SMART SOLUTIONS TO DRIVE THE FUTURE

ANNUAL REPORT 2007

SINGULUS

At a Glance – Consolidated Key Figures

The consolidated financial statements of the years 2003 to 2007 were drawn up pursuant to the International Financial Reporting Standards (IFRS).

		2003	2004	2005	2006	2007
Sales (gross)	in mn. €	362.6	439.5	244.4	283.1	229.5
Sales (net)	in mn. €	348.8	423.8	232.3	272.5	223.0
– Sales Germany	%	5.3	10.1	13.3	11.7	11.3
– Sales Rest of Europe	%	31.4	30.1	36.5	30.2	28.6
– Sales Americas	%	21.3	24.3	20.1	28.0	32.1
– Sales Asia	%	40.3	33.7	24.4	27.5	25.9
– Sales Africa/Australia		1.7	1.8	5.7	2.6	2.1
Order intake	in mn. €	382.7	417.6	248.7	319.0	203.8
Order backlog (31.12.)	in mn. €	90.4	56.7	60.9	81.5	55.8
EBIT	in mn. €	68.4	72.6	2.1	4.0	1.1
EBIT margin	%	19.6	17.1	0.9	1.5	0.5
Earnings before taxes	in mn. €	70.9	73.9	3.3	4.3	1.6
Net profit	in mn. €	44.5	46.8	7.3	11.1	3.0
Operating cash flow	in mn. €	18.4	49.1	8.3	9.0	-3.6
– in % of net sales		5.3	11.6	3.6	3.3	-1.6
Tangible assets	in mn. €	15.8	13.9	12.9	22.3	12.5
Financial assets	in mn. €	13.0	31.2	31.2	31.2	76.8
Current assets	in mn. €	256.9	284.9	238.8	248.2	212.1
Shareholders' equity	in mn. €	227.1	249.6	255.5	274.7	293.3
Equity ratio	%	69.4	63.0	71.0	69.1	66.1
Balance sheet total	in mn. €	327.0	396.0	359.9	397.6	443.9
Research & Development	in mn. €	16.3	22.8	19.4	23.5	25.6
– in % of net sales		4.7	5.4	8.4	8.6	11.5
Employees (31.12.)		599	736	636	796	764
Weighted average shares outstanding, basic		36,986,738	36,769,485	35,065,241	34,941,929	35,610,088
Weighted average shares outstanding, diluted		36,986,738	36,769,485	35,065,241	35,015,262	37,194,844
Stock price at year-end	€	16.70	12.90	14.50	12.13	6.97
Earnings per share	€	1.20	1.27	0.21	0.35	0.05

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Declaration of the Executive Board Pursuant to Art. 297 Para. 2 Sent. 4, Art 315 Para. 1 Sent. 6 HGB

We hereby assure that, to the best of our knowledge, the consolidated financial statements pursuant to IFRS according to the generally accepted accounting principles are an actual representation of the assets, financial and earnings position of the SINGULUS TECHNOLOGIES Group, that the combined status report of the SINGULUS TECHNOLOGIES AG as well as of the SINGULUS TECHNOLOGIES Group describe the course of business including the financial results and the status of the SINGULUS TECHNOLOGIES Group in a way that corresponds to the actual situation and that material opportunities and risks of the probable developments in the Group are explained.

Kahl am Main, February 29, 2008

SINGULUS TECHNOLOGIES AG
The Executive Board

Consolidated Financial Statements
of SINGULUS TECHNOLOGIES AG

Audit Opinion

We have audited the consolidated financial statements prepared by SINGULUS TECHNOLOGIES AG, Kahl am Main, Germany, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and supplementary provisions of the articles of incorporation and bylaws is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). 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 combined management 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 audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management 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 relating to future development.

Eschborn/Frankfurt am Main, Germany, February 29, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Bösser	Weber
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Consolidated Balance Sheets as of December 31, 2006 and 2007

ASSETS	Note no.	Dec. 31, 2007 [€ k]	Dec. 31, 2006 [€ k]*
Cash and cash equivalents	(7)	36,952	56,216
Trade receivables	(8)	68,016	69,881
Other receivables and assets	(9)	16,288	16,398
Total receivables		84,304	86,279
Raw materials, consumables and supplies		34,847	46,181
Work in process		55,948	59,501
Total inventories	(10)	90,795	105,682
Total current assets		**212,051**	**248,177**
Non-current trade receivables	(8)	10,544	11,031
Non-current tax refund claims	(9)	8,675	7,996
Property, plant and equipment	(12)	12,474	22,326
Investment property	(4)	8,653	8,770
Capitalized development costs	(11)	48,318	38,949
Goodwill	(11)	76,814	31,249
Other intangible assets	(11)	51,411	13,330
Deferred tax assets	(22)	9,300	10,545
Total non-current assets		**226,189**	**144,196**
Non-current assets classified as held for sale	(13)	5,693	5,224
Total assets		**443,933**	**397,597**

* Several of the prior year figures above differ from the amounts reported in the financial statements for fiscal year 2006 due to reclassifications (see Note 9 for more datail).

(The accompanying notes are an integral part of the consolidated financial statements)

LIABILITIES	Note no.	Dec. 31, 2007 [€ k]	Dec. 31, 2006 [€ k]*
Trade payables		16,335	20,042
Current bank liabilities	(18)	18,061	9,850
Other current liabilities	(15)	9,772	21,493
Prepayments received	(14)	22,008	22,940
Tax provisions	(22)	4,551	3,645
Other provisions	(20)	4,673	6,492
Total current liabilities		**75,400**	**84,462**
Non-current bank liabilities	(18)	4,018	10,352
Other non-current liabilities	(16)	38,372	3,069
Pension provisions	(19)	6,452	6,115
Deferred tax liabilities	(22)	25,280	17,376
Total non-current liabilities		**74,122**	**36,912**
Liabilities in connection with assets held for sale	(13)	1,145	1,479
Total liabilities		**150,667**	**122,853**
Equity attributable to shareholders of the parent company			
Subscribed capital	(21)	36,946	34,942
Capital reserve	(21)	47,503	29,879
Other reserves	(21)	– 4,428	– 2,514
Accumulated profit		207,197	205,538
Minority interests	(21)	**6,048**	**6,899**
Total equity		**293,266**	**274,744**
Total liabilities and equity		**443,933**	**397,597**

Consolidated Income Statements 2006 and 2007

	Note no.	2007 [€ k]	2007 [in %]	2006 [€ k]	2006 [in %]
Revenues (gross)	(6)	**229,514**	**102.9**	**283,137**	**103.9**
Revenue deductions and direct selling costs	(25)	– 6,515	– 2.9	– 10,671	– 3.9
Revenues (net)		**222,999**	**100.0**	**272,466**	**100.0**
Cost of sales		– 157,697	– 70.7	– 203,867	– 74.8
Gross profit on sales		**65,302**	**29.3**	**68,599**	**25.2**
Research and development	(30)	– 16,401	– 7.4	– 21,229	– 7.8
Sales and customer service		– 22,851	– 10.2	– 24,001	– 8.8
General administration	(29)	– 18,744	– 8.4	– 25,854	– 9.5
Other operating expenses	(32)	– 9,061	– 4.1	– 8,062	– 3.0
Other operating income	(32)	5,952	2.7	8,010	2.9
Restructuring expenses	(31)	– 3,127	– 1.4	– 27,237	– 10.0
Negative difference from the acquisition of HamaTech AG	(5)	0	0.0	33,776	12.4
Total operating expenses		– 64,232	– 28.8	– 64,597	– 23.7
EBIT		**1,070**	**0.5**	**4,002**	**1.5**
Finance income	(33)	3,632	1.6	3,806	1.4
Finance costs	(33)	– 3,152	– 1.4	– 3,544	– 1.3
EBT		**1,550**	**0.7**	**4,264**	**1.6**
Tax income / expenses	(22)	1,471	0.7	6,870	2.5
Net Profit		**3,021**	**1.4**	**11,134**	**4.1**
Thereof attributable to:					
Shareholders of the parent company		1,659		12,182	
Minority interests		1,362		– 1,048	
		3,021		**11,134**	
Basic earnings per share based on the profit for the period (in €) attributable to shareholders of the parent company		0.05		0.35	
Diluted earnings per share based on the profit for the period (in €) attributable to shareholders of the parent company		0.04		0.35	
Weighted number of shares – basic		35,610,088		34,941,929	
Weighted number of shares – diluted		37,194,844		35,015,262	

(The accompanying notes are an integral part of the consolidated financial statements)

Statement of Changes in Consolidated Equity as of December 31, 2006 and 2007

	Equity attributable to shareholders of the parent company					Minority interests	Equity
	Sub-scribed capital	Capital reserve	Other reserves	Accu-mulated profit	Total		
Note no.	(21) [€ k]	(21) [€ k]	(21) [€ k]	[€ k]	[€ k]	(4) [€ k]	[€ k]
Balance on 01.01.2006	**34,942**	**29,398**	**– 2,214**	**193,356**	**255,482**	**0**	**255,482**
Derivative financial instruments*			578				578
Exchange differences in the fiscal year			– 878				– 878
Net income / expense recognized directly in equity	**0**	**0**	**– 300**	**0**	**0**	**0**	**– 300**
Net Profit				12,182	12,182	– 1,048	11,134
Total recognized income and expense for the period	**0**	**0**	**– 300**	**12,182**	**11,882**	**– 1,048**	**10,834**
Minority interests relating to the business combination with HamaTech AG						7,406	7,406
Minority interests relating to the business combination with SMG						541	541
Share-based payment (IFRS 2)		481			481		481
Balance on 31.12.2006	**34,942**	**29,879**	**– 2,514**	**205,538**	**267,845**	**6,899**	**274,744**
Derivative financial instruments*			366		366		366
Exchange differences in the fiscal year			– 2,280		– 2,280		– 2,280
Net income / expense recognized directly in equity	**0**	**0**	**– 1,914**	**0**	**– 1,914**	**0**	**– 1,914**
Profit for the period				1,659	1,659	1,362	3,021
Total recognized income and expense for the period	**0**	**0**	**– 1,914**	**1,659**	**– 255**	**1,362**	**1,107**
Capital increase in connection with the acquisition of STANGL AG**	2,004	16,676			18,680		18,680
Acquisiton of minority interests in HamaTech AG						– 1,666	– 1,666
Dividend allocated to minority interests in SMG						– 547	– 547
Share-based payment (IFRS 2)		948			948		948
Balance on 31.12.2007	**36,946**	**47,503**	**– 4,428**	**207,197**	**287,218**	**6,048**	**293,266**

* Including deferred taxes
** After deduction of translation costs of € 120 k

(The accompanying notes are an integral part of the consolidated financial statements)

Consolidated Cash flow Statements 2006 und 2007

	2007 [€ k]		2006 [€ k]*	
Cash flows from operating activities				
Net profit		3,021		11,134
Adjustment to reconcile consolidated profit for the period to income / expenses				
Income from the realization of negative goodwill	0		– 33,776	
Amortization, depreciation and impairment losses on non-current assets	18,059		30,456	
Net allocation to pension provisions	337		873	
Other non-cash expenses / income	2,846		– 3,059	
Deferred taxes	– 2,612	18,630	1,019	– 4,487
		21,651		6,647
Decrease / increase in assets and increase / decrease in liabilities and equity				
Trade receivables	5,545		21,538	
Other receivables and assets	– 2,016		– 4,219	
Capitalized development costs	– 20,661		– 17,646	
Inventories	15,142		5,515	
Trade payables	– 7,729		– 366	
Other liabilities	– 1,116		– 6,559	
Prepayments received	– 11,721		11,827	
Tax provisions	653		– 874	
Other provisions	– 3,302	– 25,205	– 6,823	2,393
Net cash flow from operating activities		**– 3,554**		**9,040**

* The prior-year figures were adjusted for better comparability.

(The accompanying notes are an integral part of the consolidated financial statements)

	2007 [€ k]		2006 [€ k]*	
Cash flows from investing activities				
Investments in assets	– 2,124		– 3,861	
Disposals of assets (net)	1,786		– 232	
Cash received from the sale of ETA-Optik and minority interest in BESS	4,472		1,419	
Cash paid for the acquisition of consolidated companies net of cash and cash equivalents received	– 20,880	– 16,746	– 17,624	– 20,298
Net expenditure from investing activities		**– 16,746**		**– 20,298**
Cash flows from financing activities				
Cash paid for / received from the raising / redemption of loans	1,878		47	
Capital increase from the conversion of convertible bonds	– 92		– 333	
Cash paid for the dividend allocated to the minority interest in SMG	– 547	1,239		– 286
Net cash flow from financing activities	**1,239**			**– 286**
Decrease / increase in cash and cash equivalents	**– 19,061**			**– 11,544**
Effect of exchange rate changes	– 203			41
Cash and cash equivalents at the beginning of the fiscal year		**56,216**		**67,719**
Cash and cash equivalents at the end of the fiscal year		**36,952**		**56,216**
Cash paid in the fiscal year for				
Interest		881		1,722
Taxes		3,562		2,429
Payments in the business year for net expenditure from investing activities				
Interest		2,103		1,208
Taxes		187		3,217

Notes to the Consolidated Financial Statements as of December 31, 2007

_1 General

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

The consolidated financial statements have been prepared in euros (€). Unless stated otherwise, all figures are disclosed in thousands of euros (€ k).

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

The term "IFRSs" includes all of the International Financial Reporting Standards and International Accounting Standards (IASs) that must be applied as of the balance sheet date. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly the Standing Interpretations Committee (SIC) – that were mandatory for fiscal year 2007 were likewise applied.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying amounts of recognized assets and liabilities that are hedged items in fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

_2 Business Activities

SINGULUS TECHNOLOGIES's core technological competence is vacuum thin-film deposition. This entails the depositing of thin-film in a vacuum by way of cathode sputtering.

The major area of application of this core competence, which covers all stages of optical disc production, is the manufacture and sale of production systems for CDs, DVDs, HD DVDs and Blu-ray Discs. This includes the manufacture of mastering systems and injection molding machines.

Since 2002, the Company has intensified its search for new key applications for vacuum thin film deposition. Three new products have been developed in this area. A machine has been developed in the Optical Coatings segment which uses automated in-line process technology to coat optical lenses. Another area of application is the manufacture of equipment for the application of decorative layers to three-dimensional plastic or metal. In addition, in 2002, SINGULUS TECHNOLOGIES extended its business activities to include the development of equipment that uses tunnel magnetic resistance (TMR) technology for IT applications, primarily the manufacture of MRAM wafers and thin film heads.

The business activities of the SINGULUS TECHNOLOGIES Group were also extended in fiscal year 2006 with the acquisition of HamaTech AG and its subsidiaries. The focus of the subsidiary APE is on the development and manufacture of equipment for cleaning photomasks.

The acquisition of a majority shareholding in STANGL AG expanded the product portfolio even further. STANGL AG is mainly engaged in manufacturing and selling equipment for use in wet-chemical wafer processing for photovoltaics.

For more information, please see the comments on segment reporting under Note 6.

_3 New Accounting Standards

New Mandatory Accounting Standards

The IASB has made various amendments to the existing IFRSs and published new IFRSs and IFRICs which, unless described otherwise below, are mandatory for companies for all fiscal years beginning on or after January 1, 2007. Below we outline the amendments and publications of relevance for the consolidated financial statements and their effects on accounting and measurement in the Company's consolidated financial statements.

IFRS 7, "Financial Instruments: Disclosures"

This standard requires disclosures to be made in financial statements that enable users to evaluate the significance of financial instruments for the Group's financial position and performance and the nature and extent of risks arising from financial instruments. These new disclosures are reflected throughout the entire set of financial statements. Adoption of this standard did not have any effect on the Group's net assets, financial position and results of operations. The relevant comparative information were adjusted.

IAS 1, "Presentation of Financial Statements"

The amendment to IAS 1 enables users of financial statements to assess the Group's objectives, policies and processes for managing capital.

IFRIC 8, "Scope of IFRS 2"

This interpretation requires IFRS 2 to be applied to all transactions in which an entity cannot clearly identify some or all of the goods or services received. This applies in particular if the consideration for the equity instruments issued by the entity appears to be less than the fair value. Since the Group only issues equity instruments to employees and members of the management board as part of a stock option plan, adoption of this interpretation did not have any effect on the Group's net assets, financial position and results of operations.

IFRIC 9, "Reassessment of Embedded Derivatives"

In accordance with IFRIC 9, an entity must assess whether any embedded derivatives are created through a contract as a component of a hybrid instrument when it first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows. Since the Group does not have any embedded derivatives required to be separated from the host contract, this interpretation did not have any effect on the Group's net assets, financial position and results of operations.

IFRIC 10, “Interim Financial Reporting and Impairment”

The Group adopted IFRIC 10 for the first time as of January 1, 2007. This interpretation states that an entity shall not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost in a subsequent period. Since the Group made no such adjustments to impairment losses recognized in the interim period, this interpretation did not have any effect on the Group’s net assets, financial position and results of operations.

Accounting Standards Applied Voluntarily in Advance

Apart from the IFRSs whose application is mandatory for fiscal year 2007, the IASB has also published or amended other IFRSs and IFRICs which have already received EU endorsement but which will only become mandatory at a later date.

IFRS 8, “Operating Segments”

IFRS 8 was issued in November 2006 and becomes effective for fiscal years beginning on or after January 1, 2009. IFRS 8 sets out requirements for the disclosure of information on an entity’s operating segments and substitutes the requirement to determine primary (operating segments) and secondary (geographical segments) segment reporting formats. IFRS 8 follows the management approach to segment reporting which focuses solely on financial information which is evaluated by decision-makers at the entity in managing the business. It is based on the internal reporting and organizational structure as well as on those financial KPIs that are used to make decisions regarding the allocation of resources and the measurement of performance. The Company applied IFRS 8 already in the fiscal year.

Accounting Standards to be Applied in the Future

IASB and IFRIC have also made and published amendments to five of the standards (IAS 1, “Presentation of Financial Statements”, IAS 23, “Borrowing Costs”, IAS 27, “Consolidated and Separate Financial Statements”, IFRS 2, “Share-Based Payment”, IFRS 3, “Business Combinations”), and issued three new interpretations (IFRIC 12, “Service Concession Arrangements”, IFRIC 13, “Customer Loyalty Programs”, IFRIC 14, “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”). As these amendments and interpretations have not yet been endorsed by the EU, SINGULUS TECHNOLOGIES may not apply them. The revised standards will become mandatory at the earliest for fiscal years beginning on or after January 1, 2009, while the new interpretations will become effective at the earliest for fiscal years beginning on or after January 1, 2008. If they are endorsed by the EU, the application of IFRS 3, “Business Combinations” and IAS 1, “Presentation of Financial Statements” in particular may affect recognition, measurement and disclosures.

_4 Significant Accounting Principles

Consolidated Group and Consolidation Principles

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

Subsidiaries are fully consolidated as of the date of 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 for the same reporting year as for 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.

Along with SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all entities under the legal and / or constructive control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS EMOULD GmbH, Würselen, Germany
- SINGULUS MASTERING B.V., Eindhoven, Netherlands
- SINGULUS MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland
- SINGULUS MOLDING AG, Schaffhausen, Switzerland
- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES SERVICE GROUP Inc., Windsor, USA
- SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUG TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Valence, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipeh, Taiwan
- SINGULUS CHINA MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany
- SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, Germany (until June 30, 2007)
- HamaTech AG, Kahl am Main, Germany
- HamaTech APE GmbH & Co. KG, Sternenfels, Germany
- HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany
- STEAG ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany (until January 31, 2007)
- HamaTech Slowakei s.r.o., Slovakia (formerly STEAG Electronic Systems spol. s.r.o., Nove Mesto, Slovakia)
- HamaTech USA Inc., Austin, USA (formerly STEAG HamaTech USA Inc.)
- STEAG HamaTech Asia Ltd., Hong Kong, China
- STANGL Semiconductor Equipment AG, Eichenau, Germany (from September 1, 2007)

In September 2006, the former Slovakian subsidiary STEAG Electronic Systems Slowakei spol. s.r.o., Nove Mesto, set up a subsidiary into which all assets and liabilities relating to the operating business were contributed. Only the land and the building remained the property of the former company. Effective as of October 1, 2006, 51 % of the shares in the new subsidiary, Böhm Electronic Systems Slowakei s.r.o., Nove Mesto, were sold to Böhm Fertigungstechnik – Slowakei, Trencin, Slovakia, a subsidiary of Böhm Fertigungstechnik Suhl GmbH, Zella-Mehlis. The buyer of the 51 % and HamaTech agreed a put / call option on the remaining 49 %. In October 2007, the remaining 49 % of the shares were sold to Böhm Fertigungstechnik – Slowakei s.r.o., Trencin, for a purchase price of € 2,000k.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003. However, this company had not been liquidated as of the balance sheet date.

Regarding the investment in STANGL AG, please refer to the section on business combinations under Note 5.

In July 2007, SINGULUS TECHNOLOGIES AG, Kahl am Main, spun off the TMR Technology division to the newly established subsidiary SINGULUS Nano Depostion Technologies GmbH, Kahl am Main.

Effective as of June 30, 2007, SINGULUS TECHNOLOGIES Beteiligungs GmbH was merged into SINGULUS TECHNOLOGIES AG.

The share of equity and profit attributable to minority interests is shown separately in the balance sheet and income statement. However, if the loss attributable to minority interests exceeds the carrying amount of their share of equity, this carrying amount is adjusted to zero and no further proportionate losses are recorded.

The net profit / loss of acquired entities is recognized in the consolidated financial statements from the date of acquisition. All material intragroup transactions are eliminated during consolidation.

At the beginning of February 2007, HamaTech announced that it had sold 100 % of the shares in the former subsidiary STEAG ETA-Optik GmbH (hereinafter referred to as “ETA-Optik”), Heinsberg, Germany, to the Swedish stock corporation AudioDev AB, Malmö, Sweden. The takeover took effect on the same day. In the balance sheet as of December 31, 2006, the company’s assets were disclosed under “assets of a disposal group classified as held for sale”. The company’s liabilities were disclosed under “liabilities in connection with assets held for sale” in the balance sheet as of December 31, 2006. The profit contributions of this unit are not disclosed under discontinued operations in the consolidated income statement for fiscal year 2007 as the Company does not fulfill the criteria to be called a discontinued operation within the meaning of IFRS 5.

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 respective local currency. Balance sheet items are translated at the rate on the balance sheet date and income statement items at the average rate of the fiscal year. The capital stock of the investments is measured at the historical rate. Currency differences arising from the application of different rates are recognized under other reserves. Foreign currency monetary items are translated at the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

Management’s Use of Judgment and Main Sources of Estimating Uncertainties

The preparation of financial statements in accordance with IFRSs requires estimates and assumptions to be made by management which have an effect on the amounts of the assets, liability, income, expenses and contingent assets and 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 recoverability 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. Any changes are recognized in profit or loss as and when better information is available.

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

a) Impairment of Goodwill

The Group determines whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the cash-generating units to which goodwill is allocated. In this regard, please also see the comments under “Impairment of Assets”.

b) Deferred Tax Assets

Deferred tax assets are recorded for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable in the future that taxable profit will be available against which the unused tax loss carryforwards can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments under Note 22.

c) Share-Based Payment Plans

The Group measures the cost of issuing equity instruments to employees at the fair value of those instruments on the date of issue. In order to estimate fair value, an appropriate measurement approach must be determined for the issue of equity instruments that depends on the terms and conditions of issue. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, and dividend yield, as well as corresponding assumptions must be determined. The assumptions and approaches used are disclosed in Note 17.

d) 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 under Note 19.

e) Development Costs

Development costs are capitalized in accordance with the accounting policies described under the Note “Research and Development Expenses”. In order to determine the amounts to be capitalized, management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the discount rates and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments under Note 11.

Revenue Recognition

Revenue relating to the sale of equipment is recognized when a contract has become effective, delivery has been made, the customer has accepted delivery, or a pre-acceptance test has been carried out successfully. Revenue relating to services is recognized when the service has been rendered, a price has been agreed and is determinable and payment thereof is probable.

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

Revenue is stated net of VAT, returns, sales deductions and credit notes.

Because STANGL AG works not on the basis of serial production, but rather deals in specific customer orders, recognition is in accordance with the percentage-of-completion method (POC method). The applicable 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. These contracts are disclosed under “receivables from work not yet invoiced” or, in the case of potential losses, “liabilities from work not yet invoiced”. If prepayments exceed accumulated work performed, this is disclosed under liabilities.

Goodwill

Goodwill resulting from an acquisition is initially measured at cost, that being the excess of the cost of the business combination over the acquirer’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. In this context, please see our comments under “Impairment of Assets”.

The acquisition of additional shares from subsidiaries that are already fully consolidated is accounted for using the parent-entity-extension method. Under this method, goodwill, or negative goodwill, is determined as the difference between the purchase price and the prorated assets (based on IFRS carrying amounts). Hence, goodwill, or negative goodwill, is accounted for in the same way as that arising from business combinations.

Negative Goodwill From Business Acquisitions

If the share in the assets, liabilities, and contingent liabilities recognized at fair value exceeds the cost of the business acquisition, the excess is to be taken to income immediately following completion of another assessment.

Research and Development Costs

Research costs are expensed in the period in which they were 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 encompasses all costs directly allocable to the development process as well as appropriate shares of development-related overheads. Amortization is charged using the straight-line method over the expected useful life of the developed products (generally assumed to be five years).

Other Intangible Assets

Intangible assets acquired separately are recognized at cost, and from a business combination are capitalized at fair value as of the date of acquisition. Intangible assets, excluding development costs, created within the Company are not capitalized; associated costs are expensed as incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized, being tested instead for impairment at least once a year.

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

• Software	3 years
• Patents	8 years
• Customer relationships	10 years
• Technology	5 to 8 years

Cash and Cash Equivalents

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.

Receivables

Invoices for goods and services are mainly issued in euros.

If there is an objective indication that assets 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 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 using an allowance account. The impairment loss is recognized directly in profit or loss. The Company individually recognizes specific bad debt allowances for trade receivables when customers default. This only applies where there is no collateral (e.g. credit insurance policies, etc.).

For trade receivables, if there are objective indications (such as probability of insolvency or significant financial difficulties of the debtor) that not all due amounts will be collected pursuant to the original payment terms, an impairment loss is charged using an allowance account. Receivables are derecognized when they are classified as uncollectible.

If the amount of the impairment decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The new carrying amount of the asset may not exceed the amortized cost at the date of reversal. The reversal is recognized in profit or loss.

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under “Derivative Financial Instruments”.

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 to sell. Raw materials, consumables and supplies including spare parts are measured using the average cost method. Work in process is measured using the full cost approach based on standard cost. The standard costs are reviewed once a year and adjusted if necessary. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

SINGULUS TECHNOLOGIES AG adjusted the allowance on slow-moving and excess inventories in the fiscal year based on experience. The four existing allowance classes for salability were reduced from between 50 % and 100 % to between 0 % and 80 %. At the same time, they were reduced in terms of range from between 0 % and 100 % to between 0 % and 80 %.

Financial Assets and Liabilities

Financial assets, other than loans granted by the Company or receivables, or those classified as “held for trading” (derivatives) are generally 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 period generally established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate 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.

Available-for-sale financial investments are non-derivative financial assets. Subsequent to initial measurement, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are posted directly under equity. If such a financial asset is derecognized or impaired, any accumulated gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial assets 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 guarantees or are designated as effective hedging instruments. Gains or losses on financial assets 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 bid prices as of the balance sheet date. The fair value of investments that are not quoted on an active market is determined using measurement models. Accounting policies include the use of recent arm's length transactions between knowledgeable, willing and independent parties, the comparison with the current fair value of another financial instrument which is substantially the same, the analysis of discounted cash flows, and the use of other measurement models.

Held-to-maturity investments and loans and receivables are measured at amortized cost, which is determined using the effective interest rate method less any impairment and including discounts and premiums paid upon acquisition as well as transaction costs and fees which are an integral part of the effective interest rate.

All loans and borrowings are initially recognized at fair value net of issue costs directly associated with the borrowing. They are not designated as measured at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss for the period when the liabilities are derecognized, as well as through the amortization process.

Financial liabilities are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Derivatives are also classified as “held for trading” unless they are designated as effective hedging instruments. Gains or losses on financial liabilities “held for trading” are recognized in profit or loss.

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to receive the cash flows of a financial asset expire. A financial liability is derecognized if the contractual obligation underlying the liability is discharged, cancelled or expires.

Hedge Accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge continue to be recognized in profit and loss. In this case, the hedged item relating to the hedged exposure is also carried at fair value such that, if a hedge is highly effective, the changes in value in relation to the hedged exposure more or less offset each other.

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 a separate line item in equity 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 and loss. The change in fair value recorded in equity is derecognized and recorded in profit and loss as soon as the hedge 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.

As considerable documentation and evidencing obligations are attached to hedge accounting under IAS 39, hedging relationships are only accounted for using hedge accounting if the corresponding conditions are, or were, met.

The Company primarily concludes forward exchange contracts to hedge foreign currency risks from trade receivables. In the case of fair value hedges for existing receivables, the hedging transaction and the risk portion of the hedged item are carried at fair value. Changes in value are recognized in profit or loss.

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other reserves, 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.

Property, Plant and Equipment

Property, plant and equipment are carried at cost of purchase plus directly allocable costs, less straight-line depreciation. Finance costs are not recognized. Depreciation is charged over the economic lives of the assets. The useful 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

Gains or losses on the disposal of assets are recognized in profit or loss.

Furthermore, no impairment losses needed to be recognized on property, plant and equipment in the fiscal year.

Depreciation on property, plant and equipment is recognized in the functional area to which the respective assets have been allocated.

For more information on the disclosure of ETA-Optik's assets in fiscal year 2006, please refer to Note 13. All of the Company's assets were recognized as prior-year disposals.

Investment Property

SINGULUS TECHNOLOGIES measures investment property at depreciated cost using the cost model, pursuant to IAS 40. The fair values, determined using a calculation adjusted for inflation, largely correspond to the cost net of depreciation and impairment losses. The majority of these assets comprise commercially used land and buildings which are leased out. In fiscal year 2007, investment property had a carrying amount of € 8,653k (prior year: € 8,770k). Depreciation of investment property amounted to € 300k in the fiscal year. It is charged straight-line over a useful life of between 4 and 40 years. Lease income amounts to € 450k p.a. Operating expenses stood at € 88k.

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 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. The leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full.

Assets leased from the Company under operating leases are recognized at cost of conversion 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.

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 required, 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 exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In order to test its recoverability, the goodwill acquired in business combinations was allocated to cash-generating units which, at SINGULUS TECHNOLOGIES, correspond to the subsidiaries. In deviation of this method and due to the transfer of SINGULUS EMOULD's business activities to SINGULUS MOLDING, the recoverability of the goodwill arising from the first-time consolidation of SINGULUS EMOULD was tested on the basis of the "injection molding machines" cash-generating unit. This corresponds to the legal entity SINGULUS MOLDING.

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

- Gross margins
- Discount rates
- Market shares in the reporting period
- Growth rates used to extrapolate cash flow projections beyond the forecast period

Gross margins – Gross margins are determined on the basis of average figures generated in the fiscal years prior to the start of the budget period. The margins are increased or decreased during the budget period by the expected changes in cost or sales revenues.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The return on a government bond with a term of ten years at the start of the budget period was used to determine the appropriate discounting rates for the individual cash-generating units.

Assumptions as to market share – These assumptions are important for helping management assess how the position of the cash-generating unit could change in comparison with its competitors during the budget period (as with determining assumptions as to growth rates – see below). Management expects the cash-generating unit's market share to remain largely unchanged.

Growth rate estimates – Growth rates are based on published industry-specific market research. The growth rate in the perpetual annuity was extrapolated at 1 %.

Sensitivity of Assumptions Made

The management is of the opinion that no change, based on prudent business judgment, to the assumptions made for determining the value in use of the cash-generating units MOLDING and STANGL, could lead to a situation in which the carrying amount of these cash-generating units significantly exceeds the recoverable amount.

At the cash-generating unit MASTERING, a change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit significantly exceeds the recoverable amount. This could arise if the capitalization rate increased or the planned gross margins fell. The MASTERING segment is also expected to benefit from the forecast Blu-ray business, and this development is also expected to be reflected in the value in use of the cash-generating unit MASTERING.

Goodwill is presented in the following table:

[€ k]	
SINGULUS EMOULD GmbH	603
SINGULUS MASTERING B.V.	30,646
STANGL AG	45,565
Total goodwill	**76,814**

The recoverable amount of the cash-generating units was determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 11.9 %.

In the fiscal year, no impairment losses were charged on intangible assets.

The impairment losses in fiscal year 2006 of € 12,556k mainly resulted from restructuring measures. Of these, € 10,807k was attributable to capitalized development costs and € 942k to goodwill of ETA-Optik GmbH.

For more information on the disclosure of ETA-Optik in fiscal year 2006, please see Note 13.

Write-downs on intangible assets are recognized in the functional area to which the respective assets have been allocated. In the prior year, impairment losses on development costs were disclosed under "restructuring expenses" because production of the relevant products was discontinued at the respective locations.

Other Receivables and Assets

Other receivables and assets are recognized at amortized cost. Bad debt allowances are recorded for specific identifiable risks and general credit risks.

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. They are calculated based on the tax rates and tax laws applicable as of the balance sheet date.

Current tax relating to items which are recognized directly in equity is also recognized in equity and not in the income statement.

Deferred Tax Liabilities and Assets

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax balance sheet and 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 assets, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which at least part of the deferred tax asset can be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Tax loss carryforwards are recognized on the basis of 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 settled. 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. The tax consequences of distributions are not recognized before the resolution on the appropriation of net profit has been passed.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities in the consolidated balance sheet.

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 known and expectancies earned by the employees as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligations. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Other 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.

Liabilities

Current liabilities are stated at the redemption amount or settlement amount. Non-current liabilities are recognized at amortized cost in the balance sheet. Differences between historical cost and the amount repayable are accounted for by using the effective interest rate method. Finance lease liabilities are carried at the present value of the lease payments.

Government Grants

In the fiscal year, research and development costs included government grants. These reduced costs accordingly. These grants were specifically received from the German Federal Ministry of Education and Research ["Bundesministerium für Bildung und Forschung": BMBF].

They were linked to the successful achievement of project milestones. The grants agreed for SINGULUS TECHNOLOGIES AG amounted to € 136k (prior year: € 252k). The subsidiary HamaTech AG received total grants of € 147k in fiscal year 2007 (prior year: € 432k).

Share-Based Payment Plans

As a reward for services rendered, employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). Senior executives are granted share appreciation rights which can be settled with a cash payment ("cash settled transactions") or in the form of equity instruments.

The cost of issuing the equity instruments after November 7, 2002 is measured at the fair value of these instruments on the date they were issued. The fair value is determined by an external valuer using a suitable option pricing model, further details of which are given in Note 17.

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 reflects 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 that 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 a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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.

The cost of equity-settled transactions is 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 on each balance sheet date and on the settlement date with changes in fair value recognized in profit or loss.

Earnings per Share

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing net 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.

_5 Business Combinations and Acquisition of Minority Interests

Business Combinations in 2006

Effective as of January 27, 2006, the Company acquired 66.28 % of the shares in HamaTech AG. In addition, the seller transferred a shareholder loan to SINGULUS TECHNOLOGIES AG. The preliminary purchase price for the transfer of HamaTech shares and the transfer of the shareholder loan totaled € 12,347k. € 10,100k of this amount relates to the acquisition of the shares and € 2,247k to the transfer of the shareholder loan. The purchase agreement stipulates that the purchase price is to be reduced by 60 % if the amount by which HamaTech's consolidated EBIT for 2005 audited in accordance with IFRS falls short of € 5,000k. This resulted in a subsequent reduction in the purchase price of € 4,919k in fiscal year 2006.

In addition, the Company made a public takeover bid (cash bid) to the shareholders of HamaTech. Under the bid, which was limited to the period from December 16, 2005 to February 1, 2006, the Company offered shareholders € 2.40 per HamaTech share. In connection with this takeover bid, the Company acquired a further 14.55 % of the shares for a total purchase price of € 12,045k.

The Company had already acquired 6.82 % of the shares in this company for a purchase price of € 5,236k in fiscal year 2005.

The purchase price was paid in full from the Company's cash and cash equivalents. The Company accounted for the acquisition in accordance with IFRS 3. € 7,544k of the purchase price was mainly allocated to intangible assets. These relate to patents (€ 2,556k), customer relationships (€ 2,325k), the "HamaTech" brand (€ 2,169k) as well as the order book as of the date of first-time consolidation (€ 494k). Furthermore, other provisions of € 2,418k were recognized as part of first-time consolidation. The resulting negative goodwill of € 33,776k was recognized in income in fiscal year 2006 on the date it was incurred in accordance with IFRS 3.

As of December 31, 2006, the Company held 88.79 % of the shares in HamaTech AG.

The fair value of the identifiable assets and liabilities of HamaTech AG as of the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition broke down as follows:

[€ k]	Fair value as of the acquisition date	Net carrying amount
Intangible assets	11,392	3,848
Non-current assets	21,347	21,347
Current assets	67,582	67,582
Deferred tax assets	4,195	3,388
Total	**104,516**	**96,165**
Non-current liabilities	(2,143)	(2,143)
Current liabilities	(35,142)	(32,724)
Deferred tax liabilities	(2,679)	0
Total	**(39,964)**	**(34,867)**
Net assets	64,552	61,298
Minority interests	7,406	
Net assets acquired	57,146	
Negative goodwill from business acquisition	33,776	
Costs with an effect on income:		
Cash acquired		510
Cash paid		23,370
thereof paid in 2005		5,236
Actual cash flow in 2006		17,624

The Company founded SINGULUS TECHNOLOGIES Beteiligungs GmbH, Kahl am Main, with effect as of February 23, 2006. The shares in HamaTech AG, Kahl am Main, were contributed to this company. As of October 19, 2007, SINGULUS TECHNOLOGIES Beteiligungs GmbH was merged into SINGULUS TECHNOLOGIES AG.

In fiscal year 2007, another 759,899 of HamaTech AG's shares were acquired for a purchase price of € 2,218k. The resulting goodwill of € 552k was recognized directly in profit and loss.

As of December 31, 2007, the Company held 91.3 % of the shares in HamaTech AG.

Effective as of October 1, 2006, HamaTech AG, Kahl am Main, sold 51 % of the shares in its Slovakian subsidiary STEAG Electronic Systems for a purchase price of € 1,900k. A put / call option on the remaining 49 % of the shares was agreed with the buyer. In October 2007, the remaining 49 % of the shares were sold to Böhm Fertigungstechnik – Slowakei s.r.o., Trencin, for a purchase price of € 2,000k.

The Company founded SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China, with effect as of March 17, 2006 and holds 51 % of this company.

Business Combinations in 2007

Effective as of September 14, 2007, the Company acquired 51 % of the shares in STANGL AG. The purpose of the company is to develop, produce and sell equipment for use in wet-chemical processing of silicon and thin-film solar cells. A purchase price of € 43,800k was agreed for the shares, comprising a cash component of € 25,000k and a share component of € 18,800k.
For the share component, a total of 2,004,478 new bearer shares of SINGULUS TECHNOLOGIES AG with a nominal volume of € 1.00 were issued. The incidental acquisition costs directly attributable to the business combination amounted to € 911k. The incidental acquisition costs from the capital increase, which were offset against the capital reserves, amounted to € 120k. SINGULUS TECHNOLOGIES AG was granted a call option on the remaining shares.
At the same time, the shareholders of STANGL AG were granted a put option. The call option can be exercised either in the period from January 1, 2010 to May 31, 2010 or in the period from January 1, 2011 to May 31, 2011. The put option can be exercised either in the period from June 1, 2010 to October 31, 2010 or in the period from June 1, 2011 to October 31, 2011. The put / call option was recognized as a liability in the amount of the present value of the estimated cash outflow (€ 36,360k). Goodwill increased accordingly.

The Company accounted for the acquisition in accordance with IFRS 3. € 39,432k of the purchase price for 51 % of the shares was mainly allocated to intangible assets. These relate to technology (€ 6,846k), customer bases (€ 27,816k) and the “STANGL” brand (€ 4,770k). In addition, there were deferred tax liabilities of € 9,660k arising from first-time consolidation. The resulting positive difference of € 45,565k was recognized as goodwill in fiscal year 2007 in accordance with IFRS 3.

The fair value of the identifiable assets and liabilities of STANGL AG as of the date of acquisition and the corresponding carrying amounts directly prior to the date of acquisition break down as follows:

[€ k]	**Fair value as of the acquisition date**	**Net carrying amount**
Intangible assets	39,714	282
Other non-current assets	618	618
Current assets	13,272	13,272
Total	**53,604**	**14,172**
Non-current liabilities	(85)	(85)
Current liabilities	(6,251)	(6,251)
Deferred tax liabilities	(11,761)	(2,101)
Total	**(18,097)**	**(8,437)**
Net assets	35,507	5,735
Purchase price incl. put / call-option	80,160	
Capitalized incidental acquisition costs	911	
Total acquisition costs	81,071	
Goodwill from business acquisition	45,565	
Costs with an effect on income:		
Acquired cash and cash equivalents		7,369
Cash paid		25,911
Actual cash flow in 2007		18,542

Assuming that the acquisition date for the business combination was at the beginning of the reporting period, the SINGULUS TECHNOLOGIES Group's revenue stood at € 245,604k and EBIT at € 4,129k.

_6 Segment Reporting

The Group's business is organized by product for corporate management purposes and has the following four operating segments which are subject to disclosure:

The optical disc segment is engaged in the development, manufacture and distribution of metallizers for prerecorded, recordable and rewritable CDs and DVDs as well as replication lines for these products. Metallizers are distributed under the brand names "SINGULUS" and "Modulus", and replication lines under the brand names "SKYLINE" (prerecorded CDs and DVDs), "STREAMLINE" (CD-Rs and DVD-Rs), "SPACELINE" (video DVDs and HD DVDs) and "SUNLINE" (CD-RWs and DVD-RWs). Since the acquisition of HamaTech AG, a replication line for manufacturing CD-Rs or DVD-Rs is being distributed under the brand name Taurus. Since fiscal year 2002, the Company has been involved in the manufacture and distribution of mastering systems, which complement the Company's replication lines. In the fiscal year revenues were generated in this segment for the first time from the sale of replication lines for manufacturing third-generation optical Blu-ray Discs ("BLULINE").

Furthermore, in fiscal year 2007, HamaTech's held-for-sale property in Sternenfels was disclosed in the optical disc segment (€ 5,693k).

The solar segment includes the manufacture and distribution of equipment for use in wet-chemical wafer processing for photovoltaics as well as the development of coating equipment for applying anti-reflection coatings for silicon solar technology.

The semiconductor segment focuses on the manufacture of equipment for cleaning photomasks. These are used as projection templates in the semiconductor industry. The semiconductor segment also covers the development and manufacture of equipment that uses TMR technology for IT applications. This equipment can be used to manufacture MRAM wafers and thin film heads.

A machine has been developed in the coating segment which uses automated in-line process technology to coat optical lenses. Another area of this segment is the manufacture of equipment for the application of decorative layers to three-dimensional plastic or metal.

"Other" includes those business units that account for less than 10 % of the group assets, net proceeds and operating result. In the fiscal year, this included HamaTech Slovakia's investment properties.

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

Management manages on the basis of net revenue and EBIT (=operating result). Debt is managed at group level. As of the balance sheet date, assets, revenues and operating results were allocated to the segments as follows.

	"Optical disc" segment		"Solar" segment		"Semiconductor" segment	
[€ k]	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Segment assets	175,335	233,597	14,004	0	37,859	22,307
Gross revenue	233,597	175,335	0	14,004	22,307	37,859
Sales deductions and direct selling costs	– 5,520	– 9,263	– 201	0	– 783	– 647
Net revenue	169,815	224,334	13,803	0	37,076	21,660
Operating result	**– 4,173**	**7,038**	**2,885**	**0**	**4,791**	**– 2,247**

	"Coating" segment		Other		SINGULUS Group	
[€ k]	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Segment assets	11,902	7,613	8,973	8,770	443,933	387,597
Gross revenue	2,316	2,039	0	25,194	229,514	283,137
Sales deductions and direct selling costs	– 11	-34	0	– 727	– 6,515	– 10,671
Net revenue	2,305	2,005	0	24,467	222,999	272,466
Operating result	**– 2,463**	**– 1,351**	**30**	**562**	**1,070**	**4,002**

The table below shows geographical information as of 31.12.2007 based on gross revenue

[€ k]	Germany	Rest of Europe	Americas	Asia	Africa	Aus-tralia
Revenue by						
Country of origin	176,203	21,073	10,314	21,924	0	0
Destination	26,048	65,535	73,588	59,332	3,961	1,051
Assets	320,845	95,002	9,429	18,657	0	0

The table below shows geographical information as of 31.12.2006 based on gross revenue

[€ k]	Germany	Rest of Europe	Americas	Asia	Africa	Aus-tralia
Revenue by						
Country of origin	194,811	52,266	15,584	20,476	0	0
Destination	33,188	85,588	79,333	77,769	7,259	0
Assets	271,741	92,716	24,590	8,550	0	0

_7 Cash and Cash Equivalents

[€ k]	2007	2006
Cash on hand and bank balances	36,952	56,216

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is € 36,952k (prior year: € 56,216k).

_8 Trade Receivables

[€ k]	2007	2006
Trade receivables (current)	77,886	86,246
Trade receivables (non-current)	10,924	11,531
Less bad debt allowances	(10,250)	(16,865)
	78,560	**80,912**

As of December 31, 2007, bad debt allowances of a nominal € 10,250k had been charged on trade receivables (prior year: € 16,865k). The account for bad debt allowances developed as follows:

[€ k]	Specific bad debt allowances 2007
As of 01.01.	16.865
Allowances recognized in profit or loss	1.617
Utilization	– 4.373
Reversal	– 3.859
As of 31.12.	**10.250**

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

As of December 31, the age structure of trade receivables, taking into account specific bad debt allowances, breaks down as follows:

Overdue by [€ k]	less than 30 days	30 to 60 days	60 to 90 days	90 to 180 days	more than 180 days
2006	8,622	3,861	3,341	6,283	18,365
2007	6,588	2,924	1,612	5,034	13,593

The overdue trade receivables are collateralized in the form of retention of title, insurance policies and letters of credit. For trade receivables for which no bad debt allowance has been charged, there were no indications that the debtors will not meet their payment obligations as of the balance sheet date.

In the fiscal year, net gains from trade receivables of € 546k (prior year: net loss of € 6,875k) comprised income from the reversal of specific bad debt allowances of € 3,859k (prior year: € 793k), expenses from allocations to specific bad debt allowances of € 1,617k (prior year: € 7,280k), and exchange losses of € 1,696k (prior year: € 388k) arising on the measurement of trade receivables as of the balance sheet date.

_9 Other Receivables and Assets

[€ k]	2007	2006
Tax refund claims	10,360	4,306
Prepaid expenses	1,613	1,340
Loan receivable	1,364	1,787
Forward exchange contracts at fair value	1,214	1,025
Prepayments	1,021	1,473
Loans to employees	72	93
Loan receivable from Böhm Electronic Systems Slovakei s.r.o.	0	2,800
Financial instrument recognized at fair value	0	1,862
Claims against insurance companies	0	12
Other	644	1,700
	16,288	**16,398**

Tax refund claims of € 2,846k from fiscal year 2007 resulted from amended tax assessment notices for 1997 to 2000. Corporate income tax and trade tax refund claims for 1997 and 1998 arose due to the recognition of additional usable tax loss carryforwards. For more information, please refer to the comments under Note 22 – Income Taxes. Also included was the current portion of a tax refund claim of € 1,167k, which resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act ["Steuersenkungsgesetz": StSenkG] from October 23, 2000, which came about as a result of the revision of the law governing tax measures intended to accompany the introduction of the European Company and the subsequent amendment of other tax regulations ["Gesetz über steuerliche Begleitmassnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften": SEStEG] of December 7, 2006. The non-current portion of these claims of € 8,675k was disclosed under other non-current receivables. The prior-year figure was reclassified in the fiscal year to other non-current receivables.

The € 1,364k disclosed under "loan receivable" relates to a loan granted to a customer by HamaTech AG.

The Company hedges foreign currency receivables against potential exchange losses with derivative financial instruments. Primarily forward exchange contracts are used to hedge receivables. On the balance sheet date, receivables totaling $ 13,883k (prior year: $ 6,488k) were hedged by derivatives. Due to the continued decline of the $ against the euro in the fiscal year, the fair value of all derivative financial instruments was € 1,214k as of the balance sheet date.

The positive fair values of the forward exchange contracts concluded to hedge recognized foreign currency receivables will result in cash flows of € 1,214k in the next two years.

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 item "Financial instrument recognized at fair value" related to the 49 % stake in Böhm Electronic Systems Slowakei s.r.o. (BESS). The buyer of the 51 % and HamaTech agreed a put / call option on the remaining 49 %. In October 2007, the remaining 49 % of the shares were sold to Böhm Fertigungstechnik – Slowakei s.r.o., Trencin, for a purchase price of € 2,000k.

The loan receivable from Böhm in fiscal year 2006 related to a short-term loan of € 1,343k issued to BESS by SINGULUS TECHNOLOGIES AG. The remaining € 1,457k related to a short-term loan issued to BESS by HamaTech. Both amounts were netted in fiscal year 2007 against trade payables of the two companies to BESS.

_10 Inventories

[€ k]	2007	2006
Raw materials, consumables and supplies	40,420	56,327
Work in process	57,950	63,102
Less allowances	(7,575)	(13,747)
	90,795	**105,682**

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle. In this regard, raw materials, consumables and supplies are treated separately from the other inventories. The net realizable value is determined as the sales price less any selling expenses incurred. The carrying amount of inventories recognized at net realizable value comes to € 6,536k (prior year: € 5,124k).

_11 Intangible Assets

In fiscal year 2007, intangible assets developed as follows (all amounts in € k):

[€ k]	Goodwill	Franchises, industrial rights and other intangible assets	Capitalized development costs	Total
Cost				
As of 31.12.2006	**31,249**	**12,809**	**57,044**	**101,102**
Exchange rate changes	0	228	0	228
Additions from business acquisition	942	8,378	2,522	11,841
Other additions	0	135	15,124	15,259
Disposals	0	– 878	– 9,493	– 10,371
Disposals ETA-Optik	– 942	– 879	– 761	– 2,582
As of 31.12.2006	**31,249**	**19,793**	**64,436**	**115,478**
Exchange rate changes	0	– 14	0	– 14
Additions from business acquisition	45,565	39,510	203	85,278
Other additions	0	381	20,661	21,042
Disposals	0	– 41	0	– 41
As of 31.12.2007	**76,814**	**59,629**	**85,300**	**221,743**
Amortization and Impairment Losses				
As of 01.01.2006	**0**	**3,568**	**14,961**	**18,529**
Exchange rate changes	0	20	0	20
Other additions (scheduled)	0	3,277	9,973	13,250
Other additions (unscheduled)	942	807	10,807	12,556
Disposals	0	– 329	– 9,493	– 9,822
Disposals ETA-Optik	– 942	– 879	– 761	– 2,582
As of 31.12.2006	**0**	**6,463**	**25,487**	**31,950**
Exchange rate changes	0	– 4	0	– 4
Other additions (scheduled)	0	1,778	11,495	13,273
Disposals	0	– 19	0	– 19
As of 31.12.2007	**0**	**8,218**	**36,982**	**45,200**
Carrying amount as of 31.12.2006	**31,249**	**13,330**	**38,949**	**83,528**
Carrying amount as of 31.12.2007	**76,814**	**51,411**	**48,318**	**176,543**

Significant additions to intangible assets arose in connection with the acquisition of STANGL AG. Please see also Note 5 – Business Combinations.

€ 20,661k of the development costs incurred in fiscal year 2007 qualify for recognition as an asset under IFRSs (prior year: € 15,124k). The capitalized development costs mainly relate to expenses in the Company's core business areas, optical disc and mastering, as well as the new areas OPTICUS and TMR technology.

Other intangible assets primarily comprise patents and licenses acquired in connection with the acquisition of ODME B.V., Eindhoven, Netherlands (now SINGULUS MASTERING).

_12 Property, Plant and Equipment

In fiscal year 2007, property, plant and equipment developed as follows (all amounts in € k):

[€ k]	Land, own buildings	Plant and machinery	Other equipment furniture and fixtures	Leased assets	Assets under construction	Total
Cost						
As of 01.01.2006	**8,432**	**4,916**	**9,779**	**385**	**409**	**23,921**
Exchange rate changes	1,086	9	998	0	0	2,093
Additions from business acquisition	14,454	1,124	2,102	0	0	17,680
Other additions	325	1,749	1,212	1,302	4	4,592
Disposals	0	– 1,742	– 2,492	0	– 308	– 4,542
Reclassifications	– 10,492	– 364	385	– 385	0	– 10,856
Disposals ETA-Optik	– 44	– 76	– 83	0	0	– 203
As of 31.12.2006	**13,760**	**5,617**	**11,902**	**1,302**	**105**	**32,685**
Exchange rate changes	5	12	71	0	0	88
Additions from business acquisition	97	397	124	0	0	618
Other additions	68	976	695	0	3	1,742
Disposals	– 110	– 1,028	– 1,637	– 1,302	0	– 4,076
Reclassifications	– 6,357	0	0	0	0	– 6,357
As of 31.12.2007	**7,463**	**5,974**	**11,155**	**0**	**108**	**24,700**
Amortization and Impairment Losses						
As of January 1, 2006	**2,556**	**1,721**	**6,715**	**42**	**0**	**11,034**
Exchange rate changes	311	6	103	0	0	420
Other additions (scheduled)	1,004	1,390	2,198	0	0	4,591
Other additions (unscheduled)	0	57	172	0	0	229
Disposals	0	– 1,155	– 2,472	0	0	– 3,627
Reclassifications	– 1,865	– 222	0	0	0	– 2,086
Disposals ETA-Optik	– 44	– 76	– 83	0	0	– 203
As of 31.12.2006	**1,962**	**1,721**	**6,633**	**42**	**0**	**10,358**
Exchange rate changes	5	7	47	0	0	59
Other additions (scheduled)	994	1,426	2,046	319	0	4,786
Disposals	– 75	– 417	– 1,459	– 361	0	– 2,312
Reclassifications	– 665	0	0	0	0	– 665
As of 31.12.2007	**2,221**	**2,737**	**7,268**	**0**	**0**	**12,226**
Carrying amount as of 31.12.2006	**11,798**	**3,895**	**5,268**	**1,260**	**105**	**22,326**
Carrying amount as of 31.12.2007	**5,242**	**3,237**	**3,887**	**0**	**108**	**12,474**

_13 Assets and Liabilities of Disposal Groups Classified as Held For Sale

HamaTech AG's optical disc business was gradually relocated to Kahl in fiscal year 2007. In the last quarter of fiscal year 2007, the Company decided in connection with the reorganization to sell the building in Sternenfels that had previously been used by HamaTech AG in 2008. Part of the property is owned by the Company, whereas part has been purchased by a lease SPE and is leased back by HamaTech AG under a finance lease. Due to the intention to sell, the property, including the related liabilities, was reclassified from property, plant and equipment to non-current assets classified as held for sale. The fair value of the property more or less corresponds to the carrying amount of € 5,693k.

The following carrying amounts of certain assets and liabilities held for sale as of December 31, 2006 relate to ETA-Optik Gesellschaft für optische Messtechnik mbH, Heinsberg, Germany.

[€ k]	Dec. 31, 2006
Receivables	1,134
Inventories	3,883
Other assets	207
Assets held for sale	**5,224**
Trade payables	280
Financial liabilities	505
Provisions	456
Other liabilities	238
Liabilities held for sale	**1,479**

Effective as of February 8, 2007, ETA-Optik was sold for a purchase price of € 3,250k. The company was deconsolidated with effect as of January 31, 2007.

_14 Other Current Liabilities

[€ k]	2007	2006
Outstanding invoices	6,353	3,407
Sales commissions for foreign agents	4,237	4,172
Outstanding liabilities to personnel	3,990	4,869
Tax liabilities	1,601	346
Employee bonuses	1,297	656
Current portion of convertible bonds issued	562	598
Dividend claims of minority interests	547	0
Financial statement, legal and consulting fees	475	701
Obligation to pay a guaranteed dividend	400	281
Deferred interest portion of installment payment plans	397	887
Liabilities in connection with social security	201	501
Outstanding credit notes	107	1,598
Liabilities from the acquisition of patents	0	1,000
Measurement of the option on a loan receivable	0	503
Finance lease liabilities	0	1,260
Other	1,841	2,161
	22,008	**22,940**

_15 Payments Received on Account

[€ k]	2007	2006
Prepayments received from customers	9,772	21,493

Prepayments received as of December 31, 2007 and 2006 mainly relate to prepayments for replication lines and TMR technology, which are disclosed in inventories under work in process.

_16 Other Non-Current Liabilities

Non-current liabilities include a provision for the acquisition of minority interests of € 37,505k discounted to December 31, 2007. This arose in connection with the put / call option agreed as part of the acquisition of shares in STANGL AG. It can be assumed that one of the parties will exercise their option at the exercise date. Please refer to our comments under Note 5 – Business Combinations.

In addition, € 846k of non-current liabilities relates to remaining purchase prices for acquisitions of intangible assets in fiscal year 2004.

The item also contains liabilities from convertible bonds as part of a stock option plan for management board members and senior employees.

[€ k]	2007	2006
Non-current portion of convertible bonds	21	77

For more information on the performance of outstanding convertible bonds we refer to Note 17 – Convertible Bonds Issued. The nominal value of the outstanding bonds amounts to € 1.00 per convertible bond.

As of December 31, 2007, the total value of all four tranches of convertible bonds amounted to € 583k. Based on the stipulated conversion dates, the value at maturity of the convertible bonds is as follows:

[€ k]	
Maturing in 2008	562
Maturing in 2009	21
	583

According to the above table, the current portion of convertible bonds due within one year (€ 562k) is disclosed under "other current liabilities" as of the balance sheet date.

_17 Share-Based Payment Plans

The share-based payment plans are as follows:

Convertible Bonds Issued

By resolution approved at the extraordinary shareholder meeting on November 6, 1997 and the ordinary shareholder meetings on May 7, 1999 and May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue convertible bonds in one or more tranches with a total nominal value of up to € 1,597,104 until September 30, 2002, and to issue convertible bonds in one or more tranches with a total nominal value of up to € 1,800,000 and a maturity up to December 31, 2010 until September 30, 2005 to management board members and senior employees. The purpose of the stock option plan was to motivate the management board and senior employees and encourage them further to contribute toward the success of the Company.

The following table summarizes the information on the convertible bonds outstanding as of December 31, 2007 and December 31, 2006:

	2007		2006	
	Number of bonds	Weighted average exercise price (€)	Number of bonds	Weighted average exercise price (€)
Change in convertible bonds				
Outstanding at the beginning of the fiscal year	674,682	20.74	1,007,682	23.95
Issued in the fiscal year	0	–	0	–
Returned in the fiscal year	91,932	19.53	333,000	30.45
Exercised during the fiscal year	0	–	0	–
Expired in the fiscal year	0	–	0	–
Outstanding at the end of the fiscal year	582,750	25.33	674,682	20.74
Exercisable at the end of the fiscal year	582,750	25.33	556,682	21.18

The options issued through the convertible bond were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. SINGULUS TECHNOLOGIES has not exercised the option right afforded to it as a result of early application of IFRS 2. As a result, only the 270,000 convertible bonds issued after November 7, 2002 were recorded in income in fiscal year 2007 or in prior periods.

The market value of the respective options was determined using a binominal model. The determinants used for option measurement on the grant date were:

Tranche	**I/2003**	**II/2003**	**I/2004**	**II/2004**
Grant Date	May 31, 2003	Sept. 12, 2003	Jun. 18, 2004	Aug. 20, 2004
Exercise price	17.95 €	26.03 €	19.70 €	16.95 €
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	4.97 %	6.11 %	5.03 %	4.39 %
Volatility SINGULUS	50.00 %	50.00 %	50.00 %	50.00 %
Fair value per option	4.36 €	6.42 €	4.89 €	4.10 €

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the convertible bond was used as an historical timeframe. In fiscal year 2007, personnel expenses of € 68k were incurred in connection with convertible bonds (prior year: € 221k).

Stock Option Plan 2005

In order to provide its management staff and other top-performers with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a stock option plan (SOP) in 2005 entitling these employees to subscribe for up to 1,200,000 no-par value registered shares.

The term of the subscription rights is five years. They can be exercised at the earliest upon expiry of the two-year vesting period within the space 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 stock options held by the respective employee can be exercised during the first exercise period and then a further 25 % every six months during each subsequent exercise period. The options may only be exercised if the average (arithmetic mean) closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15 % higher than the strike price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the strike price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the strike price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the strike price during the reference period for the last 25 %. If the stock options of a tranche cannot be exercised within the respective exercise period because the aspired earnings target has not been reached, the stock options of this tranche can be exercised in subsequent exercise period(s) on the condition that the previously unmet earnings target is achieved in these reference exercise 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.

500,000 subscription rights with an exercise price of € 10.05 were issued in fiscal year 2006 (SOP I). In fiscal year 2007, 472,230 subscription rights with an exercise price of € 8.58 were issued (SOP II). This tranche benefited the entire workforce of the Company and the managers of the subsidiaries.

	SOP I			SOP II	
	2007 Number of options	2006 Number of options	Average exercise price (€)	2007 Number of options	Average exercise price (€)
Change in subscription rights					
Outstanding at the beginning of the fiscal year	380,000	0	–	0	–
Issued in the fiscal year	0	500,000	10.05	472,230	8.58
Revoked in the fiscal year	0	120,000	10.05	0	8.58
Exercised during the fiscal year	0	0	–	0	–
Expired in the fiscal year	0	0	–	0	–
Outstanding at the end of the fiscal year	380,000	380,000	10.05	472,230	8.58
Exercisable at the end of the fiscal year	0	0	–	0	–

The subscription rights were measured using a Monte-Carlo simulation. When applying this model, early exercise of the subscription rights was assumed in all situations in which the closing rate on the exercise date corresponds to at least 200 % of the exercise price. Furthermore, we also simulated a situation in which 3 % of the subscription right holders leave the Company following expiry of the lockup period and, where possible, exercise their subscription right. We applied the following parameters to the process of measuring the options.

	SOP II	SOP I
Grant Date	Aug. 8, 2007	Aug. 10, 2006
Exercise price	8.58 €	10.05 €
Closing rate SINGULUS	9.30 €	9.89 €
Dividend yield	0.00 %	0.00 %
Interest rate	4.33 %	3.68 %
Volatility SINGULUS	43.04 %	50.30 %
Total fair value	**4.03 €**	**4.41 €**

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the options was used as an historical timeframe.

In fiscal year 2007, personnel expenses of € 874k were incurred in connection with stock options of HamaTech AG (prior year: € 218k).

HamaTech's Stock Option Program

To implement the employee and manager stock option program, a resolution was approved at the shareholder meeting of HamaTech AG on May 18, 2001 to conditionally increase the capital of HamaTech AG by € 1.0m. The conditional capital serves the one-time issue or issue on several occasions of options on company shares and thus only results in a capital increase to the extent that the owners of the options actually exercise them. The resolution was entered in the commercial register on June 8, 2001.

	2007 Tranche I	2007 Tranche II	2006 Tranche I	2006 Tranche II
Granted	388,100	578,800	388,100	578,800
As of January 1	156,200	258,800	196,200	389,400
Exercised	–	–	–	–
Expired	156,200	258,800	40,000	130,600
As of December 31	0	0	156,200	258,800
Thereof exercisable	–	–	–	–

Expired options relate to employees who have left the company as well as to the expiry of the exercise period.

	Stock option plan	
	Tranche 1	Tranche 2
Subscription price per share	7.78	3.54
Date the options were granted	30.11.2001	02.12.2002
End of the lockup period	For 33 % of the options issued after two or three years. For the remaining 34 % after four years.	
End of the lockup period (% of total options)	100 %	66 %
Exercise periods	4th to 18th banking day following the shareholder meeting of HamaTech AG or the publication of the quarterly report for the second or third quarters.	
Final opportunity to exercise an option	The 15 banking days prior to expiry of the option on 30.11.2007	4th to 18th banking day following publication of the quarterly report for the third quarter; however, no later than 31.12.2007

Furthermore, authorization to exercise options depends on the fulfillment of certain performance criteria. The stock option plan requires the closing price of the HamaTech share on the last banking day before commencement of the exercise period to be higher than the subscription price. As a rule, the options that cannot be exercised because the exercise period has elapsed can be exercised in one of the subsequent exercise periods.

The options were measured at market value in accordance with IFRS 2, which is applicable to options issued after November 7, 2002. The reasons why HamaTech opted for early application of IFRS 2 include the opportunity to measure and expense those options eligible for exercise on the basis of the performance of the HamaTech AG share in the last three years. The market value of the respective options was determined using the Black-Scholes option pricing model. The determinants used for option measurement in Tranche 2 on the grant date were:

Share volatility	64.84 %
Expected dividend yield	0.00 %
Average risk-free interest rate	3.82 %
Market value of each option of the three tranches	1.32 € 1.54 € 1.73 €
This results in an average market value of the three tranches of	1.53 € 1.54 € 1.73 €
This results in an average market value per option of	1.53 €

In fiscal year 2007, personnel expenses of € 6k were incurred in connection with stock options (prior year: € 42k).

The total expense recognized in the fiscal year for payments received in connection with the abovementioned option programs is as follows:

[€ k]	2007	2006
Expenses from the issue of convertible bonds	68	221
Expenses from the SINGULUS stock option program (SOP I and II)	874	218
Expenses from the HamaTech stock option program	6	42
Total expenses from share-based payment transactions	**948**	**481**

_18 Liabilities to Banks

Liabilities to banks amounted to € 22,079k as of December 31, 2007 and related to three loans totaling € 25,000k granted in October 2004 and April 2006. As of the end of the fiscal year, the loans had a value of € 11,440k (prior year: € 16,563k). The loans are repayable in equal annual installments. For the loans issued in October 2004, the last installments are payable on September 30, 2008. For the loan issued in fiscal year 2006, the last installment is payable on March 31, 2010. The interest rate on the loans is adjusted to the 3-month EURIBOR rate on a quarterly basis. At year-end, the effective interest rate for the loans issued in October 2004 was 4.6315 % p.a. (prior year: 3.876 % p.a.). At year-end, the effective interest rate for the loans issued in April 2006 was 4.7815 % p.a. (prior year: 4.026 % p.a.)

Furthermore, there were bank liabilities of € 10,000k arising from the utilization of a credit facility as of September 13, 2007. The effective interest rate for this liability was 5.220 % p.a. at year-end.

There are also bank liabilities of € 200k (prior year: € 3,405k) resulting from the discounting of bills. The fair values of the bank liabilities largely approximate the carrying amounts.

Financial liabilities measured at carrying amounts posted a net loss of € 825k (prior year: € 575k).

Effective December 14, 2007, SINGULUS TECHNOLOGIES AG underwrote a syndicated credit facility of € 60,000k. The credit facility includes a loan of € 25,000k and a revolving credit line of € 35,000k with a total term of five years. The interest rate on the loan commitment is adjusted to the 3-month EURIBOR rate on a quarterly basis. The guarantors are SINGULUS TECHNOLOGIES Inc. and SINGULUS MASTERING B.V. The credit facility primarily serves to refinance the takeover of 51 % of the shares in STANGL AG and to finance operating activities. The loan commitment had not been utilized as of December 31, 2007.

_19 Pension Obligations

Both SINGULUS TECHNOLOGIES AG and HamaTech AG operate defined benefit pension plans.

SINGULUS TECHNOLOGIES AG operates a pension plan for employees who were taken over from Leybold AG, employees hired by Leybold AG on behalf of the Company, and the management board. The pension plan is based on the benefit plan established in 1969 and the amendments thereto as of 1977, 1986 and 2001.

The pension plan operated by HamaTech AG is solely for members of the management board.

Consistent with German practice, the pension plan is not funded. Pension provisions are determined by an independent actuarial reporter. Pension benefits under the plan are based on a percentage of the employees' current compensation and their years of service.

The pension obligations and underlying assumptions are described in the following.

The change in SINGULUS TECHNOLOGIES AG's pension liabilities as of December 31, 2007 and 2006 is presented in the following tables:

[€ k]	2007	2006
Change in pension liabilities:		
Projected benefit obligation at the beginning of the fiscal year	6,564	6,209
Current service cost	234	339
Interest expense	287	273
Actuarial gains / (losses)	737	103
Benefits paid in the fiscal year	(239)	(154)
Projected benefit obligation at the end of the fiscal year	6,109	6,564
Unrecognized actuarial gains / (losses)	(96)	(844)
Pension provisions recognized in the balance sheet	6,013	5,720

Net pension expenses break down as follows:

[€ k]	2007	2006
Current service cost	234	339
Interest expense	287	273
Actuarial gains / losses	11	19
	532	**631**

The pension liabilities of HamaTech AG as of December 31 are presented below:

[€ k]	2007	2006
Change in pension liabilities:		
Projected benefit obligation at the beginning of the fiscal year	395	298
Current service cost	24	82
Interest expense	20	15
Actuarial gains / (losses)	145	10
Projected benefit obligation at the end of the fiscal year	294	385
Unrecognized actuarial gains / (losses)	145	10
Pension provisions recognized in the balance sheet	439	395

Net pension expenses of HamaTech AG break down as follows:

[€ k]	2007	2006
Current service cost	24	82
Interest expense	20	15
Actuarial gains / losses	0	0
	44	**97**

The assumptions on which the calculation of pension liabilities are as follows:

	2007	2006
Discount rate (future pensioners)	5.70 %	4.50 %
Discount rate (current pensioners)	5.30 %	4.10 %
Estimated future wage and salary increases	2.75 %	2.75 %
Estimate future pension increases	1.80 %	1.90 %

_20 Other Provisions

Other provisions developed as follows in the fiscal year:

[€]	01.01. 2007	Addition from business acquisition	Utili-zation	Reversal	Allo-cation	31.12. 2007
Warranties	3,873	275	1,885	1,207	1,789	2,845
Redundancy plan	2,500	0	2,500	0	1,603	1,603
Other	119	0	0	0	106	225
	6,492	**275**	**4,385**	**1,207**	**3,498**	**4,673**

Provisions for warranty costs are recognized as a percentage of revenue as well as for individual warranty risks. The percentages are based on historical values and amounted to 0.9 % of net revenue in fiscal year 2007 (prior year: 0.9 %).

The provisions for redundancy plans were recognized for the first time in fiscal year 2006 for termination benefits resulting from the restructuring measures initiated at various subsidiaries at the end of 2006; they were utilized in the fiscal year. In fiscal year 2007, provisions of € 1,603k were recognized in connection with the relocation of SINGULUS EMOULD's business activities.

_21 Equity

Subscribed Capital

By resolution approved at the shareholder meeting on June 23, 2006, the management board was authorized to acquire shares representing up to € 3,494,192.00 of capital stock in full or in part until November 22, 2007 and cancel them with the consent of the supervisory board. No treasury shares were acquired or redeemed in 2007.

Capital stock was increased by € 2,004,478.00 in connection with the acquisition of STANGL AG and the associated purchase price component of € 18,800k in shares. The capital stock totals € 36,946,407.00 and consists of 36,946,407 ordinary bearer shares with a par value of € 1.00 each.

As of November 21, 1997, the entire capital stock was admitted to the regulated market (Neuer Markt) of the Frankfurt Stock Exchange.

Conditional Capital

By resolution approved at the shareholder meeting on November 6, 1997, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to € 1,597k (convertible to shares with a nominal value of € 1.00) and a maturity up to December 31, 2010 (conditional capital I).

By resolution approved at the shareholder meeting on May 7, 2001, the management board was authorized, with the consent of the supervisory board, to issue interest-bearing convertible bonds in one or more tranches with a total nominal value of up to € 1,800k (convertible to shares with a nominal value of € 1.00) and a maturity up to December 31, 2010 (conditional capital II). On November 30, 1997, convertible bonds with a total nominal value of € 383k were issued as part of a stock option plan for management board members and other employees of the Company. In fiscal years 1999 and 2000, convertible bonds with a total nominal value of € 494k were issued as part of another stock option plan. In fiscal year 2001, convertible bonds with a total nominal value of € 711k were issued. In fiscal year 2002, convertible bonds with a total nominal value of € 563k were issued as part of a further stock option plan. In fiscal year 2003, convertible bonds with a total nominal value of € 130k were issued. In fiscal year 2004, convertible bonds with a total nominal value of € 140k were issued. The non-current portion of the convertible bonds is disclosed under non-current liabilities and the current portion under other current liabilities.

A resolution was approved at the shareholder meeting on May 13, 2004 to increase the capital stock of the Company by € 15,617,364.00 (conditional capital III). On May 30, 2005, a resolution was approved at the shareholder meeting to cancel this conditional capital III.

By resolution approved at the shareholder meeting on May 30, 2005, conditional capital IV was created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 13,000,000 bearer shares with a nominal value of € 1.00 each. The conditional capital increase will be made use of to the extent that the holders of options or conversion rights issued or guaranteed by the Company on the basis of the authorization approved by resolution at the shareholder meeting on May 30, 2005 exercise these options or conversion rights. The new shares are included in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights.

Conditional capital V has also been created. This gives the Company the possibility to conditionally increase capital stock by issuing up to 1,200,000 bearer shares with a nominal value of € 1.00 each. The sole purpose of the conditional capital increase is to grant subscription rights (stock options) to members of the Company's management board, to executive bodies of affiliates and to other management staff and employees of the Company in line with the provisions of the authorization approved by resolution at the shareholder meeting on May 30, 2005. The new shares are included in profit from the beginning of the fiscal year in which they result through the exercise of the said options. Conditional capital V was reduced by € 380,000.00 through the issue of 380,000 stock options to members of the management board and senior employees. Following this partial utilization, conditional capital V stood at € 820,000.00 as of December 31, 2007.

There is also a conditional capital VI. By a resolution of the shareholder meeting dated June 6, 2007, the Company's capital stock can be conditionally increased by € 600,000.00. The conditional capital serves to grant stock options to employees and managers of the Company or an affiliate. Conditional capital VI was reduced by € 472,230.00 through the issue of 472,230 stock options to the workforce of SINGULUS TECHNOLOGIES AG. Following this partial utilization, conditional capital VI stood at € 127,770.00 as of December 31, 2007.

Authorized Capital

The management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 on one or several occasions and by a maximum of € 7,363k through the issue of new bearer shares with a nominal value of € 1.00 each in return for cash and / or non-cash contributions (approved capital 1). Furthermore, the management board is authorized, with the consent of the supervisory board, to increase the Company's capital stock until June 21, 2007 on one or several occasions and by a maximum of € 1,841k through the issue of new bearer shares with a nominal value of € 1.00 each in return for cash and / or non-cash contributions (approved capital 2). For both approved capital amounts, the subscription rights of shareholders may, with the consent of the supervisory board, be excluded under certain conditions.

By virtue of a resolution adopted by the shareholder meeting on June 6, 2007, the management board is authorized until December 31, 2012 to increase capital stock on one or several occasions by up to € 6,988,385.00 in total in return for contributions in cash or in kind, subject to the consent of the supervisory board; the shareholders' right to subscribe can be excluded. Some of this capital (€ 2,004,478.00) was used for the acquisition of STANGL AG, Eichenau, Germany. This brings authorized capital, after partial utilization, to € 4,983,907.00.

Capital Reserves

The capital reserves were increased by € 16,676k in connection with the acquisition of STANGL AG and the associated purchase price component of € 18,800k in shares. The capital reserves also increased in fiscal year 2007 in connection with share-based compensation of € 948k. In fiscal year 2006, the capital reserves were increased by a total € 481k in connection with share-based compensation.

Other Reserves

Other reserves include changes in the market value of cash flow hedges as well as exchange differences from translating the financial statements of foreign entities.

Minority Interests

Minority interests represent third party shareholdings in group entities. Minority interests relate mainly to HamaTech AG and SINGULUS MANUFACTURING GUANGZHOU.

_22 Income Taxes

In fiscal year 2006, tax income of € 7,996k resulted from the first-time recognition of corporate income tax credits from the conversion to the half-income method pursuant to the German Tax Reduction Act ["Steuersenkungsgesetz": StSenkG] from October 23, 2000, which came about as a result of the revision of the law governing tax measures intended to accompany the introduction of the European Company and the subsequent amendment of other tax regulations ["Gesetz über steuerliche Begleitmassnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften": SEStEG] of December 7, 2006.

The last tax field audit of SINGULUS TECHNOLOGIES AG was completed in 2006 and relates to the period from 2001 to 2004 inclusive. Additional taxes for the tax audit period including interest of approximately € 595k are disclosed under tax expenses for fiscal year 2006.

Furthermore, the tax field audit for the period from 1997 to 2000 led to objections in 1997 as to the use of tax loss carryforwards pursuant to Sec. 8 (4) KStG ["Körperschaftsteuergesetz": Corporate Income Tax Act]. This resulted in a tax risk of approximately € 10.6m plus interest (approximately € 4m) for 1997. However, an appeal was lodged against the tax audit assessment and an application for the suspension of execution filed. The appeal was allowed in full in 2007 and the use of the tax loss carryforward was recognized. Furthermore, as applied for, an additional loss from 1993 from a former subsidiary partnership was taken into account for corporate tax purposes (pursuant to the notice of determination). The accordingly amended assessment notices for 1997 to 2000 were issued at the start of January 2008. Corporate income tax and trade tax refund claims for 1997 and 1998 arose due to additional usable tax losses. The amended assessment notices for 1997 to 2000 resulted in an overall tax refund of € 1,959k and interest on tax refunds of € 887k (each offset against backpayments). These amounts were recognized in profit or loss in the fiscal year.

Due to the now recognized loss utilization in 1997 and 1998, and the additional loss from a former subsidiary partnership, the existing corporate income tax credits increased. The current amount of corporate income tax credit and the present value adjustment were taken into account in the capitalization in the fiscal year. As of December 31, 2007, the present value for the existing corporate income tax credit was recognized at € 9,842k.

The Bundestag, the Lower House of the German Parliament, adopted the German Corporate Tax Reform Act ["Unternehmensteuerreformgesetz"] on May 25, 2007. The corresponding resolution of the Bundesrat, the Upper House of the German Parliament, was adopted on July 6, 2007. The key objective of the tax reform is to bring the corporate income tax rate down from 25 % to 15 % as of 2008; equally, the trade tax base rate is to sink from the current 5 % to 3.5 %. Hence, the total tax burden of SINGULUS TECHNOLOGIES AG will fall from the current 35.976 % to 26.325 % in 2008.

As of 31.12.2007 and 2006, income tax data break as follows:

[€ k]	2007	2006
EBT:		
Germany	5,339	(30,524)
Other countries	1,893	1,000
	7,232	(29,524)
Consolidation adjustments recognized in profit and loss	(5,683)	33,788
	1,549	**4,264**
Current income tax expense:		
Germany:		
Corporate income tax	672	288
Trade tax	475	241
Other countries:		
Tax expenses	2,014	1,179
	3,161	1,708
Income from the recognition of corporate income tax credits	0	(7,996)
Income from the amendment of tax assessment notices	(2,846)	0
Interest income	(296)	0
	19	(6,288)
Deferred taxes:		
Germany	(1,256)	(2,962)
Other countries	(234)	2,380
Total tax expenses / (income)	**(1,471)**	**(6,870)**

Under German tax law, taxes on income are composed of corporate income tax, trade taxes and the solidarity surcharge.

Deferred tax assets break down as follows:

[€ k]	2007	2006
Differences between the commercial balance sheet and the tax accounts due to		
Inventory allowances	1,622	3,247
Bad debt allowances	105	138
Pension provisions	403	593
Other provisions / liabilities	54	327
Deferred taxes on loss carryforwards	6,013	4,937
Other differences between the commercial balance sheet and the tax accounts	100	96
Consolidation adjustments	1,003	1,207
	9,300	**10,545**

At SINGULUS TECHNOLOGIES AG, there were deferred tax assets of € 6,013k, with a trade tax loss carryforward of € 21,903k (prior year: € 14,649k) and a corporate income tax loss carryforward of € 23,464k (prior year: € 15,408k). A trade tax loss carryforward of € 7,255k (prior year: € 7,727k) and a corporate income tax loss of € 8,057k (prior year: € 8,021k) related to the fiscal year. Under German law, the loss carryforwards may be utilized for an indefinite period.

At HamaTech AG, since the usability of the tax loss carryforwards cannot be demonstrated, no deferred taxes were recognized on loss carryforwards.

Deferred tax liabilities break down as follows:

[€ k]	2007	2006
Capitalized development costs	9,181	10,433
Disclosed hidden reserves from first-time consolidation	13,820	4,992
Differences between the commercial balance sheet and the tax accounts	2,279	1,951
	25,280	**17,376**

The German statutory tax rate (for corporate income tax, trade tax and solidarity surcharge) remained at 36.0 % as in the prior years. The reconciliation from the statutory tax rate to the effective tax rate is as follows:

	2007	2006
Statutory tax rate	36.0 %	36.0 %
Loss carryforwards for the current period for which no deferred taxes were recognized	102.6 %	185.3 %
Write-down on deferred tax assets for tax loss carryforwards of HamaTech AG	0 %	78.3 %
Tax backpayments following tax field audit	0 %	14.0 %
Non tax-deductible expenses	– 10.2 %	3.1 %
Tax refunds / backpayments for prior years	– 183.7 %	1.5 %
Change in the tax rate	– 73.2 %	0 %
Differences in foreign tax rates	54.2 %	– 6.7 %
Recognition of corporate income tax credits	– 20.6 %	– 187.5 %
Tax-free income from negative goodwill	0 %	– 285.1 %
Effective tax rate	**– 94.9 %**	**– 161.1 %**

_23 Earnings Per Share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible preference shares) 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:

	2007	2006
Net profit [€ k]	3,021	11,134
Weighted average number of ordinary shares for basic earnings per share	35,610,088	34,941,929
Effect of dilution:		
Stock options SOP Tranche I	380,000	73,333
Stock options SOP Tranche II	157,410	0
Put / call option acquisition of minority interests STANGL AG	1,047,346	0
Weighted average number of ordinary shares adjusted for the effect of dilution	**37,194,844**	**35,015,262**

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

The constructive obligation arising from the put / call option for the minority interests in STANGL AG will partially be settled in the form of ordinary shares. This must be taken into account when calculating the effect of dilution. This calculation is based on the SINGULUS TECHNOLOGIES share price on the last trading day of 2007.

_24 Contingent Liabilities and Other Financial Obligations

Contingent liabilities and other financial obligations not recognized in the consolidated balance sheet amount to € 11,623k (prior year: € 11,074k) and chiefly represent buy-back guarantees given to leasing companies relating to the sale of equipment. Any claims under the guarantees given to the leasing companies will be offset by the revenue realized from the resale of the returned machines.

The management board is not aware of any other matters that would have a material adverse effect on the Company's business, financial situation or results of operations.

_25 Sales Deductions and Direct Selling Costs

Sales deductions comprise all discounts granted. Direct selling costs mainly relate to packing, shipping and commission expenses.

_26 Cost of Materials

The cost of sales for fiscal year 2007 includes material costs of € 141,739k (prior year: € 184,828k).

_27 Personnel Expenses

Personnel expenses of € 46,946k (prior year: € 66,500k) were recognized in the income statement in fiscal year 2007.

_28 Amortization and Depreciation

Amortization and depreciation amounted to € 18,059k (prior year: € 17,841k).

_29 General and Administrative Expenses

Administrative expenses include management expenses, personnel 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 shareholder meetings and the financial statements are also recognized in this item.

_30 Research and Development Expenses

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of € 11,495k (prior year: € 9,973k).

_31 Restructuring Expenses

Restructuring expenses in the fiscal year included costs relating to the relocation of SINGULUS EMOULD's operations (€ 1,875k) and costs resulting from a restructuring program at HamaTech AG (€ 57k). Expenses relating to the applied for merger of HamaTech AG into SINGULUS TECHNOLOGIES AG (€ 1,195k) are also included.

Restructuring expenses in fiscal year 2006 primarily related to the costs of terminating certain product lines at the Kahl am Main and Sternenfels sites. The restructuring expenses mainly contained impairment losses on capitalized development costs (€ 10,807k), inventory allowances (€ 6,765k), redundancy plan costs (€ 5,092k), goodwill amortization (€ 942k) and the amortization of trademarks (€ 807k).

_32 Other Operating Income / Expenses

Other operating expenses primarily comprise exchange losses (€ 2,852k; prior year: € 182k), the loss from the deconsolidation of ETA-Optik (€ 1,058k), and expenses resulting from bad debt allowances (€ 1,617k; prior year: € 7,280k). Other operating income mainly relates to income from the reversal of bad debt allowances (€ 3,859k; prior year: € 793k) and income from the reversal of liabilities and provisions (€ 1,234k; prior year: € 567k).

_33 Finance Income and Finance Expenses

Interest income / expenses break down as follows:

[€ k]	2007	2006
Interest income from non-current receivables from customers	1,316	2,326
Interest income from time / overnight deposits	1,363	1,146
Other interest income	953	334
(Finance costs)	(3,152)	(3,544)
	480	**262**

Interest expenses include the unwinding of the discount for the put / call option from the acquisition of STANGL AG of € 1,145k.

_34 Rentals 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 came into force on July 1, 2000 and expires on June 30, 2018. The annual lease payment is € 1,481k.

As of December 31, 2007, the future minimum payments arising from rental agreements and operating leases in total are:

[€ k]	
2008	1,904
2009	1,744
2010	1,562
2011	1,481
2012 and beyond	9,629
	16,320

_35 Events After The Balance Sheet Date

Events after the balance sheet date are those events, both favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Events that provide evidence of conditions that existed at the balance sheet date are considered in the consolidated financial statements. Events that are indicative of conditions that arose after the balance sheet date are presented in the notes to the consolidated financial statements and the combined management report if they are significant.

Hans-Jürgen Stangl was elected to the management board of SINGULUS TECHNOLOGIES AG effective as of January 1, 2008.

On January 31, 2008, SINGULUS TECHNOLOGIES AG signed an agreement with Oerlikon Balzers AG concerning the takeover of the Blu-ray Disc systems business. With this strategic acquisition, SINGULUS TECHNOLOGIES took over Oerlikon's entire Blu-ray business as well as the customer service for all Blu-ray Disc product lines already delivered. Oerlikon also withdrew its CD and DVD product line business.

_36 Related Party Transactions

SINGULUS TECHNOLOGIES AG renders various services for related parties in its ordinary course of business. Conversely, the various group companies also render services within the SINGULUS TECHNOLOGIES AG Group as part of their business purpose. This extensive intragroup trade is transacted at market prices.

In accordance with the articles of incorporation, the supervisory board of SINGULUS TECHNOLOGIES AG has three members. The members of the Supervisory Board in fiscal year 2007 were:

Roland Lacher, Gelnhausen, Germany	Chairman
William Slee, London, UK	Deputy chairman
Thomas Geitner, Düsseldorf, Germany	

The aforementioned members of the supervisory board are appointed until the shareholder meeting which decides on their exoneration for the fiscal year in 2010 is closed.

In addition to compensation for expenses, each member of the supervisory board receives fixed remuneration amounting to € 15,000.00 for each full fiscal year of supervisory board membership. In addition, following the decision on profit appropriation, each supervisory board member receives, for membership on the supervisory board during the preceding fiscal year, performance-based remuneration of € 800.00 for each cent by which the consolidated earnings per share, pursuant to International Financial Reporting Standards, exceeds the amount of € 0.30. The basis of assessment is at most equal to the Company's accumulated profit less an amount of four percent of the capital invested in the lowest issue amount of the shares.

The chairman of the supervisory board receives twice this amount, and the deputy chairman one and a half times this amount. The remuneration of the supervisory board of SINGULUS TECHNOLOGIES AG (including payments for supplementary services) totaled € 68k in 2007 (prior year: € 86k).

The following supervisory board members hold shares in the Company:

[No.]	2007	2006
Shares as of 31.12.		
William Slee	49,520	29,520
Thomas Geitner	1,500	1,500
	51,020	**31,020**

Furthermore, VVG Robert Lacher KG (formerly: VVG Roland Lacher GbR) and Familie Roland Lacher Vermögensverwaltungsgesellschaft mbH together held 394,472 (prior year: 398,161) shares in the Company as of December 31, 2007.

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 bodies
Roland Lacher	Supervisory board	WashTec AG Member of the supervisory board
		OPTIXX AG Member of the administrative board (Vice president)
William Slee	Supervisory board	–
Thomas Geitner	General manager of Henkel KGaA	BBC (British Broadcasting Cooperation) Worldwide Ltd. Board
		Pages Jaunes Group SA

Members of the management board in fiscal year 2007 were:

Stefan A. Baustert	Chief Executive Officer
Dr.-Ing. Anton Pawlakowitsch	

The management board received total remuneration of € 1.737 k in fiscal year 2007. This breaks down as follows:

[€ k]	Fixed	Variable	Total
Stefan A. Baustert	451	815	1,266
Dr.-Ing. Anton Pawlakowitsch	311	160	471
	762	**975**	**1,737**

The management board received total remuneration of € 1,174k in fiscal year 2006, which broke down as follows:

[€ k]	Fixed	Variable	Total
Stefan A. Baustert	349	300	649
Klaus Hammen	300	19	319
Roland Lacher (until June 23, 2006)	197	9	206
	846	**328**	**1,174**

Former members of the management board received total remuneration of € 389k in the fiscal year. As of December 31, 2007, the provisions for pension claims for former board members stood at € 1,059k.

The management board member Stefan A. Baustert and Dr.-Ing. Anton Pawlakowitsch and the former management board member Dr. Reinhard Wollermann-Windgasse hold the following numbers of convertible bonds and stock options:

	Convertible bonds		Stock options	
	2007	**2006**	**2007**	**2006**
[No.]				
Stefan A. Baustert	120,000	120,000	200,000	80,000
Dr.-Ing. Anton Pawlakowitsch	0	0	80,000	0
Dr. Reinhard Wollermann-Windgasse	110,000	110,000	0	0
	230,000	**230,000**	**280,000**	**80,000**

The stock options granted in the fiscal year to Stefan A. Baustert had a fair value of € 484k. The stock options granted to Dr.-Ing. Anton Pawlakowitsch had a fair value of € 322k.

The personnel expenses for management board members recognized in fiscal years 2007 and 2006 in accordance with IFRS 2 amounted to:

	2007	**2006**
[€ k]		
Stefan A. Baustert	225	161
Dr.-Ing. Anton Pawlakowitsch	41	0
	265	**161**

In addition, the members of the management board held the following number of shares in SINGULUS TECHNOLOGIES AG as of the fiscal year-end:

	2007	**2006**
[No.]		
Stefan A. Baustert	2,000	0
Dr.-Ing. Anton Pawlakowitsch	2,500	0
	4,500	**0**

_37 **Information on Shareholdings**

	Currency	Share-holding %	Equity in thousands	Profit / loss for the period in thousands
Germany:				
SINGULUS EMOULD GmbH, Würselen, Germany	EUR	100	8,228	649
STANGL Semiconductor Equipment AG, Eichenau, Germany	EUR	51	8,339	2,605
HamaTech AG, Kahl am Main, Germany	EUR	91.3	51,049	288
HamaTech APE GmbH & Co. KG, Sternenfels, Germany	EUR	100	8,348	2,028
HamaTech APE Beteiligungs-GmbH, Sternenfels, Germany	EUR	100	20	2
SINGULUS Nano Deposition Technologies GmbH, Kahl am Main, Germany	EUR	100	5,032	– 1,579
Other Countries:				
SINGULUS TECHNOLOGIES Inc. Windsor, USA	USD	100	28,215	3,831
SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK	GBP	100	1,454	– 164
SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore	SGD	100	10,488	– 709
SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brasil	EUR	91.5	1,592	– 229
SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain	EUR	100	1,613	202
SINGULUS VIKA CHINA Limited, Wanchai, Hong Kong	HKD	51	– 330	– 108
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Valence, France	EUR	100	91	-76
SINGULUS TECHNOLOGIES Italia s.r.l., Ancona, Italy	EUR	99.99	875	-37
SINGULUS MASTERING B.V., Eindhoven, Netherlands	EUR	100	21,624	-1,018
SINGULUS TECHNOLOGIES TAIWAN Ltd., Taipeh, Taiwan	TWD	100	– 18,380	– 6,081
SINGULUS MOLDING AG, Schaffhausen, Switzerland	EUR	100	1,684	– 3,707
SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China	CNY	51	49,059	28,894
HamaTech Slovakei s.r.o., Nova Mesto, Slovakia	SKK	100	412,026	8,440
HamaTech USA Inc., Austin, USA	USD	100	– 1,021	– 495
STEAG HamaTech Asia Ltd., Hong Kong, China	USD	100	0	0

SINGULUS MASTERING B.V., Eindhoven, Netherlands, wholly owns MASTERING INTERNATIONAL GmbH, Schaffhausen, Switzerland. Also, SINGULUS TECHNOLOGIES Inc., Windsor, USA, wholly owns SINGULUS TECHNOLOGIES SERVICE GROUP Inc., Windsor, USA.

The remaining 8.5 % stake in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil, is held by SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain.

In addition to the 2,045,954 shares in HamaTechAG acquired in fiscal year 2005, SINGULUS TECHNOLOGIES AG acquired a further 24,592,352 shares in fiscal year 2006. The shares were acquired by way of a share takeover bid and purchase on the free market; 19,884,672 of the shares were bought from the former majority shareholder SES. In fiscal year 2007, another 759,899 of HamaTech AG's shares were acquired. The total 27,398,205 acquired shares represented a share of approx. 91.3 % in the subscribed capital of HamaTech AG as of December 31, 2007.

Also, in fiscal year 2006, the Company joined forces with VIKA International Ltd. to found SINGULUS MANUFACTURING GUANGZHOU Ltd., China, with capital stock of USD 1,400,000.00; SINGULUS TECHNOLOGIES AG owns 51% of this company.

In fiscal year 2007, NDT was established with a contribution to capital stock of € 25k. Under the agreement dated July 1, 2007, the MRAM division was transferred to NDT at a net carrying amount of € 6,586k. The carrying amount of the investment in NDT was increased accordingly.

_38 Financial Risk Management

The main financial instruments used by the Group comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables as well as cash and cash equivalents and short-term deposits which result directly from operating activities.

The Group also has derivative financial instruments, particularly forward exchange contracts. Their purpose is to hedge against currency risks arising from the Group's business activities.

In accordance with group guidelines, no trading with derivatives took place in fiscal years 2007 and 2006, nor will it take place in the future.

The financial instruments result primarily in interest, liquidity and currency risks.

Currency Risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some of the revenue generated by the SINGULUS TECHNOLOGIES Group are exposed to the risk of US dollar fluctuation. As a result, derivative financial instruments are used to hedge USD exchange rate risks. Foreign currency risks are constantly assessed as part of the risk management system.

The following table shows the sensitivity of consolidated profit or loss before tax (due to the change in the fair values of monetary assets and liabilities) and consolidated equity (due to the change in the fair values of forward exchange contracts) to a reasonable possible change in the € / USD exchange rate. All other factors remain unchanged.

	Development of the USD	Effect on EBT	Effect on equity
		[€ k]	[€ k]
2006	+ 10 %	– 8	– 46
	– 10 %	8	46
2007	+ 10 %	– 53	– 37
	– 10 %	53	37

The effect of potential changes in the USD on SINGULUS TECHNOLOGIES's EBT relate exclusively to trade payables denominated in USD. Such payables are not hedged.

The effects on equity comprise the potential change in the fair value of forward exchange contracts recognized directly in equity.

Liquidity Risk

The Group has adequate cash and cash equivalents to cover all its payment obligations. No liquidity risk exists for the Group at present.

SINGULUS TECHNOLOGIES AG was granted a call option for the acquisition of the remaining 49 % of the shares in STANGL AG. At the same time, the shareholders of STANGL AG were granted a put option. The call option can be exercised either in the period from January 1, 2010 to May 31, 2010 or in the period from January 1, 2011 to May 31, 2011. The put option can be exercised either in the period from June 1, 2010 to October 31, 2010 or in the period from June 1, 2011 to October 31, 2011. To cover the liquidity requirements expected to result from this, the Company underwrote a syndicated credit facility of € 60,000k. Please refer to our comments under Note 18.

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

Fiscal year ended December 31, 2007	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
[€ k]						
Interest-bearing loans	1,965	11,911	4,185	3,933	85	22,079
Interest payments	0	136	225	137	0	498
Other liabilities	3,548	10,423	4,967	41,032	410	60,380
Trade payables	2,137	13,839	359	0	0	16,335
	7,650	**36,309**	**9,736**	**45,102**	**495**	**99,292**

The positive fair values of the forward exchange contracts concluded to hedge recognized foreign currency receivables will result in cash flows of € 1,214k in the next two years.

Fiscal year ended 31.12.2007	Payable on demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
[€ k]						
Interest-bearing loans	31	3,418	5,123	11,630	0	20,202
Interest payments	0	164	392	402	0	958
Other liabilities	530	12,483	8,804	3,611	581	26,009
Trade payables	3,141	16,387	514	0	0	20,042
	3,702	**32,452**	**14,833**	**15,643**	**581**	**67,211**

Interest Rate Risk

As of December 31, 2007, the Company recognized bank liabilities of € 22,079k stemming mainly from three loans granted in October 2004 and April 2006 in the amount of € 25,000k and the utilization of a credit facility of € 10,000k. The interest rate on the bank liabilities is adjusted to the 3-month EURIBOR rate on a quarterly basis. No notable interest rate risks exist as a result of these loans. Furthermore, there were no other circumstances which posed interest rate risks as of the balance sheet date. Financial instruments were therefore not used to hedge interest rate risks.

Capital Management

The Group's capital management activities are primarily aimed at ensuring a good equity ratio. The Group monitors capital using a debt-to-equity ratio which corresponds to the ratio of net financial liabilities to the sum of equity and net financial liabilities. Net financial liabilities comprise interest-bearing loans, trade payables and other liabilities less cash and short-term deposits.

The table below shows the debt-to-equity ratio as of December 31.

	2007	2006
[€ k]		
Interest-bearing loans	22,079	20,202
Trade payables	16,335	20,042
Less cash and short-term deposits	36,952	56,216
Net financial liabilities	1,462	– 15,972
Equity	293,266	274,744
Unrealized gains	366	578
Total equity	292,900	274,166
Equity and net financial liabilities	**294,362**	**258,194**
Debt-to-equity ratio	0.5 %	0.0 %

_39 Financial Instruments

Fair Values

The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements.

		Carrying amount		Fair value	
	Measurement category	2007 [€ k]	2006 [€ k]	2007 [€ k]	2006 [€ k]
Financial assets					
Cash	L&R	36,952	56,216	36,952	56,216
Derivative financial instruments	FAHfT / n.a.	1,214	1,025	1,214	1,025
Trade receivables	L&R	78,560	80,912	78,560	80,912
Financial liabilities					
Floating-rate loans	FLAC	22,079	20,202	22,079	20,202
Convertible bonds	FLAC	583	675	583	675
Trade payables	FLAC	16,335	20,042	16,335	20,042

Abbreviations:
L&R: Loans and receivables
FAHfT: Financial assets held for trading
FLAC: Financial liabilities measured at amortized cost
n.a.: not applicable

Cash and cash equivalents and trade payables are generally due in the short-term. The balance sheet figures represent approximately the fair values. The same applies for trade receivables.

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.

The fair values of the convertible bonds correspond to the amount repayable upon return or maturity of the bonds.

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 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 December 31, 2007, the Group held forward exchange contracts designated as hedges of expected future sales to customer in the United States, for which the Group has firm commitments.

[€ k]	2007 Assets	2006 Assets	2007 Liabilities	2006 Liabilities
Forward exchange contracts				
Fair value	1,214	1,025	0	0

The main terms of the forward currency contracts have been negotiated to match the terms of the underlying commitments.

The cash flow hedges of expected future purchases were assessed to be highly effective and an unrealized gain of € 366k with deferred tax liabilities of € 131k relating to the hedging instrument was included in consolidated equity.

The category financial instruments measured at fair value posted net gains of € 150k (prior year: € 929k).

_40 Employees

In the fiscal year, the Company had an annual average of 717 permanent employees. In the prior year, the annual average was 1,129. The Group had 764 employees as of December 31, 2007 (prior year: 796).

_41 Auditor's Fees (Disclosure Pursuant to Sec. 314 (1) No. 9 HGB)

In the fiscal year, the following auditor's fees were invoiced to SINGULUS TECHNOLOGIES AG and its subsidiaries:

[€ k]	2007	2006
a) for tax advisory services	195	233
b) for transaction advisory services	180	194
c) for audit services	319	286
d) for other services	74	83

_42 Corporate Governance

On January 22, 2008, the management and supervisory boards submitted the declaration for 2007 pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] and made this available to shareholders on a permanent basis.

Kahl am Main, Germany, February 29, 2008

SINGULUS TECHNOLOGIES AG
The Executive Board

Stefan A. Baustert   Dr.-Ing. Anton Pawlakowitsch   Hans-Jürgen Stangl

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:

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SINGULUS TECHNOLOGIES AG
Balance Sheets as of December 31, 2006 and 2007

(according to HGB)

ASSETS	Dec. 31, 2007 [€]	[€]	Dec. 31, 2006 [in €]
A. NON-CURRENT ASSETS			
I. Intangible assets			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		293,674.23	46,261.53
II. Property, plant and equipment			
1. Land, land rights and buildings including buildings on third-party lan	17,401,491.06		18,308,749.63
2. Technical equipment and machines	272,002.45		649,616.43
3. Other equipment, furniture and fixtures	1,260,975.84		2,458,377.84
4. Payments on account and assets under construction	55,635.41		0.00
		18,990,104.76	21,416,743.90
III. Leased assets		**0.00**	1,301,683.51
IV. Shares in affiliates			
1. Shares in affiliates	138,078,491.75		85,651,396.18
2. Loans to affiliates	28,461.83		28,461.83
3. Loans to affiliated companies	0.00		1,343,072.01
	87,022,930.02	**138,106,953.58**	
	109,787,618.96	**157,390,732.57**	
B. CURRENT ASSETS			
1. Raw materials, consumables and supplies	13,591,205.27		9,735,415.80
2. Work in process	28,541,425.00		47,329,179.31
3. Advance payments	584,731.19		1,051,627.32
4. Advance payments received	– 4,305,190.92		– 12,811,500.71
	45,304,721.72	**38,412,170.54**	
II. Receivables and other assets			
1. Trade receivables	40,598,081.91		39,440,441.32
2. Receivables from affiliates	25,691,981.84		29,417,766.21
3. Other assets	15,743,010.91		10,117,091.98
		82,033,074.66	78,975,299.51
III. Cash on hand, balances at banks		19,039,835.60	38,356,280.70
		139,485,080.80	162,636,301.93
C. PREPAID EXPENSES		1,218,599.06	1,080,120.06
Total Assets		**298,094,412.43**	273,504,040.95

EQUITY AND LIABILITIES	Dec. 31, 2007 [€]	[€]	Dec. 31, 2006 [in €]
A. EQUITY			
I. Share capital	36,946,407.00		34,941,929.00
Conditional capital of € 17,588,362.00			
II. Capital reserves	45,202,051.62		28,406,529.62
III. Revenue reserves	120,060,253.98		120,032,963.18
IV. Accumulated profit	– 25,175,768.39		27,290.80
	183,408,712.60	**177,032,944.21**	
B. PROVISIONS			
1. Pension provisions	6,012,560.00		5,719,948.00
2. Tax provisions	676,770.04		698,708.91
3. Other provisions	12,048,062.78		11,977,995.89
	18,396,652.80	**18,737,392.82**	
C. LIABILITIES			
1. Bonds	582,750.00		674,682.00
2. Liabilities to banks	21,693,712.36		16,594,631.34
3. Trade payables	6,215,356.30		9,353,787.41
4. Liabilities to affiliates	56,444,572.09		24,314,163.81
5. Other liabilities thereof taxes € 449,836.85 (prior year: € 631,108.94) thereof for social security € 22,396.70 (prior year: € 102,353.12)	17,011,929.55		19,960,439.42
		101,948,320.30	70,897,703.98
D. DEFERRED INCOME		375,755.10	800,971.57
Total liabilities and shareholders' equity		**298,094,412.43**	273,504,040.95

SINGULUS TECHNOLOGIES AG
Income Statements 2006 and 2007

(according to HGB)

	2007 [€]	[€]	2006 [€]
1. Revenue	128,485,035,28		159,929,285.68
2. Increase (prior year: reduction) in finished goods and goods inprocess	– 9,094,960.99		722,475.66
3. Other own work capitalized	0.00		1,301,683.51
4. Other operating income	7,624,481.81		5,672,508.29
	127,014,556.10	167,625,953.14	
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased goods	– 76,253,291.40		– 112,828,607.90
b) Cost of purchased services	– 8,848,879.34		– 7,059,137.42
6. Personnel expenses			
a) Wages and salaries	– 15,671,951.22		– 20,594,087.27
b) Social security, pension and other benefit costs thereof for old-age pensions € 654,534.00 (prior year: € 646,366.51)	– 3,191,037.43		– 3,263,010.33
7. Amortization on intangible assets and property, plant and equipment	– 2,039,909.30		– 2,001,898.70
8. Other operating expenses	– 25,230,728.26		– 30,290,157.61
	– 131,235,796.95	– 176,036,899.23	
9. Income from investments thereof from affiliates € 713,192.16 (prior year: € 1,889,834.83)	713,192.16		1,889,834.83
10. Other interest and similar income thereof from affiliates € 690,783.35 (prior year: € 276,036.93)	4,095,421.58		2,760,860.69
11. Interest and similar expenses thereof from affiliates € 1,367,517.67 (prior year: € 452,180.24)	– 3,919,832.75		– 3,409,537.18
12. Expenses from transfer of losses	– 1,367,522.24		0.00
	– 478,741.25	1,241,158.34	
13. Profit / loss from ordinary operations		**– 4,699,982.10**	– 7,169,787.75
14. Extraordinary expenses		**– 23,972,454.9**	10.00
15. Income taxes	3,557,575.21		7,335,379.62
16. Other taxes	– 60,906.59		– 111,010.27
	3,496,668.62	7,224,369.35	
17. Profit / Loss for the period		**– 25,175,768.39**	54,581.60
18. Accumulated profit of the prior year		**27,290.80**	1,573,070.99
19. Transfer to other revenue reserves		**– 27,290.80**	– 1,600,361.79
20. Accumulated profit / loss		**– 25,175,768.39**	27,290.80

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