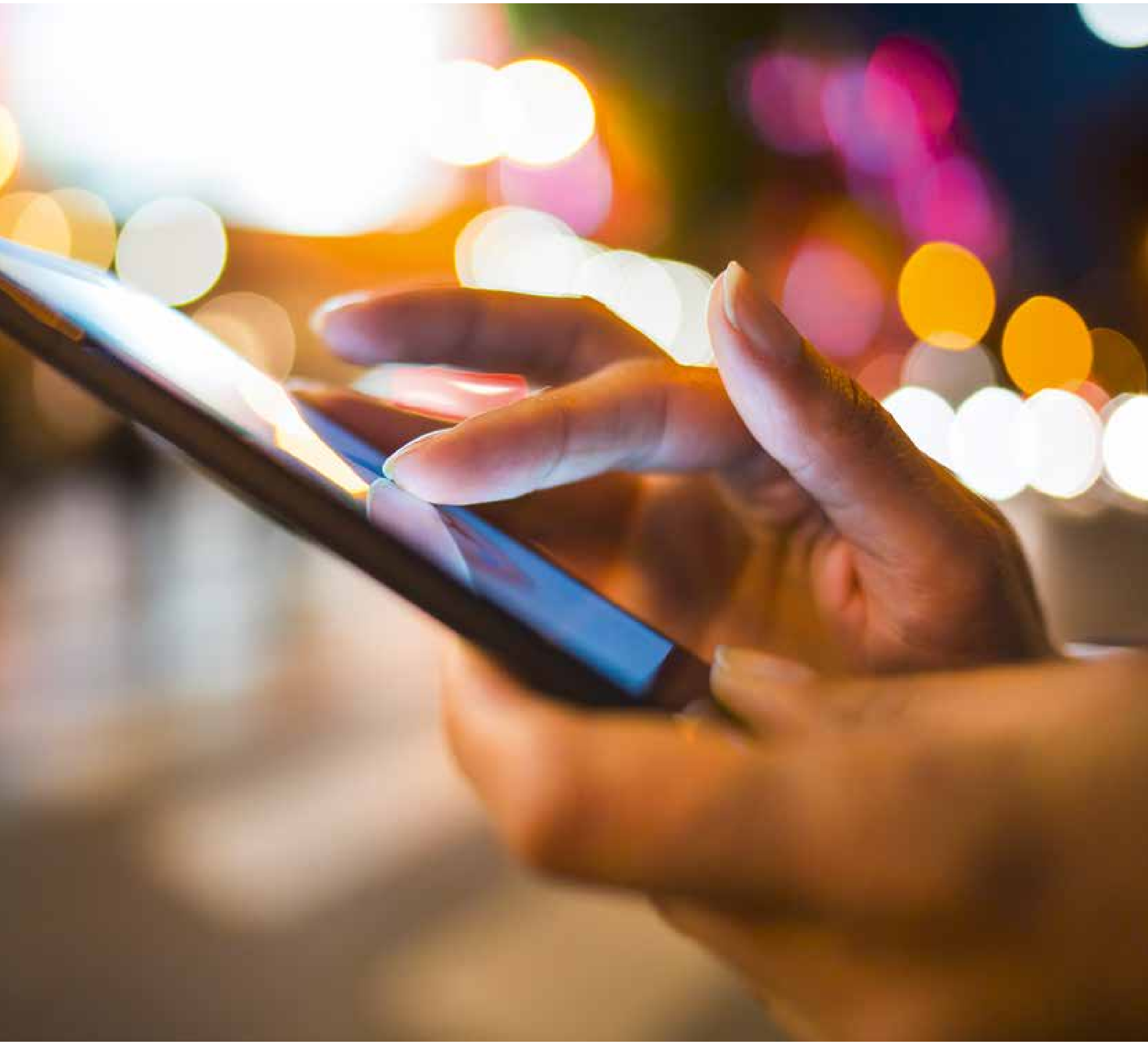
P. 168 – P. 176
Additional Information

168 Auditor's Opinion
170 Individual Financial Statements of the SINGULUS TECHNOLOGIES AG
173 Declaration of the Executive Board Pursuant to Art. 297 Para. 2 S. 4, Art. 315 Para. 1 S. 6 HGB
174 SINGULUS Worldwide
175 Corporate Calendar 2015
175 Information Regarding the Annual General Meeting 2015
176 Corporate Calendar 2015

Thin-Film Deposition

THIN-FILM DEPOSITION

SINGULUS TECHNOLOGIES has delivered far more than 8,000 vacuum coating machines since its foundation in 1995. New coatings for the use in battery technology or cleaning and coating processes for the improvement of surfaces in display technology are also worked on.



To the shareholders of the SINGULUS TECHNOLOGIES AG

Report of the Supervisory Board

Dear Shareholders!

Due to the stagnating optical disc market and the resulting investment restraint as well as a delay in the expected recovery of the solar market the business year 2014 was very problematic and resulted in a decline in sales and negative earnings.

SINGULUS TECHNOLOGIES has continuously improved technologically in the past couple of years. Today, the core competence of SINGULUS TECHNOLOGIES is the know-how in vacuum thin-film and plasma technology, wet-chemical processing as well as thermal process technology. The targeted expansion of the existing product portfolio through proprietary research and development was and remains in the spotlight. Details regarding the development of the company are extensively depicted in the Status Report.

The report of the Supervisory Board informs you about the focus of the activities of the Supervisory Board in the business year 2014. 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 extensively and 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

There were no changes in the composition of the Supervisory Board in the business year 2014.

SUPERVISORY BOARD MEETINGS 2014

During the business year 2014 twelve meetings of the Supervisory Board were convened: There were seven meeting in presence and five conference calls. The Supervisory Board was completely represented in each of the meetings detailed below.

- Meeting in presence on January 23, 2014
- Meeting in presence on March 19, 2014
- Conference call on May 13, 2014
- Meeting in presence on May 28, 2014
- Conference call on August 11, 2014
- Meeting in presence on September 15 and 16, 2014
- Conference call on October 9, 2014
- Meeting in presence on October 16, 2014
- Meeting in presence on November 6, 2014
- Conference call on November 11, 2014
- Meeting in presence on November 28, 2014
- Conference call on December 18, 2014

ADVICE AND OVERSIGHT BY THE SUPERVISORY BOARD

The Supervisory Board dealt in detail with the course of business of the company in the business year 2014 during its meetings. The reporting by the Executive Board and in this respect predominantly the development of order intake, sales and profitability as well as the liquidity situation formed the basis. The actual course of business was compared with the company's budgets and deviations and possibly required measures discussed.

The monthly reporting formed 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 monthly reporting. 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 market conditions. The strategic positioning of the company was agreed between the Executive Board and the Supervisory Board and its implementation discussed at regular intervals. The required investment budgets were discussed and target companies for a potential corporate acquisition within the scope of the resolved strategy reviewed.

The Supervisory Board has assured itself of the legitimacy, expediency and compliance of the presented business events.

The Executive Board timely sent out all interim reports for the year 2014 to the Supervisory Board before publication. The Executive Board laid out to the Supervisory Board the reports and important 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. The recommendations of the Supervisory Board with regards to individual interim reports were implemented by the Executive Board. In addition, the performance of the shares and the corporate bond as well as the communication with the capital market were discussed. In this connection, the Executive Board reported on talks with various capital market participants.

In the past business year, the Supervisory Board was regularly informed about the course of business and the financial situation of the group of companies. The Supervisory Board was directly involved in all decisions, which were of fundamental importance to the company.

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 meetings thereafter.

Business activities that had to be approved or were required to be discussed by the Supervisory Board due to company interests were discussed and reviewed by the Supervisory Board. These also included new projects concerning the extension of the current range of products and services offered. The Supervisory Board discussed the new projects with the Executive Board in several meetings and was informed about potential risks by the Executive Board. On a case by case basis other management staff and external advisors were also included. The Supervisory Board made recommendations to the Executive Board with respect to several projects.

The Executive Board also reported on the facts of the litigation of Alster & Elbe Inkasso GmbH at the Regional Court Karlsruhe against the SINGULUS TECHNOLOGIES AG among others. After deliberations with the legal advisors of the company and a discussion regarding their legal assessment, the Executive Board adopts the assessment of the lawyers and expects that alleged claims of Alster & Elbe Inkasso GmbH expired and are without merit. SINGULUS TECHNOLOGIES is defending against the litigation and reserves the right to implement additional, suitable countermeasures. After an extensive review of the presented information, the Supervisory Board does not have cause for a differing assessment. Supervisory Board and Executive Board expect that from today's point of view there is no visible threat of a negative impact on the company.

SINGULUS TECHNOLOGIES CORPORATE BOND

The corporate bond issued on March 23, 2012 was once again the topic of several meetings of the Supervisory Board in the business year 2014. The Supervisory Board approved an additional extension of the buyback program during its meeting on May 28, 2014. On June 23, 2014 the Executive Board resolved to once again extend the buyback program started at the end of 2012 until December 31, 2014. The buyback program was already extended on March 26, 2013, on June 26, 2013 as well as on December 12, 2013. The total volume with a maximum of € 5.0 million still remained.

During its meeting on November 28, 2014, the Supervisory Board approved an additional extension of the buyback program until June 30, 2015. This extension was announced by the Executive Board on December 9, 2014 by means of a press release. At the same time the volume of the buyback program was increased to a nominal value of € 7.0 million. The general conditions of the corporate bond and of the buyback program remain unchanged by the extension of this program.

ECONOMIC SITUATION OF THE COMPANY

In the course of its meetings in the business year 2014 the Supervisory Board continuously discussed the situation of the company. In particular in the second half of the year, the difficult economic situation was in the spotlight. The background as well as the drop in volume sales for machines in the Optical Disc division, the sustained weakness in demand in the market for production equipment of solar cells as well as the disappointing volume sales of semiconductor machines were analyzed and deliberated. The Supervisory Board was informed about the planned cost savings and restructuring measures and discussed all key economic and financial data with the Executive Board.

Especially the liquidity situation of the company was deliberated and reviewed. The Supervisory Board is apprised of the detailed liquidity status as well as plans for the liquidity trends in the future months through a monthly reporting by the Executive Board. The development of shareholders' equity pursuant to HGB was also routinely reviewed. The Executive Board provided information to the Supervisory Board in a timely manner about additionally requested information regarding the potential excessive indebtedness and the liquidity status of the company. Furthermore, the company commissioned PricewaterhouseCoopers AG Wirtschaftsprüfung, Frankfurt am Main, with a review of the liquidity situation and a continuous monitoring of the current developments. The economic situation of the company was also discussed and reviewed in extraordinary Supervisory Board meetings, such as those on November 6, 2014 and December 18, 2014.

ONGOING ANALYSIS AND EXTENSIVE MONITORING OF THE OPTICAL DISC AND SOLAR SEGMENTS

The Executive Board presented the Supervisory Board in all its meetings with the respective current analyses and insights for SINGULUS TECHNOLOGIES' products in the markets for optical disc machines as well as for the photovoltaics markets.

Around half way through the business year 2014 it became evident that the expected growth for Blu-ray Disc production machines forecast by market studies would not materialize but that rather a decline in demand had to be expected. As a consequence, the Supervisory Board was regularly informed about the current status of talks with key customers and the market situation in the Optical Disc segment was critically questioned and impacting factors analyzed. In the course of the business year 2014 the situation in the Solar segment did not develop as anticipated in the planning stages, either. Here, the expected recovery of the solar market already projected for the previous year has not yet materialized. In the course of the Supervisory Board meetings the Executive Board apprised the Supervisory Board of current key figures from market research as well as key financial figures of comparable companies in this market.

Due to the significant deterioration of key financial figures by mid-September 2014 the company was forced to adjust the full-year forecast accordingly and to announce this immediately to the capital market. Against this background cost saving and restructuring programs were initiated, which the company communicated to the capital markets. The Supervisory Board was informed about the implementations of the respective programs during the further course of the year.

STATUS OF THE NEW WORK AREAS

In connection with the economic developments the Supervisory Board extensively discussed additional measures to respond to these market trends accordingly. The company has already been adapting to the structural changes for many years. These efforts should be further intensified and progressed even faster. In particular the strategic positioning towards new application and business areas as well as the reduction of the operating cost structure were analyzed as being most constructive.

The Executive Board presented the activities to tap new fields of applications and discussed them with the Supervisory Board.

IMPLEMENTATION OF ETHICS CODE

The company has set up an Ethics Code as an internal guideline for the compliance within the company, which was a subject of the meetings on June 6, 2013 and September 5, 2013 and which was reviewed by the auditors KPMG AG with respect to completeness and implementability. During its meeting on January 23, 2014 the Ethics Code of the company was approved by the Supervisory Board. The Ethics Code is set up to safeguard the compliance with various legal and ethical standards within the company and with third parties. In the course of the business year 2014 the implementation was conducted in the entire company, amongst others by means of training of relevant management staff and employees. The Executive Board reported on the status of the implementation during the meeting on September 15/16, 2014. Against the background of tightening of exports to Russia the Executive Board informed about the processes of export monitoring within the company.

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.

Compared with the previous year there have been no changes in the declaration of conformity. Please refer to the detailed presentation in the Corporate Governance Report on page 24 to 31 of the Annual Report 2014, which also includes the current declaration of conformity.

EXECUTIVE BOARD MATTERS

In its meeting on January 23, 2014 the Supervisory Board discussed and approved agreements on objectives for the business year 2014 with the Executive Board. These target agreements form the basis for the determination of the variable compensation components of the Executive Board members. The Supervisory Board assessed the individual targets and reviewed the respective levels of achievement.

The Supervisory Board dealt with the extension of the contract with Mr. Markus Ehret, CFO, during the business year 2014, whose former work contract ends as of March 31, 2015. During its meeting on May 28, 2014 the Supervisory Board resolved the extension of the appointment of Mr. Markus Ehret as a member of the Executive Board from January 1, 2015 until December 31, 2019. The employment contract was concluded with an identical term. For details please refer to the Compensation Report on the pages 92 to 105 of the Annual Report 2014.

Due to the difficult economic situation of the company, a decrease of the fixed salary of both members of the Executive Board in a double-digit percentage range was resolved in the course of the Supervisory Board meeting on November 6, 2014. The Executive Board agreed to these measures. For details please refer to the Compensation Report on the pages 92 to 105 of the Annual Report 2014.

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. They were once again updated in the previous year and accordingly adjusted to current developments. The Supervisory Board was assured of the efficiency of the system in the past business year. The difficult economic situation of the company was detected at an early stage and measures to improve the situation initiated. Amongst others, this included the communicated cost savings, the global reduction in headcount as well as measures to further improve the liquidity situation of the company. In the course of the assessment during the audit, the auditors KPMG AG, Wirtschaftsprüfungs-gesellschaft arrive at the conclusion that the systems meet the legal requirements. After extensive presentation by the auditors and subsequent discussion of the audit in the course of the Supervisory Board meeting on January 23, 2014 the Supervisory Board currently has no reservations. 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 76 of the Annual Report 2014).

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 104 of this Annual Report 2014.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS STATUS REPORT

During the meeting in presence on March 24, 2015 the annual results as of December 31, 2014 and the Status Report of the SINGULUS TECHNOLOGIES AG pursuant to HGB as well as the auditors' report of the consolidated annual results as of December 31, 2014 pursuant to IFRS and the consolidated Status Report were discussed. 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, 2014 were audited by the KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Frankfurt am Main.

The financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2014 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. KPMG 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, 2014 were presented to all Supervisory Board members for examination in a timely manner. The scope and focus of the audit by KPMG was presented by the Executive Board in the course of the Supervisory Board meeting on November 28, 2014 by means of presentation material provided by KPMG. Subsequently, the Executive Board and Supervisory Board diligently discussed and provisionally approved the respective subjects. The audited financial statements and the combined status report were the subject of the Supervisory Board meeting on March 24, 2015. 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, 2014.

In its meeting on March 24, 2015, 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 that the SINGULUS TECHNOLOGIES AG will be able to achieve the forecast for the business year 2015 and the set goals. The Supervisory Board will continue to attend to and support the Executive Board and the company on this path.

The Supervisory Board would like to thank the Executive Board and all employees for their great commitment in the past business year 2014 and wishes success for the business year 2015.

Kahl am Main, in March 2015

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

The Executive Board

Letter to Shareholders

Dear Shareholders of the SINGULUS TECHNOLOGIES AG, dear Ladies and Gentlemen! We look back on the business year 2014, which unfortunately took a very unfavorable turn for the company. The Executive Board and the entire staff regret this and share the disappointment, which you, as our shareholders, surely also feel as well.

We started the year 2014 rather cautiously optimistic, after a very good development in the optical disc market in 2013, which should have also continued in 2014 if only a bit weaker. The solar market, still weak in 2013, was expected to recovery considerably in 2014 and also result in new investments for production equipment. The Executive Board and the company were cautious in terms of planning and operating implementation despite the positive outlook on part of market researchers; however, the path was set to participate in the forecast respective trends taking into account adversities.

Unfortunately, the business year developed completely differently than expected in our two core segments than we had even projected in our most conservative plans. A drop in volume sales for Blu-ray Disc production machines of around 90 % compared with the prior year, as materialized in the second half of the year, was unforeseeable and could not be financially offset by the organization.

At the end of 2014 our second key market, the solar market, was also far from the forecasts of market researchers at the beginning of the year. Some cell and module manufacturers have benefited from a so-called "second gold rush". This did not hold true for suppliers of photovoltaic production equipment at all. Also SINGULUS TECHNOLOGIES was unable to withdraw from this trend. The expected, double-digit million orders set out in our budgets did not materialize in 2014. The resulting effects on the financial results were communicated to the capital markets during the course of the year.

Despite this weak market trend and the resulting financial set-backs in the business year 2014, the Executive Board and staff have further advanced SINGULUS TECHNOLOGIES. We have

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.

Dr.-Ing. Stefan Rinck

Dipl.-Oec. Markus Ehret

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.

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).

worked on numerous, future-focused subjects to put our company on a broader base with innovative machine concepts and to safeguard the further economic development in the coming years. Our technology is setting standards in the markets for which we provide solutions. If demand for production machines grows in one of the markets, SINGULUS TECHNOLOGIES will benefit from this trend.

Of course, the previous years' efforts with respect to cost savings were extensively continued amid the economic developments and once again accelerated in some segments during the second half of the year.

Let us please take a look at the individual segments and describe the relevant trends.

Solar segment

The increase in investments for production equipment was significantly slower in 2014 than forecast by market researchers and expected by the company. This trend affected the entire market and therefore also all competitors. This held true for the market of production machines for crystalline as well as thin-film solar cells.

SINGULUS TECHNOLOGIES has used the quiet market stage to further advance machine concepts in cooperation with leading manufacturers. In the area of thin-film modules the CIGS production machines were tested and reached a level enabling us to expect an order intake in the double-digit million range at the beginning of the business year 2015. This refers to vacuum as well as wet-chemical production machines.

For crystalline manufacturing equipment we were able to further develop the PERC concept and achieved substantial improvements of existing production lines for our customers. A great breakthrough was especially achieved with the completion of our SILEX II, which will be commissioned in 2015 for the manufacturing of state-of-the-art, highly efficient cells in the photovoltaics sector. Therefore, despite the setback in terms of financial results in 2014, SINGULUS TECHNOLOGIES has become a renowned supplier of innovative machine concepts and production processes for crystalline and thin-film solar cells.

In general, all major forecast for the years 2015 and 2016 project growth for the solar market. If the anticipated growth of the market research institutes will materialize, we expect capital spending for cell production equipment to once again develop favorably and us to benefit increasingly from this trend through the gain of market share. The company continues to position itself for a very positive development of this market and the economic development will strongly depend on this trend in the medium-term.

Optical Disc segment

The market trend in the Optical Disc segment was unforeseeable and did not meet the expectations which we used as the basis for our plans for the year 2014.

The global production volume of Blu-ray Discs (BD) strongly depends on the release of successful Hollywood movies ("blockbusters"), i.e. the movie year 2014 with relatively few good movies resulted in a lower demand for physical storage media (BD, DVD). According to the German Association of Audiovisual Media, the Soccer World Cup led to a weak market in Germany. Despite the prerequisite of sufficiently fast internet connections, which do not yet exist in many parts of the world, streaming services are gaining ground and impact the market trend of physical storage media in the long-term. As a result, in the second half of the year we had to concede that only a very small number of Blu-ray Disc production machines were ordered. The demand was significantly below our expectations and had a sharply negative impact on sales, working capital and earnings. We are currently anticipating that the demand will increase slightly in 2015 once again and that the upcoming new Blu-ray standard for 4K content on Blu-ray Disc in the year 2015 will result in first project talks about the new BLULINE III production machine. Nevertheless, after the unexpectedly sharp decline in the past business year, we are very cautious with respect to the future developments in the coming years in terms of volume sales of production equipment for BD. On a positive note, our service and maintenance operations continue to perform on a stable basis.

Semiconductor segment

In the Semiconductor segment the order intake came in at a low level, but in-line with our expectations. In the Semiconductor segment SINGULUS TECHNOLOGIES continues to focus its activities on vacuum coating of wafers with ultra-thin layers. These technologies are used in the manufacturing of MRAM memory, thin-film write/read heads and other semiconductor applications.

We are targeting new potential customers in this industry with the machine platforms TIMARIS II and III as well as the development machine ROTARIS. The marketing and sales activities for this segment are strengthened and thus new applications are also addressed with our production solutions in the future.

Financial situation

At the end of 2014 the liquid funds amounted to € 35.8 million. SINGULUS TECHNOLOGIES was able to further improve its financial situation towards the end of the business year 2014. Long-term receivables, which were intended to be forfaited, were translated into cash in the amount of about € 10 million. Key customers paid pending receivables ahead of schedule. We are currently working on forfaiting additional long-term receivables from prior years to further increase the liquid funds.

Innovations for new technologies

In particular the dramatic decline in the Optical Disc segment in the past business year has clearly shown the still existing dependency. Therefore, SINGULUS TECHNOLOGIES is still engaged in the structural change which was initiated in the past years, but which by no means has been completed.

What exactly is this structural change? The company focuses on its core competencies and makes use of them in the application areas. These areas include vacuum coating, thermal processing of substrates and surfaces to change relevant product characteristics and wet-chemical process know-how. We are very confident to already announce news with respect to one of these subjects of organic diversification in the further course of the year 2015. At the beginning of 2015 we were able to report an initial success with the sales of the first machine for decorative layers for the finishing of plastic surfaces.

The focus of the new development for production machines rests on global mega trends. With our expertise we address products in the energy sector and the entertainment industry, work on new development in the semiconductor technology, test applications for mobile devices such as tablet computers or the finishing of metal and plastic surfaces. In addition to the economic scope, the targets are efficient and resource-saving production processes for our customers.

In the past couple of years we have advanced a lot at SINGULUS TECHNOLOGIES. Numerous new processes were tested with regards to their implementability. In cooperation with market partners results were analyzed, new machines concepts discussed and partly abandoned again. New themes are extensively reviewed in terms of implementability and economic efficiency. As a result, in the near future, we will address new target markets, to open growth potential there and to achieve a broadening of the customer base. The dependency of cycles in the individual sales markets will thus be further reduced.

Outlook, risks and opportunities of the SINGULUS TECHNOLOGIES AG

The challenges for SINGULUS TECHNOLOGIES in the business year 2015 and the medium-term future will be to achieve rising order intake in the existing sales markets, to consistently build new work areas and to turn them into financial successes. After the sharp decline in business activities in the Optical Disc segment and the considerable delays for solar projects in the past business year, in 2015 a strongly increasing order intake in the Solar segment as well as positive operations in the Optical Disc segment will be of particular importance for the company. First successes in the Solar division were already reported as of the press deadline and additional ones are worked on.

SINGULUS TECHNOLOGIES is further progressing towards a technology company focused on vacuum coating and production processes with machines in diverse application areas and markets. The combination of our special, globally unique core competencies and our excellent staff opens important and new possibilities.

Economically, we are working on a positive development in the business year 2015 and a substantial increase in sales compared with 2014 to come close to breaking even again. The success of these efforts will considerably depend on the developments in the solar market and the volume sales for Blu-ray production machines in 2015.

The Executive Board and the entire staff are aware of the currently difficult economic situation of the company and are working with a high level of commitment and dedication on the successful realization of the company's goals.

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 patience and support.

Kahl am Main, in March 2015

Yours sincerely,

SINGULUS TECHNOLOGIES AG.

Dr.-Ing. Stefan Rinck
Chief Executive Officer

Dipl.-Oec. Markus Ehret
Chief Financial Officer

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 (the "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 2014, 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 2015 (cf. page 31 of this Annual Report 2014) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 24 to 31 of this Annual Report 2014. 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.

CORPORATE GOVERNANCE DECLARATION PURSUANT TO ART. 289A HGB CORPORATE GOVERNANCE REPORT IN UNISON

The Executive Board – at the same time also for the Supervisory Board – reports pursuant to Art. 3.10 of the German Corporate Governance Code (the "Code") about the corporate governance at the SINGULUS TECHNOLOGIES AG as follows:

Responsible and sustainable corporate governance was also very important to the SINGULUS TECHNOLOGIES AG in 2014. For the Executive and Supervisory Boards this means leadership and management of the company aligned for the long-term success. Corporate governance aims to safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, suitable handling of risks and transparency as well as responsibility for all corporate decisions.
The Executive and Supervisory Boards regard corporate governance as a process integrated into the company's development, which is constantly progressed.

The modification of the Code in its version as of May 13, 2013 were discussed by the Supervisory Board and the Executive Board. Pursuant to the assessment of the Executive and Supervisory Boards, the changes of the Code, in particular with respect to the remuneration of the Executive Board, were not applicable to the contracts of the Executive Board members concluded in 2012. A modification of existing contracts and, if necessary, required adjustments of the determined compensation components are not enforceable ex parte by the company and are not required by the recommendation of the Code according to the assessment of the Executive and Supervisory Boards. Upon the negotiations about the prolongation of the Executive Board contracts of Mr. Markus Ehret in spring 2014 and the revision of the conditions of the phantom stocks for all beneficiaries, some additional terms were included, which to the Supervisory Board's assessment conform to requirements of the Code.

Correspondingly, the Executive and Supervisory Boards resolved the Declaration of Conformity to the Code, which can be found on page 31. The particular management structure of the company with small Executive and Supervisory Boards as well as the particularities of the sectors, 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 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.

Corporate Governance

In addition to the recommendations of the DCGK, which SINGULUS TECHNOLOGIES to a large extent follows, the "Corporate Governance Code" of SINGULUS TECHNOLOGIES is another relevant, company-wide applied corporate governance principles, which exceed the legal requirements. The Corporate Governance Code was adopted by the Executive and Supervisory Boards in spring 2014 and since then has been implemented group-wide in several steps. The relations within the company, but also with external business partners, shareholders and the public are subject of the corporate governance code. It includes binding internal rules, which are subject to high ethical and legal standards. In this context the code focuses on integrity in the conduct with business partners, employees, shareholders and the public.

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. This holds particularly true in the economically difficult situation, in which the SINGULUS TECHNOLOGIES Group is currently exposed to. 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 supplemented 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. Overall, there were twelve Supervisory Board meetings in the business year 2014, of which seven were meetings in present. In the fall of the past business year two additional, extraordinary Supervisory Board meetings were conducted, in which the Executive Board explained the difficult economic situation of the company and discussed potential improvement measures with the Supervisory Board.

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. The employment contract of Dr.-Ing. Stefan Rinck expires on August 31, 2017, Mr. Markus Ehret's renewed contract has a term until December 31, 2019.

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 92).

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. Dr. rer. nat. Rolf Blessing has been a member of the Supervisory Board since 2011; Ms. Christine Kreidl has been a member of the Supervisory Board since 2012. On June 18, 2013 she was elected as Deputy Chairwoman by the Supervisory Board. The tenures of the member of the Supervisory Board end with the conclusion of the Annual General Meeting, which votes on the discharge for the business year 2015.

The Supervisory Board also refrained from forming audit committees or other Supervisory Board committees in 2014 since committees are not reasonable for a Supervisory Board with three members.

The Supervisory Board met in twelve meetings in the business year 2014. The Supervisory Board regularly reviews the efficiency of its work. For detailed information about the work of the Supervisory Board in the business year 2014 please refer to the Report of the Supervisory Board on pages 8 to 17 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 communications

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 2014 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". 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.

Also all reports and documents concerning corporate governance including the declaration of conformity to the German Corporate Governance Code, an internet link to the full text of the code itself and the articles of the SINGULUS TECHNOLOGIES AG as well as the invitations to the Annual General Meetings and resolution results can be accessed through SINGULUS TECHNOLOGIES' website under "Investor Relations".

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 in person. All reports, annual financial reports and other documents, which have to be provided to the Annual General Meeting, as well as the agenda of the Annual General Meeting and counter-motions, if applicable, can be downloaded via the internet.

Accounting principles and audit of financial accounts

Since the business year 2004 the Group's annual accounts, the consolidated annual accounts and the interim accounts have been drawn up according to the International Financial Reporting Standards (IFRS) and are internationally comparable. The annual 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 the audit 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.

The Annual Report for the business year 2014 and the interim reports are published on SINGULUS TECHNOLOGIES' website.

Compensation

Similar to the past years SINGULUS TECHNOLOGIES individually reports the fixed and variable components of the compensation as well as the compensation components with long-term incentives for the members of the Executive Board. In addition, also the contributions to pensions, which are based on a defined contribution scheme, are 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 92 to 105 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 105 and also on the website under Investor Relations / SINGULUS Stock / Directors' Dealings.

DECLARATION OF CONFORMITY 2015 TO THE GERMAN CORPORATE GOVERNANCE CODE

The last declaration of conformity was published in January 2014 on the basis of the German Corporate Governance Code (the "Code") amended as of May 13, 2013. Except for the following deviations the SINGULUS TECHNOLOGIES AG (the Company) adhered and adheres to this version of the Code:

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 2015

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

GENERAL ENVIRONMENT

The stock markets of international capital market of developed countries reached new record highs in the course of the year 2014. In 2014 the US benchmark index S&P 500 registered a gain of around 12 %. Furthermore, the German benchmark index DAX exceeded the 10,000 point levels several times, but was unable to defend this level towards the end of the year and only recorded a small increase of around 3 %. The macroeconomic developments in the US and the Euro-zone are currently diverging. While the US economy displays healthy growth, the economies in the Euro-zone have only increased moderately. On January 22, 2015 the ECB announced a bond buying program, which incorporates bond purchases with a volume exceeding € 1 trillion. Against the background of weak growth prospects and the expansion of the monetary base, the Euro exchange rate has declined sharply since mid-2014. Against the US-dollar the unitary currency dropped by around 11 %. Due to the low inflation rates coupled with high liquidity on the capital markets, the interest rates in the entire Euro-zone declined sharply. At the end of the year 2014 the yield for 10-year German government bonds stood at 0.54 %. The yields of German government bonds with shorter terms to maturity of up to four years were even in negative territory. As long as this environment continues to prevail, investors will be pushed towards more risky assets such as real estate and equities.

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

	2012	2013	**2014**
Outstanding shares as of December 31:	48,930,314	48,930,314	**48,930,314**
Nominal capital in €:	48,930,314	48,930,314	**48,930,314**
Market capitalization as of December 31 in million €:	68	103	**33**
Lowest price for the year in €:	1.06	1.10	**0.59**
Highest price for the year in €:	3.12	2.59	**2.81**
Closing share price in €:	1.39	2.11	**0.68**
Ø daily turnover (Xetra):	168,430	101,622	**132,016**
Earnings per share in €:	-1.25	-0.01	**-1.05**

THE SINGULUS TECHNOLOGIES STOCK

The shares of SINGULUS TECHNOLOGIES opened at a price of € 2.13 at the beginning of 2014 and rose to more than € 2.80 by mid-February. Due to the uncertain course of business and announcements of expected negative earnings, the price of the shares declined continuously during the course of the year and was only to stabilize at a level of € 0.56 at the end of the year. The shares closed the year 2014 with a share price of € 0.68. Accordingly, the performance of the SINGULUS TECHNOLOGIES shares amounted to around -69 %. In comparison, the benchmark index TecDAX was able to gain nearly 17 % in the year 2014. At the beginning of the year a recovery took place and the shares of SINGULUS TECHNOLOGIES once again traded above the €1-level on February 4, 2015. This rise continued to nearly € 1.30 after positive news regarding the development of the DECOLINE II as well as prepayments for major projects received in the Solar division. At the time of the editing deadline on March 23, 2015 the stock traded at € 1.42 and reflects the major order for the delivery of processing machines for the manufacturing of high-performance solar cells communicated in March.

THE SINGULUS TECHNOLOGIES STOCK
XETRA CLOSE IN €

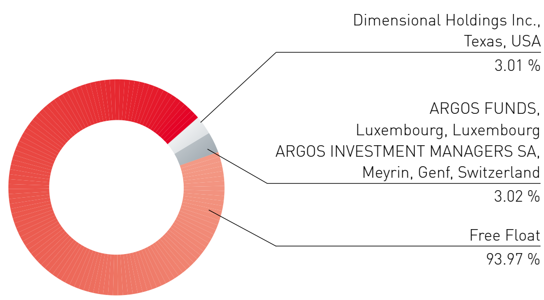
ANALYST COVERAGE

- Deutsche Bank AG
- equinet Bank AG
- Independent Research
- Natureo Finance
- Oddo Seydler Bank AG
- Warburg Research

SHAREHOLDER STRUCTURE

Overall, as of the end the business year three investment companies were shareholders of the SINGULUS TECHNOLOGIES AG with a holding of each exceeding the 3 % level. Dimensional Holdings Inc., Texas, USA as well as Argos Investment Managers SA, Geneva, Switzerland, have been long-time shareholders. In addition, the Frankfurt Performance Management AG in Frankfurt am Main via the Universal-Investment-Gesellschaft mbH held shares, which exceeded the reportable 3 % threshold. The interest of institutional investors not only in Germany, but also in many European countries and North America still remains despite the lower market capitalization.

SINGULUS TECHNOLOGIES SHAREHOLDER STRUCTURE AS OF MARCH 23, 2014



THE SINGULUS TECHNOLOGIES CORPORATE BOND

At the end of 2014 the financial debt of SINGULUS TECHNOLOGIES amounted to € 58.7 million with liquid funds in the amount of € 35.8 million. The medium-term debt financing is exclusively secured through the corporate bond with an annual coupon of 7.75 % and a maturity 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 for the first time decided to start a bond buyback program limited to a maximum amount of € 3.0 million. The buyback program was already extended several times. On December 9, 2014 the buyback program was once again extended until June 30, 2015 and the volume increase to up to € 7.0 million (nominal value). The general conditions of the corporate bond and of the buyback program remain unchanged by the extension of this program.

As of December 31, 2014, the company overall acquired bonds with a total nominal value of € 4.0 million in the course of the buyback program.

PRICE OF SINGULUS TECHNOLOGIES CORPORATE BOND
FRANKFURT STOCK EXCHANGE, %

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, new products for this business segment as well as 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.

PERFORMANCE OF CORPORATE BOND
FRANKFURT STOCK EXCHANGE, €

Highest price for the year in €:	105.75
Lowest price for the year in €:	34.25
Closing price in €:	41.15
Current bond price in €:	72,89

* as of March 23, 2015

KEY FIGURES SINGULUS TECHNOLOGIES BOND

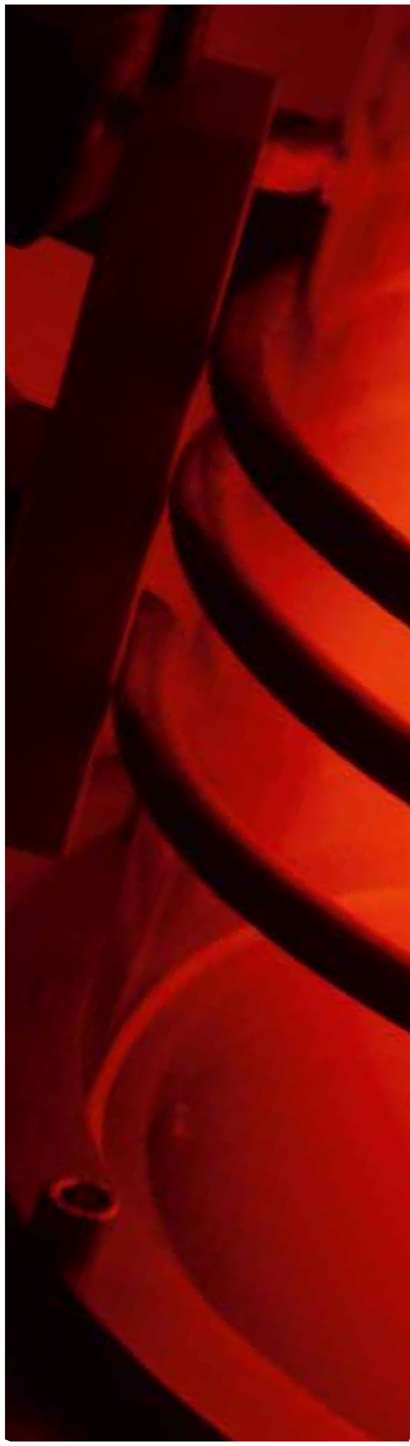
Issuer	Singulus Technologies Aktiengesellschaft
ISIN / WKN	DE000A1MASJ4 / A1MASJ
Stock symbol	SNGA
Issue volume	€ 60 million
Face value	€ 1,000
Coupon	7.75 % annually
Term to maturity	5 years, March 23, 2012 - March 22, 2017
Interest payments	annually, first payment on March 23, 2013
Issue price	100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

CONTINUING DIALOGUE WITH THE CAPITAL MARKET

A detailed and open communication with the capital markets is of high importance for the SINGULUS TECHNOLOGIES AG. This transparent exchange with private and institutional investors is an essential requirement to communicate the current status and the company's future strategy. In the business year 2014 SINGULUS TECHNOLOGIES reported on all relevant matters in a timely manner to the capital market via the respective communication channels. Through both the Annual General Meeting in Frankfurt am Main as well as current publications, it is guaranteed that in particular private investors are informed in a detailed and timely manner. The communication with analysts and institutional investors is safeguarded in the course of conferences, one-on-ones and road shows in many countries. Especially these direct channels enable SINGULUS TECHNOLOGIES to provide for an open communication of the corporate strategy and to extensively inform all capital market participants about the situation of the company and possible, future developments.

Thermal Processing

THERMAL PROCESSING



Thermal processing: selenization and sulfurization processes are important manufacturing steps for the production of thin-film solar modules according to the CIGS principle. Thermal processes are also used in the semiconductor industry in the course of pre- and post-processing of wafer coatings.

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 OF THE SINGULUS TECHNOLOGIES GROUP

The SINGULUS TECHNOLOGIES Group focuses its activities on the development, the manufacturing and the sales of machines, equipment and systems, in particular in the areas of coating technology and surface processing, as well as activities and services in connection with these including various forms of sales financing. The company is currently mainly focusing on the application areas Solar, Optical Disc and Semiconductor.

In the Solar division SINGULUS TECHNOLOGIES offers vacuum coating machines, lines for thermal processes as well as equipment for the wet-chemical processing of crystalline and CIGS thin-film solar cells. In this segment SINGULUS TECHNOLOGIES also markets complete production lines for crystalline silicon solar cells. For the market of highly efficient cell concepts SINGULUS TECHNOLOGIES launched and sold production solutions in 2014.

The Optical Disc segment mainly concerns machines for the production of dual layer Blu-ray Discs with 50 GB storage capacity as well as machines 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. Based on the high level of installed machines, the stable development of the replacement and service activities is also in the spotlight.

In the Semiconductor division SINGULUS TECHNOLOGIES provides modular machine platforms under the brand names TIMARIS and ROTARIS for the efficient coating of wafers in ultra-high vacuum.

Since 2013 SINGULUS TECHNOLOGIES has developed processes and machines for various new applications. These concepts were discussed and tested with potential customers in 2014. A first order for a coating line for decorative components was already received. In 2015 SINGULUS TECHNOLOGIES will commence the intensive marketing of vacuum coating machines for new application areas.

An additional expansion of the business activities through acquisitions is also still reviewed if interesting offers present themselves.

CORPORATE STRUCTURE

At the site in Kahl am Main, the Group's management, 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 and provides its customers with consulting and services in all for the company important regions worldwide. Subsidiaries in key regions are complemented by a network of long-time associated representations. The structure of the external organization was reviewed in the course of restructurings and will be adjusted to the market's requirements. In this connection some subsidiaries were already closed down and the respective functions transferred to independent representatives (please refer to the information on page 56).

GOALS AND STRATEGY

The goals of the company are targeted on achieving a technologic market leadership in relevant markets and to thus sustainably increase the business volumes and to generate stable, profitable results.

SINGULUS TECHNOLOGIES develops innovative technologies for economic and resource-efficient production processes. SINGULUS TECHNOLOGIES' strategy is based on the use and expansion of its existing core competencies. These continue to be the high levels of expertise in a combination with process-technological, scientific know-how coupled with complex solutions for machines and plant engineering. The application areas include vacuum technology, surface coating and processing as well as the related chemical and physical processing steps.

Solar segment: growth strategy for the solar market

In 2014 SINGULUS TECHNOLOGIES focused considerable resources on the development and the market launch of new production technologies for the manufacturing of new cell concepts for crystalline and thin-film solar technologies.

The company's goal is to provide and supply the necessary machine systems for all important processing steps for CIGS manufacturing. SINGULUS TECHNOLOGIES was able to further expand its market position in particular for vacuum coating machines and equipment in the wet-chemical range during the business year 2014. The development of key systems was concluded in 2014.

For the market of crystalline solar cells the launch of the new PERC cells has started and SINGULUS TECHNOLOGIES delivered several machines in 2014 and plans to further expand and strengthen these marketing activities. Furthermore, the company focuses on the marketing of the etching and cleaning machine SILEX II, which was newly developed in 2014, as well as turnkey equipment of the SOLARE type.

Optical Disc segment: unique market position

With the BLULINE II for the manufacturing of Blu-ray Discs with a storage capacity of 50 GB SINGULUS TECHNOLOGIES continues to have a unique global position and continues to focus on maintaining the global leadership in this segment.

The Blu-ray Disc Association (BDA) has announced the market introduction of Blu-ray Discs with up to 100 GB storage volume for 2015. SINGULUS TECHNOLOGIES uses the proven BLULINE II production machine as the base for the development of a new machine under the product name BLULINE III. The new BLULINE III is expected to be introduced to the market in the business year 2015.

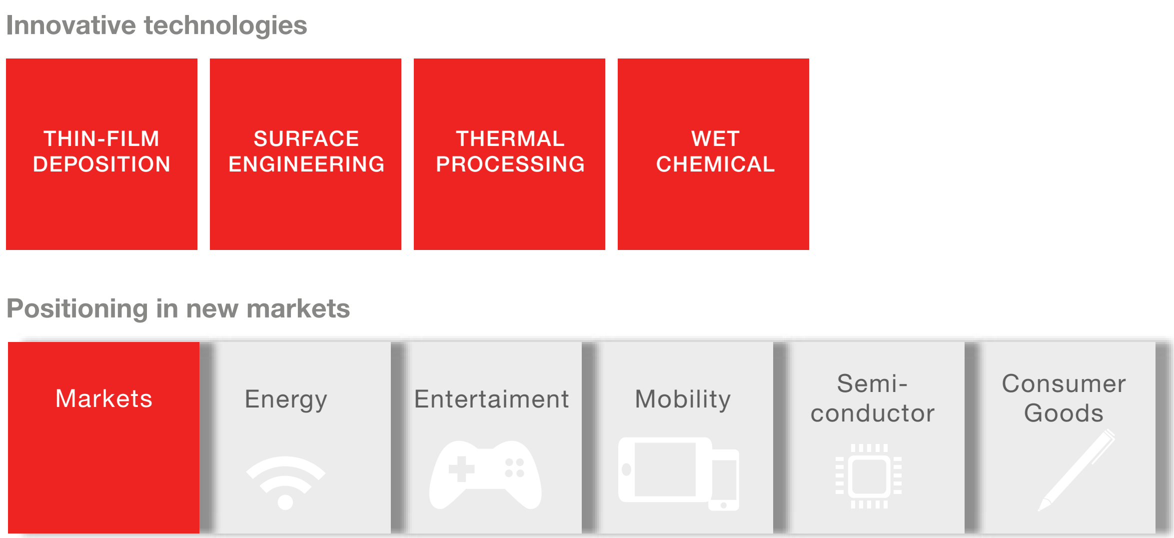
Semiconductor segment: focus on the expansion of the machine platform

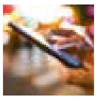
In the Semiconductor segment we continue to work on the expansion of our product range on the basis of our technologically leading concept for the coating of wafers with thinnest possible magnetic layers. With this extension the testing of new applications is targeted. For the time being the development of the product portfolio is expected to be completed in the business year 2015. In terms of business activities and achieved financial results, the Semiconductor division is the smallest segment of the company.

Positioning in new markets/set-up of new work areas

The core competence of SINGULUS TECHNOLOGIES is the know-how in vacuum thin-film and plasma technology, wet-chemical processing as well as thermal process technology.

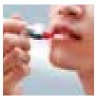
SINGULUS TECHNOLOGIES works on expanding this expertise in the existing segments and to transfer it to new markets. SINGULUS TECHNOLOGIES operates as a driver of innovation in technologic areas with high growth potential. This includes renewable energies, the entire area of entertainment, ever increasing mobility, semiconductor technologies as well as consumer goods of any kind.





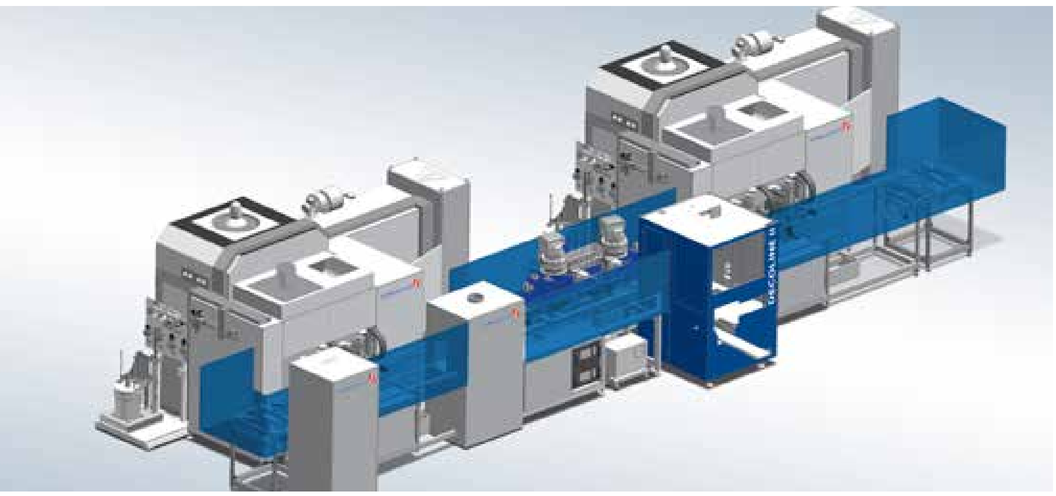
Thin-film deposition

Thin-film deposition: SINGULUS TECHNOLOGIES has delivered far more than 8,000 vacuum coating machines since its foundation in 1995. New coatings for the use in battery technology or cleaning and coating processes for the improvement of surfaces in display technology are worked on. In ultra-high vacuum coating machines, extremely thin layer of around 0.2 nm for the application in the semiconductor industry are applied, amongst others. An important production step is the coating technology for the manufacturing of MRAM chips. In addition, vacuum thin-film technology is used in modern sensory technology for medical uses and in vehicle technology as well as for piezoelectric materials in mobile phone technology.



Plasma engineering

Plasma engineering (processing, structuring and finishing of surfaces): In the past business year SINGULUS TECHNOLOGIES worked on production solutions for the finishing of plastic surfaces. Under the product name DECOLINE II a production line was introduced to the market. In an ideal way it combines lacquering units, product handling and vacuum plasma coating. In the coming years SINGULUS TECHNOLOGIES will offer the complete line DECOLINE II and also individual components for these target groups. Plasma engineering also includes the specific processing steps in the course of manufacturing of a Blu-ray Disc, such as the various lacquering steps, embossing of information as well we the bonding of the two DVD halves in a SPACELINE.



DECOLINE II – Inline production line for refining of three-dimensional components

Thermal processing

Thermal processing: selenization and sulfurization processes are important manufacturing steps for the production of thin-film solar modules according to the CIGS principle. The modules are processed in a temperature range of more than 500 °C and key surface characteristics are intentionally modified to improve the module performance. Thermal processes are also used in the semiconductor industry in the course of pre- and post-processing of wafer coatings.

Wet chemical

Wet chemical: SINGULUS TECHNOLOGIES owns patented know-how, for examples for cleaning, etching and coating processes in crystalline and thin-film solar technology. These production processes are also applied in semiconductor technologies. Wet-chemical processes are also tested and employed for the cleaning and processing of special glasses for smart phones and tablets.

SINGULUS TECHNOLOGIES will deliberately expand these work areas and address new target markets.

VISTARIS – Vacuum coating machine for large glass panels (solar modules, displays, etc.)

MANAGEMENT SYSTEM

For the sake of the company's management the Group is divided into reportable business segments according to products. The management is exclusively aligned with key financial figures. For the management of the Group, sales and EBIT (earnings before interest and taxes) by segments are used to make decisions regarding the deployment 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

The research and development efforts were an important focus of SINGULUS TECHNOLOGIES once again in 2014 to strengthen the position of the company in various markets. The development efforts are aimed at opening new markets through new products and at safeguarding and expanding existing market segments with improved processes and machines.

In the business year 2014, on average there were 76 employees group-wide employed in the divisions Research, Development and Construction. The non-capitalized development expenses in the Group amounted to € 9.3 million in 2014 (previous year: € 5.3 million). In addition, development expenses amounting to € 1.8 million were capitalized (previous year: € 2.3 million). The capitalization ratio in the business year 2014 amounted to 16 % (previous year: 30 %). The scheduled depreciation on capitalized development expenses amounted to € 2.1 million (previous year: € 2.0 million).

Focus of developments in 2014

In 2014 SINGULUS TECHNOLOGIES continued to emphasize on the new and further development of production equipment for solar cells. Amongst others, work was done on the further development of the production output of the turnkey line SOLARE delivered to Lithuania. The solar cells produced on a SINGULUS TECHNOLOGIES line are 100 % PID free. The PID effect can otherwise result in unwanted efficiency losses in solar cells of up to 30 %.

The further advancement of production solutions for PERC cells was also a focus of development efforts. The first process system of the LINEA II type for wet-chemical polishing of solar cells was delivered. For the application of the required passivation layer, the vacuum coating machine of the SINGULAR XP type was completed and also delivered to a customer in Europe. 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. SINGULUS TECHNOLOGIES has already integrated a complete upgrade package for the enhancement of the cell efficiency according to the PERC principle into the SOLARE line in Lithuania and extensively works with customers to further optimize the cell performance.

SINGULUS TECHNOLOGIES started with the market introduction of a new, modularly-built cleaning and etching machine for crystalline solar wafer and cells at the solar trade fair EU PVSEC in Amsterdam in September 2014. With its modular component design the new machine under the product name SILEX II can be flexibly employed according to specific process requirements of customers. The base line provides a capacity of 3,000 wph, which can be expanded to a capacity of around 6,000 wph. In particular, the required processing steps for hetero-junction and high-performance solar cells can be realized with the SILEX II as well as the processing of very thin wafers.

SILEX II – Batch plant for treatment of high-performance 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 CIGS solar modules.

In 2014 a new production machine under the product name TENUIS II for the wet-chemical application of buffer layers was developed. This machine is an important processing step in the manufacturing of CIGS thin-film solar modules.

The patented buffer layer coating by SINGULUS TECHNOLOGIES offers a promising and efficient way for the wet-chemical coating of CIGS thin-film solar modules. The second generation of the TENUIS production lines has a modular cluster build and enables both significant savings in terms of required floor space and the simultaneous one-sided coating of two substrates. It was thus possible to further reduce the processing times, which results in a substantially increased output of the production line coupled with lower production costs.

The universal vacuum coating machine for application research in semiconductor technology under the product name ROTARIS was expanded into three product versions: a ROTARIS Basic as the smallest version, a ROTARIS Advanced with additional modules as well as a ROTARIS Diversity for comprehensive research and application technology work. The ROTARIS is a modularly built machine for precise coating in ultra-high vacuum (up to 10^{-8} mbar). Amongst others, the application areas are research of magneto-electric materials, which are of utmost importance for MRAM memory and sensor technology.

ROTARIS – Ultra high vacuum coating machine for application research in semiconductor technology

New applications in the focus of R&D activities

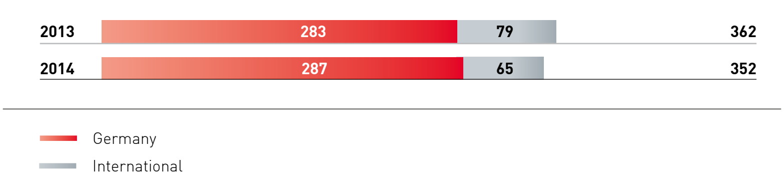
Parallel to the development efforts in the three segments Solar, Optical Disc and Semiconductor SINGULUS TECHNOLOGIES works on opening new applications areas with existing process and machine know-how. In 2014 development and construction work was completed for a new, fully-automated coating line for plastic parts under the product name DECOLINE II. It integrates vacuum metallization and lacquering in an automated production process. All parts are transported through the various production steps in a fully-automated way.

Several other new applications, such as the new vacuum coating for the use in battery technology or the cleaning and coating processing for the enhancement of surfaces in display technology, were also extensively worked on in 2014. First results should be presented in 2015 in the course of the relevant trade shows in Europe, the US and Asia.

EMPLOYEES

The difficult business situation in 2014 forced the Executive Board to resolve restructuring programs for the company. In this connection savings for costs of material and personnel expenses were realized. The structure of the international organization was reviewed and adjusted to the market trends. Some activities have been transferred from subsidiaries to independent representations. In Germany, the headcount of 287 employees as of the end of the year remained nearly unchanged (previous year: 283 employees). Overall, the headcount within the SINGULUS TECHNOLOGIES Group was reduced to 352 employees (previous year: 362 employees).

EMPLOYEES AS OF DECEMBER 31



Economic Report

OVERALL ECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

The year 2014 was characterized by much uncertainty in particular with regards to the political and economic development in Europe. Amongst others, Europe was affected by the crisis in Eastern Europe and the political measures taken.

According to a publication by the World Bank as of January 21, 2015, global growth in 2014 increased from 2.5 % to 2.6 % and thus fell short of expectations. The development of growth in the different regions was diverse.

In particular in the United States, the economy has gained momentum. The recovery in the Euro-zone, in Japan and also in China was only subdued and even disappointing in many developing countries.

PRODUCTION MACHINES FOR SOLAR CELLS

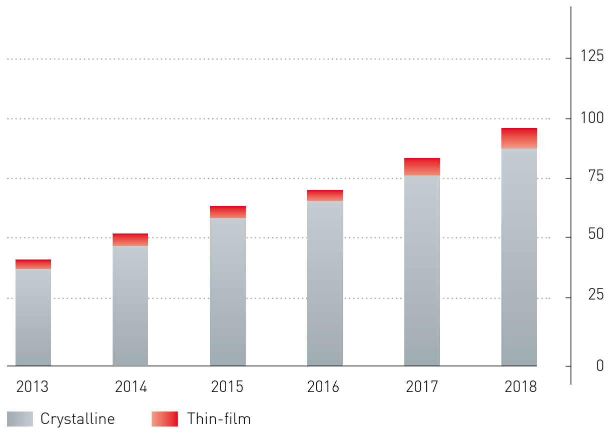
The market development for photovoltaic installations in the past couple of years relied to a large extent on the regulatory framework and global subsidies for investments in photovoltaic equipment. Lower or canceled subsidies for photovoltaic technology in Europe resulted in significantly less new installations in this regions. In contrast, new regulations and subsidies in Asian countries such as China and Japan led to considerable increases in new installations and to strong growth in these markets. In the US, introduced protective duties resulted in new investment into domestic production.

The majority of research reports for the solar market projected a beginning upturn for the market in 2014. For the market of solar cells and solar modules this has mainly materialized. The global PV module demand rose in 2014 and should continue to increase in 2015. The globally installed production capacity only increased slightly. The demand and the available production capacity continue to converge and suggest new capital spending.

Analysts at Solar PV–HIS Technology reported on March 10, 2015 that new global installations in 2014 amounted to about 44 GW. The actual numbers were therefore below the forecasts dated October 2014. In many European countries the installed capacities fell short of targets.

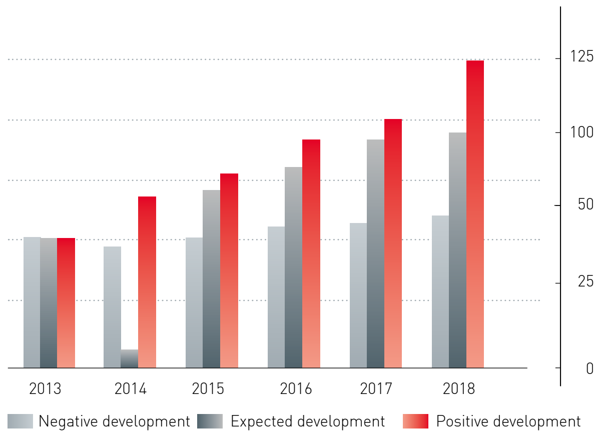
SINGULUS TECHNOLOGIES also had to concede in 2014 that the increase in investments for production equipment was substantially slower than forecast. The project and implementation stages of new investment projects in the solar sector are very time consuming. This restraint had a substantial adverse impact on the order intake.

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



Source: Solarbuzz 10 | 2014

DEMAND FOR PV MODULES
GW



Source: Solarbuzz 10 | 2014

International Energy Agency projects long-term growth

The International Energy Agency (IEA) confirms the long-term growth forecasts. In the course of the professional trade fair EU PVSEC 2014 the IEA presented its Renewable Market Report. Accordingly, the global electricity supply by photovoltaics should reach 2 % before 2019. In its current roadmap the IEA forecasts also that in the long-term until 2050 up to 16 % of the electricity supply will be generated by photovoltaics. In its roadmap from 2010 the IEA had only forecast 11 %. The cumulated installed PV capacity is set to grow to more than 4,600 GW by 2050 and to generate about 6,300 TWh of electricity.

The forecasts of all major market research institutes for the solar market are predominantly positive and project significant growth.

xGWp project in Europe

In order to restore and maintain the competitiveness of the European industry for the future technology photovoltaics, a consortium – comprised of leading European research institutes and companies – works on a concept for a multi-GW factory. The goal is the promotion of photovoltaics as "key enabling technology" as a strategically important key technology at a European level. The xGWp-consortium plans a joint factory in Europe with an annual capacity of at least one gigawatt. Highly-efficient crystalline modules are planned to be manufactured in the new factory.

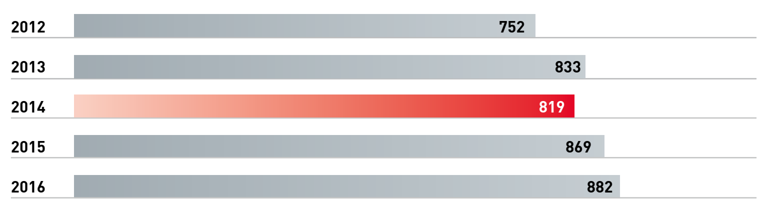
The European Commission supports the project. SINGULUS TECHNOLOGIES participates in the preparing discussions and work groups as German manufacturer for PV-machines.

BUSINESS TRENDS IN THE OPTICAL DISC SEGMENT

The global production volume of Blu-ray Discs is heavily impacted by the publication of successful Hollywood movies ("blockbusters"). If fewer blockbusters are released for the movie theaters, this results in lower demand for physical media. According to statements of the German Association of Audiovisual Media, in Germany the good summer weather, the Soccer World Cup and last but not least the relatively small number of successful movie releases led to a weak video market in the first half of 2014. Also the market research company Futuresource Consulting (Futuresource) mentions a „weak Hollywood year with few blockbusters" in its study as of early January 2015 and lays out the impact on the various distribution channels. The past years' consumer behavior shows that a movie with huge box office success results in very big demand for discs.

The share of sales of online distribution channels, i.e. download via streaming or video on demand (VoD), will continue to increase substantially in the coming years. New, faster connections enable consumers in developed, industrialized markets quicker access to content stored on the internet. In addition, the changed consumer behavior of younger generations towards mobile solutions with tables and smartphones have a marked impacted on the demand for movie content. This adverse impact is particularly evident through the so-called catalog business (recycling of older movies and TV-shows).

GLOBAL BLU-RAY PRODUCTION CAPACITY
million discs



Source: Futuresource, 01|2015

In the same study, Futuresource expects the international penetration of the Blu-ray Disc to grow further. The global Blu-ray Disc production declined by 1.7 % to 819 million units in 2014, but is forecast to expand to 869 million units in 2015.

Gaming consoles with Blu-ray Disc drives were quite successful. According to Futuresource, the Xbox One was already sold more than 7 million times. The PlayStation PS 4 was even sold 16.4 million times. The sales of Blu-ray Discs with game content are significantly boosted by this. However, these gaming consoles can also be connected with online-content via their internet connectivity.

In addition to their function as gaming consoles, these devices are also used as players for high-quality movies on Blu-ray Disc.

Germany

In November 2014 the German Association of Audiovisual Media e.V. (BVA) reported a positive trend for the home entertainment market in the third quarter.

Overall, digital purchase and rental offers accounted for 10 % or € 106 million of the entire market sales in the amount of € 1,061 million. Accordingly, nine out of ten Euros (90 %) are still generated with traditional discs (DVD, Blu-ray). The sales share of online offers increased from 8 % in 2013 (€ 88 million digital sales of total sales of € 1,120 million) to 10 %.

New Blu-ray Disc format in 2015

Just before the International Funkausstellung (IFA) in September 2014, the Blu-ray Disc Association (BDA) presented an updated schedule for a new Blu-ray format and confirmed this plan at the beginning of 2015. At the Consumer Electronics Show 2015 in Las Vegas the BDA later revealed that the new Blu-ray Disc generation will be called "Ultra HD Blu-ray".

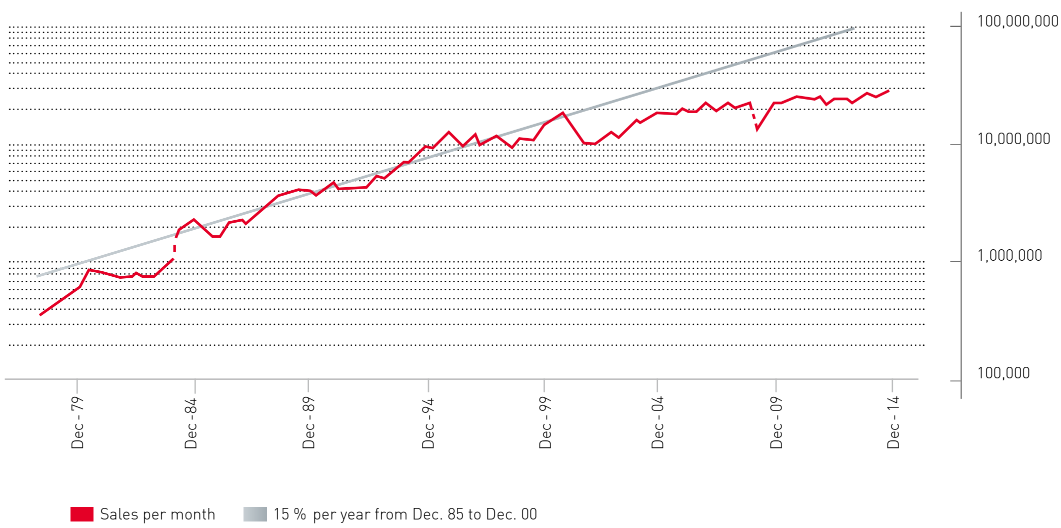
SINGULUS TECHNOLOGIES expects that first project talks about the new BLULINE III production machine for Ultra HD Blu-ray will take place in the course of 2015.

SEMICONDUCTOR SEGMENT

According to results of the IT research and consulting company Gartners, global semiconductor sales rose by 7.9 % to USD 339.8 billion in 2014 (2013: USD 315 billion). A strong DRAM market supported the growth of memory chip makers according to Gartner.

The MRAM memory chip market, which is predominantly addressed by SINGULUS TECHNOLOGIES, has not yet moved considerably in 2014. Renowned companies such as Everspin, Crocus Technology, Hynix, Intel and Samsung work on this technology, but the industrial implementation of the new storage technology has not yet reached mass production levels.

SEMICONDUCTOR EQUIPMENT SALES WORLDWIDE
US $



Source: Semiconductor Industry Association, Wells Fargo Securities, LLC

BUSINESS TRENDS OF THE SINGULUS TECHNOLOGIES GROUP

In the past business year SINGULUS TECHNOLOGIES was not able to reach its forecast targets and thus considerably missed its projections for the business year 2014. In the course of its half-year reporting for 2014 the company had already announced that the uncertainties in the course of business in the two segments Optical Disc and Solar could have the effect that the Executive Board deemed the breaking even on an operating basis to be very challenging for the current business year. Then on September 18, 2014 SINGULUS TECHNOLOGIES reported in an ad-hoc release pursuant to Art. 15 WpHG that the annual targets had to be adjusted since the losses of the first half of 2014 would further widen.

In an additional ad-hoc release on November 5, 2014 the company confirmed that the financial key figures for the year 2014 were negatively impacted by the weak course of business in the Optical Disc segments and the lack of orders in the Solar division and that the annual result 2014 would be negative.

For 2014 SINGULUS TECHNOLOGIES had anticipated significantly lower sales and earnings contributions of the Optical Disc segment compared with 2013. For this segment a slightly positive EBIT was projected for the business year 2014. Due to the lack of orders for Blu-ray disc production machines the forecast for the Optical Disc segment was clearly missed.

Due to the mentioned changes in the Optical Disc segment and the still challenging situation in all of the other segments, SINGULUS TECHNOLOGIES implemented a series of measures, which had an additional adverse impact on the financial key figures. In this context, the review of all balance sheet items in terms of impairments resulted in partial write-offs on the goodwill in the Solar division. The customer base resulting from the acquisition of the Blu-ray Disc activities from the Oerlikon Balzers AG in the business year 2008 were reevaluated and completely written of. These balance sheet adjustments do not affect the liquidity of the company and do not result in cash outflows, either.

The difficult business situation also demanded extensive restructuring programs for the company to realize savings for costs of materials and personnel expenses in the future. The resulting restructuring charges in the amount of € 1.7 million were mainly incurred in the third and fourth quarter of the business year 2014.

Due to the decline in business volumes in the Optical Disc segment, the loss at the level of operating earnings (EBIT) before extraordinary charges increased sharply.

The forecast for the year 2014 was based on a significantly more positive course of business in the Solar division compared with the prior years. This assumed the realization of major orders with an order volume in the double-digit million range. With respect to sales and operating earnings a significant improvement in these key figures was anticipated for the business year 2014.

In the Solar segment sales and EBIT remained substantially below the forecast because of the lack of order intake in 2014. In particular, expected major orders were not recorded in 2014. Contrary to our plans this trend resulted in an additional burden on the EBIT within the Group.

For the Semiconductor segment sales around the level of the year 2013 as well as a considerable improvement in the operating result was projected. Unfortunately, for this segment there was also a lack of major orders for MRAM production equipment in the business year 2014. The achieved sales as well as the EBIT were also substantially below the forecast for the business year 2014.

SINGULUS TECHNOLOGIES does not have liabilities owed to banks and already completely repaid all of these liabilities in 2011. In 2012 SINGULUS TECHNOLOGIES issued a bond to provide financing for the company. This corporate bond had a term to maturity of five years and is repayable in March 2017.

SINGULUS TECHNOLOGIES has sufficient liquidity at present to finance the current business operations as well as potential new orders. Nevertheless, major orders in the Solar segment could require additional financial commitments subject to product-specific needs. For further details please refer to the information in the Risk Report on page 84. SINGULUS TECHNOLOGIES was able to further improve its financial situation towards the end of the business year 2014. Long-term accounts receivable in the amount of € 8.7 million were translated into cash; key customers paid open receivables ahead of schedule. At the end of 2014 the liquid funds amounted to € 35.8 million.

We are currently working on forfaiting additional long-term receivables from prior years to further increase the liquid funds.

STATUS REPORT

PAGE 58

STATUS REPORT

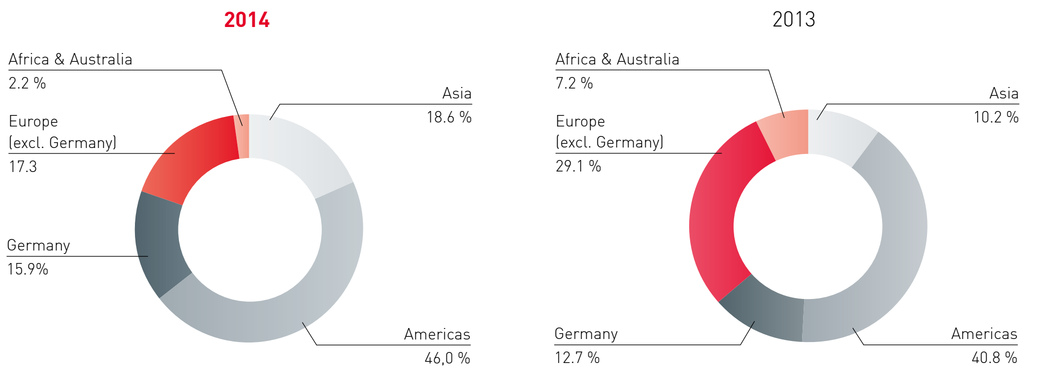
Earnings

Sales of € 66.8 million in the business year 2014 were significantly lower than the previous year's level of € 134.9 million. This corresponds to a decline in sales of 50.5 % compared with the prior-year level.

The decline mainly resulted from lower sales in the Optical Disc division. The gross sales of the Optical Disc segment declined by € 49.9 million and amounted to € 45.0 million in the period under review (previous year: € 94.9 million). The main reasons for this trend were substantially lower volume sales of our BLULINE II machine. In the Solar and Semiconductor divisions sales also declined. Specifically, in the Solar segment gross sales in the amount of € 15.1 million were realized (previous year: € 29.0 million). Therefore, gross 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 selling and installing our wet-chemical and SINGULAR machines. Within the Semiconductor division gross sales amounted to € 6.7 million (previous year: € 11.0 million). The sales in the year under review mainly stem from selling TIMARIS equipment.

In the year under review SINGULUS TECHNOLOGIES realized a gross profit margin in the amount of 11.2 % (previous year: 25.0 %). The decline in the gross margin is mainly due to decreasing volume sales of Blu-ray Disc production machines compared with the previous year. In addition, due to the lower business activities, also in the Solar and Semiconductors segments, a considerable underutilization of our production capacities were recorded.

REGIONAL SALES BREAKDOWN
in %



The operating expenses came to € 56.5 million in the business year 2014 (previous year: € 31.1 million). This includes impairment and restructuring charges (in the following also labeled extraordinary charges) in the amount of € 21.3 million.

Specifically, research and development expenses amounted to € 11.5 million in the year under review (previous year: € 8.4 million). The increased expenses were mainly incurred in connection with development efforts for production solutions in the area of PERC solar cells. The expenses for marketing & sales and customer service amounted to € 14.4 million (previous year: € 15.0 million) and € 9.6 million (previous year: € 11.2 million) for general, administrative expenses.

The impairment and restructuring charges include the revaluation of the goodwill in Solar of € 15.0 million as well as € 4.9 million of complete write-offs on the customer base from the acquisition of the Blu-ray Disc activities of the Oerlikon Balzers AG in the business year 2008. Furthermore, restructuring charges in connection with a restructuring of the global marketing and sales activities in the amount of € 1.7 million were incurred. For restructuring provisions recognized last year € 0.3 million could be reversed.

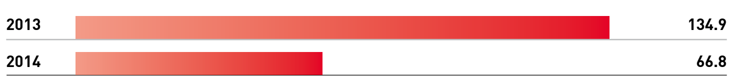
Adjusted for these extraordinary charges, operating expenses in the amount of € 35.2 million (previous year: € 32.7 million) resulted for the business year 2014. This increase is mainly a result of increased expenses for research and development (+ € 3.1 million). In contrast, the general and administrative expenses were reduced by € 1.6 million.

The earnings before interest and taxes (EBIT) amounted to € -49.1 million (previous year: € 2.2 million). Excluding the impairment and restructuring charges an EBIT in the amount of € -27.8 million (previous year: € +0.6 million) was realized.

KEY FINANCIAL FIGURES
million €

	2014	2013
EBIT	-49.1	2.2
EBITDA	-24.1	8.1
Net result	-51.6	-0.7
Earnings per share in €	-1.05	-0.01

SALES
million €



Specifically, the EBIT in the Optical Disc segment came to € -11.7 million in the period under review (previous year: € 17.4 million). Excluding extraordinary charges an EBIT in the amount of € -5.2 million was realized. Adjusting for the income from the reversal of provisions for restructurings in the amount of € 1.6 million, this segment recorded a positive EBIT in the amount of € 15.8 million in the prior-year period. The Solar segment recorded a negative EBIT in the amount of € -32.9 million (previous year: € -11.3 million). Adjusted for impairment and restructuring charges of € 14.8 million, this segment realized an EBIT in the amount of € -18.1 million. In the Semiconductor segment a negative EBIT in the amount of € -4.5 million (previous year: € -3.9 million) was realized.

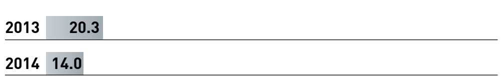
The financial result was negative at € -2.6 million and therefore slightly above the previous year's level (previous year: € -3.2 million). The interest expenses of € 5.9 million were slightly above the prior-year level (previous year: € 5.7 million), of which € 4.7 million result from financing expenses in the course of the issuance of the corporate bond in 2012 (previous year: € 5.0 million). The financial income in the amount of € 3.3 million (previous year: € 2.5 million) mainly stem from interest income in connection with long-term customer receivables.

The net result in the business year 2014 amounted to € -51.6 million (previous year: € -0.7 million). Excluding the impairment and restructuring charges an adjusted net result in the amount of € -30.3 million (previous year: € -2.3 million) was realized.

The order intake came to € 60.6 million in the year under review (previous year: € 115.1 million) and was substantially below previous year's level. In particular the lack of machine orders in the Optical Disc and Solar divisions in 2014 led to a significant deterioration this financial key figure. The order backlog amounted to € 14.0 million as of December 31, 2014 (previous year: € 20.3 million).

ORDER INTAKE
million €

ORDER BACKLOG (DEC. 31)
million €



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. 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 received € 58.4 million in total (after subtracting transaction costs).
The original term of the bond was five years and the coupon amounts to 7.75 % p.a. SINGULUS TECHNOLOGIES started a buyback program for the corporate bond in 2012. In the business year 2014 an additional increase of the bond buyback program of up to € 7.0 million was resolved. Until now bonds with a nominal value of € 4.0 million were purchased. The nominal value of the bonds purchased in the year under review amounted to € 1.3 million.

The group of companies still has guaranteed credit lines in the amount of € 18.3 million at its disposal. Thereof, € 3.6 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 funds to honor its payment obligations from the operating business activities. However, in the Solar business additional financing agreements could become necessary subject to project-specific requirements. A lack of revived business activities in the business year 2015 and a connected further burden on the liquidity reserves would considerably negatively impact the liquidity situation of the company. However, if the business activities progress within the range of our forecasts, we are convinced that the refinancing of maturing in March 2017 corporate bond and therefore a sufficient provision of liquidity for the company are also safeguarded in the long-term. For further details regarding the financial risks please refer to the information provided in the Risk Report.

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.

Due to the weak business activities and the build-up of inventories, in the business year 2014 the operating cash flow of the Group of € -10.1 million was negative and thus substantially below the level of the previous year (previous year: € -0.6 million).

The cash flow from investing activities came to € 13.6 million (previous year: € -5.2 million). Within the cash flow from investing activities changes in term deposits maturing in more than three months are reported. These term deposits were completely liquidated during the period under review. This resulted in a positive effect amounting to € 16.0 million. In contrast, payments for investments for development activities in the amount of € 1.8 million were made.

The cash flow from financing activities amounted to € -3.5 million (previous year: € 0.2 million) and mainly resulted from the payment of interest for the corporate bond in the amount of

CASH FLOW
million €

	2014	2013
Cash flow from operating activities	**-10.1**	-0.6
Cash flow from investing activities	**13.6**	-5.2
Cash flow from financing activities	**-3.5**	0.2
Increase/decrease in cash and cash equivalents	**0.0**	-5.6
Cash and cash equivalents at the beginning of the year	**35.0**	40.9
Currency-related changes	**0.8**	-0.3
Cash and cash equivalents at the end of the year	**35.8**	35.0
Time deposits with terms longer 3 months	**0.0**	16.0
Liquid funds at the end of the year	**35.8**	51.0

€ 4.4 million. In addition, payments in the amount of € 1.3 million were made in connection with the buyback of the corporate bond.

Overall, the liquid funds decreased by € 15.2 million in the period under review and amounts to € 35.8 million. At the end of the business year 2014 undrawn guaranteed credit amounted to € 13.6 million.

Assets

The long-term assets in the amount of € 31.7 million are significantly below the prior-year level (previous year: € 70.3 million). This decline mainly results from extraordinary write-offs of goodwill in the Solar segment in the amount of € 15.0 million. Furthermore, the accounts receivable due in more than twelve months dropped by € 13.7 million compared with the previous year. Other intangible assets decreased by € 6.2 million. This decline is mainly caused in connection with write-offs on the customer base from the acquisition of the Blu-ray Disc activities of the Oerlikon Balzers AG (€ 4.9 million).

Current assets declined by € 25.6 million to € 98.5 million during the period under review. The main reason for this is a decline in liquid funds by € 15.2 million. This is in connection with the weak operating business activities during the year under review, a build-up of inventories in the Optical Disc division as well as the payment of the bond coupon. In addition, the accounts receivable also declined by € 12.3 million due to lower business activities. The other receivables and assets decreased to € 8.4 million (previous year: € 16.2 million). In the previous year, this item included an incoming payment for already forfaited receivables amounting to € 5.4 million. In contrast, inventories rose by € 9.9 million, mainly due to the build-up of inventories described above.

Compared with the year-end 2013 the short-term debt declined by € 11.6 million and amounted to € 36.4 million at the balance sheet date. Specifically, the other liabilities declined analogue to the other receivables due to the transfer of a payment for already forfaited accounts receivable described above (€ 5.4 million) to € 13.5 million. The prepayments received decreased by € 2.6 million. The decline in this line item is mainly due to lower business activities.

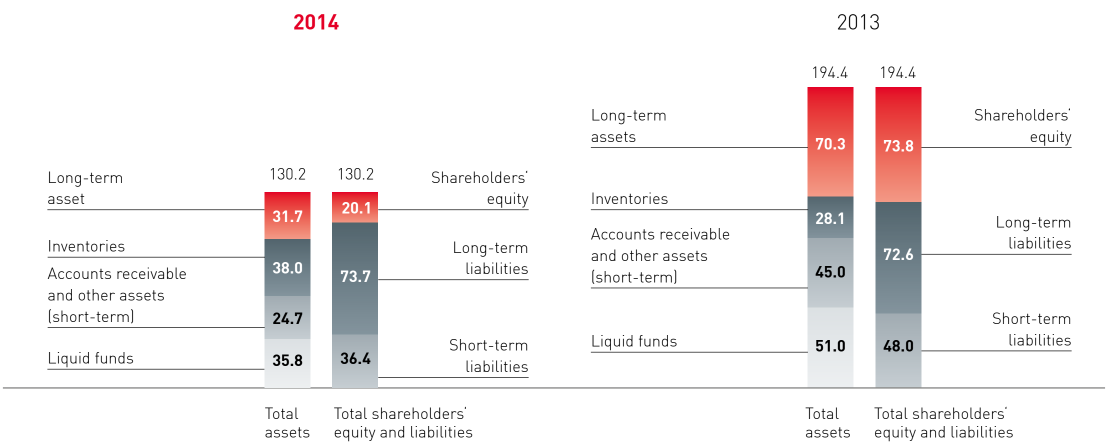
The long-term assets in the amount of € 73.7 million remained around the prior-year level (previous year: € 72.6 million). The company is financed through a fixed-rate bond with a term of five years, which matures on March 23, 2017.

The shareholders' equity in the Group declined by € 53.7 million in the quarter under review and stood at € 20.1 million as of December 31, 2014 (previous year: € 73.8 million). Equity in the amount of € 19.2 million is attributable to the shareholders of the parent company and € 0.9 million to minorities. The equity ratio declined and stood at 15.4 % (previous year: 38.0 %).

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 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.

BALANCE SHEET
million €



FINANCIAL ACCOUNTS PURSUANT TO HGB

Earnings, financial and asset positions of the SINGULUS TECHNOLOGIES AG

Specifically, the order intake at the SINGULUS TECHNOLOGIES AG amounted to € 42.7 million only (previous year: € 97.9 million), while the order backlog at the balance sheet date stood at € 22.4 million (previous year: € 27.9 million).

Due to the unfavorable business trend in the Optical Disc segment the sales as well as the earnings from operating activities fell short of expectations in 2014. In particular, the planned earnings from operating activities were not achieved due to a considerable miss of volume sales for the production machine BLULINE II. Also within the Solar and Semiconductor divisions the respective sales and earnings significantly fell short of expectations. In the following the most important effects on the earnings, financial and asset positions in the previous business year are discussed.

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

	2014	2013
Sales	**48.2**	134.7
Cost of materials	**60.6**	108.3
Material expenditure	**-44.4**	-62.2
Personnel expenses	**-20.2**	-20.7
Other operating expenses/income	**-13.5**	-11.7
Extraordinary result	**9.8**	0.0
Net loss	**-11.0**	-13.8
Property, plant & equipment	**50.6**	44.5
Current assets	**53.8**	69.6
Liquid funds	**29.2**	47.4
Shareholders' equity	**33.3**	44.3
Provisions	**21.9**	25.7
Bonds	**60.0**	60.0
Other liabilities	**18.4**	31.5

The sales decrease of € 86.5 million or 64.2 % to € 48.2 million was mainly the result of lower sales in the Optical Disc segment due to volume effects. Within this segment sales amounted to € 31.4 million (previous year: € 78.7 million). In the Solar division sales of € 12.6 million were also below the prior-year level (previous year: € 36.5 million). Sales in the Semiconductor segment amounted to € 4.2 million compared with € 19.5 million in the previous year.

The increase in the inventory of unfinished goods is mainly due to the build-up of machine inventory in the Optical Disc segment.

The other operating income in the amount of € 2.3 million (previous year: € 5.8 million) mainly includes the reversal of provisions as well as the reversal of provisions for specific accounts receivable.

The material expenses declined from € 62.2 million to € 44.4 million. Overall output (sales including inventory changes) came to € 60.6 million in the business year 2014 (previous year: € 108.3 million). This corresponds to a cost of materials margin of 73.3 % (previous year: 57.4 %). The increase is mainly due to lower volume sales of the Blu-ray Disc production machine BLULINE II.

Personnel expenses in the amount of € 20.2 million (previous year: € 20.7 million) were around the prior-year level.

The other operating expenses in the amount of € 15.8 million (previous year: € 17.4 million) mainly include auditing, legal and consulting expenses, occupancy expenses, shipping and packaging expenses as well as travel and entertainment and rent expenses. In addition, in the year under review write-offs on accounts receivable in the amount of € 1.8 million (previous year: € 0.9 million) were included.

The income from investments of € 9.8 million results from dividends of retained earnings of previous years of two international subsidiaries. The prior-year included expenses from write-offs on the book value of the SINGULUS STANGL SOLAR GmbH in the amount of € 21.0 million.

The interest result was negative at € -3.6 million (previous year: € -4.6 million). The interest expenses of € 5.7 million were slightly below the prior-year level (previous year: € 6.1 million), of which € 4.7 million resulted from interest expenses in the course of the issuance of the corporate bond in 2012. The interest income in the amount of € 2.2 million (previous year: € 1.5 million) mainly stemmed from income in connection with long-term customer receivables.

Accordingly, the result of ordinary business operations amounted to € -11.7 million (previous year: € -13.2 million).

The extraordinary income in the amount of € 0.6 million is in connection with the completed liquidation of the SINGULUS Mastering International GmbH, Schaffhausen, Switzerland.

Overall, a net loss of € 11.0 million (previous year: € -13.8 million) resulted.

As of December 31, 2014 the balance sheet total of the company came to € 133.6 million, which is a decline of € 28.0 million compared with the previous year.

The fixed assets accounted for 37.8 % of the balance sheet total and amounted to € 50.6 million as of the balance sheet date. A significant item within the fixed assets are the financial assets at € 37.3 million, which rose by € 6.6 million compared with the previous year.

As of December 31, 2014 this mainly included shares in associated companies (€ 11.2 million, previous year: € 8.2 million) as well as loans to associated companies in the amount of € 18.0 million (previous year: € 14.1 million). This included € 16.6 million to the SINGULUS STANGL SOLAR GmbH. Furthermore, credit was granted to a customer in the course of a major project, which is reported under Other Loans in the amount of € 4.6 million as of December 31, 2014.

Overall, inventories increased from € 20.5 million in the prior year to € 31.0 million as of December 31, 2014. The increase is mainly due to a rise in unfinished goods.

As of the balance sheet date the accounts receivable amounted to € 14.6 million and thus declined by € 23.3 million compared with the previous year.

Overall, the liquid funds decreased by € 18.2 million in the business year 2014 and stood at € 29.2 million at the end of the business year. Thereof, in the course of collateral management for credit agreements € 3.6 million were transferred to blocked accounts (previous year: € 5.8 million). The decline in liquid funds is mainly due to the weak operating business activities, the build-up of inventories and the payment of the bond coupon.

The shareholders' equity declined by € 11.0 million to € 33.3 million in the year under review (previous year: € 44.3 million). The equity ratio amounted to 24.9 % at the end of the year under review (previous year: 27.4 %). The ratio of shareholders' equity to nominal capital decreased from 90.6 % in the previous year to 68.0 % as of December 31, 2014.

As of December 31, 2014 the company had liabilities in the amount of € 100.4 million (previous year: € 117.2 million).

Overall, provisions declined by € 3.8 million and amounted to € 21.9 million as of the balance sheet date. The other provisions decreased by € 4.2 million during the period under review and stood at € 12.8 million in total as of December 31, 2014. This mainly includes provisions for trailing production costs (€ 3.3 million), provisions for outstanding invoices (€ 3.1 million), provisions for personnel expenses (€ 2.6 million) as well as provisions for guarantees (€ 2.1 million).

The liabilities declined from € 91.5 million in the previous year to € 78.4 million as of December 31, 2014. The bond liabilities still amount to € 60 million. In addition, there are mainly liabilities from leasing obligations for offices and production buildings at the site of the company (€ 9.3 million, previous year: € 10.2 million) as well as interest liabilities in connection with the bond in the amount of € 3.6 million.

.

Forecast for the business year 2015

In the annual accounts pursuant to HGB customer orders in the Solar and Semiconductor business units 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 do not expect a significant number of final acceptances in 2015 for these business segments. In contrast, the sales projections for the Optical Disc business division are higher than in the previous year. However, for all three business divisions an increase in the single-digit million range is projected.

Overall, we expect significantly higher sales in percentage terms in the business year 2015 on the basis of the low sales level, but a slight deterioration of the earnings from ordinary business activities compared with the previous year. In 2014 the earnings from ordinary business activities was positively impacted by the investment income.

If the further course of business in 2015 does not perform better than expected, this would result in halving the nominal capital of the SINGULUS TECHNOLOGIES AG and require actions by the Executive Board pursuant to Art. 92 Para. 1 AktG.

Supplementary Report

The SINGULUS TECHNOLOGIES AG signed a contract for the delivery of vacuum coating machines on January 8, 2015. These machines are an important component for the manufacturing of high-performance CIGS thin-film modules. The order volume is in the low double-digit million Euro range. The first prepayment for this machine was received in February 2015.

In addition, the company received an order for the delivery of processing machines on March 7, 2015. The machines are made for the production of high-performance solar cells.

Accordingly, the order intake of the Solar segment will exceed € 50 million in the first quarter 2015. The resulting sales are projected to be recorded in the business year 2015 and 2016.

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

Forecast Report

GENERAL ECONOMIC CONDITIONS

The global economy will expand slower this year than expected. The International Monetary Fund (IMF) lowered its previous forecast for global growth by 0.3 points to 3.5 %. Weaker prospects in China, Russia, Japan and in the Euro-zone are cited as the reasons. The advantage of lower oil prices are offset by other unfavorable factors such as weaker investment activities due to lower growth prospects. Stagnation and lower inflation in Japan and in the Euro-zone are still a cause for concern according to the IMF. The US was the only large industrialized country which saw its growth forecast lifted by 0.5 point to 3.6 % due to strong domestic demand in 2015.

For Germany, the IMF projects 1.3 % growth this year and 1.5 % in the next year. This is 0.2 and 0.3 percentage points less than previously estimated. The forecast for the Euro-zone was lowered by 0.2 percent points to 1.2 %. For 2016, a growth of 1.4 % is projected which is 0.3 % less then previously forecast.

SECTOR-SPECIFIC FORECASTS AND OUTLOOK FOR THE BUSINESS YEAR 2015

Optical Disc Segment

The comparably lower number of successful box office releases and the resulting lower growth for disc production volume resulted in a weak market for Blu-ray production machines in 2014. The market research institute Futuresource expects that new Hollywood blockbusters in 2015 will once again push demand for Blu-ray Discs. If the market forecast of Futuresource does materialize, SINGULUS TECHNOLOGIES expects that the demand for production equipment for Blu-ray Discs will slightly recover again in 2015.

However, the ongoing changes in consumer behavior might impact this forecast. In particular younger consumer use tablets and smartphones for the consumption of media. Digital media and download services offer consumers additional variety. Streaming services, such as for example Netflix, will have a long-term impact on the market development of physical media.

Such services require sufficiently fast internet connections, however, which are not available in many parts of the world. Physical media such as the Blu-ray Disc still offer excellent high-end quality of movie experiences at home.

An additional opportunity will be the introduction of a new Blu-ray Disc format in 2015. The Blu-ray Disc Association (BDA) presented an updated timetable for a new Blu-ray format. The first Blu-ray Discs with 4K-movies are scheduled to be available for the Christmas season 2015. It is possible that an additional market for production equipment for 100 GB Blu-ray Discs will develop from 2015 and in the following years.

Following the lack of orders for the Optical Disc segment in 2014 the company has drawn up very cautious forecasts for 2015. SINGULUS TECHNOLOGIES only anticipates a small catch-up effect in the business year 2015. The Optical Disc division should once again make stable contributions to total sales and consolidated earnings in the current business year. In particular for production machines of the BLULINE II type SINGULUS TECHNOLOGIES expects a moderate increase in order intake compared with the prior year. In its budgets the Executive Board project a slight increase in sales for this segment compared with the previous year. According to plans, EBIT will substantially improve and will be slightly positive. The prior year EBIT was affected by one-time expenditures.

Flat, curved 4K screen

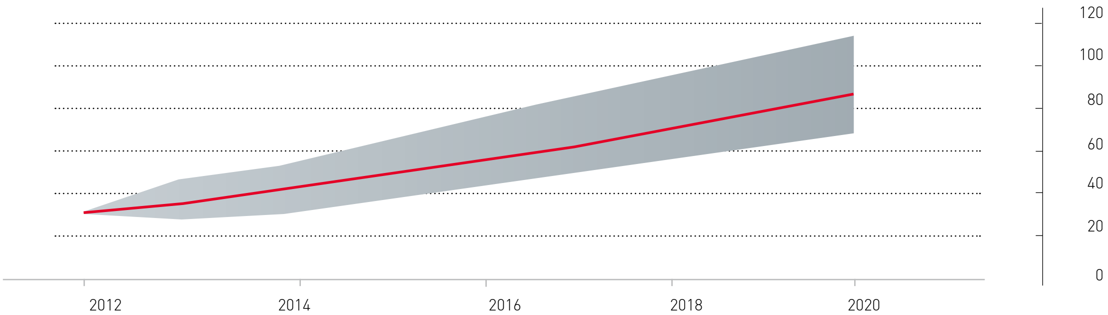
Solar segment

The majority of market forecasts expect the international solar markets to develop positively and the demand for PV modules to expand. On average, market analysts forecast a doubling of the PV market from 2012 to 2017 and nearly tripling by 2020. At the beginning of January 2015 the market research company IHS forecast demand to grow by 25 % in 2015. The installations of photovoltaic equipment should rise to about 55 GW.

According to HIS, China, Japan and the US will remained the biggest national markets while the market for decentralized plants in China will presumably rise by 20 % to 4.7 GW, but it will fall short of former expectations nonetheless.

The highest percentage growth rates are projected for the US and India according to market researchers. With a projected share of solar energy of 10 % California will be the leading region in this respect at the end of 2015.

RANGE OF DIFFERENT MARKET RESEARCH STUDIES FOR THE YEARLY GLOBAL PV DEMAND
GW p/a



Source: Fraunhofer Study 12/2013 for X-GW project (use of data from EPIA, Sarasin Bank, IHS Research, NPD Solarbuzz, GTM Research, Lux Research, Navigant Consulting as well as own expectations)

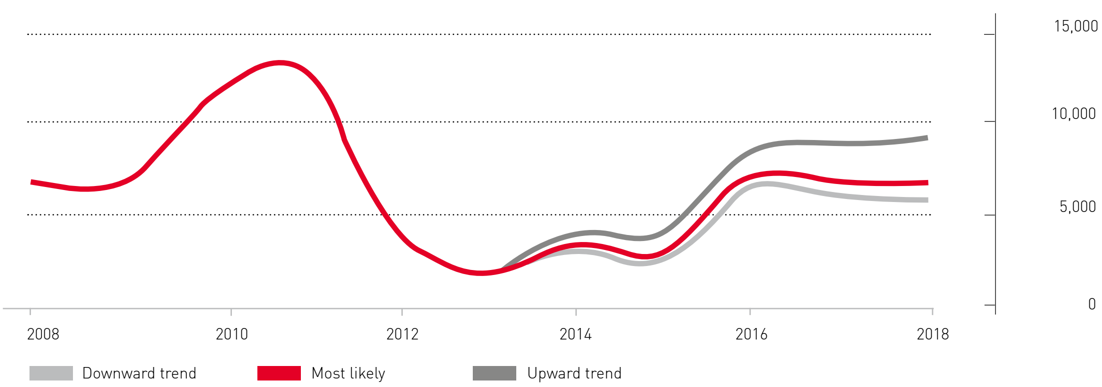
The apparent regional diversification of the market will progress further. Due to the substantial decrease in costs in the past couple of years, photovoltaics is already competitive to conventional energy sources in many countries, which will progress the higher degree of integration of photovoltaics into the respective energy mix, in particular in countries with a high share of imported energy.

On a global basis, photovoltaics has the potential to establish itself as an essential component of energy provision. The Middle East, North and South America have a very high potential for an economic integration of PV-power into their energy systems.

The capital spending for production equipment for solar cells is set to increase considerably and to remain stable at a high level in the years 2016 through 2018.

In unison, many renowned market research institutes and other institutions forecast a positive trend in the next couple of years. The business activities in the Solar division should thus perform substantially better than in the previous years. With respect to sales a very substantial increase is expected for the business year 2015. This requires additional material order intake in the coming months. The EBIT should improve considerably. However, a slightly negative EBIT is still projected.

INVESTMENTS IN PRODUCTION EQUIPMENT
million US $



Source: Solarbuzz 10 | 2014

Semiconductor Segment

The forecast for the general economic developments for investments in semiconductor production equipment is generally positive for 2015 as well (Gartner). Global semiconductor sales are forecast to reach USD 358 billion in 2015, a 5.4 % increase. The market is characterized by applications for smartphones, flash and solid-state drives (SSDs).

The year 2014 did not provide a better perspective for the future development and the importance of MRAM as a possible storage technology for the future. Development cooperations of renowned semiconductor manufacturers for MRAM are still working on this subject, but it is not foreseeable whether a breakthrough can be achieved in the business year 2015. With its machine line the company focuses on new potential applications of vacuum coating technology for the semiconductor industry.

From today's point of view we expect a slight increase in sales and a sharp improvement in EBIT for this segment, while the EBIT will remain slightly negative for the business year 2015 despite this projection.

Outlook for the business year 2015

Ihe challenge for SINGULUS TECHNOLOGIES AG for the business year 2015 will be to achieve stable order intake and sales in the core segments on time and at the same time to set-up new work areas and build them to successes. It will be necessary for SINGULUS TECHNOLOGIES to receive additional major orders in the first months, which will confirm the sales and earnings targets for the business year 2015. For the business year 2015 SINGULUS TECHNOLOGIES anticipates a sharp increase in sales, doubling the level of the prior year, in particular due to the expectations for the Solar division. This will correspond to nearly breaking even on an EBIT basis and thus a significant improvement of this key figure. The current financing structure of the company via the issued bond will also result in an interest expense in 2015, which will impact the results and lead to a negative net profit of the Group pursuant to IFRS after all.

To achieve the financial full-year targets for 2015 according to plan it will be decisive how the product mix of sales will develop and whether the individual segmental targets will be achieved. This holds particularly true for the segments Solar and Optical Disc.

In the past couple of years, SINGULUS TECHNOLOGIES has continuously expanded the technologic know-how on the basis of the core competencies vacuum thin-film technology, surface processing technology as well as thermal and wet-chemical process technology. Several new machines and equipment for this were developed with target customers and are currently being tested. SINGULUS TECHNOLOGIES will work extensively on the market introduction of these products in the business year 2015. Initial success shows that this path is correct and continues to be promising.

For the outlook for the business year 2015 pursuant to HGB accounting principles please refer to the chapter describing the annual accounts pursuant to HGB on page 69 of this status report.

Outlook for the business year 2016

Based on a planned positive development in the business year 2015, in particular in the Solar division, and the successful development of new markets in the next couple of months, SINGULUS TECHNOLOGIES expects to again sharply increase sales in the business year 2016 and to finish with a significantly positive EBIT.

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 for the business development from the company's perspective within all of SINGULUS TECHNOLOGIES' producing companies 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.

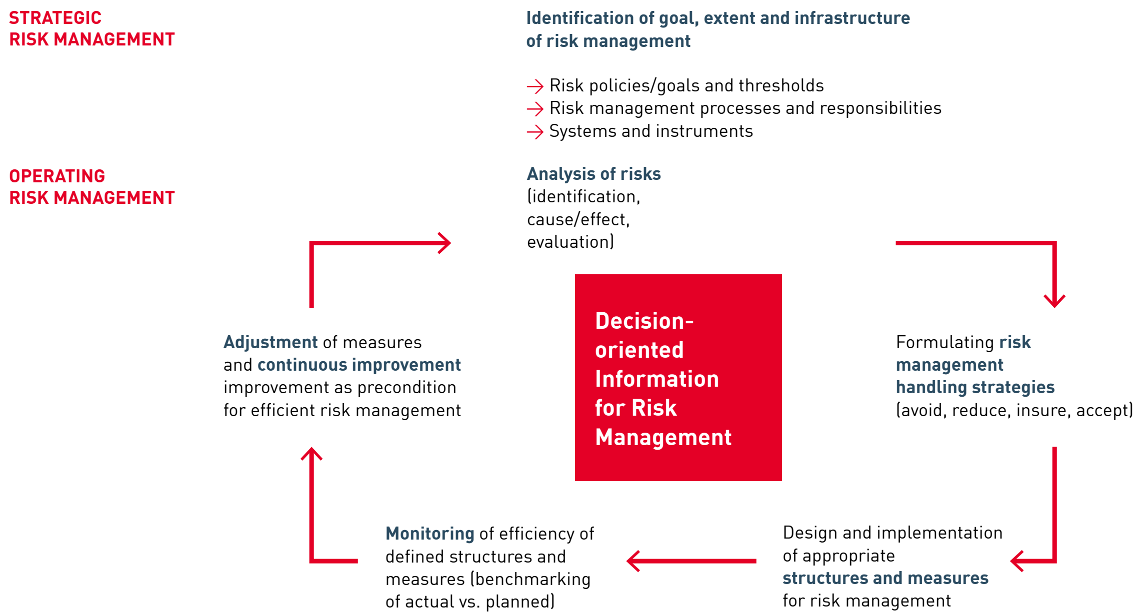
The Executive Board has the overall responsibility for the implementation of an appropriate and functioning risk management, to safeguard the timely identification and mastering of trends threatening the continuation of the company.

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. The 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 (classification high, medium, low) is estimated for the individual risks.

Relevance	Characteristics	Maximum damage from	to
1	Insignificant risks, neither materially impacting EBIT nor company value.	0 €	€ 0.5 million
2	Medium risks, with a significant impact on EBIT.	€ 0.5 million	€ 2.5 million
3	Significant risks, materially impacting the EBIT and significantly reducing the company value.	€ 2.5 million	€ 10 million
4	Major risks resulting in a negative EBIT and materially reducing the company value.	€ 10 million	€ 35 million
5	Existential risks, which threaten the continuation of the company with a high probability.	> € 35 million	

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 or 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 for investments in photovoltaic equipment. Even though the dependency on the competitiveness of photovoltaic installation 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 in the future as well.

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 (previous year: 4) and a medium probability of occurrence (previous year: medium). Accordingly, the risk is assessed as being major and can result in a negative impact on the asset, financial and earnings situation 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 further impairment charges.

From today's point of view, due to a change in consumer behavior the market risk in the Optical Disc segment is evaluated with a relevance score of 4 (previous year: 2) and a medium probability of occurrence (previous year: low). If the recovery in demand for Blu-ray production machines will not materialize, this will have a material impact on the earnings situation.

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 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 (previous year: 3) and a medium probability of occurrence (previous year: medium). Therefore, the project risk is assessed as being significant and can materially impact the EBIT 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 (previous year: 4), the liquidity risk is assessed with 4 (previous year: 1), the probabilities of occurrence for the liquidity risk as medium (previous year: low) and the credit risk unchanged as low (previous year: low). The unsatisfactory business development in 2014 and the forecast uncertainties led to an adjustment of the relevance scores for the liquidity risk. From today's point of view we expect a sufficient cover of the financial risks stemming from counterparty risks. In the Solar business additional financing agreements could become necessary subject to project-specific requirements. In particular, prepayments made by our customers in the project operations are often secured with guarantee pledges. For this, the company has to deposit a large amount of liquid funds at the bank as security. This guarantee pledge is not at the company's disposal for the financing of working capital and would result to liquidity squeezes subject to the course of the projects. In addition, a lack of recovery in business activities in the business year 2015 once again would have a significant impact on the liquidity reserves. Moreover, this would jeopardize the refinancing of the corporate bond maturing in March 2017 and as a result the continuation of the company.

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 cash and credit lines is held. To detect liquidity risks at an early stage liquidity projections are performed on a regular basis and compared with the actual developments. On the basis of these plans, the Executive Board and the Supervisory Board already discuss measures to preserve capital as well as various refinancing possibilities for the corporate bond. In addition, the company is currently negotiating the granting of guarantee pledges with substantially reduced security deposits.

To analyze default risks the portfolios of accounts receivable of the individual companies in the SINGULUS TECHNOLOGIES Group are reviewed in short time intervals. 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 (previous year: 3) and a medium probability of occurrence (previous year: medium).

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:

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

An additional risk results from high inventory levels.

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. The average backlog rate and the number of quality complaints over the course of the year were within the target range. Therefore, these key figures were substantially improved compared with the previous year. From this we evaluate the probability of occurrence for this risk as low (previous year: low).

The relevance score for the inventory risk is assessed as 4 (previous year: 4) and the probability of occurrence is deemed to be low (previous year: low). From today's point of view we expect this to sufficiently cover the inventory risks. The inventory level increased significantly in the course of the business year due to the assembly of production equipment for Blu-ray Discs. The number of orders for this line fell substantially short of expectations. If the forecast recovery in demand for Blu-ray production machines will not materialize, this would have a material impact on the earnings situation.

Measures:

To avoid unexpected price increases contracts as long-term as possible are concluded with suppliers. Moreover, the deliverability as well as the fulfillment 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.

LEGAL RISKS

Risk description:

As an internationally operating company the SINGULUS TECHNOLOGIES Group is exposed to a multitude of legal risks. In particular they include risks from the fields product liability, patent rights and corporate laws.

Impact:

The outcome of currently pending and future litigation is subject to uncertainties. As a result, due to judicial or regulatory decisions or due to agreements of settlements, expenses can be incurred, which are not or at least not to the full extent covered by insurance policies and which could accordingly have an impact on our operations as well as on our respective financial key results.

On July 18, 2014, the Alster & Elbe Inkasso GmbH, Hamburg, filed an action for declaratory judgment against the SINGULUS TECHNOLOGIES AG and five other defendants with a volume of € 750 million in connection with business activities between the STEAG HamaTech AG and the meanwhile insolvent ODS Group, Dassow, dating from the years 2002 and 2003. After its acquisition in 2005 the STEAG HamaTech AG was merged to the SINGULUS TECHNOLOGIES AG in 2009. According to our current assessment together with our legal advisors we assume that the alleged claims have become time-barred and are without merit. Accordingly, we assess this risk with a relevance score of 5, however, the probability of occurrence is deemed to be low. The SINGULUS TECHNOLOGIES AG will defend the claims and reserves the right to appropriate countermeasures. From today's point of view, the aforementioned litigation represents the material legal risks, but this description is not an exhaustive list.

Measures:

Legal risks are identified using a systematic approach and attended to with the help of external lawyers.

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. The direct responsibility for the early identification of opportunities and their realization rests upon the Executive Board.

In the **Solar** division SINGULUS TECHNOLOGIES has further expanded the product portfolio in the past business years and offered this portfolio on the international solar markets. The market position of SINGULUS TECHNOLOGIES has significantly improved due to the developed machines and equipment. In particular the investments into new cell technologies such as PERC and heterojunction the prospects improved for orders in the coming years. The etching and cleaning machines SILEX II newly developed in 2014 is taken up favorably by the solar market and offers high potential from our perspective. Furthermore, through investments into new production equipment for CIGS thin-film technology, possibilities for new projects arise. In particular vacuum coating machines, selenization machines and equipment for wet-chemical processes offer promising projects in the market. The introduction of local cell production is reviewed in several developing countries, which offers opportunities for new major projects.

After the decline of the Blu-ray Disc market, a slight growth is anticipated for the year 2015 once again. In the **Optical Disc** segment there are opportunities that the standard production machine BLULINE II will achieve higher volume sales again.

At the trade show CES (International Consumer Electronics Show, Las Vegas) the Blu-ray Disc Association (BDA) presented the schedule for a new Blu-ray format. The first Blu-ray Discs with 4K-movies are scheduled to be available on time for the Christmas season 2015. SINGULUS TECHNOLOGIES expect that there will be first project talks about the new BLULINE III production line for 100 GB Blu-ray Disc in 2015 and that this will provide a sales opportunity for the new BLULINE III production machine.

In the **Semiconductor** segment there is still no mass market for MRAM memory. SINGULUS TECHNOLOGIES has the opportunity to sell its vacuum coating machines in 2015 for other applications such as sensor and induction technology.

The future positive development of the company depends on the success to create innovative and successful products as a result of the company's efforts for research and development. In particular in the vacuum coating area, SINGULUS TECHNOLOGIES is working on numerous new applications with potential customers. A first system in the area of application of decorative layers was already sold. This presents good opportunities to generate new sales and earnings.

SUMMARY OF RISKS AND OPPORTUNITIES

The sales market risk for the segments Solar and Optical Disc are still deemed to be the most essential risks within the group. In the past business year there has been an increase in the evaluation of risks within the Optical Disc segment. If the forecast recovery in demand for Blu-ray production machines will not materialize, this would have a material impact on the financial, asset and earnings situation.

Due to the weak order situation in the Solar segment in the past couple of years, in particular also the sales market risk within this business segment has still 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 forecast growth for 2015 and the subsequent years.

A lack of recovery in business activities in the business year 2015 once again would have a significant impact on the liquidity reserves. In addition, this would jeopardize the refinancing of the corporate bond maturing in March 2017 as well as the continuation of the company. Accordingly, the Executive Board and the Supervisory Board already extensively review measures to safeguard the liquidity.

Environment and Sustainability

Responsible and sustainable corporate governance is generally very important to the SINGULUS TECHNOLOGIES AG. For the Executive and Supervisory Boards this means leadership and management of the company aligned for the long-term success. The principles of corporate governance aim 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 company is subscribing to the spirit and goals of taking into account environmental safety and sustainability of its economic activities and processes.

The company's products are continuously improved to reduce energy consumption.

The recycling of used materials of the day to day routine goes without saying.

The company has drawn up an Ethics Code as internal guidelines for the compliance within the company and implemented its in the business year 2014. The trainings of relevant management staff and employees were conducted in the business year 2014.

SINGULUS TECHNOLOGIES regards sustainability as an opportunity for SINGULUS TECHNOLOGIES to position itself accordingly with innovative products and to therefore achieve value conservation and increase in the long-term.

Generally, entrepreneurial actions also include sustainable actions. The following topics will also be in the spotlight in the coming years:

- 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 2014

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 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 % annually variable bonus components. In addition – upon achieving certain goals – payments though the phantom stock program, at maximum three times the respective value of the respective exercise price.

The Supervisory Board sets the level of target income around the compensation paid by comparable companies to the members of their management as well as at the vertical appropriateness in comparison to the salary of other employees in the company. The Supervisory Board also took into account the relation of the compensation of the „upper management circle" of the company upon the renegotiation of the contract with Mr. Markus Ehret, which did not suggest an adjustment of the compensation, however. The Supervisory Board also does not expect that such comparison would impact the compensation of Dr.-Ing. Stefan Rinck in the future. 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. The variable compensation should also promote the motivation and commitment of the members of the Executive Board and provides an opportunity to take into account the economic situation of the company for the determination of the bonus as well.

The Supervisory Board regularly reviews the compensation in the course of the first Supervisory Board meeting of the year. In the review the 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.

On June 12, 2014 the Supervisory Board concluded a new Executive Board contract of employment with Mr. Markus Ehret with effect from January 1, 2015. This included the increase of the annual fixed salary by € 30,000 to € 280,000. In addition, upper thresholds for the individual components and the total compensation were introduced (please refer to details on page 58). With respect to the economic situation of the company the Supervisory Board resolved during its meeting on November 6, 2014 to reduce the applicable fixed salaries by 20 % pursuant to Art. 87 Para. 2 AktG for a period of one year with effect from January 1, 2015. The contribution to pensions and other remuneration components are not affected by this. According to the contracts the Supervisory Board decided upon the amount of the bonus after the completion of the business year 2014.

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 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 general compensation concept remained unchanged by the new employment contract of Mr. Markus Ehret (for the newly introduced upper thresholds for the individual components and the total remuneration please refer to p. 58).

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 annual 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 terms of the program were modified in 2014. The changes are mainly technical modifications. In the following, deviations from the terms of the phantom stock programs 2011 and 2012 will be laid out. 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. The new Executive Board contract of employment of Mr. Ehret also provides for an additional threshold from January 1, 2015, according to which the cash settlement granted within one year may not exceed the amount of the fixed salary.

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. For the phantom stocks granted in 2014 the exercise period was extended until June 20 and December 20, respectively, directly after the reporting of the respective quarterly report.

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 terms of the phantom stocks issued in 2014 provide for a reference period of one calendar month from the publication of the quarterly report relevant for the beginning of the exercise period (including). The exercise of the phantom stocks is only possible if the non-weighted (from phantom stock program 2014: 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 concluded in 2012 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.

The newly concluded contract of employment with Mr. Markus Ehret with effect from January 1, 2015 provides the following additional maximum levels: The annual remuneration is limited to € 800,000, the variable bonus still to two thirds of the annual fixed salary, i.e. currently € 186,667 and the cash settlement from the phantom stock program granted over a period of one year to the level of the annual fixed salary, i.e. € 280,000 from January 1, 2015.

2. FIXED SALARY

The fixed compensation is paid on a monthly salary basis. The appropriateness of the amount is reviewed annually. An adjustment can also be made by granting one-time extraordinary payments. The Supervisory Board refrained from any adjustments for the business year 2014. The new Executive Board contract of employment of Mr. Markus Ehret increases the annual fixed salary by € 30,000 to € 280,000 from the business year 2015. Due to the reduction of the annual fixed salary by 20 % resolved by the Supervisory Board with effect from January 1, 2015, the fixed compensation of the Executive Board members was reduced to € 352,000 for Dr.-Ing. Stefan Rinck and to € 224,000 for Mr. Markus Ehret, however.

For the business year 2014 the total fixed salary (including other compensation) paid amounted to € 753,496.

3. VARIABLE COMPENSATION

On the basis of the individual targets and according to reaching them in the business year 2014 the provisioned variable compensation amounted to € 307,000.

4. STOCK OPTIONS AND VIRTUAL SHARES

In the business year 2014 the SINGULUS TECHNOLOGIES AG granted the members of the Executive Board additional subscription rights for 225,000 virtual shares in total. The granting value of these virtual shares amounts to € 0.941 per share. In 2013, the members of the Executive Board were not granted any subscription rights for virtual shares.

Together with the already granted subscription rights for virtual shares Dr.-Ing. Stefan Rinck holds 325,000 virtual shares (100,000 phantom stocks granted in 2011, 100,000 phantom stocks granted in 2012 and 125,000 phantom stocks granted in 2014) and Mr. Markus Ehret 280,000 virtual shares (100,000 phantom stocks granted in 2011, 80,000 phantom stocks granted in 2012 and 100,000 phantom stocks granted in 2014). On an accrual basis, the determined time value of the virtual stocks resulted in an income for the company in the amount of € 149,000 in the business year 2014 due to the substantially lower stock price. In the previous year expenses in the amount of € 143,000 in total were recognized. The virtual shares of Dr.-Ing. Stefan Rinck account for an income in the amount of € 78,000 (previous year: expense € 76,000), to virtual shares of Mr. Markus Ehret an income in the amount of € 71,000 (previous year: expense € 67,000).

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 2014 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. The annual pension contributions for the company paid in the year 2014 amounted to T€ 314 (previous year: T€ 314), with T€ 258 (previous year: T€ 258) attributable to Dr.-Ing. Stefan Rinck and T€ 56 (previous year: T€ 56) attributable to Mr. Markus Ehret. With effect from January 1, 2015 the annual pension contribution for Mr. Markus Ehret is increased to currently 31.58 % of the annual fixed salary of currently € 280,000. The reduction of the annual fixed salary by 20 % does not reduce the absolute contribution to the pension plan.

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 children 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

The following table depicts the compensation for the individual members of the Executive Board for the business year on the one hand. On the other hand, additions in or for the year under review and the pension contributions in or for the year under review are individually specified according to the recommendation of Art. 4.2.5 Para. 3 of the German Corporate Governance Code.

The first table lists the income from compensation of the individual members of the Executive Board for the business year 2014. In the business year, the Executive Board members were contractually entitled to the bonus payment ("one-year variable compensation") on the basis of the respective achievement of targets for the prior business year 2013. Accordingly, this was paid in 2014.

Payments arising from the prior granting of subscription rights for phantom stocks were not made in the business year 2014 similar to the previous year.

The table pursuant to Art. 4.2.5 Para 3 (2nd bullet point) DCGK is as follows:

	Dr.-Ing. Stefan Rinck **Chief Executive Officer** Date of entry: September 1, 2009		**Mr. Markus Ehret** **Executive Board member** Date of entry: April 19, 2010	
	2013	**2014**	2013	**2014**
Income	[in '000 €]	[in '000 €]	[in '000 €]	[in '000 €]
Fixed compensation	440,000	**440,000**	250,000	250,000
Fringe benefits	44,000	**42,433**	20,000	21,063
Total	**484,000**	**482,433**	**270,000**	**271,063**
One-year variable compensation	213,600	293,000	144,000	180,000
Multi-year variable compensation	0	0	0	0
Phantom stocks 2011 (exercise September 24, 2013 until September 23, 2016)	0	0	0	0
Phantom stocks 2012 (exercise November 27, 2014 until November 26, 2017)	0	0	0	0
Others	0	0	0	0
Total	**697,600**	**775,433**	**414,000**	**451,063**
Pension plans	258,000	258,084	56,000	56,360
Total compensation	**955,600**	**1,033,517**	**470,000**	**507,423**

For the individual members of the Executive Board the following income specified in the table resulted in the course of the annual compensation for the year under review pursuant to DRS 17 and Art. 314 Para. 1 No. 6a HGB. The fixed compensation for the members of the Executive Board was not increased in the business year 2014. The one-year variable compensation (bonus) was substantially reduced compared with the previous years due to the weak economic course of business in the business year 2014. In the course of the long-term incentivization and to enhance commitment with a coupling to the performance of the company and its long-term share price performance, the Supervisory Board at the beginning of the business year 2014 granted the Executive Board subscription rights for virtual shares (phantom stocks) with cash settlement. An exercise of the subscription rights can only be performed after a period of two years at the earliest subject to the conditions of the underlying programs. For the presentation in the following table, the value of the share-based compensation was determined by the time value of the subscription rights on the basis of the share price (exercise price) at the time of granting the rights (April 7, 2014).

The expenses based on the time value of the newly issued PSP V for the share-based compensation (phantom stocks) of active members of the Executive Board reported in the consolidated profit and loss statement amounts to € 1,964 for Dr.-Ing. Stefan Rinck and to € 1,571 for Mr. Markus Ehret due to the significant decline in the stock price in the business year 2014.

Excluding the granting of share-based compensation (phantom stocks) the total granted compensation amounted to € 1,060,946 (previous year: € 1,227,000). Including the share-based compensation (phantom stocks), which is a non cash expense at the time of granting, the total compensation accordingly amounted to € 1,272,671 (previous year: € 1,227,000).

	Dr.-Ing. Stefan Rinck **Chief Executive Officer** Date of entry: September 1, 2009		**Mr. Markus Ehret** **Executive Board member** Date of entry: April 19, 2010	
	2013 [in ´000 €]	**2014** [in ´000 €]	2013 [in ´000 €]	**2014** [in ´000 €]
Fixed compensation	**440,000**	440,000	250,000	250,000
Fringe benefits	**44,000**	42,433	20,000	21,063
Total	**484,000**	**482,433**	**270,000**	**271,063**
One-year variable compensation	293,000	190,450	180,000	117,000
Multi-year variable compensation	0	0	0	0
Phantom stocks 2014 (exercise from April 8, 2016 until April 7, 2019)	0	117,625	0	94,100
Total	**777,000**	**790,508**	**450,000**	**482,163**

The following table displays the total granted compensation components, including pension contributions, supplemented by the specification of potential minimum and maximum value of the individual compensation components. Actually limiting are the underlying exercise periods for phantom stocks as well as the contractual maximum levels set out in the employment contract of Mr. Markus Ehret in the amount of € 800,000 annually at maximum from the business year 2015 onwards. Due to the aforementioned limits the income is factually limited. A complete cancellation of the phantom stocks is also possible.

The table pursuant to Art. 4.2.5 Para 3 (1st bullet point) DCGK is as follows:

	Dr.-Ing. Stefan Rinck Chief Executive Officer Date of entry: September 1, 2009				**Mr. Markus Ehret Executive Board member** Date of entry: April 19, 2010			
Granted compensation	2013 [in '000 €]	**2014** [in '000 €]	**2014 (Min)** [in '000 €]	**2014 (Max)** [in '000 €]	2013 [in '000 €]	**2014** [in '000 €]	**2014 (Min)** [in '000 €]	**2014 (Max)** [in '000 €]
Fixed compensation	**440,000**	440,000	440,000	440,000	250,000	250,000	250,000	250,000
Fringe benefits	**44,000**	42,433	42,433	42,433	20,000	21,063	21,063	21,063
Total	**484,000**	**482,433**	**482,433**	**482,433**	**270,000**	**271,063**	**271,063**	**271,063**
One-year variable compensation	293,000	190,450	0	440,000	180,000	117,000	0	180,000
Multi-year variable compensation	0	0	0	0	0	0	0	0
Phantom stocks 2014 (exercise from April 8, 2016 until April 7, 2019)	0	117,625	0	952,500	0	94,100	0	762,000
Total	**777,000**	**790,508**	**482,433**	**1,874,933**	**450,000**	**482,163**	**271,063**	**1,213,063**
Pension plans	258,000	258,084	258,084	258,084	56,000	56,360	56,360	56,360
Total compensation	**1,035,000**	**1,048,592**	**740,517**	**2,133,017**	**506,000**	**538,523**	**327,423**	**1,269,423**

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 (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 respective Executive Board 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 extraordinary 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 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 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 duties and responsibilities of the Supervisory Board members. The compensation policy currently in place for the Supervisory Board of the SINGULUS TECHNOLOGIES AG was adopted by the Annual General Meeting on June 06, 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:

	Total 2014	Total 2013
	[in ´000 €]	[in ´000 €]
Dr.-Ing. Wolfhard Leichnitz, Chairman	**80**	80
Christine Kreidl, Deputy Chairwoman	**60**	60
Dr. rer. nat. Rolf Blessing	**40**	40
Total	**180**	**180**

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, 2014:

	2014	2013
Supervisory Board	[in T€]	[in T€]
Dr.-Ing. Wolfhard Leichnitz	**39,344**	39,344
Executive Board members		
Dr.-Ing. Stefan Rinck, CEO	**19,619**	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, 2014.

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 2014 Dr.-Ing. Stefan Rinck purchased 10,000 shares of the company.

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 The Executive Board is authorized to increase the nominal capital once or several times by up to € 24,465,157.00 in cash and/or in kind (Authorized Capital 2012/I) until June 18, 2017 upon the approval of the Supervisory Board. 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.

The nominal capital of the company is conditionally increased by additionally 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 2014/IV). 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 May 28, 2014 under Agenda Item 7 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 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 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, are exercisable. 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 18, 2015

SINGULUS TECHNOLOGIES AG
The Executive Board

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

Plasma Engineering

PLASMA ENGINEERING – PROCESSING, STRUCTURING AND FINISHING OF SURFACES

In the past business year SINGULUS TECHNOLOGIES worked on production solutions for the finishing of plastic surfaces. Under the product name DECOLINE II a production line was introduced to the market. In an ideal way it combines lacquering units, product handling and vacuum plasma coating. In the coming years SINGULUS TECHNOLOGIES will offer the complete line DECOLINE II and also individual components for these target groups. Plasma engineering includes the specific processing steps in the course of manufacturing of a Blu-ray Disc, such as the various lacquering steps, embossing of information as well we the bonding of the two DVD halves in a SPACELINE.

SINGULUS TECHNOLOGY Group Balance Sheet

as of December 31, 2014 and December 31, 2013

ASSETS

	Note	Dec. 31 2014 [EUR m]	Dec. 31 2013 [EUR m]
Liquid funds	(6)	**35.8**	51.0
Trade receivables	(7)	**11.4**	23.7
Receivables from construction contracts	(7)	**1.7**	2.7
Borrowings	(10)	**3.2**	2.4
Other receivables and other assets	(8)	**8.4**	16.2
Total receivables and other assets		**24.7**	45.0
Raw materials, consumables and supplies		**11.8**	14.4
Work in process		**26.2**	13.7
Total inventories	(9)	**38.0**	28.1
Total current assets		**98.5**	124.1
Trade receivables	(7)	**6.7**	20.4
Borrowings	(10)	**2.0**	3.7
Property, plant and equipment	(12)	**6.3**	7.5
Capitalized development costs	(11)	**6.1**	6.4
Goodwill	(11)	**6.7**	21.7
Other intangible assets	(11)	**1.7**	7.9
Deferred tax assets	(22)	**2.2**	2.7
Total non-current assets		**31.7**	70.3
Total assets		**130.2**	194.4

EQUITY AND LIABILITIES

	Note	Dec. 31 2014 [EUR m]	Dec. 31 2013 [EUR m]
Trade payables		**7.3**	8.3
Prepayments received	(14)	**4.7**	7.3
Liabilities from construction contracts	(7)	**1.2**	0.6
Financing liabilities from the issuance of bonds	(16)	**3.4**	3.6
Other current liabilities	(13)	**13.5**	20.7
Provisions for restructuring measures	(20)	**2.9**	2.4
Provisions for taxes		**0.5**	0.7
Other provisions	(19)	**2.9**	4.4
Total current liabilities		**36.4**	48.0
Financing liabilities from the issuance of bonds	(16)	**55.3**	56.3
Provisions for restructuring measures	(20)	**6.0**	6.4
Pension provisions	(18)	**12.4**	9.9
Total non-current liabilities		**73.7**	72.6
Total liabilities		**110.1**	120.6
Subscribed capital	(21)	**48.9**	48.9
Capital reserves	(21)	**77.2**	77.2
Reserves	(21)	**2.5**	1.7
Loss carryforward		**-109.4**	-54.9
Equity attributable to owners of the parent		**19.2**	72.9
Non-controlling interests	(21)	**0.9**	0.9
Total equity		**20.1**	73.8
Total equity and liabilities		**130.2**	194.4

SINGULUS TECHNOLOGY Group Income Statement

for 2014 and 2013

		2014		2013	
	Note	[EUR m]	[in %]	[EUR m]	[in %]
Revenue (gross)	(5)	**66.8**	**101.5**	134.9	101.1
Sales deductions and direct selling costs	(25)	**-1.0**	**-1.5**	-1.5	-1.1
Revenue (net)		**65.8**	**100.0**	133.4	100.0
Cost of sales		**-58.4**	**-88.8**	-100.1	-75.0
Gross profit on sales		**7.4**	**11.2**	33.3	25.0
Research and development	(30)	**-11.5**	**-17.5**	-8.4	-6.3
Sales and customer service		**-14.4**	**-21.9**	-15.0	-11.2
General administration	(29)	**-9.6**	**-14.6**	-11.2	-8.4
Other operating expenses	(32)	**-2.9**	**-4.4**	-1.6	-1.2
Other operating income	(32)	**3.2**	**4.9**	3.5	2.6
Impairment and restructuring expenses (income in previous year)	(31)	**-21.3**	**-32.4**	1.6	1.2
Total operating expenses		**-56.5**	**-85.9**	-31.1	-23.3
Operating result (EBIT)		**-49.1**	**-74.6**	2.2	1.6
Finance income	(33)	**3.3**	**5.0**	2.5	1.9
Finance costs	(33)	**-5.9**	**-9.0**	-5.7	-4.3
EBT		**-51.7**	**-78.6**	-1.0	-0.7
Tax income	(22)	**0.1**	**0.2**	0.3	0.2
Profit or loss for the period		**-51.6**	**-78.4**	-0.7	-0.5
Thereof attributable to:					
Owners of the parent		**-51.5**		-0.6	
Non-controlling interests		**-0.1**		-0.1	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(23)	**-1.05**		-0.01	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(23)	**-1.05**		-0.01	

SINGULUS TECHNOLOGY Group
Statement of Comprehensive Income

for 2014 and 2013

	Note	2014 [EUR m]	2013 [EUR m]
Profit or loss for the period		**-51.6**	-0.7
Items that will never be reclassified to profit and loss:			
Actuarial gains and losses from pension commitments	(18)	**-2.4**	0.7
Tax effect	(22)	**-0.6**	-0.2
Items that may be reclassified to profit and loss:			
Derivative financial instruments	(39)	**-0.3**	0.0
Exchange differences in the fiscal year	(21)	**1.2**	-0.5
Tax effect	(22)	**0.0**	0.0
Total income and expense recognized directly in other comprehensive income		**-2.1**	0.0
Total comprehensive income		**-53.7**	-0.7
Thereof attributable to:			
Owners of the parent		**-53.7**	-0.6
Non-controlling interests		**0.0**	-0.1

SINGULUS TECHNOLOGY Group
Statement of Changes in Equity

as of December 2014 and 2013

	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, 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**
As of January 1, 20134	**48.9**	**77.2**	**1.7**	**0.0**	**-1.4**	**-53.5**	**72.9**	**0.9**	**73.8**
Profit or loss for the period	0.0	0.0	0.0	0.0	0.0	-51.5	-51.5	-0.1	-51.6
Other comprehensive income	**0.0**	**0.0**	**1.1**	**-0.3**	**-3.0**	**0.0**	**-2.2**	**0.1**	**-2.1**
Total comprehensive income	**0.0**	**0.0**	**1.1**	**-0.3**	**-3.0**	**-51.5**	**-53.7**	0.0	**-53.7**
As of December 31, 2014	**48.9**	**77.2**	**2.8**	**-0.3**	**-4.4**	**-105.0**	**19.2**	**0.9**	**20.1**

SINGULUS TECHNOLOGY Group Statement of Cash Flows

for 2014 and 2013

	Note	2014 [EUR m]		2013 [EUR m]	
Cash flows from operating activities					
Profit or loss for the period			**-51.6**		-0.7
Adjustment to reconcile profit or loss for the period to net cash flow					
Amortization, depreciation and impairment of non-current assets	(11/12)	**25.0**		5.9	
Additions to pension provisions	(18)	**0.1**		-0.4	
Gain/loss on the disposal of non-current assets		**0.0**		0.1	
Other non-cash expenses/income		**2.5**		1.6	
Net finance costs	(33)	**2.6**		3.2	
Tax income	(22)	**-0.1**		-0.3	
Change in trade receivables		**25.6**		-16.9	
Change in construction contracts		**1.6**		-14.9	
Change in other receivables and other assets		**0.2**		3.2	
Change in inventories		**-10.3**		16.6	
Change in trade payables		**-1.0**		0.5	
Change in other liabilities		**-0.8**		3.2	
Change in prepayments		**-2.5**		3.5	
Change in loans		**1.1**		-2.1	
Change in provisions for restructuring measures		**-1.7**		-2.1	
Change in further provisions		**-2.6**		-1.4	
Interest paid	(33)	**-0.8**		-0.5	
Interest received	(33)	**2.9**		1.6	
Income tax paid	(22)	**-0.3**	**41.5**	-0.7	0.1
Net cash from/used in operating activities			**-10.1**		-0.6

	Note	2014 [EUR m]		2013 [EUR m]	
Cash flows from investing activities					
Cash paid for investments in development projects	(11)	**-1.8**		-2.3	
Cash paid for investments in other intangible assets and property, plant and equipment	(11/12)	**-0.6**		-1.9	
Change in time deposits (with terms longer than 3 months)		**16.0**		-1.0	
Net cash from/used in investing activities			**13.6**		-5.2
Cash flows from financing activities					
Interest paid on bonds	(8)	**-4.4**		-4.6	
Cash used to redeem bonds	(16)	**-1.3**		-1.9	
Cash used to pay down loans	(17)	**0.0**		-4.2	
Cash received/used on financial assets subject to restrictions on disposal		**2.2**		10.9	
Net cash from/used in financing activities			**-3.5**		0.2
Increase/decrease in cash and cash equivalents			**0.0**		-5.6
Effect of exchange rate changes			**0.8**		-0.3
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			**35.8**		35.0
Time deposits with terms longer than 3 months			**0.0**		16.0
Liquid funds at end of the fiscal year	(6)		**35.8**		51.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

1 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 2014 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.

2 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.

3 NEW ACCOUNTING SRANDARDS

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 2014.

- 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 provisions which are relevant for the SINGULUS TECHNOLOGIES Group as well as their impact on these consolidated financial statements are outlined 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 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 Group has reassessed whether it controls its investees pursuant to the IFRS 10 Transition Guidance. There were no changes to the Company's basis of consolidation resulting from this review.

- 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.

  This amendment has no impact on the Company's consolidated financial statements.

- 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.

  This amendment has no impact on the Company's consolidated financial statements.

- 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. IAS 28 governs – as before – the application of the equity method. However, the adoption of IFRS 11 considerably expanded its scope because henceforth joint ventures (see IFRS 11) must also be accounted for using the equity method, as well as investments in associates. 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.

  This amendment has no impact on the Company's consolidated financial statements.

- 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.

  This amendment has no significant impact on the Company's consolidated financial statements.

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

  In the course of a subsequent amendment to IFRS 13, a new mandatory disclosure on the goodwill impairment test pursuant to IAS 36 was introduced for 2013. The recoverable amount of the cash-generating units had to be disclosed regardless of whether an impairment was actually recognized. Because this notes disclosure was introduced unintentionally, it was deleted for 2014 with this amendment from May 2013.

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

  The Company has fulfilled the disclosure obligations set out in the amendment.

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:

- IFRIC 21 – "Levies"
- Annual Improvements 2011 - 2013 Cycle – Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40

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

- IFRS 9 (2009/2010) – "Financial instruments"
- IFRS 14 – "Regulatory Deferral Accounts"
- IFRS 15 – "Revenue from Contracts with Customers"
- Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 10, IFRS 12 and IAS 28 – "Investment Entities: Applying the Consolidation Exception"
- Amendments to IFRS 11 – "Accounting for Acquisition of Interests in Joint Operations"
- Amendments to IAS 1 – "Notes"
- Amendments to IAS 16 and IAS 38 – "Clarification of Acceptable Methods of Depreciation and Amortization"
- Amendments to IAS 19 – "Defined Benefit Plans: Employee Contributions"
- Amendments to IAS 27 – "Equity Method in Separate Financial Statements"
- 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 - 2014 Cycle – Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34

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.

→ IFRIC 21 – "Levies"

IFRIC 21 is an Interpretation of IAS 37. Above all it clarifies the issue of when a present obligation for levies imposed by the government arises and a provision or liability is to be recognized. The Interpretation does not cover fines and other penalties, payments made under a contractual agreement with a government or levies within the scope of other Standards such as IAS 12. Pursuant to IFRIC 21 the recognition of a liability for a levy is triggered by the obligating event. This obligating event, in turn, is based on the underlying legislation. The wording of the legislation therefore determines how the levies are to be accounted for.

The changes are applicable for the first time in fiscal years beginning on or after June 17, 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 improvement 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 January 1, 2015.

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

IFRS 9, published in July 2014, replaces the existing guidelines in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains revised guidelines on the classification and measurement of financial instruments, including a new model for calculating impairment of financial assets which recognizes expected credit losses, and new general rules on hedge accounting. IFRS 9 carries forward from IAS 39 the guidelines on recognizing and derecognizing financial instruments.

IFRS 9 is applicable for the first time in fiscal years beginning on or after January 1, 2018 – subject to an adoption into EU law.

→ IFRS 15 – "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether and when to recognize revenue, and how much revenue to recognize. It replaces the existing Standards on recognizing revenue, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs".

The amount to be recognized as revenue pursuant to IFRS 15 is the amount expected as consideration in exchange for the transfer of goods and services to customers. The point at which or period over which revenue is recognized is no longer based primarily on when risks and rewards are transferred (the risk and reward approach), but on when control of the goods or services transfers to the customer (the control approach). A five step model must be applied in future to determine when revenue is to be recognized and how much revenue to recognize.

The first step is to identify the contract within the meaning of IFRS 15. Contracts may be combined under certain circumstances.

The second step is to identify the distinct performance obligations. This first involves identifying the contractually promised goods or services and then reviewing whether they are separable within the meaning of the Standard. Promised goods or services which are not separable must be brought together to make separable bundles of goods or services.

The third step is to determine the transaction price. This includes consideration of variable price components such as rebates and significant financing components.

The fourth step is to allocate the transaction price to each performance obligation. The transaction price is allocated based on the relative standalone selling price. A distinction is drawn between whether goods or services have an observable standalone selling price or whether it has to be estimated using an appropriate methodology.

The fifth is to recognize revenue upon transfer of control. For each performance obligation it must be determined based on particular criteria whether revenue is to be recognized over time or at a point in time.

The Standard entails extensive disclosure requirements on the nature, amount, timing and uncertainty of revenue and cash flows.

The new standard is applicable for the first time in fiscal years beginning on or after January 1, 2017 – subject to an adoption into EU law. Early adoption is permitted.

→ Amendments to IAS 1 – "Notes"

The amendments deal with a number of disclosure issues. It clarifies that information is only required to be disclosed in the notes if it is materially important. This is explicitly the case if an IFRS requires a list of minimum information. It also provides guidance on aggregating and disaggregating line items in the balance sheet and the statement of comprehensive income. Furthermore it clarifies how the share of other comprehensive income arising from investments accounted for at equity is to be presented in the statement of comprehensive income. Finally, the notes no longer have to be structured in a particular order. The notes should instead be presented taking into account their relevance to a company's particular circumstances.

The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016 – subject to an adoption into EU law.

→ Amendments to IAS 16 and IAS 38 – "Clarification of Acceptable Methods of Depreciation and Amortization"

The IASB provides further guidance on establishing an acceptable method of depreciation in these amendments. They clarify that a revenue-based depreciation method is not permissible for property, plant and equipment, and only permissible in particular exceptional cases for intangible assets (there is a rebuttable presumption that it is not appropriate).

The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016 – subject to an adoption into EU law.

→ Amendments to IAS 19 – "Defined Benefit Plans: Employee Contributions"

The amendments clarify the rules on attributing contributions from employees or third parties to periods of service where contributions are linked to the length of service. They also introduce a practical expedient for cases where contributions are independent of the number of years of service performed.

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.

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

  Seven standards were amended as part of the annual improvement 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 amendments to IFRS 2 and IFRS 3 are applicable to transactions taking place on or after July 1, 2014.

- Annual Improvements 2011 - 2014 Cycle – Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34

  Four standards were amended as part of the annual improvement project. The revision of the wording in individual IFRS/IAS is intended to clarify existing provisions. The following standards were affected: IFRS 5, IFRS 7, IAS 19 and IAS 34.

  The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016 – subject to an adoption into EU law.

4 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
- SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São 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, was liquidated in August 2014. The deconsolidation led to income of EUR 0.1 million.

SINGULUS TECHNOLOGIES ITALIA s.r.l. was in liquidation as of December 31, 2014. The deconsolidation is anticipated to be made upon conclusion of the liquidation during the 2015 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 CONSTRUCTION CONTRACTS

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 when-ever 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 acquisition, 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 are disclosed under "Restructuring expenses" if production of the relevant products is 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 criteria 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 Cash and cash equivalents

The cash and cash equivalents line item in the balance sheet includes cash and cash equivalents as well as time deposits with terms longer than three months.

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 the 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 slowmoving 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 ("passthrough" 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 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. The Company was not leasing out any assets as at 31 December 2014.

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 pretax discount rate that reflects current market assess-ments of the time value of money and the risks specific to the asset. These estimates are based on 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 2015 to 2017 (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 segment significantly greater than general market growth based on the low level in the fiscal year just ended. The Management Board likewise assumes a significant improvement in EBIT margins in connection with the planned increase in revenue. Market expectations are factored in for 2018 and 2019 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 6.75 % market risk premium (previous year: 6.0 %), beta factors, assumptions regarding country and credit risk premiums and the debt ratio using market data.

Management assumptions on market changes and growth are very significant in calculating value in use in the Solar segment. Specifically, technological trends, the future development of these trends, and the behavior of competitors is forecast for the budget period. The Company's own industry experience, dialog with customers and published industry-specific market research forecast strong 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. As in the previous year, no growth rate was factored in for the Optical Disc segment.

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 pretax discount rate used for the cash flow projections for the Optical Disc operating segment is 12.0 % (previous year: 12.4 %), 16.5 % for the Solar operating segment (previous year: 16.8 %) and 14.3 % for the Semiconductor operating segment (previous year: 13.9 %).

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 pretax 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 5.8 % by 2019. The perpetual annuity is therefore calculated based on a 5.8 % EBIT margin. In the event the actual EBIT margin for 2019, and thus the perpetual annuity, is 0.5 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. Due to the sharp contraction in the market for Blu-ray Discs production systems, remeasurement of business activities within the Optical Disc segment led to the customer lists obtained from the acquisition of Oerlikon Balzer AG's Blu-ray Disc equipment business being written off in full. Please refer to Note 31 for more information.

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. Repurchased own bonds are offset against financial liabilities from the bond issue. 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.

5 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 2014:

	Segment "Optical Disc"		Segment "Solar"		Segment "Semiconductor"		SINGULUS TECHNOLOGIES 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
Segment assets	**82.4**	99.0	**34.3**	80.2	**13.5**	15.2	**130.2**	194.4
Segment liabilities							**110.1**	120.6
Gross revenue	**45.0**	94.9	**15.1**	29.0	**6.7**	11.0	**66.8**	134.9
Sales deductions and direct selling costs	**-0.8**	-1.3	**-0.1**	-0.1	**-0.1**	-0.1	**-1.0**	-1.5
Net revenue	**44.2**	93.6	**15.0**	28.9	**6.6**	10.9	**65.8**	133.4
Impairment and restructuring expenses	**-6.5**	1.6	**-14.8**	0.0	**0.0**	0.0	**-21.3**	1.6
Operating result (EBIT)	**-11.7**	17.4	**-32.9**	-11.3	**-4.5**	-3.9	**-49.1**	2.2
Amortization, depreciation and impairment	**-7.0**	-3.0	**-17.4**	-2.2	**-0.6**	-0.7	**-25.0**	-5.9
Financial income/expense							**-2.6**	-3.2
EBT							**-51.7**	-1.0

The additions to capitalized development costs are attributable to the following segments: Optical Disc EUR 1.1 million (previous year: EUR 0.1 million), Solar EUR 0.4 million (previous year: EUR 1.6 million), and Semiconductor EUR 0.3 million (previous year: EUR 0.6 million).

In fiscal year 2014, the SINGULUS TECHNOLOGIES Group generated substantial revenue with one customer in the Optical Disc operating segment. Of that revenue, EUR 8.7 million or 13.0 % of total revenue was attributable to this customer.

The table below shows information by geographical region as of December 31, 2014 based on gross revenue and assets:

2014	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by country of origin	40.9	2.6	16.8	6.5	0.0
destination	10.6	11.6	30.7	12.4	1.5

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	113.8	2.0	8.7	5.7	0.0

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

2013	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	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

Outside of Germany, significant revenue was generated in the USA (EUR 22.6 million; previous year: EUR 30.8 million) during the fiscal year.

	2014	2013
	EUR m	EUR m
Cash and cash equivalents	**35.8**	35.0
Time deposits with terms longer than 3 months	**0.0**	16.0
Cash and cash equivalents	**35.8**	51.0

6 CASH AND CASH EQUIVALENTS

Bank balances earn interest at floating rates based on daily bank deposit rates. Shortterm 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 shortterm deposits. The fair value of cash and cash equivalents is EUR 35.8 million (previous year: EUR 51.0 million).

In addition, the Company has cash deposits of EUR 4.6 million (previous year: EUR 6.8 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 the previous year there was a further EUR 5.4 million in financial assets subject to disposal restrictions.

7 TRADE RECEIVABLES AND RECEIVABLES FROM CONSTRUCTION CONTRACTS

	2014	2013
	EUR m	EUR m
Trade receivables – current	13.1	26.4
Receivables from construction contracts	1.7	2.7
Trade receivables – non-current	6.7	20.4
Less allowances	-1.7	-2.7
	19.8	46.8

As of December 31, 2014, bad debt allowances of a nominal EUR 1.7 million had been charged on trade receivables (previous year: EUR 2.7 million). The development of the valuation allowances is presented below:

	2014	2013
	EUR m	EUR m
As of January 1	2.7	5.0
Allowances recognized in profit or loss	0.9	0.6
Utilization	-1.5	-1.6
Reversal	-0.4	-1.3
As of December 31	1.7	2.7

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	Overdue by				
			less than 30 days	30 to 60 days	60 to 90 days	90 to 180 days	more than 180 days
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
2014	19.8	18.5	0.8	0.1	0.1	0.2	0.1
2013	46.8	43.4	2.2	0.4	0.2	0.4	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-0.5 million (previous year: EUR 0.7 million). This consisted of expenses from allocations to specific bad debt allowances amounting to EUR 0.9 million (previous year: EUR 0.6 million) and income from the reversal of specific bad debt allowances in the amount of EUR 0.4 million (previous year: EUR 1.3 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:

	2014	2013
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	**3.9**	7.1
Prepayments received	**-2.2**	-4.4
Receivables from construction contracts	**1.7**	2.7

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:

	2014	2013
	EUR m	EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	**4.3**	2.8
Prepayments received	**-5.5**	-3.4
Gross amount due to customers for construction contracts	**-1.2**	-0.6

Revenue from construction contracts of EUR 12.6 million (previous year: EUR 35.4 million) was recognized in the fiscal year.

8 OTHER RECEIVABLES AND OTHER ASSETS

Other receivables and other assets break down as follows:

	2014	2013
	EUR m	EUR m
Financial assets subject to restrictions on disposal	**4.6**	12.2
Prepayments made	**1.4**	1.9
Tax assets	**1.4**	0.9
Other	**1.0**	1.2
	8.4	16.2

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

Tax assets for fiscal year 2014 essentially concern SINGULUS TECHNOLOGIES AG (EUR 1.1 million) and result primarily from claims for VAT reimbursements.

9 INVENTORIES

The Group's inventories break down as follows:

	2014	2013
	EUR m	EUR m
Raw materials, consumables and supplies	**23.9**	24.9
Work in process	**39.4**	25.9
Less allowances	**-25.3**	-22.7
	38.0	28.1

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.

EUR 0.7 million of write-downs to the net realizable value of inventories were reversed and recognized in profit or loss during the 2014 fiscal year.

The carrying amount of inventories recognized at net realizable value comes to EUR 5.3 million (previous year: EUR 6.9 million).

10 LOANS

	2014	2013
	EUR m	EUR m
Loans	**5.2**	6.1

The loans essentially concern a loan granted to a customer with a remaining balance of EUR 4.6 million. It is being repaid in four semiannual installments up to 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 2014 and 2013, intangible assets developed as follows (all amounts in EUR m):

	Goodwill	Other intangible assets	Capitalized development costs	Total
Cost				
As of Jan. 1, 2013	**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**
Additions	0.0	0.2	1.8	2.0
Disposals	0.0	-1.6	0.0	-1.6
As of Dec. 31, 2014	**52.9**	**78.2**	**103.9**	**235.0**
Amortization and impairment				
As of Jan. 1, 2013	**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**
Additions to amortization (scheduled)	0.0	1.4	2.1	3.5
Additions to impairment losses (unscheduled)	15.0	4.9	0.0	19.9
Disposals	0.0	-1.5	0.0	-1.5
As of Dec. 31, 2014	**46.2**	**76.5**	**97.8**	**220.5**
Carrying amounts Dec. 31, 2013	**21.7**	**7.9**	**6.4**	**36.0**
Carrying amounts Dec. 31, 2014	**6.7**	**1.7**	**6.1**	**14.5**

As of the balance sheet date, the Solar segment reported goodwill with a carrying amount of EUR 6.7 million (previous year: EUR 21.7 million). This segment again received no material orders during the 2014 fiscal year, as a result of which goodwill was tested for impairment in the third quarter of the fiscal year, leading to a write-down of EUR 15.0 million. The resulting expenses are recognized within impairment and restructuring expenses.

For further information on goodwill please also refer to our comments under 4.5 and 4.16.

Impairment losses on other intangible assets were also recognized in the third quarter of the fiscal year. These relate to the remeasurement of business activities within the Optical Disc segment. Due to the sharp contraction in the market for Blu-ray Disc production systems, the EUR 4.9 million value of the customer lists obtained from the acquisition of Oerlikon Balzer AG's Blu-ray Disc equipment business has been written off in full. The resulting expenses are recognized within impairment and restructuring expenses. The amortization of the customer lists which had been incurred prior to this is reported under selling expenses.

EUR 1.8 million of the development costs incurred in fiscal year 2014 qualifies for recognition as an asset under IFRSs (previous year: EUR 2.3 million). Amortization of capitalized development costs is recognized under development costs in the consolidated income statement.

12 PROPERTY, PLANT AND EQUIPMENT

In fiscal years 2014 and 2013, 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, 2013	**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**
Additions	0.1	0.1	0.2	0.0	0.4
Disposals	-0.1	-0.5	-2.0	0.0	-2.6
Reclassifications	0.0	0.0	0.0	0.0	0.0
As of Dec. 31, 2014	**6.8**	**10.1**	**8.5**	**0.3**	**25.7**
Amortization and impairment					
As of Jan. 1, 2013	**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**
Additions to depreciation (scheduled)	0.2	0.9	0.5	0.0	1.6
Additions to impairment losses (unscheduled)	0.0	0.0	0.0	0.0	0.0
Disposals	-0.1	-0.5	-2.0	0.0	-2.6
As of Dec. 31, 2014	**3.8**	**7.8**	**7.8**	**0.0**	**19.4**
Carrying amounts Dec. 31, 2013	**3.1**	**3.1**	**1.0**	**0.3**	**7.5**
Carrying amounts Dec. 31, 2014	**3.0**	**2.3**	**0.7**	**0.3**	**6.3**

13 OTHER CURRENT LIABILITIES

Other liabilities are broken down as follows:

	2014	2013
	EUR m	EUR m
Services to be provided	**2.5**	2.4
Outstanding liabilities to personnel	**1.9**	1.8
Outstanding invoices	**1.8**	3.0
Litigation risks	**1.7**	1.7
Employee bonuses	**0.9**	2.0
Financial reporting, legal and consulting fees	**0.6**	0.8
Liabilities from repayment obligation	**0.0**	5.4
Other	**4.1**	3.6
	13.5	20.7

In the fiscal year, commitments for performance-related payments of EUR 0.9 million (previous year: EUR 2.0 million) to members of the Management Board, managing directors of subsidiaries and senior executives were recognized as a liability.

14 PREPAYMENTS RECEIVED

	2014	2013
	EUR m	EUR m
Prepayments from customers	**4.7**	7.3

Prepayments as of 31 December 2014 mainly relate to advances for orders received by the Solar segment, which are reported in inventories under work in process.

15 SHARE-BASED PAYMENTG

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. Each stock option under this program entitles the beneficiaries to subscribe to one virtual bearer share of the Company with a par value of EUR 1.00 each at the exercise price. The stock options were issued free of charge. The phantom stocks are not settled in shares of the Company, but in cash. The cash settlement is determined on the basis of the difference between the exercise price and the relevant closing price. 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 exercise 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 exercise price of these stock options is EUR 2.3724. A final tranche from this program for 134,000 stock options with an exercise 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 exercise price of these stock options is EUR 1.0800.

Phantom Stock Program 2014 (PSP V and PSP VI)

By resolution dated March 19, 2014, the Supervisory Board resolved to issue 225,000 stock options to the Management Board (PSP V). A further 122,000 stock options were issued to senior executives (PSP VI). The underlying phantom stock program corresponds to the 2011 program. Given an exercise price of EUR 2.5404 for these stock options, the fair value of the stock options for PSP V was EUR 0.941 at the time of granting; for PSP VI it amounted to EUR 0.934.

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 exercise price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the exercise price during the reference period for the second 25 % (second tranche), (iii) at least 20% higher than the exercise price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the exercise price during the reference period for the final 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	
	2014		2014	
Change in stock options	**Number of stock options**	**Average Exercise price (EUR)**	**Number of stock options**	**Average exercise price (EUR)**
Outstanding as of beginning of the fiscal year	200,000	2.3560	136,000	2.3724
Issued in the fiscal year	–	–	–	–
Revoked in the fiscal year	–	–	-10,000	–
Exercised during the fiscal year	–	–	–	–
Expired in the fiscal year	–	–	–	–
Outstanding at the end of the fiscal year	200,000	2.3560	126,000	2.3724
Exercisable at the end of the fiscal year	–	–	–	–

	PSP III		PSP IV	
	2014		2014	
Change in stock options	**Number of stock options**	**Average Exercise price (EUR)**	**Number of stock options**	**Average exercise price (EUR)**
Outstanding as of beginning of the fiscal year	134,000	1.0800	180,000	1.0800
Issued in the fiscal year	–	–	–	–
Revoked in the fiscal year	-10,000	–	–	–
Exercised during the fiscal year	–	–	–	–
Expired in the fiscal year	–	–	–	–
Outstanding at the end of the fiscal year	124,000	1.0800	180,000	1.0800
Exercisable at the end of the fiscal year	–	–	–	–

	PSP V		PSP VI	
	2014		2014	
Change in stock options	**Number of stock options**	**Average Exercise price (EUR)**	**Number of stock options**	**Average exercise price (EUR)**
Outstanding as of beginning of the fiscal year	–	–	–	–
Issued in the fiscal year	225,000	2.5404	122,000	2.5404
Revoked in the fiscal year	–	–	–	–
Exercised during the fiscal year	–	–	–	–
Expired in the fiscal year	–	–	–	–
Outstanding at the end of the fiscal year	225,000	2.5404	122,000	2.5404
Exercisable at the end of the fiscal year	–	–	–	–

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	PSP V	PSP VI
Grant date	Sep. 23, 2011	Oct. 11, 2011	Nov. 26, 2012	Nov. 26, 2012	Apr. 7, 2014	Apr. 7, 2014
Exercise price	2.3560	2.3724	1.0800	1.0800	2.5404	2.5404
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	-0.09 %	-0.09 %	-0.09 %	-0.09 %	-0.06 %	-0.06 %
Volatility of SINGU-LUS TECHNOLOGIES	60.30 %	60.30 %	53.68 %	53.68 %	52.73 %	52.73 %
Fair value of each stock option as of December 31, 2014	0.014 €	0.013 €	0.136 €	0.140 €	0.059 €	0.058 €

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 measurement of the phantom shares resulted in income of EUR 255 thousand during the fiscal year (previous year: expense of EUR 247 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 has been extended to June 30, 2015 and its volume increased to EUR 7.0 million. Bonds with a principal amount of EUR 4.0 million had been repurchased by the fiscal yearend.

17 LIABILITIES TO BANKS

As of December 31, 2013, all remaining liabilities to banks had been repaid.

The following collateral was released in the 2014 fiscal year in connection with this:

- **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

The Group still has bank guarantee lines in the amount of EUR 18.3 million. EUR 3.6 million of these had been drawn down as of the end of the fiscal year. Cash and cash equivalents are deposited as collateral to secure the loan commitments utilized.

Financial liabilities measured at amortized cost resulted in a loss of EUR 4.7 million in the reporting period (previous year: EUR 5.2 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 1.60 % 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, 2014 and 2013 is presented in the following tables:

	2014	2013
Change in pension obligations:	**EUR m**	EUR m
Present value at the beginning of the fiscal year	**9.9**	10.5
Recognized in profit or loss:		
Service cost	**0.1**	0.1
Interest expense	**0.3**	0.3
Recognized in other comprehensive income:		
Actuarial gains/losses from:		
financial assumptions	**2.4**	-0.7
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	**12.4**	9.9

Net pension expenses break down as follows:

	2014	2013
	EUR m	EUR m
Service cost	**0.1**	0.1
Interest expense	**0.3**	0.3
	0.4	0.4

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:

	2014	2013	2012	2011	2010
	EUR m	EUR m	EUR m	EUR m	EUR m
Present value of the defined benefit obligation	**12.4**	9.9	10.5	7.4	6.5

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

	2014	2013
Biometrics	**Heubeck 2005 G actuarial tables**	Heubeck 2005 G actuarial tables
Discount rate (future pensioners)	**2.35 %**	3.70 %
Discount rate (current pensioners)	**1.75 %**	2.90 %
Estimated future wage and salary increases	**2.00 %**	2.00 %
Estimated future pension increases	**1.60 %**	1.75 %

As of December 31, 2014, the weighted average term of the defined benefit obligation was 16.9 years.

Pension expenses of EUR 0.4 million are estimated for the 2015 fiscal year (of which EUR 0.3 million for interest expense).

Contributions to the statutory pension insurance system amounted to EUR 1.5 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)	**-1.0**	1.1
Estimated future wage and salary increases (0.25% change)	**0.1**	-0.1
Estimated future pension increases (0.25% change)	**0.4**	-0.4
Life expectancy (+1 year change)	**0.6**	–

19 OTHER PROVISIONS

Other provisions developed as follows in the fiscal year:

	1/1/2014	**Allocation**	**Utilization**	**Reversal**	**31/12/2014**
	EUR m	EUR m	EUR m	EUR m	EUR m
Warranties	4.1	0.9	-1.2	-1.2	2.6
Miscellaneous	0.3	0.0	0.0	0.0	0.3
	4.4	0.9	-1.2	-1.2	2.9

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 12 months.

20 PROVISIONS FOR RESTRUCTURING MEASURES

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

	1/1/2014	**Allocation**	**Utilization**	**Reversal**	**31/12/2014**
	EUR m	EUR m	EUR m	EUR m	EUR m
Provisions for restructuring measures	8.8	2.1	-1.7	-0.3	8.9

The provisions for restructuring measures mainly contain provisions for underutilization of wet-chemical production facilities leased within the Solar segment (EUR 6.8 million). Such provisions concern capacities of the operating facility at Fürstenfeldbruck. Of that amount, provisions of EUR 6.0 million were recognized in non-current liabilities. Utilization of the provisions is anticipated to extend over the term of the leased administrative and production building in Fürstenfeldbruck until 2024. Provisions accrued interest of EUR 0.4 million in the year under review.

The structure of the Company's international network has been reviewed and adapted to the various market situations. Individual activities have already been transferred from subsidiaries to independent agents during the fiscal year, or will be in future. EUR 1.7 million was allocated to the provisions for restructuring measures in connection with this. We expect to substantially utilize the provisions by the end of the first half of 2015.

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.

All other authorized capital has either expired or been fully utilized.

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 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.

The annual shareholders' meeting dated May 28, 2014, resolved to cancel Conditional Capital by amending Section 5 ("Share Capital") of the articles of incorporation by removing Articles 5.5 ("Conditional Capital II" dated May 7, 2001), 5.7 ("Conditional Capital V" dated May 30, 2005), 5.8 ("Conditional Capital VI" dated June 6, 2007) and 5.9 ("Conditional Capital VII" dated June 6, 2008), and to create new Contingent Capital by revising Article 5.7 of Section 5 ("Share Capital") of the articles of incorporation.

Contingent Capital 2014/IV:

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 May 27, 2019, 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 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 2014 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 2014 and 2013 are as follows:

	2014	2013*
	EUR m	EUR m
Current income taxes		
Germany	**0.0**	-0.6
Foreign	**-0.1**	-1.0
Sub-total	**-0.1**	-1.6
Latente Steuern		
Germany	**0.8**	1.9
Foreign	**-0.6**	0.0
Sub-total	**0.2**	1.9
Total tax expenses/income	**0.1**	0.3

* previous year adjusted

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:

	2014	2013
	EUR m	EUR m
Inventories	**2.5**	3.6
Pension provisions	**1.3**	1.2
Deferred taxes on loss carryforwards	**0.7**	1.9
Trade receivables	**0.4**	0.4
Provision for restructuring measures	**0.1**	0.6
Other liabilities	**0.1**	0.2
	5.1	7.9
Netting with deferred tax liabilities	**-2.9**	-5.2
Deferred tax assets	**2.2**	2.7

Deferred tax assets total EUR 5.1 million (before being offset against deferred tax liabilities), lower than the previous year's figure (EUR 7.9 million). This is primarily a result of lower temporary differences for inventories and a lower level of deferred tax assets being recognized on loss carryforwards. After being offset against deferred tax liabilities, deferred tax assets decreased to EUR 2.2 million (previous year: EUR 2.7 million).

Deferred tax assets developed as follows:

	2014	2013*
	EUR m	EUR m
Balance as of Jan. 1	**2.7**	1.0
Recognized in other comprehensive income: Change in actuarial gains and losses from pension commitments	**-0.6**	-0.2
Recognized through profit and loss: Change in temporary differences	**1.3**	0.4
Utilization of loss carryforwards	**-1.2**	1.5
Balance as of Dec. 31	**2.2**	2.7

* previous year adjusted

As of December 31, 2014, SINGULUS TECHNOLOGIES AG and SINGULUS STANGL SOLAR GmbH have preliminary corporate income tax loss carryforwards in the amount of EUR 143.0 million (previous year: EUR 112.7 million), municipal trade tax loss carryforwards of EUR 131.1 million (previous year: EUR 104.8 million) and interest carryforwards in the amount of EUR 11.5 million (previous year: EUR 9.3 million) for the years from 2007 up to and including 2014.

As described under 4.16, the Company anticipates that business performance will improve and expects to utilize part of the existing loss carryforwards.

No deferred tax assets were recognized for non-forfeitable unused corporate income tax loss carryforwards in the amount of EUR 141.0 million, municipal trade tax loss carryforwards of EUR 129.8 million and interest carryforwards in the amount of EUR 11.5 million.

Deferred tax liabilities break down as follows:

	2014	2013
	EUR m	EUR m
Capitalized development costs	**1.5**	2.1
Financial liabilities from bond issue	**0.6**	0.4
Receivables and liabilities from construction contracts	**0.4**	0.5
Property, plant and equipment	**0.4**	0.4
Other intangible assets	**0.0**	1.7
Other liabilities	**0.0**	0.1
	2.9	5.2
Netting with deferred tax assets	**-2.9**	-5.2
	0.0	0.0

The year under review saw a decline in deferred tax liabilities (before netting with deferred tax assets) of EUR 2.3 million to EUR 2.9 million. This effect resulted essentially from lower deferred taxes from intangible assets and from capitalized development costs. 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 0.2 million.

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

	2014	2013
	EUR m	EUR m
Consolidated earnings before taxes	**-51.7**	**-1.0**
Anticipated tax*	-15.1	-0.3
Losses and temporary differences of the current period for which no deferred taxes were recognized	10.1	2.0
Reversal of permanent differences	7.2	0.0
Non-tax deductible expenses (+)/tax-free income (-)	-2.0	0.1
Tax reimbursements for previous years	-0.1	0.0
Unrecognized loss carryforwards from previous years (adjustment)	0.0	1.2
Reduction of current taxes due to the utilization of losses/tax credits and temporary differences, for which no deferred tax asset was recognized	0.0	-2.0
Recognition of previously unrecognized deferred tax assets on losses and temporary differences	0.0	-1.4
Other	-0.2	0.1
Current taxes	**-0.1**	**-0.3**

* 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. An audit instruction was issued in February 2015 covering corporate income tax, trade tax, and VAT for the period 2010 to 2013 inclusive. The tax field audit is expected to begin in April 2015.

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:

	2014	2013
	EUR m	EUR m
Profit attributable to owner of the parent for calculating basic earnings per share	**-51.5**	-0.6
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

There have been no 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 amount to EUR 4.0 million (previous year: EUR 7.1 million) and mainly represent bank guarantees for prepayments and performance bonds.

The risk of actual obligations arising from these contingent liabilities is considered low. The Company expects all orders encompassed within the contingent liabilities to be concluded according to contract.

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 2014 includes material costs of EUR 43.2 million (previous year: EUR 84.9 million).

27 PERSONNEL EXPENSES

The income statement for fiscal year 2014 includes personnel expenses in the amount of EUR 30.5 million (previous year: EUR 30.8 million). Adjusted for personnel expenses incurred due to restructuring, the expense during the fiscal year totaled EUR 28.9 million (EUR 32.2 million). Expenses for social security contributions in the year under review totaled EUR 4.3 million (previous year: EUR 4.4 million); post-employment expenses were EUR 0.4 million (previous year: EUR 0.4 million).

28 DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses amounted to EUR 5.1 million (previous year: EUR 5.9 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 2.1 million (previous year: EUR 2.0 million).

Totaling EUR 11.0 million in 2014, the expenditures for research and development were above the previous year's level (previous year: EUR 7.7 million). EUR 1.8 million of these expenditures were capitalizable (previous year: EUR 2.3 million).

31 IMPAIRMENT AND RESTRUCTURING EXPENSES

The impairment and restructuring expenses contain EUR 15.0 million for remeasurement of goodwill in the Solar segment, and EUR 4.9 million for the complete write-off of the customers list obtained in the acquisition of Oerlikon Balzers AG's Blu-ray Disc activities in fiscal year 2008.

The structure of the Company's international network has been reviewed and adapted to the various market situations. Individual activities have been transferred from subsidiaries to independent agents, or will be in future. EUR 1.7 million was allocated to restructuring provisions in the fiscal year in connection with this.

When implementing the 2012 restructuring measures, the expenses provisioned in fiscal year 2013 exceeded the actual amount utilized. In connection with this, provisions of EUR 1.6 million were reversed.

32 OTHER OPERATING INCOME/EXPENSES

In the fiscal year, other operating income mainly contained income from the reversal of provisions and liabilities amounting to EUR 1.0 million (previous year: EUR 0.8 million), income from the reversal of specific bad debt allowances on receivables of EUR 0.4 million (previous year: EUR 1.3 million) as well as foreign currency gains of EUR 0.5 million (previous year: EUR 0.6 million).

Other operating expenses in the fiscal year primarily included additions to the specific bad debt allowances on receivables of EUR 0.9 million (previous year: EUR 0.6 million) and foreign currency losses amounting to EUR 0.7 million (previous year: EUR 0.4 million).

33 FINANCE INCOME AND FINANCE COSTS

Finance income/costs break down as follows:

	2014	2013
	EUR m	EUR m
Interest income from non-current receivables from customers	**2.1**	1.3
Price gains from bond redemption	**0.7**	0.4
Interest income from time/overnight deposits	**0.1**	0.3
Interest income from loans	**0.3**	0.3
Other interest income	**0.1**	0.2
Finance costs from the bond issue (including incidental expenses)	**-4.7**	-5.0
Interest expense from interest accrued on the pension provisions	**-0.3**	-0.3
Other finance costs	**-0.9**	-0.4
	-2.6	-3.2

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 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, 2014, the future minimum payments arising from rental agreements and operating leases in the Group were:

	EUR m
2015	4.1
2016	3.1
2017	2.9
2018	7.7
2019 and thereafter	7.9
	25.7

35 EVENTS AFTER THE BALANCE SHEET DATE

On January 8, 2015, SINGULUS TECHNOLOGIES AG signed a contract to deliver vacuum deposition equipment. This equipment is an important component in the manufacture of CIGS thin film modules. The volume of the order is in the region of low double-digit millions. The first payment for the equipment was made in February 2015.

On March 7, 2015, the Company also received an order to supply processing units. The units are for the manufacture of high-performance solar cells.

The Solar segment has thereby received orders of more than EUR 50 million in the first quarter of 2015. The revenue resulting from these orders is expected in fiscal years 2015 and 2016.

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

36 RELATED PARTY DISCLOSURES

The Supervisory Board and Management Board of SINGULUS TECHNOLOGIES AG are related parties of the Company.

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 2014 were:

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

The above members of the Supervisory Board were elected for the period until the end of the annual shareholders' meeting that resolves the ratification of the actions of the Supervisory Board for fiscal year 2015.

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 11 thousand.

Dr.-Ing. Wolfhard Leichnitz held a total of 39,344 shares in the Company as of December 31, 2014 (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, Bad Karlshafen	–

Members of the Management Board in fiscal year 2014 were:

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

The total remuneration received by the Management Board in the reporting period was as follows:

2014	Fixed remuneration	Other compensation[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**	**42**	**190**	**118**	790
Dipl.-Oec. Markus Ehret	**250**	**21**	**117**	**94**	482
	690	**63**	**307**	**212**	1,272

[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.

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

2013	Fixed remuneration	Other compensation[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

[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 annual expense for the Company in fiscal year 2014 was EUR 314 thousand (previous year: EUR 314 thousand), of which EUR 258 thousand (previous year: EUR 258 thousand) was for Dr.-Ing. Stefan Rinck and EUR 56 thousand (previous year: EUR 56 thousand) for Mr. Markus Ehret. The annual pension contribution for Mr. Markus Ehret will be increased to 31.58 % of his annual fixed remuneration of EUR 280,000 as of January 1, 2015. The reduction of the annual fixed remuneration by 20 % does not reduce the absolute value of the pension contribution.

Former members of the Management Board of SINGULUS TECHNOLOGIES AG received total remuneration of EUR 0.3 million in the fiscal year. As of December 31, 2014, the provisions for pension claims for former board members stood at EUR 6.5 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:

	2014	2013
	No.	No.
Dr.-Ing. Stefan Rinck	**19,619**	9,619
Dipl.-Oec. Markus Ehret	**7,000**	7,000
	26,619	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	-25,006	-6,812
SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany	EUR	66	19	-1
SINGULUS MOCVD GmbH, Kahl am Main, Germany	EUR	100	-165	-203
Foreign*				
SINGULUS TECHNOLOGIES Inc., Windsor, USA	EUR	100	7,403	547
SINGULUS TECHNOLOGIES MOCVD Inc., Windsor, USA	EUR	100	-641	-438
SINGULUS TECHNOLOGIES UK Ltd., Swindon, United Kingdom	EUR	100	448	-156
SINGULUS TECHNOLOGIES ASIA Pacific Pte. Ltd., Singapore	EUR	100	1,611	-91
SINGULUS TECHNOLOGIES Latin America Ltda., São Paolo, Brazil	EUR	100	-1,433	-714
SINGULUS TECHNOLOGIES Ibérica S.L., Sant Cugat del Vallés, Spain	EUR	100	-985	-1,736
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Sausheim, France	EUR	100	-1,658	-371
SINGULUS TECHNOLOGIES ITALIA s.r.l., Ancona, Italy	EUR	100	-164	-492
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipeh, Taiwan	EUR	100	-906	61
SINGULUS MANUFACTURING GUANGZHOU Ltd. Guangzhou, China	EUR	51	1,871	-168
STEAG HamaTech Asia Ltd., Hongkong, China	EUR	100	0	0
HamaTech USA Inc., Austin/Texas, USA	EUR	100	-900	116

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

SINGULUS TECHNOLOGIES Inc., Windsor, USA, wholly owns SINGULUS TECHNOLOGIES MOCVD Inc.

8.5 % of the interest in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda. is held by SINGULUS TECHNOLOGIES IBERICA S.L.

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

SINGULUS TECHNOLOGIES ITALIA s.r.l. was in liquidation as of December 31, 2014.

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 2014 or 2013, 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
2014	**+10%**	**0.9**	**0.0**
	–10%	**-0.7**	**0.0**
2013	+10%	0.9	0.0
	–10%	-0.7	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 has a term of five years and matures on March 22, 2017. It bears interest of 7.75 % p. a.

The Group still has bank guarantee lines in the amount of EUR 18.3 million. EUR 3.6 million of these had been drawn down as of the end of the fiscal year. Cash and cash equivalents are deposited as collateral to secure these loan commitments.

The Group currently has adequate cash and cash equivalents to cover all payment obligations arising from its operating business. However, the Solar business may require additional financing arrangements depending on project-specific requirements. If there is no upturn in business activities in 2015, and if liquidity reserves therefore need to be drawn on further, the Company's financial risk would significantly increase. In particular, this would jeopardize the refinancing of the corporate bond which matures in 2017 and the continuation of the Company as a going concern.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2014. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended December 31, 2014	Payable on demand EUR m	Up to 3 months EUR m	3 to 12 months EUR m	1 to 5 years EUR m	More than 5 years EUR m	Total EUR m
Bond repayment	0.0	0.0	0.0	56.0	0.0	56.0
Bond interest	0.0	4.3	0.0	8.7	0.0	13.0
Other liabilities	0.4	4.6	8.5	0.0	0.0	13.5
Trade payables	1.6	4.2	1.5	0.0	0.0	7.3
	2.0	**13.1**	**10.0**	**64.7**	**0.0**	**89.8**

Fiscal year ended December 31, 2013	Payable on demand EUR m	Up to 3 months EUR m	3 to 12 months EUR m	1 to 5 years EUR m	More than 5 years EUR m	Total 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**

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 essentially arises from loans, 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, bank guarantees and retention of title. 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:

	2014	2013
	EUR m	EUR m
Cash and cash equivalents	**35.8**	51.0
Financial assets subject to restrictions on disposal	**4.6**	12.2
Trade receivables	**18.1**	44.1
Receivables from construction contracts	**1.7**	2.7
Loans	**5.2**	6.1
Hedging derivatives	**0.0**	0.1
	65,.4	116.2

Capital management

The Group analyzes its capital based on the "net liquidity" (as the total of cash and cash equivalents, 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:

	2014	2013
	EUR m	EUR m
Bond liabilities	**-58.7**	-59.9
Cash and cash equivalents, and financial assets subject to restrictions on disposal	**40.4**	63.2
Net liquidity	**-18.3**	3.3

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

NOTE 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 2014 EUR m	Carrying amount 2013 EUR m	Fair value 2014 EUR m	Fair value 2013 EUR m
Financial assets					
Cash and cash equivalents**	L&R	35.8	51.0	**35.8**	51.0
Loans**	L&R	5.2	6.1	**5.2**	6.1
Other assets**	L&R	4.6	12.2	**4.6**	12.2
Derivative financial instruments Hedging derivatives**	HD	0.0	0.1	**0.0**	0.1
Trade receivables**	L&R	18.1	44.1	**18.1**	44.1
Receivables from construction contracts**	L&R	1.7	2.7	**1.7**	2.7
Financial liabilities					
Bond*	FLAC	58.7	59.9	**26.4**	56.7
Derivative financial instruments Hedging derivative**	HD	0.3	0.0	**0.3**	0.0
Trade payables**	FLAC	7.3	8.3	**7.3**	8.3
Total	L&R	65.4	116.1	**65.4**	116.1
Total	FLAC	66.0	68.2	**33.7**	65.0
Total	HD	-0.3	0.1	**-0.3**	0.1

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

* 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.

Cash and cash equivalents 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 5.8 million for which SINGULUS TECHNOLOGIES AG has 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 1.9 million.

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

		2014 Expected cash flows			
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
			EUR m	EUR m	EUR m
Forward exchange contracts	0.0	0.0	0.0	0.0	0.0
Assets Liabilities	0.3	4.2	0.5	3.7	0.0

		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
Forward exchange contracts	0.1	1.4	0.1	1.3	0.0
Assets Liabilities	0.0	0.0	0.0	0.0	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 did not lead to any profits or losses. (Previous year: net gains of 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:

Financial assets at fair value through profit or loss	As of December 31, 2014 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Forward exchange contracts - hedged	-	-	-	-

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

Liabilities measured at fair value:

Financial assets at fair value through profit and loss	As of December 31, 2014 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Forward exchange contracts	0.3	-	0.3	-

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

40 HEADCOUNT

In the fiscal year, the Company had an annual average of 361 permanent employees. In the previous year, the annual average headcount was 369. The Group had 352 employees as of December 31, 2014 (previous year: 362).

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

	2014	2013
Assembly, production and logistics	**111**	129
Development	**76**	64
Sales	**129**	127
Administration (excluding management board members)	**45**	49
	361	369

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:

	2014
	EUR k
a) for the audit of the financial statements	299
b) for tax consulting services	206
c) other	16
Total	521

42 CORPORATE GOVERNANCE

The Management Board and the Supervisory Board made the declaration required under Sec. 161 AktG in January 2015 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 18, 2015.

Kahl am Main, March 18, 2015

SINGULUS TECHNOLOGIES AG
The Management Board

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

Wet
Chemical

WET CHEMICAL

Wet chemical: SINGULUS TECHNOLOGIES owns patented know-how, for examples for cleaning, etching and coating processes in crystalline and thin-film solar technology. These production processes are also applied in semiconductor technologies. Wet-chemical processes are also tested and employed for the cleaning and processing of special glasses for smart phones and tablets.

Auditor's Report

We audited the consolidated financial statements of the Singulus Technologies AG, Kahl am Main – consisting of consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated change in equity statement, consolidated cash flow statements and notes – 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, 2014. 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.

Frankfurt am Main, March 23, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pürsün
German Public Auditor

Klein
German Public Auditor

SINGULUS TECHNOLOGIES AG

Balance Sheet as of December 31, 2014 and 2013

ASSETS	Dec. 31, 2014		Dec. 31, 2013	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
A. Fixed assets				
I. Intangible fixed assets				
1. Purchased industrial and similar rights and assets	579		841	
2. Prepayments	862	1,441	0	841
II. Tangible fixed assets				
1. Land, land rights and buildings, including buildings on third-party land	11,057		12,001	
2. Plant and machinery	194		296	
3. Other equipment, operating and office equipment	563	11,814	691	12,988
III. Long-term financial assets				
1. Shares in affiliates	11,156		8,236	
2. Loans to affiliates	18,035		14,095	
3. Long-term securities	2,812		2,251	
4. Other loans	5,293	37,296	6,129	30,711
		50,551		44,540
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	8,815		11,242	
2. Work in process	29,037		16,657	
3. Prepayments made	5,235		1,876	
4. Prepayments received	-12,136	30,951	-9,316	20,459
II. Receivables and other assets				
1. Trade receivables - thereof with a residual term longer than one year EUR 6,678 thousand (PY: EUR 20,356 thousand)	14,616		37,943	
2. Receivables from affiliates	6,592		5,101	
3. Other assets	1,690	22,898	6,052	49,096
III. Cash and bank balances		29,197		47,436
		83,046		116,991
C. Prepaid expenses		38		99
Total assets		133,635		161,630

EQUITY AND LIABILITIES

	Dec. 31, 2014		Dec. 31, 2013	
	[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		**-90,846**		-79,807
		33,269		44,308
B. Provisions				
1. Provisions for pensions and similar obligations		**8,697**		8,034
2. Provisions for taxes		**427**		636
3. Other provisions		**12,817**		17,023
		21,941		25,693
C. Liabilities				
1. Bonds		**60,000**		60,000
2. Trade payables - thereof with a residual term of less than one year: EUR 4,462 thousand) (PY: EUR 5,860 thousand)		**4,474**		5,908
3. Liabilities to affiliates - thereof with a residual term of less than one year: EUR 402 thousand (PY: EUR 5,683 thousand)		**402**		5,683
4. Other liabilities - thereof with a residual term of less than one year EUR 5,291 thousand (PY: EUR 10,701 thousand) - thereof in relation to taxes EUR 295 thousand (PY: EUR 260 thousand) - thereof in connection with social security EUR 22 thousand (PY: EUR 0 thousand)		**13,549**		19,957
		78,425		91,548
D. Deferred income		**0**		81
Total Equity and Liabilities		133,635		161,630

ADDITIONAL INFORMATION

SINGULUS TECHNOLOGIES AG

Income statement 2014 and 2013

	2014		2013	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
1. Revenue		48,218		134,735
2. Increase (PY: decrease) in work in progress		12,380		-26,428
3. Other operating income - thereof income from currency translation: EUR 230 thousand (PY: EUR 244 thousand)		2,330		5,766
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-37,619		-53,685	
b) Cost of purchased services	-6,766	-44,385	-8,525	-62,210
5. Personnel expenses				
a) Wages and salaries	-16,615		-17,427	
b) Social security, pension and other benefit costs - thereof for old-age pensions: EUR 886 thousand (PY: EUR 563 thousand)	-3,553	-20,168	-3,283	-20,710
6. Amortization or depreciation of intangible and tangible fixed assets		-1,632		-2,427
7. Other operating expenses - thereof currency translation losses: TEUR 673 thousand (PY: EUR 214 thousand)		-15,847		-17,448
8. Income from investments - thereof from affiliates: EUR 9,840 thousand (PY: EUR 0 thousand)		9,840		0
9. Income from other securities and from loans held as long-term financial assets - thereof from affiliates: EUR 864 thousand (PY: EUR 592 thousand)		1,428		1,097
10. Other interest and similar income - thereof from affiliates: EUR 0 thousand (PY: EUR 0 thousand)		2,162		1,485
11. Write-downs of financial assets		-283		-21,026
12. Interest and similar expenses - thereof to affiliates: EUR 0 thousand (PY: EUR 0 thousand) - thereof expenses from discounting: EUR 392 thousand (PY: EUR 387 thousand)		-5,747		-6,076
13. Result from ordinary activities		-11,704		-13,242
14. Extraordinary income/result		643		0
15. Tax income (PY: cost)		76		-589
16. Other taxes		-54		-18
17. Net loss for the year		-11,039		-13,849
18. Loss carryforward		-79,807		-65,958
19. Accumulated loss		-90,846		-79,807

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 18, 2015

SINGULUS TECHNOLOGIES AG
The Executive Board

SINGULUS TECHNOLOGIES – Operating Globally!

JANUARY
2015

World Future Energy Summit
(WFES) 2015
January 19 - 22, 2015
Abu Dhabi, VAE

FEBRUARY
2015

PV Expo 2015/PV System Expo
February 25 - 27, 2015
Tokyo, Japan

MARCH
2014

13th MR-Symposium
March 3 - 4, 2015
Wetzlar, Germany

APRIL
2015

Solarex Istanbul 2015
April 9 - 11, 2015
Istanbul, Turkey

Surface Technology 2015
April 13 - 17, 2015
Hanover, Germany

SEMICON Southeast Asia 2015
April 22 - 24, 2015
Penang, Malaysia

2015 SVC TechCon
April 25 - 30, 2015
Santa Clara, USA

SNEC PV POWER EXPO 2015
April 28 - 30, 2015
Shanghai, China

MAY
2015

Plast 2015
May 5 - 9, 2015
Milano, Italy

INTERMAG Conference 2015
May 11 - 15, 2015
Beijing, China

MEDIA-TECH Conference 2015
May 19, 2015
Hamburg, Germany

JUNE
2015

Display Week 2015
June 2 - 4, 2015
San Jose, California, USA

Intersolar Europe
June 4 - 6, 2015
Munich, Germany

42nd IEEE Photovoltaic
Specialists Conference
June 14 - 19, 2015
New Orleans, USA

Semicon Russia 2015
June 17 - 18, 2015
Moskow, Russia

JULY
2015

Semicon West 2015
July 14 - 16, 2015
San Francisco, USA

Intersolar USA 2015
July 14 - 16, 2015
San Francisco, USA

AUGUST
2015

World`s Premier Touch Panel and
Optical Film Exhibition
August 26 - 28, 2015
Taiwan

SEPTEMBER
2015

Intersolar South America 2015
September 1 - 3, 2015
São Paulo, Brazil

30th EU PVSEC
September 15 - 17, 2015
Hamburg, Germany

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

Renewable Energy India Expo 2015
September 23 - 25, 2015
Greater Noida, India

OCTOBER
2015

PV Taiwan 2015
October 14 - 16, 2015
Taipeh, Taiwan

DECEMBER

Semicon Japan 2015
December 16 - 18, 2015
Tokyo, Japan

Annual Shareholders' Meeting 2015

SINGULUS TECHNOLOGIES AG, Kahl am Main
Thursday, June 9, 2014, 10:30 am
Commerzbank Auditorium
Große Gallusstrasse 19
60311 Frankfurt am Main

Please refer to SINGULUS TE CHNOLOGIES' page under: http://www.singulus.com/en/investor-relations/hauptversammlung.html for detailed information about the Annual General Meeting 2015.

Corporate Calendar 2015

MARCH	03/31	Annual balance sheet press conference 09:00 a.m., Frankfurt am Main
	03/31	Analysts conference 11:30 a.m., Frankfurt am Main
MAY	05/21	Quarterly Report Q1/2015
JUNE	06/09	Annual Shareholders' Meeting
AUGUST	08/12	Quarterly Report Q2/2015
NOVEMBER	11/18	Quarterly Report Q3/2015
	11/23-25	German Equity Forum, Frankfurt am Main

Consolidated Key Figures

2011-2014

		2011	2012	2013	2014
Sales (gross)	in million €	160.0	108.6	134.9	**66.8**
Sales (net)	in million €	157.5	107.5	133.4	**65.8**
Sales Germany	%	17.1	12.8	12.7	**15.9**
Sales Rest of Europe	%	11.7	16.0	29.1	**17.3**
Sales Americas	%	34.3	43.7	40.8	**46.0**
Sales Asia	%	34.8	22.5	10.2	**18.6**
Sales Africa/Australia	%	2.1	5.0	7.2	**2.2**
Order intake	in million €	151.6	121.9	115.1	**60.6**
Order backlog (Dec. 31)	in million €	26.8	40.1	20.3	**14.0**
EBIT	in million €	6.7	-60.5	2.2	**-49.1**
EBIT margin	%	4.3	-56.3	1.6	**-74.6**
EBITDA	in million €	18.5	-33.8	8.1	**-24.1**
Earnings before taxes	in million €	5.6	-63.8	-1.0	**-51.7**
Net profit/loss	in million €	5.6	-62.4	-0.7	**-51.6**
Operating cash flow	in million €	7.5	-0.4	-0.6	**-10.1**
Operating cash flow in % of net sales		4.8	-0.4	-0.5	**-15.3**
Property, plant & equipment	in million €	9.9	7.5	7.5	**6.3**
Goodwill	in million €	21.7	21.7	21.7	**6.7**
Current assets	in million €	105.4	153.1	124.1	**98.5**
Shareholders' equity	in million €	137.9	74,5	73.8	**20.1**
Equity ratio	%	75.6	36.1	38.0	**15.4**
Balance sheet total	in million €	182.4	206.5	194.4	**130.2**
Research & development expenditures	in million €	8.8	8.9	7.7	**11.0**
(in % of net sales)		5.6	8.3	5.8	**16.7**
Employees (Dec. 31)		455	400	362	**352**
Weighted average number of shares		45,195,314	48,930,314	48,930,314	**48,930,314**
Stock price at year-end	€	2.04	1.39	2.11	**0.68**
Earnings per share	€	0,.14	-1.25	-0.01	**-1.05**

SINGULUS TECHNOLOGIES AG

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

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

Published by
SINGULUS TECHNOLOGIES AG,
Kahl am Main

Production
MetaCom GmbH

Concept and Content
Bernhard Krause

Text
Bernhard Krause
SINGULUS TECHNOLOGIES

Photography
Marc Krause
Shutterstock
F1online
Werksfotos SINGULUS

Artwork/DTP
MetaCom
Zaneta Kern
Michaela Schäfer

Publication
March 31, 2015

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