

Annual Report 2004
SINGULUS TECHNOLOGIES

Focus on New Technologies



SINGULUS 

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board was regularly apprised of the course of business and the Group's situation and provided oversight for the Executive Board's leadership of the company by means of written and verbal reports. Business transactions requiring the consent of the Supervisory Board were examined, addressed with the Executive Board and resolved.

Every member of the Supervisory Board participated in all eight Supervisory Board sessions held in fiscal 2004. In addition to current business, discussions held with the Executive Board primarily concerned corporate strategy as well as SINGULUS TECHNOLOGIES AG's competitive standing. The Supervisory Board was closely involved with new product developments as well as international business transactions. Discussions also concentrated on the functions of individual Executive Board members and their spheres of responsibility. Corporate planning and a comparison between company developments and budgetary allowances as well as the implementation of the share buyback program that was passed by resolution during the 2004 Annual Shareholders' meeting were also addressed in detail.

Supervisory Board.

Alexander von Engelhardt

Kronberg
Chairman

William Slee

London
Vice Chairman

Thomas Geitner

Cologne

The Supervisory Board also conducted in-depth reviews of the quarterly and month-end closing statements, the status of the risk management system, and internal auditing activities.

The Supervisory Board Chairman met with the Executive Board for numerous individual discussions held in addition to the Supervisory Board sessions to review the status and continued development of the company. The Supervisory Board comprises three members – an adequate representation for the size of the company. Committees are not formed for this reason. No conflicts of interest among Supervisory Board members arose during the year in report. Supervisory Board interaction was characterized by efficiency and professional competence.

In 2003, the Supervisory Board developed methods of self-evaluation which were first implemented at the beginning of fiscal 2004 (Art. 5.6 of the Code of Corporate Governance). Insights derived from these self-evaluations have been incorporated into current activities and the practice will be continued.



There are no deductibles for the D&O insurance taken out for members of the Supervisory and Executive Board. The D&O insurance premiums for the Supervisory and Executive Boards are paid by each board member and not by the company. Responsible conduct is a self-evident obligation for the Supervisory and Executive Boards. We presume that deductibles would not heighten the motivation and engagement of the Supervisory and Executive Board members.

The stock holdings of Supervisory Board members are published in the annual report and on the internet. A detailed account can be found in the elucidations provided later in this annual report.

The Supervisory and Executive Boards jointly issued the Declaration of Conformity in accordance with Art. 161 of the Stock Corporation Act (AktG) (see the Corporate Governance section on pages 42-43).

Citing personal reasons and with Supervisory Board agreement, Dr. Wollermann-Windgasse resigned from the Executive Board on June 30, 2004.

The sitting members of the Executive Board have signed individual employment contracts with the corporation. Executive Board compensation is comprised of fixed and variable components. The variable compensatory factors include annually recurring components that are tied to the success of the company as well as some with long-term incentives and risk characteristics. The Supervisory Board considers the compensatory figures to be appropriate. They are reviewed by the Supervisory Board on a rotational basis.

The year-end financial statements for SINGULUS TECHNOLOGIES AG and the SINGULUS Group set forth by the Executive Board as well as the December 31, 2004 composite and annual status reports for SINGULUS TECHNOLOGIES AG and the SINGULUS Group were reviewed and approved without reservation by Ernst & Young AG, Certified Public Accountants, Frankfurt am Main, the auditing firm appointed at the Annual Shareholders' Meeting.

The auditor's responsibilities within the framework of the SINGULUS TECHNOLOGIES AG year-end closing included a determination of whether the monitoring system implemented by the Executive Board was capable of the timely identification of risks able to jeopardize the survival of the company. The auditor found that the Executive Board had taken the measures required by Art. 91 Par. 2 AktG and found that they were suitable for the early detection of developments capable of endangering the company's survival.

The audited year-end financial statements for SINGULUS TECHNOLOGIES AG and the SINGULUS Group, as well as the consolidated 12/31/04 status report were presented to the Supervisory Board members for examination in a timely manner. The audited financial statements and the combined status report were the subject of a financial Supervisory Board session held on March 11, 2005. The auditors attended this meeting and presented the Supervisory Board with their findings and areas of concentration. Questions posed by Supervisory Board members were answered in detail. The Supervisory Board approved the audit results presented by the auditor. No objections were raised following issuance of the Supervisory Board's final audit results. In its March 11, 2005 session, the Supervisory Board approved the SINGULUS AG annual and consolidated financial statements drawn up by the Executive Board. The SINGULUS TECHNOLOGIES AG year-end financial statement has thus been finalized. The Supervisory Board concurred with the recommendations for the utilization of earnings submitted by the Executive Board.

In recognition of the accomplishments achieved during the past year, the Supervisory Board extends its thanks and gratitude to the Executive Board and all company employees.

Kahl am Main, March 2005

Alexander von Engelhardt
Supervisory Board Chairman

