



# Consolidated

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# *Report 2001*

### *Report of Independent Auditors*

"We have audited the consolidated financial statements of SINGULUS TECHNOLOGIES AG as of December 31, 2001, including the consolidated balance sheet and the related consolidated statements of income, cash flows, stockholders' equity and notes to the consolidated financial statements for the fiscal year then ended.

The legal representatives of the company are responsible for the preparation and content of the consolidated financial statements. Our responsibility is to express an opinion, based on our audit, whether these consolidated financial statements are in accordance with United States generally accepted accounting principles (US GAAP).

We conducted our audit of the consolidated financial statements in accordance with the German auditing rules and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland). Those standards require that we plan and perform the audit to obtain reasonable assurance such that the consolidated financial statements are free of material misstatement. In establishing the audit procedures we considered our knowledge about the group's business operations, its economic and legal environment, and expectations of possible errors.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The audit also includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present a true and fair view of the group's financial position, results of operations and cash flows in accordance with US GAAP.

Our audit, that also included the group management report prepared by Company's management for the fiscal year from January 1, 2001 to December 31, 2001, has not led to any reservations. In our opinion, the group management report together with the additional disclosures in the consolidated financial statements conveys a suitable presentation of the situation of the Group taken as a whole and presents the risks of future developments adequately.



Additionally, we confirm that the consolidated financial statements, and the group management report for the fiscal year from January 1, 2001, to December 31, 2001, meet the requirements for exempting the Company from preparing consolidated financial statements and a group management report in accordance with the rules and regulations of the German Commercial Code."

Arthur Andersen  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft mbH

sgd. Groß  
Wirtschaftsprüfer  
(German Public Auditor)

sgd. Seckler  
Wirtschaftsprüfer  
(German Public Auditor)

Eschborn/Frankfurt am Main, February 27, 2002

*Consolidated balance sheets as December 31, 2001 and 2000*  
Assets

	Note No.	Dec. 31, 2001 KEUR	Dec. 31, 2000 KEUR
<b>Cash and cash equivalents</b>		<b>47,431</b>	<b>41,430</b>
Trade accounts receivable, net	(4)	61,214	57,747
Other receivables	(4)	4,264	3,995
<b>Total accounts receivables, net</b>		<b>65,478</b>	<b>61,742</b>
Raw and packing materials		24,510	33,313
Work in process and finished goods		31,124	46,558
Prepayments to suppliers		1,067	3,229
<b>Inventories, net</b>	<b>(5)</b>	<b>56,701</b>	<b>83,100</b>
<b>Total current assets</b>		<b>169,610</b>	<b>186,272</b>
Property, plant and equipment, net		9,321	8,827
Intangible assets, net		3,701	379
<b>Total fixed assets</b>		<b>13,022</b>	<b>9,206</b>
Deferred tax assets	(12)	5,030	3,854
<b>Total assets</b>		<b>187,662</b>	<b>199,332</b>

*Consolidated balance sheets as December 31, 2001 and 2000*  
*Liabilities*

	Note No.	Dec. 31, 2001 KEUR	Dec. 31, 2000 KEUR
Bank overdrafts and borrowings		0	41
Trade accounts payable		14,495	24,889
Other current liabilities	(6)	9,957	12,602
Progress payments	(6)	8,427	14,535
Tax accruals		5,284	29,855
Other accruals	(8)	10,731	8,646
<b>Total current liabilities</b>		<b>48,894</b>	<b>90,568</b>
Convertible bonds	(6)	1,179	569
Pension accruals	(7)	2,183	1,711
<b>Total long-term liabilities</b>		<b>3,362</b>	<b>2,280</b>
<b>Total liabilities</b>		<b>52,256</b>	<b>92,848</b>
Share capital (36.,436,440 and 36,321,312, respectively, authorized, issued and outstanding ordinary shares)	(9)	36,436	36,321
Additional paid-in capital	(9)	15,197	14,684
Retained earnings		82,668	54,733
Accumulated other comprehensive income		1,105	746
<b>Total shareholders' equity</b>		<b>135,406</b>	<b>106,484</b>
<b>Total liabilities and shareholders' equity</b>		<b>187,662</b>	<b>199,332</b>

*Consolidated statements of income  
for the years ended December 31, 2001 and 2000*

	Note No.	Dec. 31, 2001		Dec. 31, 2000	
		KEUR	%	KEUR	%
<b>Gross revenues</b>	(14)	<b>225,525</b>	<b>105.7</b>	<b>375,722</b>	<b>108.6</b>
Sales deductions and direct distribution cost		-12,254	-5.7	-29,682	-8.6
<b>Total net revenues</b>		<b>213,271</b>	<b>100.0</b>	<b>346,040</b>	<b>100.0</b>
Cost of goods sold		-139,007	-65.2	-215,638	-62.3
<b>Gross profit</b>		<b>74,264</b>	<b>34.8</b>	<b>130,402</b>	<b>37.7</b>
Research and development		-8,307	-3.9	-9,014	-2.6
Sales and customer services		-11,268	-5.3	-12,365	-3.6
General management and administration		-6,993	-3.3	-7,853	-2.3
Other operating income/ (expenses)		-7,469	-3.5	-7,752	-2.2
Total operating expenses		-34,037	-16.0	-36,984	-10.7
<b>Operating income (EBIT)</b>		<b>40,227</b>	<b>18.9</b>	<b>93,418</b>	<b>27.0</b>
Interest income (net of interest expense)	(11)	2,221	1.0	1,306	0.4
<b>Income before tax</b>		<b>42,448</b>	<b>19.9</b>	<b>94,724</b>	<b>27.4</b>
Income tax	(12)	-14,513	-6.8	-46,069	-13.3
<b>Net income</b>		<b>27,935</b>	<b>13.1</b>	<b>48,655</b>	<b>14.1</b>
<b>Other comprehensive income:</b>					
Currency translation adjustment		359		303	
<b>Comprehensive income</b>		<b>28,294</b>		<b>48,958</b>	
Earnings per share – basic (in EUR)		0.77		1.35	
Earnings per share – diluted (in EUR)		0.74		1.30	
Weighted average shares outstanding – basic		36,361,342		36,321,312	
Weighted average shares outstanding – diluted		37,941,709		37,548,000	

*Consolidated statements of shareholders' equity  
for the years ended December 31, 2001 and 2000*

	Share- capital KEUR	Additional paid-in- capital KEUR	Retained earnings KEUR	Accumu- lated other compre- hensive income KEUR	Total share- holders' equity KEUR
Balance at December 31, 1999	18,101	13,799	24,179	443	56,522
Capital increase	18,220	885	-18,101		1,004
Currency translation adjustment				303	303
<b>Net income</b>			<b>48,655</b>		<b>48,655</b>
Balance at December 31, 2000	36,321	14,684	54,733	746	106,484
Capital increase	115	513			628
Currency translation adjustment				359	359
<b>Net income</b>			<b>27,935</b>		<b>27,935</b>
<b>Balance at December 31, 2001</b>	<b>36,436</b>	<b>15,197</b>	<b>82,668</b>	<b>1,105</b>	<b>135,406</b>

*Consolidated statements of cash flows  
for the years ended December 31, 2001 and 2000*

	Dec. 31, 2001		Dec. 31, 2000	
	KEUR		KEUR	
<b>Cash flows from operating activities</b>				
Net income		27,935		48,655
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	2,084		1,880	
Additions to pension accrual	264		178	
Other non-cash expenses/income	-176		0	
Deferred taxes	-502	1,670	-753	1,305
		<b>29,605</b>		<b>49,960</b>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable, net	-71		-21,513	
Other receivables	174		266	
Inventories, net	31,452		-33,610	
Trade accounts payable	-11,723		741	
Other current liabilities	-3,373		5,586	
Progress payments	-6,805		-5,641	
Tax accruals	-24,571		15,560	
Other accruals	1,592	-13,325	3,426	-35,185
<b>Net cash provided by operating activities</b>		<b>16,280</b>		<b>14,775</b>

*Consolidated statements of cash flows  
for the years ended December 31, 2001 and 2000*

	Dec. 31, 2001		Dec. 31, 2000	
	KEUR		KEUR	
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	-4,504		-7,794	
Disposal of fixed assets	2,547		50	
Cash paid for the acquisition of consolidated companies less cash acquired	-9,828	-11,785	0	-7,744
Net cash used in investing activities		-11,785		-7,744
<b>Cash flow from financing activities</b>				
Increase in liquid funds from factoring of accounts receivables	0		2,878	
Decrease in employee loans	0		39	
Decrease in bank overdrafts and borrowings	-41		-41	
Increase in convertible bonds	743		363	
Capital increase	804	1,506	1,003	4,242
Net cash provided by financing activities		1,506		4,242
<b>Net increase in cash and cash equivalents</b>		<b>6,001</b>		<b>11,273</b>
Cash and cash equivalents, beginning balance		41,430		30,157
<b>Cash and cash equivalents, ending balance</b>		<b>47,431</b>		<b>41,430</b>
Supplemental cash flow disclosures				
Cash paid for interest		595		165
Cash paid for income taxes		40,260		20,883

Consolidated fixed assets movement schedule for fiscal year 2001

	Acquisition and production cost				
	01/01/2001	Additions	Disposals	Reclassi- fications	Currency translation differences
	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Property, plant and equipment</b>					
Land, land rights and buildings including buildings on third party land	3,300	32	0	89	0
Technical equipment and machines	613	6	3	0	0
Other equipment, factory and office equipment	7,253	875	2,511	0	2
Equipment under operating leases	0	3,645	0	0	0
Payments on account and assets under construction	89	0	0	-89	0
	<b>11,255</b>	<b>4,558</b>	<b>2,514</b>	<b>0</b>	<b>2</b>
<b>Intangible Assets</b>					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	876	104	0	0	4
Intangible pension asset	0	208	0	0	0
Goodwill	0	3,217	0	0	0
	876	3,529	0	0	4
	<b>12,131</b>	<b>8,087</b>	<b>2,514</b>	<b>0</b>	<b>6</b>

Accumulated depreciation						Net book values		
12/31/ 2001	01/01/2001	Provisions	Reversals	Currency translation differences	12/31/2001	12/31/2001	12/31/2000	
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	
3,421	63	120	0	0	183	3,238	3,237	
616	137	65	2	0	200	416	476	
5,619	2,228	1,027	340	18	2,933	2,686	5,025	
3,645	0	664	0	0	664	2,981	0	
0	0	0	0	0	0	0	89	
<b>13,301</b>	<b>2,428</b>	<b>1,876</b>	<b>342</b>	<b>18</b>	<b>3,980</b>	<b>9,321</b>	<b>8,827</b>	
984	497	208	0	3	708	276	379	
208	0	0	0	0	0	208	0	
3,217	0	0	0	0	0	3,217	0	
4,409	497	208	0	3	708	3,701	379	
<b>17,710</b>	<b>2,925</b>	<b>2,084</b>	<b>342</b>	<b>21</b>	<b>4,688</b>	<b>13,022</b>	<b>9,206</b>	

*SINGULUS TECHNOLOGIES AG*  
*Notes to the Consolidated Financial Statements as of December 31, 2001*

○ *Note 1 – Basis of Preparation*

The accompanying consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG and its subsidiaries (the "Company").

All amounts are stated in thousand Euro (KEUR) unless mentioned otherwise. Prior to the year ended December 31, 2001, the Company reported in Deutsche Marks (DEM). In fiscal year 2001, the Company adopted the Euro as its reporting currency and accordingly has prepared this year's financial statements in Euro. The consolidated financial statements for prior years have been prepared using Deutsche Marks as the reporting currency and have been restated in Euro for each period presented using the official fixed conversion rate (EUR 1 = DEM 1.95583).

Certain prior year balances have been reclassified to confirm with the Company's current year presentation.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Following the regulations of the New Market (Neuer Markt) the financial statements have to be prepared in accordance with IAS or U.S. GAAP. The consolidated financial statements have been prepared in accordance with the EC 7th Directive based on the interpretation of the Directive by GAS 1 "Exempting consolidated financial statements in accordance with § 292a of the German Commercial Code" issued by the German Accounting Standards Committee (GASC). According to the German Commercial Code ("HGB"), the Company, since it is listed on a German Stock Exchange, is exempt from publishing consolidated financial statements according to German generally accepted accounting principles ("German GAAP"). German GAAP varies in certain respects from U.S. GAAP. Since the Company maintains its books and records in German GAAP, certain adjustments have been recorded for the preparation of these consolidated financial statements in accordance with U.S. GAAP. These adjustments primarily relate to deferred tax assets due to deductible temporary differences, differences from consolidation, accounting for leases, accounting for pension obligations, accounting for stock based compensation as well as accounting for business combinations and goodwill.

## ○ *Note 2 – Description of Business*

The Company is engaged in the development, manufacturing and distribution of CD-metallizers for CD-audio/CD-ROM, CD-R and DVD coating and replication lines for the mentioned products. Metallizers are distributed under the name "SINGULUS" and "MODULUS" and replication lines under the names "SKYLINE" for CD-audio/CD-ROM, "STREAMLINE" for CD-R and "SPACELINE" and "SUNLINE" for DVD.

## ○ *Note 3 – Summary of Significant Accounting Policies*

### ○ *Principles of Consolidation*

The consolidated financial statements include all companies in which the Company has legal or effective control. The following subsidiaries are included:

- SINGULUS EMOULD GmbH, Würselen, Germany
- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA, Sao Paolo, Brazil
- SINGULUS TECHNOLOGIES, Sant Cugat des Vallés, Spain
- SINGULUS VIKA CHINA LIMITED, Wanchai, Hong Kong
- SINGULUS TECHNOLOGIES FRANCE, Valence, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy

All subsidiaries are directly or indirectly wholly owned, except SINGULUS VIKA CHINA LIMITED, in which the Company holds a stake of 51 %.

The equity and net income attributable to minority shareholders' interests are shown separately on the balance sheet and income statement, respectively. However, if the minority shareholders' share of losses exceeds the carrying amount of their interests in equity, this carrying amount is adjusted to nil and the recognition of losses is discontinued. Therefore, no equity or net income attributable to minority shareholders' in respect to SINGULUS VIKA CHINA LIMITED has been recognized as of December 31, 2001. The total of unrecognized shares of losses attributable to minority shareholders' amounts to TEUR -20 as December 31, 2001, and TEUR -18 as of December 31, 2000.

The results of operations for businesses acquired are included in the consolidated financial statements from their respective date of acquisition. All significant intercompany balances and transactions have been eliminated in consolidation.

#### ○ *Acquisitions*

Effective October 1, 2001, the Company acquired a 100 % equity interest in EMOULD GmbH, Würselen, Germany for KEUR 9,900. The Company accounted for this business combination in accordance with SFAS 141, "Business Combinations". The resulting Goodwill of KEUR 3,217 is not amortized but is subject to an annual impairment test in accordance with SFAS 142, "Goodwill and Other Intangible Assets".

#### ○ *Foreign Currency Translation*

The financial statements of the Company's foreign subsidiaries are measured in the currency in which that entity primarily conducts its business (the functional currency). The functional currency of all these subsidiaries is the applicable local currency. The translation of the applicable foreign currency into Euro is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date, except for subsidiaries' share capital which is translated at the relevant historical rate, and for revenue and expense accounts using the weighted-average rates of exchange prevailing during the year. The unrealized gains and losses resulting from such translation are included in accumulated other comprehensive income.

Gains (losses) from foreign currency transactions are charged or credited to current income.

#### ○ *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### ○ *Revenue Recognition*

Revenue is recognized when persuasive evidence of an arrangement exists, products have been shipped (in case of metallizers – without MODULUS – and moulding machines), acceptance by customers has been obtained (in case of replication lines)

or services have been rendered, the price of the transaction is fixed and determinable and collectability is reasonably assured.

Revenues are recognized excluding value-added tax and net of goods returned, trade discounts, and allowances.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 outlines the SEC's views on applying generally accepted accounting principles to revenue recognition in financial statements. Specifically, the bulletin provides both general and specific guidance as to the periods in which companies should recognize revenues.

In addition, SAB 101 also highlights factors to be considered when determining whether to recognize revenues on a gross or net basis. SAB 101, as amended by SAB 101/A and SAB 101/B, is effective beginning no later than the fourth fiscal quarter of the fiscal year beginning after December 15, 1999. The Company believes that its policies with regard to the recognition of revenues are in compliance with the guidance of SAB 101.

#### ○ *Research and Development*

Significant costs are incurred each year in connection with research and development and engineering programs that are expected to contribute profits to future operations. Such costs are charged to income as incurred.

#### ○ *Cash and Cash Equivalents*

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### ○ *Accounts Receivable*

Invoices for goods sold are mainly stated in Euro. Allowances are recorded for management's estimate of the likely uncollectible amounts.

#### ○ *Inventories*

Inventories are generally valued at the lower of cost or market. Raw materials and supplies including spare parts are valued at average cost. A full cost absorption method

is employed using standard cost techniques for the costing of work-in process. The standards are reviewed and adjusted annually. Potential losses from obsolete and slow-moving inventories are provided for in the current period.

### ○ *Property, Plant and Equipment*

Property, plant and equipment are recorded at acquisition cost. For financial reporting purposes depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Useful lives have been estimated as follows:

- Machinery and equipment: 2 to 10 years
- Other equipment, factory and office equipment: 1 to 4 years

Gains or losses on sale or retirement of assets are included in income.

Please refer to the attached fixed assets movement schedule for details.

### ○ *Intangible Assets*

Acquired intangible assets are stated at acquisition cost, less amortization on a straight-line basis over its estimated useful life (3 years for EDP software). In addition intangible pension assets as calculated and recorded under SFAS 87, "Employers' accounting for pensions", are included in intangible assets.

### ○ *Warranty Accruals*

Warranty costs are provided for when the related revenue is recognized based on the estimated costs of fulfilling the warranty obligation, including handling and transportation costs.

### ○ *Pension Accruals and Other Accruals*

The valuation of pension accruals is based upon the projected unit credit method in accordance with SFAS 87. An other accrual is recorded when an obligation to a third party has been incurred, the payment is probable and the amount can be reasonably estimated.

## ○ *Leases*

The Company is a lessee of property, plant and equipment and a lessor of equipment (replication lines). All leases that meet certain specified criteria intended to represent situations where the substantive risks and rewards of ownership have been transferred to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases.

Equipment under operating leases, where the Company is the lessor, is valued at production costs and depreciated over its estimated useful life of 5 years using the straight-line method. Related lease income is recorded when earned on a straight-line basis.

## ○ *Impairment of Long-lived Assets*

The Company applies the provisions of SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of". In accordance with this statement the Company reviews long-lived assets for impairment whenever an event or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The carrying values of long-lived assets are assessed for recoverability by reference to the estimated future undiscounted cash flows associated with them. Where this assessment indicates a deficit, the assets are written down to their fair market value. For assets which do not have a readily determinable fair market value, the assets are written down to their estimated market value calculated by reference to the estimated future discounted cash flows.

## ○ *Deferred Taxes*

Deferred taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating losses and carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

### ○ *Stock Based Compensation*

The Company has issued convertible bonds to management and certain other employees which are accounted for in accordance with Accounting Principles Board (APB) Opinion No 25, "Accounting for Stock Issued to Employees". Following the provisions of SFAS 123, "Accounting for Stock based Compensation", the required additional disclosures are given in the notes to the consolidated financial statements.

### ○ *Comprehensive Income*

The Company adopted SFAS 130, Reporting Comprehensive Income. SFAS 130 establishes standards for the reporting and presentation of comprehensive income and its components in a full set of financial statements.

Comprehensive income of the Company consists of net income and currency translation adjustment, as presented on the face of the consolidated income statement. SFAS 130 requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations.

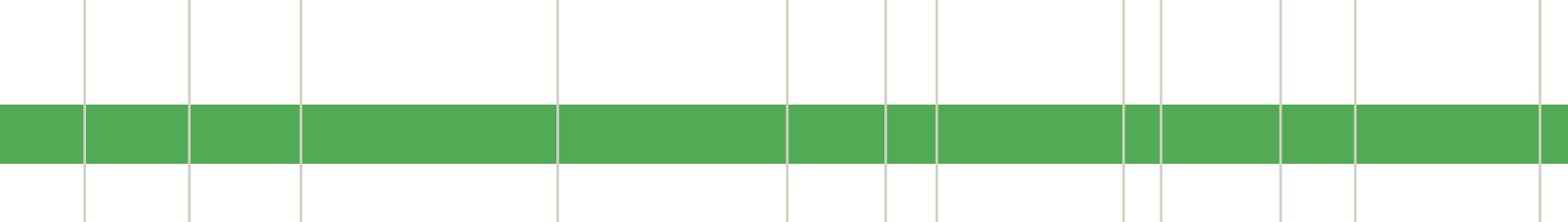
### ○ *Earnings per Share*

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share are computed by dividing net income applicable to common shareholders by the weighted average number of common and common equivalent shares outstanding.

### ○ *Derivative Financial Instruments*

The Company uses foreign currency forward contracts as a means of hedging exposure to foreign currency risks for accounts receivable. The Company and its subsidiaries are end-users and do not utilize these instruments for speculative purposes. The Company has strict policies regarding financial stability and the credit worthiness of its counter parties.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) 133, Accounting for Derivative Instruments and Hedging Activities. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or



liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific accounting criteria are met.

If a derivative instrument qualifies for hedge accounting, the gains or losses from the derivative may offset results from the hedged item in the statement of operations or other comprehensive income, depending on the type of hedge. To qualify for hedge accounting, a company must formally document, designate and assess the effectiveness of transactions that are to receive hedge accounting.

In June 2000, the Financial Accounting Standards Board issued SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities. This Statement addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS 133 and this Statement amends the accounting and reporting standards of SFAS 133 for certain derivative instruments and certain hedging activities.

SFAS 137 delayed the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. A company may implement the statements as of the beginning of any fiscal quarter after issuance; however, SFAS 133 cannot be applied retroactively.

Effective January 1, 2001, the Company adopted SFAS 133 as amended by SFAS 137 and SFAS 138. The adoption did not have a material impact on the financial position or the results of operations of the Company.

As of December 31, 2001, the company had foreign currency forward contracts amounting to USD 3.6 million in order to hedge foreign currency risks relating to trade accounts receivable. Those derivative transactions, while providing effective economic hedges under the Company's risk management policies, do not qualify for hedge accounting under the rules of SFAS 133. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under SFAS 133, are recognized in other operating income or expenses. Therefore, a loss of KEUR 91 in respect to those contracts has been recorded.

### ○ *Concentration of Credit Risk*

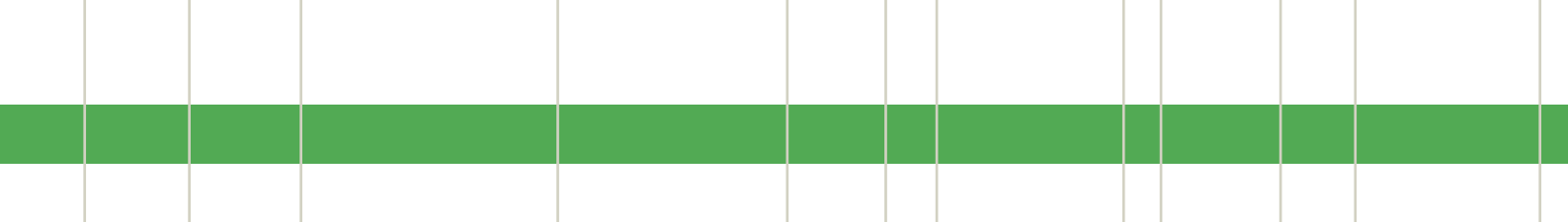
The Company provides services to a wide range of clients who operate in many industry sectors in varied geographic areas. The Company grants credit to all qualified clients and does not believe that it is exposed to undue concentration of credit risk to any significant degree.

### ○ *New Pronouncements*

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale consistent with the provisions of SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Whilst it supersedes APB Opinion 30 "Reporting the Results of operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," it retains the presentation of discontinued operations but broadens that presentation to include a component of an entity - rather than a segment of a business. However, discontinued operations are no longer recorded as recognized before they occur. Under SFAS 144 there is no longer a requirement to allocate goodwill to long-lived assets to be tested for impairment. SFAS 144 also established criteria for determining when an asset should be treated as held for sale.

SFAS 144 is effective for fiscal years beginning after December, 15, 2001 and interim period within those fiscal years, with early application encouraged. The provisions of the Statement are generally to be applied prospectively. The Company currently has no plans to dispose of any operations and accordingly does not anticipate that adoption of SFAS 144 will have material impact on its results of operations or its financial position.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 143, "Accounting for Asset Retirement Obligations." SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. An entity shall measure changes in the liability for an asset retirement obligation due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change shall be the credit-adjusted risk-free rate that existed when the liability was initially measured. That amount shall be recognized as an increase in the carrying amount of the liability and as an expense classified as an operating item in the statement of income. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The Company does not anticipate that adoption of SFAS 143 will have a material impact on its results of operations or its financial position.



In July 2001, the Financial Accounting Standards Board issued SFAS 141, "Business Combinations," and 142 "Goodwill and Other Intangible Assets." SFAS 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. Intangible assets are to be recognized if they arise from contractual or legal rights or are "separable", i.e. it is feasible that they may be sold, transferred, licensed, rented, exchanged, or pledged. As a result, it is likely that more intangible assets will be recognized under SFAS 141 than its predecessor, APB Opinion 16, although in some instances, previously recognized intangibles will be subsumed into goodwill.

Under SFAS 142, goodwill will no longer be amortized on a straight-line basis over its estimated useful life, but will be tested for impairment at least annually. The goodwill impairment test, which is based on fair value, is to be performed on a reporting unit level. A reporting unit is defined as a SFAS 131 operating segment or one level lower. Goodwill will no longer be allocated to other long-lived assets for impairment testing under SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Under SFAS 142, intangible assets with indefinite lives will not be amortized. Instead, they will be carried at the lower of cost or market value and tested for impairment at least annually. All other recognized intangible assets will continue to be amortized over their estimated useful lives.

SFAS 142 is effective for fiscal years beginning after December 15, 2001 although goodwill on business combinations consummated after June 30, 2001 will not be amortized.

The adoption of these statements does not have a material impact on the financial position or the results of operations of the Company.

○ Note 4 – Accounts Receivable

<i>Trade accounts receivable</i>		
	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
Trade accounts receivable	65,851	59,913
Less – allowance for doubtful accounts	(4,637)	(2,166)
	<b>61,214</b>	<b>57,747</b>

<i>Other receivables</i>		
	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
Tax refunds	3,054	2,504
Accrued interest income	100	281
Others	1,110	1,210
	<b>4,264</b>	<b>3,995</b>

○ Note 5 – Inventories

<i>Inventories consist of the following:</i>		
	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
Raw materials and packing materials	25,688	35,917
Work-in process and finished goods	37,449	47,960
Prepayments to suppliers	1,067	3,229
Less – inventory reserve	(7,503)	(4,006)
	<b>56,701</b>	<b>83,100</b>

○ Note 6 – Liabilities

<i>Other current liabilities</i>		
	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
Accruals for invoices not yet received	2,636	3,324
Commissions	1,971	1,618
Liabilities for employee's compensation to future absence	1,081	1,123
Outstanding credit notes to customers	876	0
Liabilities for social security insurance	766	749
Annual bonus	479	2,365
Shareholder's meeting/annual report liabilities	445	256
Year-end closing liabilities	386	237
Tax liabilities	239	325
Current portion of convertible bonds	186	53
Other liabilities to employees	0	744
Other	892	1,808
	<b>9,957</b>	<b>12,602</b>

<i>Progress payments</i>		
	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
<b>Advanced payments received from customers</b>	<b>8,427</b>	<b>14,535</b>

The progress payments at December 31, 2001 and 2000, represent the advance payments received from customers mainly for replication lines included in the work-in process.

The decrease is mainly due to the fact that orders for replication lines are below prior year's volume.

○ Long-term Loans

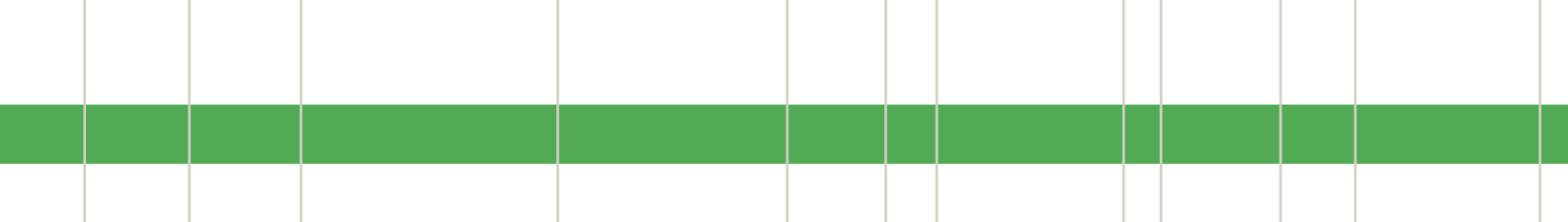
Long-term loans include only convertible bonds held by management and certain other employees.

	2001 KEUR	2000 KEUR
<b>Long-term portion of convertible bonds</b>	<b>1,179</b>	<b>569</b>

The convertible bonds have been issued according to a management share option plan. This was created for members of the management board and other important employees of the Company in order to motivate the respective subscribers to ensure the success of the Company. The conditional capital increase necessary for the issue of the convertible bonds was agreed upon by the extraordinary general shareholders' meeting on November 6, 1997, the ordinary shareholders' meeting on May 7, 1999 and the ordinary shareholders' meeting on May 7, 2001. According to the shareholders' resolutions, the management board is authorized to issue interest-bearing convertible bonds in one or more steps with an aggregate nominal value of up to Euro 3,397,104 and a maturity up to December 31, 2010, subject to the consent of the supervisory board.

In November 30, 1997 convertible bonds with a nominal amount aggregating to KEUR 383 with an interest rate of 6 % p.a. were issued. Each DM 5 (Euro 2.56) nominal value of convertible bonds may be converted to six ordinary bearer share with a nominal value of Euro 1. The conversion rate was fixed to the initial offer price of DM 82 (Euro 41.93) per share with a nominal value of 5 DM. In 1998 and 1999 convertible bonds equivalent to KEUR 38 were returned by employees who have left the company. 53,554 of the convertible bonds with a total nominal value of KEUR 137 have been converted in 1999 and 2000 and 19,188 convertible bonds with a total nominal value of KEUR 49 have been converted in 2001. A further 7.5 % may be converted on each conversion date thereafter. Conversion dates are May 31 and November 30 of each calendar year up to 2005. On December 31, 2001 the aggregated nominal value of the outstanding convertible bonds of this tranche amounts to KEUR 160.

Convertible bonds issued in 2000 with an aggregated nominal value of KEUR 494 were issued at nominal value with an interest rate of 6 % p.a. Each Euro 1 nominal value of convertible bonds may be converted to two ordinary bearer share with a



nominal value of Euro 1. Convertible bonds equivalent to KEUR 81 have been returned in 2000 by employees who have left the company. In 2000 and 2001 these convertible bonds have been given to new employees. The conversion rate for convertible bonds with an aggregate nominal value of KEUR 373 was fixed to the share price as of December 21, 1999 (Euro 29.73 per share, considering a 2 for 1 stock split after the issuance of the convertible bonds) with a nominal value of 1 Euro. The conversion rate for convertible bonds with an aggregate nominal value of KEUR 81 was fixed to the share price as of November 30, 2000 (Euro 37.50 per share). The conversion rate for the remaining convertible bonds with an aggregate nominal value of KEUR 40 was fixed to the share price as of January 31, 2000 (Euro 42.25 per share, considering a 2 for 1 stock split after the issuance of the convertible bonds). 25% of the convertible bonds may be converted on May 31, 2002 and a further 7.5% may be converted on each conversion date thereafter. Conversion dates are May 31 and November 30 of each calendar year up to 2007. On December 31, 2001 the aggregated nominal value of the outstanding convertible bonds of this tranche amounts to KEUR 494.

In 2001 convertible bonds with an aggregated nominal value of KEUR 711 were issued at nominal value with an interest rate of 4% p.a. Each Euro 1 nominal value of convertible bonds may be converted to one ordinary bearer share with a nominal value of Euro 1. The conversion rate for these convertible bonds was fixed to Euro 32.53 equaling 130 percent of the average share price of the period from May 14 to May 18, 2001 (Euro 25.02 per share). 25% of the convertible bonds may be converted at May 31, 2003 and a further 15% may be converted on each conversion date thereafter. Conversion dates are May 31 and November 30 of each calendar year up to 2008. On December 31, 2001 the aggregated nominal value of the outstanding convertible bonds of this tranche amounts to KEUR 711.

As of December 31, 2001 the aggregate nominal value of all three tranches of the convertible bonds amounts to KEUR 1,365. Based on the conversion date, the value at maturity of the bonds is as follows:

	KEUR
Due in 2002	186
Due in 2003	425
Due in 2004	339
Due in 2005	292
Due in 2006	74
Due in 2007	43
Due in 2008	6
	<b>1,365</b>

According to the above table, the current portion of the convertible bonds due within one year amounts to KEUR 186 and therefore is stated under "Other current liabilities".

Compensation expenses are calculated and recorded for stock option plans that qualify as variable plans under APB No. 25. In fiscal year 2001 the Company did not record compensation expenses in relation to the stock option plans and reversed prior year's compensation expense of KEUR 176, since the performance conditions as defined were not met as of December 31, 2001.

Using an option pricing model in accordance with SFAS 123, the weighted-average fair value of the options amounts to approximately KEUR 20,970, based on a volatility rate of 64.03 % and assuming a risk-free rate of 4.4 %. If the company had adopted SFAS 123 net income for the year 2001 would have been KEUR 23.737 and earnings per share would have been Euro 0.65 (basic) and Euro 0.63 (diluted) respectively.

○ *Note 7 – Employee Benefit Plans*

In Germany, the Company sponsors a pension plan covering all employees who were taken over from LEYBOLD AG, the employees who were hired by LEYBOLD AG on behalf of the Company as well as the members of the board of directors. The pension plan is based on the benefit plan of LEYBOLD AG established in 1969 and the amendments hereto as of 1977, 1986 and 2001.

Consistent with German practice, the pension plan is not funded. Pension costs are recorded based on independent actuarial valuations. Pension benefits under German plans are generally based on a percentage of the employees' compensation for each year of credited service.

The table that follows contains a reconciliation of the changes in the benefit obligation and the funded status for the respective reporting periods:

*Change in projected benefit obligation:*

	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
<b>Projected benefit obligation, beginning balance</b>	<b>1,638</b>	<b>1,473</b>
Service cost	102	87
Interest cost	102	92
Amendments	313	0
Actuarial (gain)/loss	567	(14)
<b>Projected benefit obligation, ending balance</b>	<b>2,722</b>	<b>1,638</b>
Funded status	(2,723)	(1,638)
Unrecognized net (gain)/ or loss	494	(73)
Unrecognized prior service cost	254	0
<b>Net amount recognized</b>	<b>(1,975)</b>	<b>(1,711)</b>

*Amounts recognized in the consolidated balance sheet consist of:*

	<b>2001</b>	<b>2000</b>
	<b>KEUR</b>	<b>KEUR</b>
Accrued pension liability	(2,183)	(1,711)
Intangible assets	208	0
	<b>(1,975)</b>	<b>(1,711)</b>

Principal weighted assumptions used in determining projected benefit obligation are as follows:

	<b>2001</b>	<b>2000</b>
Discount rate	6.00 %	6.25 %
Salary increase	3.30 %	3.25 %
Pension payment increase	2.00 %	1.75 %

The components of net periodic pension cost were as follows:

	2001 KEUR	2000 KEUR
Service cost	102	86
Interest cost	102	92
Amortization of prior service cost	60	0
	<b>264</b>	<b>178</b>

○ Note 8 – Other accruals

*Other accruals include the following:*

	2001 KEUR	2000 KEUR
Warranty accruals	5,240	8,577
Contingent losses	2,600	0
Buy-Back obligations	2,190	0
Other	701	69
	<b>10,731</b>	<b>8,646</b>

Warranty accruals are determined based on the estimated costs of fulfilling the warranty obligation, including handling and transportation costs and calculated as a percentage of sales (2 % for all sales and 6 % for prototypes) based on experiences.

In prior year buy-back obligations have been included in other current liabilities.

○ Note 9 – Shareholders' Equity

○ Share Capital

The share capital increased by KEUR 115 due to the conversion of convertible bonds when 115,128 new bearer shares were issued. At December 31, 2001, the share capital of the Company amounts to KEUR 36,436 and consists of 36,436,440 bearer shares, with a nominal value of Euro 1 each. All shares are paid up. Each share is entitled to one vote. All shares are admitted to the official market [Geregelter Markt] with trading on the New Market [Neuer Markt], a market segment of the Frankfurter Stock Exchange [Deutsche Börse Frankfurt].

### ○ *Conditional Capital*

The management board is authorized to issue, in one or more steps, interest-bearing convertible bonds equivalent to KEUR 3,397 shares of Euro 1 each with a maturity up to December 31, 2010, subject to the consent of the supervisory board (conditional capital). On November 30, 1997, a nominal amount, aggregating to KEUR 383 of the conditional capital, was converted to convertible bonds following a share management option plan. In 2000, a nominal amount, aggregating to KEUR 494 of the conditional capital, was converted to convertible bonds according to an additional share management option plan. In 2001 a further nominal amount aggregating to KEUR 711 of the conditional capital was converted to convertible bonds. The long-term portion of the convertible bonds are stated under "Long-term liabilities", the current portion due within one year is stated under "Other current liabilities". We further refer to the comments under Note 6 – Liabilities.

### ○ *Authorized Capital*

The management board is authorized to increase the Company's share capital with the consent of the supervisory board, in one or more steps, until September 30, 2002, by an aggregate nominal amount of up to KEUR 6,136 by issuing new bearer shares with a nominal value of Euro 1 each, against contribution in cash or in kind (authorized capital 1). Furthermore, the management board is authorized to increase the Company's share capital, in one or more steps, until September 30, 2002 by an aggregate nominal amount of up to KEUR 1,534 by issuing new bearer shares with a nominal value of Euro 1 each, against contribution in cash or in kind (authorized capital 2). For both authorized capital amounts the pre-emptive rights may, with consent of the supervisory board, be excluded under certain conditions.

### ○ *Additional Paid-in Capital*

The additional paid-in capital increased in 2001 by KEUR 689 and in prior years by KEUR 2,025 due to the conversion of convertible bonds. In connection with the issuance of stock options, the Company recorded in 2000 compensation expenses in accordance with APB No. 25 amounting to KEUR 176 and an increase in additional paid-in capital, respectively. In 2001 these entries have been reversed since the performance conditions as defined were not met as of December 31, 2001.

○ *Dividend Payments*

Dividends may only be declared and paid from distributable shareholders equity as shown in the Company's annual statutory unconsolidated accounts. As of December 31, 2001, the Company's German statutory unconsolidated accounts state revenue reserves of KEUR 51,852 and retained earnings of KEUR 14,467.

○ *Note 10 - Leases and Rentals*

As of December 31, 2001, minimum annual rental payments for rental commitments were as follows:

	<b>2001 TEUR</b>
2002	1,103
2003	1,103
2004	1,103
2005	1,103
2006	1,103
2007 and thereafter	12,684
	<b>18,199</b>

Rental expenses for these operating leases were KEUR 1,103 for 2001 and KEUR 997 for 2000.

○ *Note 11 - Interest Income/-expenses*

*Interest income consists of the following:*

	<b>2001 KEUR</b>	<b>2000 KEUR</b>
Interest income from financial investments	821	2,353
Other interest expenses/income	1,400	(1,047)
	<b>2,221</b>	<b>1,306</b>

## ○ *Note 12 - Income Taxes*

Based on a guideline for the interpretation of the revised sec. 8 para 4 of the Corporation Income Tax Act on the usage of tax loss carry forwards issued by the German tax authorities, the usage of tax loss carry forwards may be limited. This paper presents the interpretation of the tax authorities but does not represent law and may eventually be either confirmed or abolished by the Federal Tax Court. In this opinion the tax authorities state that tax loss carry forwards acquired in connection with a change in ownership of a corporation of more than 50 % of the shares cannot be used against future income if predominantly new assets are supplied in the following five years. Based on this paper, the usage of such tax losses could be disallowed in the case of SINGULUS TECHNOLOGIES AG from fiscal year 1997 onwards.

If this interpretation would succeed in a court case a tax risk with respect to the realization of such tax loss carry forwards for fiscal year 1997 in the amount of up to 4.6 million Euro exists. However, legal proceedings are pending before the a federal court (Bundesverfassungsgericht) with regard to the formal unconstitutionality of Sec. 12 (2) UmwStG (Reorganization Tax Law) due to failure to comply with the legislative procedure. As the legislative procedure for Sec. 8 (4) KStG (Corporate Income Tax Act) has the same defects, it is possible that this regulation is formally unconstitutional too. At present, the outcome of this discussion is uncertain and cannot be finally evaluated. Accordingly, no accrual has been set up for this matter in the financial statements 1997, 1998, 1999, 2000 and 2001.

Beside this contingency, the tax accruals (2001: KEUR 5,284; 2000: KEUR 29,855) include a provision for income taxes in an amount of KEUR 5,113, as the acceptance of the realization of corporate income tax loss carry forwards in prior years by the tax authorities is subject to a final assessment.

Income tax data from continuing operations for the year ended December 31, 2001 and 2000, is as follows:

<i>Pretax income:</i>		
	2001 KEUR	2000 KEUR
Germany	45,305	79,289
Foreign	10,374	16,427
	55,679	95,716
Consolidation adjustments	(13,231)	(992)
	<b>42,448</b>	<b>94,724</b>

<i>Current income tax:</i>		
	2001 KEUR	2000 KEUR
Germany		
Corporate income tax	7,321	30,080
Trade tax	4,108	11,448
Foreign		
Income tax	3,585	5,293
	<b>15,014</b>	<b>46,821</b>

<i>Deferred income tax:</i>		
	2001 KEUR	2000 KEUR
Germany:	(276)	(886)
Foreign	(225)	134
<b>Total income tax</b>	<b>14,513</b>	<b>46,069</b>

Under German corporate tax law, taxes on income are composed of corporate taxes, trade taxes and solidarity surcharge. Deferred income taxes are established for all significant temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and for tax purposes.

Deferred tax assets, for which no valuation allowances have been provided, include the following:

	2001 KEUR	2000 KEUR
Temporary differences	4,355	3,230
Consolidation adjustments	675	624
	<b>5,030</b>	<b>3,854</b>

The German statutory tax rate (for income tax, trade tax on income and solidarity surcharge) was approximately 36.0% for the year ended December 31, 2001, and 50.4% for the year ended December 31, 2000. The reconciliation between the statutory tax rates for income taxes and the effective tax rate is as follows:

	2001 KEUR	2000 KEUR
<b>Statutory tax rate</b>	<b>36.0 %</b>	<b>50.4 %</b>
Differences in foreign tax rates	-1.4 %	-3.0%
Non tax deductible items (Germany)	0.2 %	1.6%
Non tax deductible consolidation adjustments	-0.6 %	-0.4%
<b>Effective tax rate</b>	<b>34.2 %</b>	<b>48.6%</b>

#### ○ Note 13 - Contingent Liabilities

Contingent liabilities not recognized on the consolidated balance sheets amount to TEUR 38,702 and represent buy-back guarantees given to leasing institutions related to sales of replication lines. However, in case of claims under those guarantees the Company has the right to resell the replication lines bought back.

Management is not aware of any other matters that could give rise to any other liabilities to the Company that would have a material adverse effect on the Company's business, financial condition or results of operation.

#### ○ Note 14 - Segment Reporting

The product groups of the Company are similar with regard to both production processes as well as marketing methods and markets. Hence, they are not considered

as separate industry segments and do not require individual financial reporting for segments.

However the operations of SINGULUS EMOULD GmbH are different from the rest of the Company, but have not been deemed to be separate reportable operating segments since the quantitative thresholds for reportable segments as defined in SFAS 131 have not been met.

*Revenue by product group*

	2001 TEUR	2000 TEUR
Prerecorded CDs/DVDs	169,300	309,015
Recordable CDs	21,441	36,717
Service and other	34,784	29,990
	<b>225,525</b>	<b>375,722</b>

*Geographic information as of December 31, 2001*

	Germany TEUR	Rest of Europe TEUR	America TEUR	Asia TEUR
Gross revenue by Country of origin	210,781	3,619	5,749	5,376
Destination	15,643	59,603	51,724	98,555

*Geographic information as of December 31, 2001*

	Germany TEUR	Rest of Europe TEUR	America TEUR	Asia TEUR
Gross revenue by Country of origin	365,035	2,112	5,645	2,930
Destination	29,748	72,415	79,075	194,483

### ○ Note 15 - Subsequent Events

Effective January 1, 2002, the Company acquired all shares of Optical Measuring-Equipment & Projects B.V., Best, Niederlande, (OMP), a manufacturer of digital mastering systems. The provisional purchase price for this acquisition amounts to KEUR 22,689. 50 % of the purchase price have been paid in cash. The remaining 50 % will be paid in 379,110 newly issued shares of Singulus. The final purchase price will be calculated based on the average net income for the period from 1999 to 2001.

According to international standards our report is concentrated on SINGULUS TECHNOLOGIES group.

On the following pages you will find the balance sheets and the income statement of the legal entity SINGULUS TECHNOLOGIES AG in prepared conformity with German accounting principles and translated into English.

The complete German report (HGB) is available on request:

SINGULUS TECHNOLOGIES AG

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Balance sheet as of December 31, 2001 und 2000

Assets

	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
<b>Fixed assets</b>		
Intangible assets		
Franchises, industrial Trademarks and similar rights and values, as well as licences thereto	722,321.16	1,053,288.25
Property, plant and equipment		
Estates, similiar rights and buildings on foreign estates	16,253,843.39	16,806,671.49
Technical equipment, plant and machinery	415,873.66	476,429.77
Other equipment, operational and office equipment	1,846,997.98	2,021,261.68
Prepayments to suppliers	0.00	89,476.08
	<b>18,516,715.03</b>	<b>19,393,839.02</b>
Equipment under operating leases	2,981,000.00	0.00
Financial assets		
Shares in affiliated companies	3,229,123.71	766,338.98
Loans to affiliated companies	9,967,187.09	0.00
	13,196,310.80	766,338.98
<b>Total fixed assets</b>	<b>35,416,346.99</b>	<b>21,213,466.24</b>
<b>Current assets</b>		
Total inventories		
Raw and packing materials	16,249,989.38	29,568,970.19
Work-in-process and finished goods	29,124,638.85	47,959,541.03
Prepayments to suppliers	1,066,910.08	3,234,639.62
Progress payments received	-8,154,535.55	-14,534,986.01
	<b>38,287,002.76</b>	<b>66,228,164.83</b>
Total accounts receivable		
Trade accounts receivable	50,484,381.44	54,517,648.66
Accounts due from affiliated companies	578,823.34	752,366.02
Other assets	6,146,913.94	3,419,295.88
	<b>57,210,118.72</b>	<b>58,689,310.56</b>
Checks, cash on hand and in Federal Bank and in postal giro accounts, and cash in banks	43,400,093.14	39,260,735.92
<b>Total current assets</b>	<b>138,897,214.62</b>	<b>164,178,211.31</b>
<b>Deferred charges and prepaid expenses</b>	<b>12,306.39</b>	<b>24,670.53</b>
<b>Total assets</b>	<b>174,325,868.00</b>	<b>185,416,348.08</b>

*Balance sheet as of December 31, 2001 und 2000*

*Liabilities*

	Dec. 31, 2001	Dec. 31, 2000
	EUR	EUR
<b>Shareholders' equity</b>		
Share capital	36,436,440.00	36,321,312.00
Add. Paid-in capital	15,196,798.99	14,508,037.06
Other earnings reserve	51,851,673.83	18,843,574.63
Retained earnings – ending	14,466,714.70	18,541,384.50
<b>Total shareholders' equity</b>	<b>117,951,627.52</b>	<b>88,214,308.19</b>
<b>Provisions</b>		
Pension accruals and reserves for similar obligations	2,182,601.00	1,711,016.81
Tax accruals	5,126,450.52	27,014,796.13
Other provisions	16,146,369.66	16,182,546.63
<b>Total provisions</b>	<b>23,455,421.18</b>	<b>44,908,359.57</b>
<b>Liabilities</b>		
Long-term loans	1,365,044.07	622,097.42
Liabilities against Creditinstitutions	46,153.06	27,077.59
Trade accounts payable	10,903,701.80	24,348,555.47
Accounts due to affiliated companies	5,177,695.30	10,864,118.27
Other liabilities	15,426,225.07	16,431,831.57
– thereof for taxes EUR 210,994.71 (prior year EUR 324,467.83)		
– thereof for social security EUR 719,338.72 (prior year EUR 748,672.93)		
<b>Total liabilities</b>	<b>32,918,819.30</b>	<b>52,293,680.32</b>
<b>Total liabilities and shareholders' equity</b>	<b>174,325,868.00</b>	<b>185,416,348.08</b>

*Income statement for the business years 2001 and 2000*

	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Gross revenues	214,630,163.17	373,671,361.76
Increase (decrease) in finished goods and work-in-process	-18,834,902.18	21,199,433.86
Other capitalized production assets	3,645,000.00	
Other operating income	4,514,205.16	1,948,826.91
Cost of materials		
Cost of raw materials, supplies and benefit costs	-112,035,543.71	-230,736,988.79
Personnel expenses		
Wages and salaries	-13,495,831.77	-17,996,533.83
Social security, pension and other benefit costs	-2,511,561.36	-2,231,441.65
- thereof for pensions plan EUR 474,518.73 (prior year EUR 179,778.96)		
Depreciation on intangible assets and plant and equipment	-2,430,470.62	-1,806,979.59
Other operating expenses	-44,256,286.06	-66,722,500.38
Income from affiliated companies	9,837,542.03	359,311.88
- thereof from affiliated companies EUR 9,837,542.03 (prior year EUR 359,311.88)		
Other interest and similar income	2,845,756.87	2,282,782.29
- thereof from affiliated companies EUR 33,829.44 (prior year EUR 3,621.10)		
Write-off financial assets and marketable securities	-3,369.70	-62.89
Interest and similar expenses	-1,365,722.40	-834,843.60
- thereof from affiliated companies EUR 0.00 (prior year EUR 0.00)		
<b>Operating income</b>	<b>40,538,979.43</b>	<b>79,132,365.97</b>

*Income statement for the business years 2001 and 2000*

	<b>Dec. 31, 2001</b>	<b>Dec. 31, 2000</b>
	<b>EUR</b>	<b>EUR</b>
<b>Operating income</b>	<b>40,538,979.43</b>	<b>79,132,365.97</b>
Other taxes	-177,306.87	-10,673.06
Taxes on income	-11,428,243.16	-42,038,923.90
<b>Net income</b>	<b>28,933,429.40</b>	<b>37,082,769.00</b>
Retained earnings at beginning of the year	18,541,384.50	0.00
Allocation to other earnings reserve	-33,008,099.20	-18,541,384.50
<b>Retained earnings at end of the year</b>	<b>14,466,714.70</b>	<b>18,541,384.50</b>

○ *Average Total Employment*

In the fiscal year concluded, the annual average of permanent numbered 243. The annual average for the prior year was 208.

○ *Corporate Bodies of SINGULUS TECHNOLOGIES AG*

The Supervisory Board consists of three members who are appointed at the General Shareholders' Meeting. Supervisory Board members for the period under review are listed below:

Alexander von Engelhardt Kronberg (Taunus) Chairman	William Slee London Vice Chairman	Thomas Geitner Köln
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The appointment of the aforementioned Supervisory Board members is in effect through the General Shareholders' Meeting at which time a discharge decision for fiscal 2001 will be made.

In addition to reimbursement of expenses, Supervisory Board members are compensated 20,000.00 Euro for each full business year of membership. The Chairman receives twice this amount, the Vice Chairman, one and one-half times this amount.

The current occupations of Supervisory Board members are listed below along with any additional supervisory board positions held, i.e. membership in comparable regulatory bodies:

	Professions	Further memberships in Supervisory Boards and other bodies
Alexander v. Engelhardt	Supervisory Board	<ul style="list-style-type: none"> <li>• Gütermann AG (Chairman)</li> <li>• Dr. Schmidt AG &amp; Co. (Vice Chairman)</li> <li>• K.u.M. Möbel AG, Kirchlengern (Vice Chairman)</li> <li>• SAI Automotive AG</li> <li>• Tarkett Sommer AG</li> <li>• Comline AG</li> </ul>

William Slee	Supervisory Board	<ul style="list-style-type: none"> <li>• Electronics Boutique Plc., Great Britain, (Non executive Director)</li> <li>• Virtual Internet plc., Great Britain, (Chairman)</li> <li>• Algemeen Burgerlijk Pensioenfonds (Member of Investment Komitees)</li> <li>• Charles Vögele Holding AG (Member of Supervisory Board)</li> </ul>
Thomas Geitner	Executive Director (Vodafone Group plc.)	<ul style="list-style-type: none"> <li>• Vodafone D2 GmbH, Düsseldorf</li> <li>• Arcor AG &amp; Co., Eschborn (Chairman)</li> <li>• Vodafone Libertel N.V., Maastricht</li> <li>• Omnitel Pronto Italia, S.p.A.</li> <li>• Vodafone TeleCommerce GmbH, Düsseldorf (Chairman)</li> </ul>

Members of the company's management board for fiscal year 2001 were:  
Roland Lacher (Chairman), Reiner Seiler, Dr. Christian Holtmann

*Company management board compensation 2001*

	Fix*	Variable	Total
Roland Lacher	240,791	58,165	298,956
Reiner Seiler	163,944	58,165	222,109
Dr. Christian Holtmann	162,137	58,165	220,302
<b>Total</b>	<b>566,872</b>	<b>174,495</b>	<b>741,367</b>

\* Basic salary plus benefits as well as monetary equivalents

Kahl, February 27, 2002

The Managing Board

R. Lacher

R. Seiler

Dr. C. Holtmann



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