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

Innovative Technologies

Annual Report 2015
of the SINGULUS TECHNOLOGIES AG

SINGULUS

At a Glance

Consolidated Key Figures 2014 - 2015

		2015	2014
Sales	in million €	**83.7**	66.8
Order intake	in million €	**96.3**	60.6
Order backlog (Dec. 31)	in million €	**26.6**	14.0
EBIT	in million €	**-34.5**	-49.1
Earnings before taxes	in million €	**-43.3**	-51.7
Net profit/loss	in million €	**-43.4**	-51.6
Operating cash flow	in million €	**-10.5**	-10.1
Shareholders' equity	in million €	**-21.5**	20.1
Balance sheet total	in million €	**92.1**	130.2
Research & development expenditures	in million €	**11.2**	11.0
Employees (Dec. 31)		**335**	352
Weighted average shares outstanding, basic	shares	**48,930,314**	48,930,314
Earnings per share, basic	€	**-0.89**	-1.05

SINGULUS TECHNOLOGIES
Innovations for New Technologies

SINGULUS TECHNOLOGIES develops and builds machines for economical and resource-efficient production processes. The application areas include vacuum thin-film and plasma coating for wet-chemical processes as well as thermal process technologies.

For all machines, processes and applications SINGULUS TECHNOLOGIES utilizes its know-how in the areas of automation and process technology in order to develop additional, attractive work areas with innovative products next to the existing application areas of Solar, Semiconductors and Optical Disc.

SINGULUS TECHNOLOGIES

Annual Review 2015

Q1

- The photovoltaic activities are presented at the World Future Energy Summit in Abu Dhabi, UAE, as well as at the PV Expo in Tokyo, Japan
- SINGULUS TECHNOLOGIES participates at the 13th MR-Symposium in Wetzlar, Germany
- The annual balance press conference as well as the annual analysts' conference of the company takes place in Frankfurt am Main, Germany, on March 31

Q2

- The DECOLINE II is presented as a new production line for three-dimensional components at the Hanover Fair 2015 as well as at the trade fair Plast in Milan, Italy
- The MEDIA-TECH conference 2015 is held in Hamburg, Germany
- SINGULUS TECHNOLOGIES presents its machine range in the area of photovoltaics at the world's largest solar trade fair SNEC in Shanghai, China, and participates with several speeches at the accompanying conference
- New products and applications of vacuum technology are shown at the trade fair SVC TechCon in Santa Clara, US, and at the Display Week in San Jose, US
- SINGULUS TECHNOLOGIES proposes first measures for the balance sheet restructuring at the end of April
- The Annual General Meeting of SINGULUS TECHNOLOGIES AG takes place in Frankfurt am Main on June 9 – the company receives approval of all agenda items
- The buyback program for corporate bond is extended until December 31, 2015

Q3

- In July the trade fairs Semicon West and Intersolar North America take place in San Francisco, US
- Dr.-Ing. Stefan Rinck is conference director of the international trade fair for photovoltaics EU PVSEC in Hamburg – SINGULUS TECHNOLOGIES participates at the conference with several speeches and presents the latest machines for the manufacturing of solar cells
- The company participates at the Renewable Energy India Expo in Greater Noida, India
- The first-half report for 2015 is released

Q4

- On October 7 an ad-hoc release pursuant to Para. 15 WpHG is published and the forecasts for the business year 2015 are reduced
- SINGULUS TECHNOLOGIES participates at the PV Taiwan
- The first bondholder meeting takes place in Frankfurt am Main on October 8 – the meeting it is not quorate
- On October 29 a second bondholder meeting is held in Frankfurt am Main – One Square Advisory Services GmbH under the management of Mr. Frank Günther is elected joint representative of all bondholders
- SINGULUS TECHNOLOGIES reports financial results for the first nine months of 2015
- Three employees celebrate their 25th anniversary at the SINGULUS TECHNOLOGIES AG
- On December 21 SINGULUS TECHNOLOGIES resolves a restructuring concept and publishes the notice to an additional bondholder meeting and an Extraordinary General Meeting as well as the disposal of the bonds held by the company
- On December 22 SINGULUS TECHNOLOGIES signs a contract for the delivery of a production line for solar cells with a customer in India

SINGULUS TECHNOLOGIES

Table of Contents

01

P. 08 – P. 35

To the Shareholders

02

P. 38 – P. 105

Combined Management Report of the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES AG

03

P. 108 – P. 147
Consolidated Financial Statements of the SINGULUS TECHNOLOGIES AG

04

P. 150 – P. 160
Additional Information


SINGULUS
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VISTARIS –
INLINE SPUTTERING SYSTEM FOR THIN-FILM SOLAR CELLS

01

Vacuum sputtering machines are used for different layer systems during the production steps for CIGS as well as CdTe thin-film solar modules.

To the shareholders of the SINGULUS TECHNOLOGIES AG

Report of the Supervisory Board

Dear Shareholders!

The business year 2015 was a difficult year for our company. The sustained weak market development has posed great financial challenges to us. At the same time we have laid the foundation for a successful restructuring of the company and thus look confidently towards the future.

The course of business in the past year was characterized by very different developments in the two segments Solar and Optical Disc. It can be summarized as follows: The segment Optical Disc was disappointing similar to the previous year. In contrast, the Solar division recorded a significant improvement, but has not quite reached the targeted level. Insofar, the favorable development in the Solar division was unable to compensate for the weakness in the Optical Disc segment, so that once again a negative net result was incurred in the business year 2015. Nevertheless, we still see great opportunities in the Solar division, which is the reason why the extensive efforts in the photovoltaic market as well as the targeted expansion of the existing product portfolio through proprietary research and development were still in the spotlight in the business year 2015. Details regarding the development of the company are depicted in detail in the Status Report.

Dhe report of the Supervisory Board informs about the focus of the activities of the Supervisory Board in the past business year. In 2015, the Supervisory Board attended to all legal and statutory duties and adhered to the guidelines of the bylaws of the Supervisory Board. In particular in light of the difficult business situation in the year 2015, the Supervisory Board extensively and regularly advised the Executive Board of the SINGULUS TECHNOLOGIES AG in managing the company and provided constant oversight over the activities of the Executive Board. The Executive Board of the SINGULUS TECHNOLOGIES AG involved the Supervisory Board in all significant decisions and processes and informed the Board about all relevant proceedings.

There were no objections on part of the Supervisory Board regarding the conduct of business in the course of the business year 2015 by the Executive Board of the SINGULUS TECHNOLOGIES AG at any time.

CHANGES IN THE SUPERVISORY BOARD

There were no changes in the composition of the Supervisory Board in the business year 2015.

From left to right:

*Christine Kreidl,
Deputy Chairperson of
the Supervisory Board,*

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

*Dr. rer. nat. Rolf Blessing,
Member of the
Supervisory Board*



SUPERVISORY BOARD MEETINGS 2015

During the business year 2015 twelve meetings of the Supervisory Board were convened: There were six meetings in presence and six conference calls. The Supervisory Board was completely represented in each of the meetings detailed below.

- Meeting in presence on January 28, 2015
- Meeting in presence on March 24, 2015
- Conference call on April 14, 2015, continued on April 20, 2015
- Meeting in presence on May 12, 2015
- Meeting in presence on June 9, 2015
- Conference call on August 7, 2015
- Meeting in presence on September 29, 2015
- Conference call on November 13, 2015
- Meeting in presence on November 26, 2015
- Conference call on December 11, 2015
- Conference call on December 18, 2015
- Conference call on December 21, 2015

ADVICE AND OVERSIGHT BY THE SUPERVISORY BOARD

The Supervisory Board dealt in detail with the course of business of the company in the business year 2015 during its meetings. The reporting by the Executive Board and in this respect predominantly the development of order intake, sales and earnings trends as well as the continuous reporting on the liquidity situation and the development of shareholders' equity formed the basis. The actual course of business was compared with the company's budgets and deviations and required measures discussed. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplemented the reporting.

The strategic positioning of the company was agreed between the Executive Board and the Supervisory Board and its implementation discussed at regular intervals. The required capital expenditure plans were discussed and analyzed within the scope of the resolved strategy.

The Supervisory Board has assured itself of the legitimacy, expediency and compliance of the presented business events under the particular consideration of the economic situation of the company.

The Executive Board timely sent out all interim reports as well as half-year reports for the year 2015 to the Supervisory Board before publication. The Executive Board laid out to the Supervisory Board the reports and important key figures as well as statements in detail. The Supervisory Board had *individual items of the profit-and-loss statement as well as specific balance sheet items explained in detail. The recommendations of the Supervisory Board with regards to individual interim reports were implemented by the Executive Board.*

In the past business year, the Supervisory Board was regularly informed about the course of business and the financial situation of the group of companies. In monthly reports the Executive Board informed the Supervisory Board about the current course of business within the individual segments including the development of the market environment and explained order intake and backlog, financial key figures such as the development of the liquidity or the shareholders' equity of the SINGULUS TECHNOLOGIES Group including a forecast.

The Supervisory Board was directly involved in all decisions, which were of fundamental importance to the company. Furthermore, the Chairman of the Supervisory Board regularly discussed the situation of the company and its future development in individual talks with the Executive Board. At all times, the other members of the Supervisory Board were informed about these meetings thereafter.

Business activities that had to be approved or were required to be discussed by the Supervisory Board due to company interests were discussed and reviewed by the Supervisory Board. These also included new projects concerning the extension of the current range of products and services offered.

The Supervisory Board made recommendations to the Executive Board with respect to several projects.

ECONOMIC SITUATION OF THE COMPANY AND RESTRUCTURING CONCEPT

The difficult economic situation of the company and the possibilities of an organizational and balance sheet reorganization were in the spotlight of all of Supervisory Board meetings in the business year 2015. The background as well as reasons for the lack of orders for production machines in the Optical Disc division, the still not stabilized market for production machines for solar cells as well as the disappointing development in the Semiconductor segment were analyzed and discussed. The Supervisory Board discussed with the Executive Board the market situation in the individual segments and deliberated in detail all economic and financial key figures.

In the business year 2015 the Executive Board monitored the going-concern assumption of the company and reported to the Supervisory Board on this matter. The Executive Board provided information to the Supervisory Board in a timely manner about requested information regarding the potential excessive indebtedness and the liquidity status of the company. The company appointed the PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC) with the ongoing analysis of the liquidity situation at a Group-wide and company-specific level as well as with the continuous monitoring of the current developments. In addition, the Executive Board in cooperation with PwC regularly documented and reported to the Supervisory Board the development of the shareholders' equity pursuant to HGB. The unaudited unconsolidated financial accounts of the company pursuant to HGB as of May 31, 2015 showed shareholders' equity of around € 23.5 million with a nominal capital of the company of € 48,930,314.00. Hence, on June 8, 2015 the company reported a loss pursuant to Art. 92 Para. 1 Aktiengesetz by way of an ad-hoc release. The Executive Board gave account on the loss of half of the nominal capital at the Annual General Meeting on June 9, 2015 under agenda item 5.

In July 2015, the merger agreement between the SINGULUS STANGL SOLAR GmbH, whose entire shares were held by the SINGULUS TECHNOLOGIES AG, and the SINGULUS TECHNOLOGIES AG was approved by the Supervisory Board and concluded. Amongst others, the goals of the merger were the further simplification of the Group's structure and the cost savings compared with keeping an additional legal unit. The merger enabled an improved integration of the activities and business processes of the SINGULUS STANGL SOLAR GmbH into the SINGULUS TECHNOLOGIES AG. The merger became effective with the entry into the Commercial Register of the SINGULUS TECHNOLOGIES AG on October 8, 2015 with a retroactive balance sheet effect as per May 1, 2015. The merger was performed on the basis of time values and further burdened the equity of the company.

In addition to the shareholders' equity trend, the corporate bond issued on March 23, 2012, whose refinancing is due in March 2017, was an important topic in connection with the discussion of the economic situation of the company amongst the Supervisory Board.

Following negotiations with the joint representative of the bondholders, who was appointed by the bondholder meeting on October 29, 2015, the company reached an agreement on December 21, 2015 with respect to a concept for the financial restructuring of the company and published this in the *course of an ad-hoc release on the same day. Furthermore, the company resolved to sell the 4,241 bonds held by the company itself to a third party, which supports the restructuring concept. The Supervisory Board approved the concept for the financial reorganization and the disposal of the bonds held by the company itself. In December 2015, the invitation to a bondholder meeting on January 18, 2016 as well as to an extraordinary general meeting of the company on February 16, 2016 was published in the German Federal Gazette. Since the first bondholder meeting on January 18, 2016 did not achieve the required quorum of 50 % of the outstanding bonds and was thus not quorate, the Executive Board invited the bondholders to a second bondholder meeting on February 15, 2016.*

The restructuring concept is set out in detail on page 49 to 51. Essentially, it provides for a capital reduction with a ratio of 160 : 1, the exchange of the bonds into new shares of the company as well as a newly issued, secured bond and a subsequent implementation of a cash capital increase.

It is the Supervisory Board's conception that the drawn up and resolved restructuring concept is a good solution, which appropriately takes into account the interests of bondholders and shareholders, respectively, and which provides the company with a perspective to become successful in the market once again and to return to profitability.

FURTHER DEVELOPMENT OF THE COMPANY

The Executive Board presented the Supervisory Board in all its meetings in the business year 2015 with the respective current analyses and insights for SINGULUS TECHNOLOGIES' products in the markets for Blu-ray Disc machines as well as for the photovoltaics markets.

The Supervisory Board was regularly informed about the current status of talks with key customers and the market situation in the Optical Disc segment was critically questioned and impacting factors analyzed. In particular, the potential introduction of the new Ultra HD-Blu-ray Disc with a storage capacity of up to 100 GB was observed and discussed as well as the impact on a delay into the year 2016. The expected recovery of the PV market only took place very slowly in 2015. The Executive Board presented during the Supervisory Board meetings current key figures from market studies as well as the financial key figures of comparable companies. Furthermore, the Executive Board set out all relevant major projects and discussed them with the Supervisory Board. The Supervisory Board was informed about the challenges in the Semiconductor segment and discussed with the Executive Board alternative actions as well as the further development of this division.

The company had to adjust its full-year forecasts due to the problems in the Optical Disc segments and the resulting negative impact on the key financial results following the availability of the preliminary key figures for the third quarter on October 7, 2015 and correspondingly informed the capital market about this development.

In connection with the economic development, the Supervisory Board extensively deliberated with the Executive Board the required structural changes of the company and emphasizes that the strategic positioning for new application and business areas still has a high priority. The Executive Board presented the Supervisory Board potential new application areas of the technologies and discussed these opportunities.

SUPERVISORY BOARD MATTERS

On the occasion of the general discussion of the Annual General Meeting of the SINGULUS TECHNOLOGIES AG on June 9, 2015 the Supervisory Board resolved to forgo 20 % of the Supervisory Board remuneration for the year 2015 due to the economically difficult situation of the company, the share price development and the reduction of the Executive Board's remuneration.

EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS ACT

Lawmakers have added Art. 111 Para. 5 AktG concerning the equal participation of women and men in leadership positions act on April 24, 2015. Accordingly, the Supervisory Board of the SINGULUS TECHNOLOGIES AG was obligated to determine a target for the women's share in the Supervisory and Executive Boards of the company by September 30, 2015. Currently, the Supervisory Board of the SINGULUS TECHNOLOGIES AG includes one woman among three Supervisory Board members in total. The Supervisory Board intends to maintain a women's quota of 33 % and therefore determined the target for the women's quota of the Supervisory Board to 33 % until June 30, 2017.

The two-person Executive Board of the SINGULUS TECHNOLOGIES AG does not include a woman. The Supervisory Board currently does not intend any changes in the personnel composition of the Executive Board or an increase in the number of members. Accordingly, the target for the women's quota in the Executive Board is set at 0 % until June 30, 2017.

CONFLICTS OF INTEREST

In the past business year there were no conflicts of interest of members of the Executive or Supervisory Boards, which have to be disclosed to the Supervisory Board immediately and which the Annual General Meeting has to be informed about.

SHAREHOLDINGS OF THE MEMBERS OF THE SUPERVISORY BOARD

The stock holdings of Supervisory Board members are published in this Annual Report as well as on the internet. For a detailed presentation please refer to the annotations on page 101 of this Annual Report 2015.

CORPORATE GOVERNANCE

The SINGULUS TECHNOLOGIES AG and its Supervisory Board subscribe to the principles of proper and responsible corporate governance. The Executive Board and the Supervisory Board have made a declaration of conformity pursuant to Art. 161 AktG and Art. 3.10 of the German Corporate Governance Code (the "Code"), according to which the company adheres to the recommendations of the German Corporate Governance Code except for the mentioned and explained deviations. The declaration of conformity was published on the company's website in January 2016.

Please refer to the detailed presentation in the Corporate Governance Report on page 24 to 31 of the Annual Report 2015, which also includes the current declaration of conformity.

ASSESSMENT OF EFFICIENCY OF THE SUPERVISORY BOARD

In the third quarter, the Supervisory performed an assessment of the efficiency of its work, in order to safeguard a high quality of company supervision and to identify areas of potential improvements, if required. Amongst others, the Board assessed topics such as reporting by the Executive Board, cooperation of Executive Board and Supervisory Board, Supervisory Board meetings, leadership by the Chairman of the Supervisory Board, remuneration of the Executive Board and corporate governance. The results of the evaluation were analyzed and discussed by the Supervisory Board. The cooperation within the Supervisory Board was evaluated as being open and constructive. The provision of information was assessed as being good. Nevertheless, the Supervisory Board suggested providing documents for the preparation of the Supervisory Board meetings even earlier by the Executive Board and to inform the Supervisory Board more proactively and also through informal conference calls, if necessary.

EXECUTIVE BOARD MATTERS

In its meeting on January 28, 2015 the Supervisory Board discussed and approved agreements on objectives for the business year 2015 with the Executive Board. These target agreements form the basis for the determination of the variable compensation components of the Executive Board members. In its meeting on March 3, 2016 the Supervisory Board resolved the level of target achievements for both members of the Executive Board on the basis of the preliminary results. For this purpose the Supervisory Board assessed the personal targets individually and reviewed the respective levels of target achievement. Overall, the Supervisory Board recognized the achievements of the Executive Board in the past business year and emphasized the dedication, the commitment and the qualitative results in an extremely difficult market environment for the company.

During its meeting on March 24, 2015 the Supervisory Board once again resolved to issue phantom stocks to the Executive Board, namely 125,000 shares to Dr.-Ing. Stefan Rinck and 100,000 shares to Mr. Markus Ehret. The phantom stocks (including the phantom stocks issued in the prior years) are combined with the ratio of the capital reduction (i.e. 160 : 1) resolved in the course of the extraordinary general meeting on February 16, 2016.

Due to the currently still difficult economic situation of the company the Executive Board proposed to the Supervisory Board in the course of its meeting on November 26, 2015 to maintain the reduction of the remuneration by 20 % resolved in 2015 until further notice and to waive the right of an adjustment of the remuneration to the contractual level as per January 1, 2016. The Supervisory Board welcomed the initiative of the Executive Board and resolved to maintain the reduction of the fixed salary of both members of the Executive Board by 20 % in view of the still difficult economic situation. For details please refer to the Compensation Report on page 89 to 101 of the Annual Report 2015.

RISK MANAGEMENT

According to relevant regulations of stock corporation and commercial laws the SINGULUS TECHNOLOGIES AG is subject to special requirements with respect to internal risk management and has thus set up a corresponding monitoring system, which is adapted to the respective current trends. In preparation to the Supervisory Board meeting on November 26, 2015 the Supervisory Board was informed by the Executive Board about the risk management systems and assessed the efficiency of the system during the Supervisory Board meeting. The Supervisory Board regards the monitoring system of the SINGULUS TECHNOLOGIES AG as constructive and satisfactory and shares the risk assessment of the Executive Board. The Risk Report can be found on page 72 to 84 of the Annual Report 2015.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS STATUS REPORT

The audited financial accounts of the SINGULUS TECHNOLOGIES AG, the audited consolidated financial statements as well as the combined status report as of December 31, 2015 were subject of the Supervisory Board meeting on March 23, 2016 concerning the adoption of the financial statements. The Executive Board has drawn up the financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2015 pursuant to the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements were drawn up pursuant to the International Financial Reporting Standards (IFRS). The consolidated financial statements were supplemented by a consolidated status report, which was combined with the status report of the individual financial results pursuant to Art. 315 Para. 3 read in conjunction with Art. 298 Para. 3 Sent. 1 HGB. The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (KPMG), reviewed the financial statements and the consolidated financial statements as well as the combined status report considering the accounting principles and approved them without reservation. The focus of the audit of the full-year result audit was already coordinated with KPMG during the Supervisory Board meeting in presence on November 26, 2015.

All members of the Supervisory Board were provided with the audited financial results, the combined status report as well as the audit report of KPMG for review in a timely manner. During the meeting on March 17, 2016 the responsible auditors were present, who explained the extent, the course and the results of the audit and answered the questions of the Supervisory Board members in detail. The establishment of the financial statements and the adoption of the consolidated financial statements as well as combined status report were effected during the course of the Supervisory Board meeting on March 23, 2016 in the presence of the competent auditor after expiry of the legal rescission respites against the resolutions of the bondholder meeting and the extraordinary general meeting on February 15 and 16, 2016, respectively.

The Supervisory Board extensively discussed the financial statements, the consolidated financial statements, the status report as well as the audit by the auditor and did not have any objections. The financial statements and the combined status report did not deviate materially from the interim reports of the Executive Board to the Supervisory Board. The assumptions, on which the going-concern assumption rested, as well as the consequences drawn by the Executive Board and KPMG, were discussed once again. Requests by members of the Supervisory Board were answered by the Executive Board and by present auditors with due elaborateness.

There were no objections on part of the Supervisory Board regarding the annual accounts of the SINGULUS TECHNOLOGIES AG, the consolidated financial statements and the combined status report as of December 31, 2015 as well as regarding the audit by KPMG.

In its meeting on March 23, 2016 the Supervisory Board approved the financial statements of the SINGULUS TECHNOLOGIES AG drawn up by the Executive Board, the consolidated financial statements and the combined status report. Accordingly, the annual financial statements and the consolidated financial statements have been adopted.

The Supervisory Board will continue to attend to and support the Executive Board and the company on the difficult path.

The Supervisory Board would like to thank the Executive Board as well as all employees of SINGULUS TECHNOLOGIES for their great commitment in the past business year 2015 and whishes success for the business year 2016.

Kahl am Main, March 2016

Dr.-Ing. Wolfhard Leichnitz

Chairman of the Supervisory Board

The Executive Board

Letter to Shareholders

Dear shareholders of the SINGULUS TECHNOLOGIES AG, dear Ladies and Gentlemen! The business year 2015 once again was a very difficult year for the SINGULUS TECHNOLOGIES AG.

For the second consecutive year, our machine activities in the optical disc market almost completely failed to materialize. Contrary to our expectations, we were unable to sell any new Blu-ray Disc production machines (BLULINE II). Although we had some noteworthy order intake in the Solar segment at the beginning of the year, the momentum waned during the further course of the year. Accordingly, the Solar division was unable to compensate for the sales and earnings shortfall in the Optical Disc segment. This sustained difficult market development in our two core markets resulted in significant losses. During the course of the year it became apparent that a financial restructuring was urgently required in order to not jeopardize the going-concern forecast for the company and to avoid a bankruptcy. The already planned and resolved measures by the shareholders during the Annual General Meeting 2015 were not sufficient in the end to guarantee the required balance sheet restructuring of the company. However, this balance sheet recovery of the company is the basis to make the SINGULUS TECHNOLOGIES AG successful in the market in the future again and to return to profitable growth. The subsequently revised concept for the balance sheet restructuring was presented for voting to the bondholders and shareholders during their respective meetings in February 2016. With the achieved respective approvals of more than 90 % of the present voting rights, we were able to pave the way for a successful restructuring of the company.

Economic situation of the company and restructuring concept

Before we start with a review of the developments in the individual segments, we would like to present and explain the restructuring measures already initiated in 2014 and further progressed in 2015.

Since 2014 had already been an economically weak and overall disappointing year for SINGULUS TECHNOLOGIES, the Executive Board at that time initiated the required measures to adjust the cost basis to the lower sales revenues. During the in the meantime completed business year 2015 these efforts were relentlessly continued. Furthermore, the developments in new business areas were progressed and the work on new, innovative production machines was intensified. Overall, in only a couple of years, a broad range of new production machines was made ready for the market.

However, already at the beginning of 2015 it became clear, that the restructuring of the balance sheet would be essential for the recovery of the company. Accordingly, the Executive Board continuously reviewed whether a potential loss exceeding half of the nominal capital of the SINGULUS TECHNOLOGIES AG pursuant to Art. 92 Para 1 AktG had occurred and this situation was discussed with the Supervisory Board.

Dr.-Ing. Stefan Rinck
With effect from September 1, 2009 Dr.-Ing. Stefan Rinck was appointed as member of the Executive Board of the SINGULUS TECHNOLOGIES AG. Since April 1, 2010 he has been Chief Executive Officer and is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Activities. In addition, Dr.-Ing. Rinck is a member of the Main Executive Board of the VDMA and Chairman of the Committee for Research and Innovation.

Dr.-Ing. Stefan Rinck (born 1958) studied Engineering with a Major in Production Technology at the Rheinisch-Westfaelischen Technischen Hochschule (RWTH) in Aachen where he received a PhD.

Dipl.-Oec. Markus Ehret
Dipl.-Oec. Markus Ehret was appointed ChiefFinancial Officer of the SINGULUS TECHNOLOGIES AG as of April 19, 2010. He heads the departments Finance, Controlling, Investor Relations, Human Resources, Procurement and IT.

Markus Ehret (born 1967) studied at the University Hohenheim, Stuttgart and at the University of Massachusetts, US, from 1988 until 1994 and received a graduate degree as Diplom-Ökonom (Graduate Economist).

The invitation to the ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG on June 9, 2015 included a precautionary agenda item in case that a correspondent loss had been incurred. On June 8, 2015 the company published by means of an ad-hoc release that for the individual financial statements as of May 31, 2015 a loss exceeding half of the nominal capital had been incurred.

In the course of the ordinary Annual General Meeting 2015 various capital measures as the basis for a balance sheet restructuring were presented for voting to our shareholders. During the course of the Annual General Meeting 2015 these proposals were adopted with a correspondent large majority. However, in the further course of the year it became clear, that these resolutions would not be sufficient to achieve the goal of a balance sheet restructuring due to the increasing deterioration of the economic situation. The mounting losses, in particular due to a lack of machine sales in the Optical Disc segment, intensified the economically difficult situation of the company.

Therefore, during the business year 2015, we, as the Executive Board, have continuously monitored the going-concern forecast of the company. In 2015, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as a renowned auditor, was commissioned to continuously monitor the equity and liquidity situation as well as current developments. These developments were documented in detail and the results were regularly reported to the Supervisory Board and discussed with them.

In October 2015 it became evident that the sales of Blu-ray production machines could not be expected any longer. The lack of expected new orders impacted the sales and in particular the earnings expectations considerably. Against the background of the deteriorating economic loss situation as well as the implemented operating restructuring measures the restructuring concept presented by the Executive Board was concretized and ultimately finalized though negotiations with the joint representative appointed at the bondholder meeting on September 29, 2015. SINGULUS TECHNOLOGIES reported on the structure of the restructuring concept through an ad-hoc release on December 21, 2015.

The participation of the bondholder meetings on October 8 and 29, 2015, during which the appointment of the joint representative as well as other agenda items were proposed for voting, only amounted to 8.4 % and 13.8 %, respectively. Accordingly, the required quorums for the resolutions of various proposed agenda items were not achieved. Against this background, the company decided in December 2015 to sell to investors the 5,241 bonds so far held by the company itself in the course of a bidding process. After the disposal, the new investors were entitled to cast their voting rights on these corporate bonds.

In December 2015 the invitations to an additional bondholder meeting and to an extraordinary shareholder meeting were published in the German Federal Gazette. Since the first bondholder meeting on January 18, 2016 had not achieved the required quorum of 50 % of the outstanding *bonds and was thus not quorate, the Executive Board invited the bondholders to a second bondholder meeting on February 15, 2016. The restructuring concept presented therein is described in detail on pages 49 to 51. Essentially, it provides for a capital reduction with a ratio of 160 : 1, the exchange of the bonds into new shares of the company as well as a newly issued, secured bond and a subsequent implementation of a cash capital increase. On February 15, 2016, in the course of the quorate bondholder meeting the bondholders of the corporate bond and on February 16, 2016 the shareholders in the course of an extraordinary general meeting approved the proposals of the company's Boards with more than 90 % of the respective votes present.*

The Executive Board and the entire company appreciate this as a proof of investors' trust in the potential and opportunities of SINGULUS TECHNOLOGIES.

Now we would like to present you the economic developments within the individual segments.

Development of the individual segments

Following a very good start in 2015, the order intake in the Solar segment lost momentum in the further course of the year and insofar fell short of our expectations. The demand for new production machines for the manufacturing of solar cells increased significantly slower in 2015 than the overall market forecast by market researchers. SINGULUS TECHNOLOGIES was unable to withstand this trend similar to the other manufacturers of production machines. In contrast to Optical Disc, a sustained recovery is expected for production machines for photovoltaics. The Executive Board is confident, that with its developed machines, SINGULUS TECHNOLOGIES will benefit from the global upturn of the solar market. Accordingly, in the past business year, key machine concepts were successfully marketed and contributed considerably to the division's success. In particular the vertical cathode sputtering machine (sputtering machines VISTARIS) has to be highlighted in this context. With the machine type in connection with the know-how for thermal processes of our selenization machines (amongst others CISARIS) and coating machines (e.g. SELENIUS, HELIOSCOATER, TENUIS II) SINGULUS TECHNOLOGIES covers all key steps for the production of thin-film solar cells with proprietary, innovative machines. In the area of crystalline, high-performance solar cells, the SILEX II was able to gain a leading position for wet-chemical production steps.

The global sales of optical storage media, amongst others optical discs such as CD, DVD, Blu-ray Disc, will not expand further due to the progressing digitalization and the changing consumer behavior. We were aware that the saturation for Blu-ray Discs would take place, which is the reason why for many years we have developed new application areas on the basis of our technologic expertise and developed machine types for new markets. However, the sudden lack of any investments in new optical disc machines since the year 2014 was a surprise to all market participants and in contrast to all forecasts.

Although around 40 machines were still sold in the business year 2013, there were hardly any buyers for the already produced machines in the year 2014. We had to cope with a decline in orders of more than 90 % within a short period of time. These market distortions had a significant impact on all key financial figures. Such a development could not be expected at that time and it could neither be offset by new developments nor with cost savings in such a short period of time. In the third quarter 2015 an additional, unforeseeable change in the market took place: our biggest customer, TECHNICOLOR from France, took over the North-American production capacities of our second largest customer, CINRAM from Canada. Because of this acquisition, TECHNICOLOR is able to increase the utilization of its production machines. Furthermore, CINRAM subsequently started to sell used BLULINE II machines in Europe, so that the demand for new machines was put under more pressure. In the end, as a result no new BLULINE II machines were sold in the market in 2015. Although we upgraded the already assembled and completed BLULINE II to the new UHD standard, this will remain a niche market for SINGULUS TECHNOLOGIES overall.

The development of the Semiconductor segment is still unsatisfactory. This is closely tied with capital spending of large semiconductor manufacturers in technologies for non-volatile memory components on the basis of magnetic layers (MRAM). However, the relevant market research institutes only project a launch of these new MRAM chips in the years 2018 to 2020.

It can be summarized as follows: SINGULUS TECHNOLOGIES provides all technologic prerequisites to be successful, to grow and to perform profitably in the long-run. Since 2010, numerous new developments have been actively progressed and introduced to the market in the meantime. In particular in the Solar division we have developed a considerable number of machines for the thin-film technology and cover nearly all of the relevant production steps here. We see great interest in various production machines for the manufacturing of CIGS solar modules as well as for the new silicon-based, high-performance solar cells. New developments of machines for the consumer goods and display technology industry are being tested in cooperation with customers. This machine portfolio is the result of the repositioning along the unique and highly specialized core competencies of the company initiated by the Executive Board years ago. These core competencies include vacuum coating, thermal processing of substrates and surfaces to change relevant product characteristics and wet-chemical process know-how.

The portfolio of new machine types represents the potential for the future. Investments have been made into these products in the past couple of years and they should result in profitable sales in the future. Solar and the new application areas were not yet able in 2015 to compensate for the declining sales and lack of earnings contributions in the Optical Disc segment. However, this is the goal for the coming years.

Outlook, risks and opportunities of SINGULUS TECHNOLOGIES

The restructuring of the corporate bond supported by a large voting right majority of bondholders and shareholders is an essential prerequisite for the revitalization of the company. The Executive Board will now resolutely implement the resolved measures. In addition, the restructuring sends a vital sign for the operating activities, because with the conclusion of the restructuring, SINGULUS TECHNOLOGIES will once again become a stable and long-term reliable partner for our customers.

Our goal is a restructured SINGULUS TECHNOLOGIES, which will generate positive earnings in the future. For the current year, we project increased sales revenues as well as a balanced to slightly positive EBITDA. However, the operating result (EBIT) will still be negative in 2016. For the year 2017 the company expects a moderate increase in sales compared with the prior year as well as positive earnings.

Our expectations for the annual targets for 2016 are mainly based on the assumptions that the Solar market will continue to perform favorably, the extensive orders for production machines for thin-film solar modules in discussion are realized and that additional orders in the area of wet-chemical machines are received during the first half of the business year 2016.

The Executive Board would like to thank our customers and partners for the very good and trustful cooperation as well as our shareholders and bondholders for their support. We would like to thank all employees of SINGULUS TECHNOLOGIES for their loyalty and commitment in the past year.

Kahl am Main, in March 2016

Yours sincerely,

SINGULUS TECHNOLOGIES AG

Dr.-Ing. Stefan Rinck
Chief Executive Officer, CEO

Dipl.-Oec. Markus Ehret
Chief Financial Officer, CFO

Corporate Governance

The SINGULUS TECHNOLOGIES AG and its Supervisory Board subscribe to the principles of proper and responsible corporate governance.

All members of the Supervisory Board are independent in the meaning of the German Corporate Governance Code ("Code"). No conflicts of interests of members of the Supervisory Board arose during the period under review. The cooperation of the Supervisory Board was characterized by efficiency, professional competence and trust.

Since the change of the corporate form into a corporation (Aktiengesellschaft) the Supervisory Board is comprised of three members. The Supervisory Board continued to refrain from forming an audit committee or other committees in the fiscal year 2015, because according to its assessment there is neither an increase in efficiency to be expected nor an improved handling of complex issues nor a more efficient or improved execution of tasks of the Supervisory Board in connection with issues about accounting principles, risk management or the audit. In addition, corporate law provides that decision-making Supervisory Board committees have to have at least three Supervisory Board members. For this reason a delegation of tasks is not reasonable either.

The members of the Executive and Supervisory Boards have published a joint Declaration of Conformity pursuant to Art. 161 AktG in January 2016 (cf. page 31 of this Annual Report 2015) and drew up a Corporate Governance Report pursuant to Art. 3.10 of the Code, which can be found on pages 24 to 31 of this Annual Report 2015. This report explains the deviations from recommendations of the Code. The Declaration of Conformity and the report are part of the declaration of corporate governance, which is permanently published at the company's website. For further information please refer to this declaration.

CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH ART. 289A HGB AND CORPORATE GOVERNANCE REPORT

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

Responsible and sustainable corporate governance was also very important to the SINGULUS TECHNOLOGIES AG in 2015. For the Executive and Supervisory Boards this means leadership and management of the company aligned for the long-term success. Corporate governance aims to safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, suitable handling of risks and transparency as well as responsibility for all corporate decisions. The Executive and Supervisory Boards regard corporate governance as a process integrated into the company's development, which is constantly progressed.

The modifications of the Code in its version as of May 5, 2015 were discussed by the Supervisory Board and the Executive Board. The Supervisory Board has decided not to adhere to the recommendation of a determination of a statutory limit of tenure to the Supervisory Board (Art. 5.4.1 Para. 2 of the Code as of May 5, 2015). The Supervisory Board does not deem a limit for the SINGULUS TECHNOLOGIES Aktiengesellschaft to be reasonable. The members of the Supervisory Board should exclusively be appointed based on expertise and qualification. The members are to advise and monitor the Executive Board in a competent and efficient manner. The company shall also have at its disposal the expertise of experienced and reliable members of the Supervisory Board. A statutory limit for the time of membership would unduly restrict the flexibility with respect to appointments and the number of potential candidates.

Correspondingly, the Executive and Supervisory Boards resolved the Declaration of Conformity to the Code, which can be found on page 31. The particular management structure of the company with small Executive and Supervisory Boards as well as the particularities of the sector, in which the company is operating, do not permit the company to comply with all recommendations of the Code, which are often drawn up for much bigger corporations. The current joint Declaration of Conformity of the Executive and Supervisory Boards pursuant to Art. 161 AktG is also published under www.singulus.de on our website. Any divergence from the code is explained in the Declaration of Conformity.

Management structure

The SINGULUS TECHNOLOGIES AG as a German corporation is subject to German Corporate Law and is thus comprised of a two-tiered management and monitoring structure consisting of Executive Board and Supervisory Board. The Executive Board manages the company and is responsible for the company's strategy, accounting, finances and development. It is advised and monitored by the Supervisory Board.

On the basis of the reports by the Executive Board the Supervisory Board discusses the business trends and planning, the corporate strategy and its implementation. Significant decisions by the Executive Board such as major acquisitions and financing measures are subject to the Supervisory Board's approval according to the bylaws for the Executive Board. It issues the audit mandate for the auditor elected at the Annual General Meeting and is informed about the audit. After its own review the Supervisory Board adopts the annual reports and the consolidated financial statements.

The Executive Board currently consists of two members, the Supervisory Board of three members. The SINGULUS TECHNOLOGIES AG is not subject to the Co-Determination Act. Due to the company's size and to ensure efficient work, both boards currently only meet the legally required minimum in terms of members.

Corporate Governance

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

Close cooperation of Executive and Supervisory Boards

Executive and Supervisory Boards work closely together for the benefit of the company. The Executive Board reports regularly, timely and in detail to the Supervisory Board about the relevant issues of corporate planning, the strategic development, the course of business activities and the overall situation of the Group. This holds particularly true in the economically difficult situation, to which the SINGULUS TECHNOLOGIES Group is currently exposed to. The basis of the information and monitoring activities of the Supervisory Board is the detailed monthly reporting. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplement the reporting. Furthermore, the Chairman of the Supervisory Board regularly discusses the situation and the future development of the company during individual talks with the Executive Board and subsequently informs the other members of the Supervisory Board about these discussions. The reports are reviewed and discussed within the Supervisory Board and also jointly with the Executive Board. According to the bylaws of the Executive Board, significant business decisions are subject to the approval by the Supervisory Board. Overall, there were twelve Supervisory Board meetings in the business year 2015, of which six were meetings in present.

Members and work of the Executive Board

The Executive Board of the SINGULUS TECHNOLOGIES AG is currently comprised of two members. It is the management body of the company. In managing the company the Executive Board is solely obligated to the interests of the company and follows the goal of a sustainable increase in the enterprise value as well as the interests of the shareholders and of the employees.

The current members of the Executive Board are Dr.-Ing. Stefan Rinck and Mr. Markus Ehret. Since April 1, 2010 Dr.-Ing. Stefan Rinck is the Chief Executive Officer, Mr. Markus Ehret is member of the Executive Board of the SINGULUS TECHNOLOGIES AG since April 19, 2010. The employment contract of Dr.-Ing. Stefan Rinck expires on August 31, 2017. Mr. Markus Ehret's contract has a term until December 31, 2019.

As Chief Executive Officer Dr.-Ing. Stefan Rinck is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Operations. Mr. Markus Ehret is responsible for the areas Finance, Controlling, Investor Relations, Human Resources, Procurement and IT.

The compensation of the Executive Board is specified in detail in the Remuneration Report (c. page 89 to 101).

The Executive Board has already employed women in management positions for years, if they have the professional and personal qualifications. Currently, two of the four authorized officers of the SINGULUS TECHNOLOGIES AG are female, while the power of attorney of one of the officers is limited to the activities at the branch at Fürstenfeldbruck. The Executive Board has set targets for the share of women at the first management level below the Executive Board to 33 % (currently: approx. 33 %) and to the second management level below the Executive Board to 20 % (currently: approx. 19 %) by June 30, 2017.

Members and work of the Supervisory Board

The Supervisory Board is comprised of three members. No employee representative is a member of the Supervisory Board.

The Supervisory Board is currently comprised of Dr.-Ing. Wolfhard Leichnitz, Ms. Christine Kreidl WP/StB and Dr. rer. nat. Rolf Blessing. Dr.-Ing. Wolfhard Leichnitz has been a member of the Supervisory Board since 2009 and is Chairman of the Supervisory Board since 2011. Dr. rer. nat. Rolf Blessing has been a member of the Supervisory Board since 2011; Ms. Christine Kreidl has been a member of the Supervisory Board since 2012. On June 18, 2013 she was elected as Deputy Chairwoman by the Supervisory Board. The tenures of the members of the Supervisory Board end with the conclusion of the Annual General Meeting, which votes on the discharge for the business year 2015.

The Supervisory Board also refrained from forming audit committees or other Supervisory Board committees in 2015 since committees are not reasonable for a Supervisory Board with three members.

The Supervisory Board met in twelve meetings in the business year 2015. The Supervisory Board regularly reviews the efficiency of its work. For detailed information about the work of the Supervisory Board in the business year 2015 please refer to the Report of the Supervisory Board on pages 8 to 17 of the Annual Report.

There were no advisory or other services and work contracts in place between the members of the Supervisory Board and the company in the past business year.

The Supervisory Board has set a target for the share of women in the Supervisory Board to 33 % (currently: approx. 33 %) as well as for the Executive Board to 0 % (currently: 0 %) by June 30, 2017.

Transparency and communications

The Executive Board publishes potentially share price-relevant information concerning the SINGULUS TECHNOLOGIES AG immediately unless the company is being exempt in individual cases. All ad-hoc announcements published in 2015 are available on the website of the company. In addition, the company keeps an insider register, which includes all people with access to insider information. These persons are regularly informed in detail about the resulting legal obligations.

The SINGULUS TECHNOLOGIES AG makes sure that the shareholders of the company are able to gain timely and extensive access about the situation of the company through the information provided on its internet website. The SINGULUS TECHNOLOGIES AG reports about its business trends and the financial and earnings situation to its shareholders four times during the business year. All financial reports, current company presentations, the corporate calendar as well as ad-hoc announcements, "Directors' Dealings" pursuant to Art. 15a WpHG and voting right announcements pursuant to Art. 21ff. WpHG are published under www.singulus.de in the segment "Investor Relations". To improve transparency and to support the stock price the SINGULUS TECHNOLOGIES AG held several analyst conferences and numerous one-on-one discussions with investors.

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

The Annual General Meeting is held in the first half of the year. With the use of electronic forms of communication, in particular the internet and email, the Executive Board facilitates the shareholders' participation in the Annual General Meeting and enables them to exercise their voting rights by representatives. In addition, the Executive Board may allow the shareholders to exercise the voting rights in written form and through electronic media without having to participate in the Annual General Meeting in person. All reports, annual financial reports and other documents, which have to be provided to the Annual General Meeting, as well as the agenda of the Annual General Meeting and counter-motions, if applicable, can be downloaded via the internet.

Accounting principles and audit of financial accounts

Since the business year 2004 the Group's annual accounts, the consolidated annual accounts and the interim accounts have been drawn up according to the International Financial Reporting Standards (IFRS) and are internationally comparable. The annual financial statements and consolidated statements drawn up by the Executive Board were audited by the auditor KPMG AG, Frankfurt am Main. The Supervisory Board reviewed the statements and the audit and adopted them. Half-year and quarterly financial reports are not subject to an audit. Important aspects were discussed with the Supervisory Board and the reports were approved by the board before publication.

Interim reports were made public within 45 days after the end of the respective quarter, the consolidated annual accounts and the annual financial statements within 90 days after the end of the business year.

The Annual Report for the business year 2015 and the interim reports are published on SINGULUS TECHNOLOGIES' website.

Compensation

Similar to the past years, SINGULUS TECHNOLOGIES individually reports the fixed and variable components of the compensation as well as the compensation components with long-term incentives for the members of the Executive Board. In addition, also the contributions to pensions, which are based on a defined contribution scheme, are disclosed individually. The details are set forth in the Remuneration Report, which is part of the Status Report and supplements this Corporate Governance Report. The Remuneration Report lays out the compensation and the compensation scheme for the Executive Board in detail and also explains the design of the compensation components with long-term incentives. In addition, the remuneration of the members of the Supervisory Board is stated individually. The Remuneration Report can be found on page 89 to 101 of this Annual Report.

Directors' Dealings/Shareholdings

The information about securities transactions of the members of the Executive Board and the Supervisory Board of the SINGULUS TECHNOLOGIES AG and related persons pursuant to § 15a German Securities Trading Act (WpHG) as well as shareholdings are listed in the Remuneration Report on page 89 to 101 and also on the website under Investor Relations / SINGULUS Stock / Directors' Dealings.

DECLARATION OF CONFORMITY 2016 TO THE GERMAN CORPORATE GOVERNANCE CODE

The last declaration of conformity was published in January 2015 on the basis of the German Corporate Governance Code amended as of June 24, 2014. Except for the following deviations the SINGULUS TECHNOLOGIES AG (the Company) adhered and adheres to the Code effective at the relevant times:

1. As long as the Supervisory Board is comprised of three members, there were and will not be committees (cf. No. 5.3.1, 5.3.2 and 5.3.3 of the Code), since a proper fulfillment of the tasks of the Supervisory Board can only be achieved in a plenary meeting of the three-person Supervisory Board. In this case, committees will neither provide enhancements in efficiency nor an improved handling of complex subject matters nor a more efficient or improved fulfillment of the duties of the Supervisory Board with respect to issues regarding accounting principles, risk management or auditing can be expected from such committees. In addition, corporate law provides that decision-making Supervisory Board committees have to have at least three Supervisory Board members. For this reason a delegation of tasks is not reasonable, either.

2. The Supervisory Board had not determined a mandatory quota for the appropriate participation of women in the Supervisory Board so far (cf. Art. 5.4.1 Para. 2 of the Code as of June 24, 2014). As per resolution as of September 29, 2015 the Supervisory Board set a target for the share of female members of the Supervisory Board to 33 % until June 30, 2017 (one female member within a three-member Supervisory Board) and therefore adheres to Art. 5.4.1 Para. 2 of the Code as of May 5, 2015.

3. The Supervisory Board does not set a statutory limit for the time of membership to the Supervisory Board (cf. Art. 5.4.1 Para. 2 of the Code as of May 5, 2015). The Supervisory Board does not deem a limit to be reasonable. The members of the Supervisory Board should exclusively be appointed based on expertise and qualification. The members are to advise and monitor the Executive Board in a competent and efficient manner. The company shall also have at its disposal the expertise of experienced and reliable members of the Supervisory Board. A statutory limit for the time of membership would unduly restrict the flexibility with respect to appointments and the number of potential candidates.

Except for the aforementioned deviations the SINGULUS TECHNOLOGIES AG adheres to the recommendation of the German Corporate Governance Code as amended as of May 5, 2015 and will adhere to them in the future as well.

Kahl am Main, January 2016

For the Executive Board:	**For the Supervisory Board:**
Dr.-Ing. Stefan Rinck	Dr.-Ing. Wolfhard Leichnitz
Markus Ehret	Christine Kreidl
	Dr. rer. nat. Rolf Blessing

SINGULUS TECHNOLOGIES on the Capital Market

ECONOMIC DEVELOPMENT AND FINANCIAL RESTRUCTURING

Following the sustained losses and the consumption of equity pursuant to HGB as well as to IFRS, the Executive Board started to draw up a restructuring concept for the refinancing of the corporate bond in 2015.

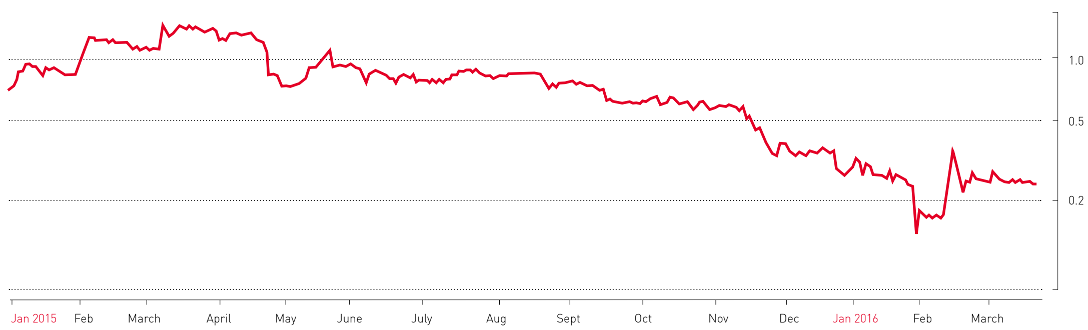
The restructuring concept is described in detail on pages 49 to 51. Essentially, it provides for a capital reduction with a ratio of 160 : 1, the exchange of the bonds into new shares of the company as well as new bonds of a newly issued, secured bond and a subsequent implementation of a cash capital increase.

THE SINGULUS TECHNOLOGIES STOCK

During the business year 2015 and also in the first couple of months of the business year 2016, the share price development of the SINGULUS TECHNOLOGIES stock was mainly driven by the weak course of business operations.

The extraordinary general meeting held on February 16, 2016 approved the proposals by the company regarding the various corporate actions with a significant majority of more than 90 % of the capital present. This enables the implementation of the exchange resolution of the bondholders. For further information regarding the restructuring of the company please refer to pages 49 to 51.

THE SINGULUS TECHNOLOGIES STOCK
XETRA CLOSE IN €



Due to the still unsatisfactory business situation and required balance sheet restructuring the stock continued to remain under pressure in the first quarter 2016 and closed at € 0.25 on March 21, 2016.

SHAREHOLDER STRUCTURE

In the past couple of years the shareholder structure was mainly impacted by the long-time shareholders Dimensional Holdings Inc. (DHI), Texas, US as well as by Quaero Capital SA (formerly Argos Investment Managers SA), Geneva, Switzerland. In addition, the Frankfurt Performance Management AG (FPM) in Frankfurt via the Universal-Investment-Gesellschaft mbH held shares, which exceeded the reportable 3 % threshold. However, during the course of the business year 2015, FPM reduced its holdings and fell below the 3 %-threshold. In January 2016, DHI also decided to reduce its investment to 2.93 %. On March 7, 2016 the Quaero Capital SA, Geneva, Switzerland, fell below the 3 %-threshold and reported shareholdings amounting to 2.94 %.

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

	2013	2014	**2015**
Outstanding shares as of December 31	48,930,314	48,930,314	**48,930,314**
Nominal capital in €	48,930,314	48,930,314	**48,930,314**
Market capitalization as of December 31 in million €	103	33	**12**
Lowest price for the year in €	1.10	0.59	**0.253**
Highest price for the year in €	2.59	2.81	**1.536**
Closing share price in €	2.11	0.68	**0.284**
Ø daily turnover (Xetra)	101,622	132,016	**141,043**
Earnings per share in €	-0.01	-1.05	**-0.89**

THE SINGULUS TECHNOLOGIES CORPORATE BOND

The bond issued by SINGULUS TECHNOLOGIES in March 2012 will mature on March 23, 2017. The bond price of the corporate bond issued by SINGULUS TECHNOLOGIES was already falling since the beginning of 2015. As of December 31, 2015, the bond traded slightly above 20 %. At the time of going to the press the bond price stood at 30.88 %.

In the past couple of months, a restructuring concept for the balance sheet reorganization of the company was developed, which includes a refinancing of the corporate bond.

The bondholder meeting on February 15, 2016 was quorate with a quorum of approximately 33 % and approved the resolution proposals, which are required for the implementation of the presented restructuring concept, with a majority of around 90 % of the voting rights present. (For further information regarding the restructuring of the company please refer to pages 49 to 51.)

PERFORMANCE OF CORPORATE BOND
FRANKFURT STOCK EXCHANGE, %

Highest price for the year	79.90
Lowest price for the year	16.50
Closing price	23.00
Current bond price*	30.88

* as of March 21, 2016

PRICE OF SINGULUS TECHNOLOGIES CORPORATE BOND
FRANKFURT STOCK EXCHANGE, %

GENERAL ENVIRONMENT

The international capital markets were also strongly impacted by the actions of central banks in the business year 2015. While the US central bank, the FED, increased the key interest rate again for the first time in almost ten years, the other central banks in developed countries still remain in a cycle of interest rate cuts or stable interest rates. The European Central Bank continued to reduce interest rates during the course of the year and in the meantime charges negative rates for bank deposits with the central bank.

But also macroeconomic themes had a grip on the markets. The slow-down of growth rates in the emerging markets, at the forefront China, has had an impact on the financial market in the year 2015.

In Europe, the financial crisis in Greece kept the markets busy. An additional aid package was lined up and it remains to be seen how the economies in the Euro-area will perform in the future. The wars in Ukraine and Syria as well as the terrorist attacks in Paris also contributed to the uncertainties on the markets.

Despite all of this, the German stock index DAX reached a new all-time high of 12,388 points on April 13, 2015. However, this level could not be maintained due to the uncertainties on the markets, so that the German primary index closed the trading year 2015 with a gain of 8 % at around 10.740 index points.

CONTINUING DIALOGUE WITH THE CAPITAL MARKET

During the year 2015 the SINGULUS TECHNOLOGIES AG was covered by four analysts, who follow the company and publish commentaries to current developments affecting the company.

The communication with private and institutional investors continues to have a high priority for the company. The annually held general meeting in Frankfurt am Main, the participation at several conferences, one-on-ones, road-shows as well as numerous publications are the key elements of the communication. In addition, all investors and interested parties are able to receive relevant information upon requests over the phone as well as through the investor relations section of the website www.singulus.de. Amongst others, current company presentations as well as all ad-hoc and press releases are published on the website.


SILEX II
SING

SILEX II – PROCESS SYSTEM FOR THE TREATMENT OF HIGH-EFFICIENCY SOLAR CELLS

02

In 2015 we worked intensively to finalize the SILEX II for wet chemical processes. With SILEX II especially the production for high-efficiency solar cells can be realized.

COMBINED MANAGEMENT REPORT OF THE SINGULUS TECHNOLOGIES GROUP AND SINGULUS TECHNOLOGIES AG

The Company has exercised the option in accordance with § 315 (3) of the German Commercial Code (Handelsgesetzbuch, "HGB") and published a combined management report for the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES AG. The course of business, the Company's situation, and the risks and opportunities affecting the future development of SINGULUS TECHNOLOGIES AG and the SINGULUS TECHNOLOGIES Group broadly coincide, and, where not otherwise indicated, the following explanations, in particular the figures, refer to the SINGULUS TECHNOLOGIES Group.

Basis of the Group

SINGULUS TECHNOLOGIES GROUP BUSINESS MODEL

The SINGULUS TECHNOLOGIES Group's business activities center on developing, manufacturing, and marketing machinery and equipment, in particular in the fields of coating technology, surface engineering, and wet chemistry, as well as the associated business areas and services – including the various forms of sales financing. The Company's primary focus is currently on the solar, optical disc, and semiconductor areas of application. New areas of application are being researched and the corresponding markets are being reviewed.

In the Solar segment, SINGULUS TECHNOLOGIES offers vacuum deposition equipment, systems for thermal processes, and equipment for the wet-chemical processing of crystalline, copper indium gallium diselenide (CIGS), and cadmium telluride (CdTe) thin-film solar cells. SINGULUS TECHNOLOGIES also markets complete crystalline silicon solar cell production lines in this segment. In addition, SINGULUS TECHNOLOGIES successfully sold production solutions to customers in 2015 for new high-efficiency solar cell concepts such as PERC (passivated emitter rear cell), PERT (high-efficiency passivated emitter, rear totally diffused cell) and HJT (heterojunction) solar cells.

The Optical Disc segment primarily offers machinery to produce dual-layer Blu-ray discs with a storage capacity of up to 50 GB, as well as production systems for CDs and DVDs. SINGULUS

TECHNOLOGIES offers BLULINE III, a new modular production system for Blu-ray discs with a storage capacity of up to 100 GB. The global replacement parts and service business for several thousand installed machines remains a focus.

In the Semiconductor segment, SINGULUS TECHNOLOGIES offers the TIMARIS and ROTARIS modular equipment platforms for the efficient ultra-high-vacuum deposition of wafers with magnetic coatings.

SINGULUS TECHNOLOGIES develops processes and systems for new consumer goods applications. These concepts have been developed and made market-ready with potential customers in the last few years. The first deposition line for decorative components has already been delivered. SINGULUS TECHNOLOGIES began the further marketing of vacuum deposition systems for new applications in 2015, and will expand these activities in 2016. These new applications currently remain part of the Optical Disc segment.

GROUP STRUCTURE

Group management, accounting, sales and all central functions are based at the location in Kahl am Main, where machinery is designed, constructed, and manufactured for all segments.

SINGULUS TECHNOLOGIES develops and constructs production systems for wet-chemical processes at the Fürstenfeldbruck location. SINGULUS STANGL SOLAR GmbH has been part of the SINGULUS TECHNOLOGIES Group since 2007. On July 20, 2015, the Executive Board resolved to merge SINGULUS STANGL SOLAR GmbH into SINGULUS TECHNOLOGIES AG, with the approval of the Supervisory Board. The merger became legally effective on entry into the commercial register on October 8, 2015, and the Fürstenfeldbruck branch is now part of SINGULUS TECHNOLOGIES AG.

SINGULUS TECHNOLOGIES has a sales and service network in all relevant global regions, enabling it to offer customer advisory and service worldwide at all times. Some subsidiaries in key regions are supplemented by a network of long-term tied agents.

GOALS AND STRATEGIES

The Company's objectives are focused on achieving technology leadership in the relevant market segments, and the aim is to ensure sustainable growth in business volumes and generate stable profit.

SINGULUS TECHNOLOGIES develops innovative technologies for effective and resource-efficient production processes. Its strategy is based on leveraging and expanding its existing core competences. Areas of application include vacuum technology and surface deposition and engineering, as well as the associated chemical and physical processes.

Solar segment: clear growth strategy for the solar market

In 2015, SINGULUS TECHNOLOGIES continued to focus considerable resources on developing and launching new production technologies to manufacture new solar cell concepts for crystalline and thin-film solar technology.

The Company's objective is to offer the necessary systems for all of the key steps in the process of manufacturing thin-film solar cells, and to generate the corresponding orders in 2016. SINGULUS TECHNOLOGIES offers these systems for both applications – CIGS and CdTe. The further development of the SILEX II etching and cleaning system in 2014 enabled the Company to achieve a leading position in the market for systems to produce high-efficiency crystalline solar cells, e.g., heterojunction solar cells, which it plans to expand on.

Optical Disc segment: Ultra HD Blu-ray – a niche market

SINGULUS TECHNOLOGIES offers a new production technology for next-generation discs – Ultra HD Blu-ray with a storage capacity of up to 100 GB. The launch of the prerequisite new player and the Ultra HD Blu-ray disc is planned for 2016.

Building with CIGS solar modules (by courtesy of Avancis GmbH, Munich)

SINGULUS TECHNOLOGIES is using the tried-and-tested BLULINE II production machine as the basis for the new system, which will be named BLULINE III and is planned for launch in 2016. It is expected that the market for BLULINE III systems will only develop into a niche market. SINGULUS TECHNOLOGIES is now primarily focusing its activities in this segment on the global replacement parts and service business for the several thousand machines already installed.

Semiconductors segment: high-tech production platforms

In the Semiconductor segment, we are working to provide research institutions and universities with equipment for the new MRAM (magnetoresistive random-access memory) semiconductor application, and are well positioned for the launch of this new memory technology in industrial applications. Development of the product portfolio has provisionally been completed. The Semiconductor segment is the Company's smallest by business activity and financial key performance indicators. However, the Executive Board sees the competencies developed as offering long-term potential for future success.

Focus on new markets/developing new fields of activity

SINGULUS TECHNOLOGIES' core competence is vacuum thin-film deposition, wet-chemical processes, surface technology, and thermal process technologies. The Company is working to expand this expertise in the Solar, Semiconductor, and Optical segments, and to transfer it into further markets. This includes areas such as sustainable energy, entertainment, mobility, semiconductor technology and the refinement of a comprehensive range of consumer goods.

MANAGEMENT SYSTEM

The Group is divided into reporting segments by product for the purposes of corporate management. The Group is managed exclusively using financial key performance indicators. Group management uses revenue and EBIT (earnings before interest and taxes) by segment to facilitate decisions regarding the allocation of resources and to determine the segments' performance. Financing is monitored and managed at Group level.

RESEARCH, DEVELOPMENT, AND DESIGN

The Research, Development, and Design department employed an average of 77 people across the Group in fiscal year 2015. The Group's non-capitalizable development costs amounted to EUR 6.9 million in 2015 (previous year: EUR 9.3 million). In addition, costs in the amount of EUR 4.3 million were capitalized (previous year: EUR 1.8 million), primarily for the development of series equipment. The capitalization rate stood at 38 % in fiscal year 2015 (previous year: 16 %). Amortization of capitalized development costs amounted to EUR 1.8 million (previous year: EUR 2.1 million). In addition, impairment write-downs of EUR 3.2 million were recognized on capitalized development costs; these were reported under impairment and restructuring expenses in the amount of EUR 2.4 million and primarily relate to the Solar and Semiconductor segments.

Sputtering system VISTARIS with vertical transportation of CIGS solar modules

Key development areas in 2015

In the area of thin-film solar technology, SINGULUS TECHNOLOGIES is working in close cooperation with potential customers to develop process systems for the production of CIGS solar modules. In the area of vacuum technology, a new vertical cathode sputtering system for the manufacture of CIGS modules was built and delivered in 2015. Its variability enables it to be used during various production stages.

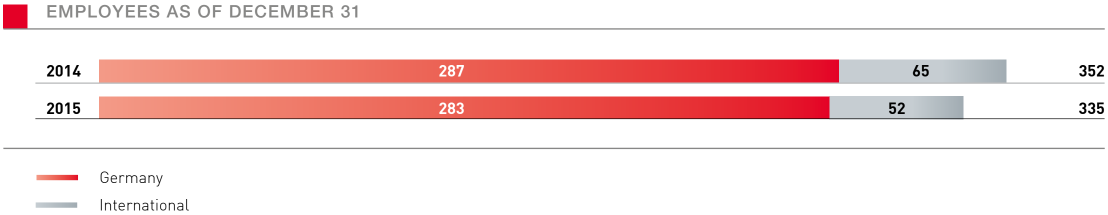
Intensive work on developing the SILEX II system for high-efficiency crystalline solar cells continued in the past fiscal year. In particular, SILEX II enables the required processing stages to be performed for heterojunction solar cells, as well as the processing of extremely thin wafers.

HEADCOUNT

SINGULUS TECHNOLOGIES continued to pursue a conservative HR policy in fiscal year 2015. Firstly, personnel and non-personnel expenses were reduced. The structure of the Company's international network was further adapted to market developments. On the other hand, investments were made in new employees where necessary.

The headcount in Germany remained more or less unchanged as at the end of the year, at 283 employees (previous year: 287 employees). Overall, the SINGULUS TECHNOLOGIES Group's global headcount declined to 335 employees (previous year: 352 employees).

EMPLOYEES AS OF DECEMBER 31



Report on Economic Position

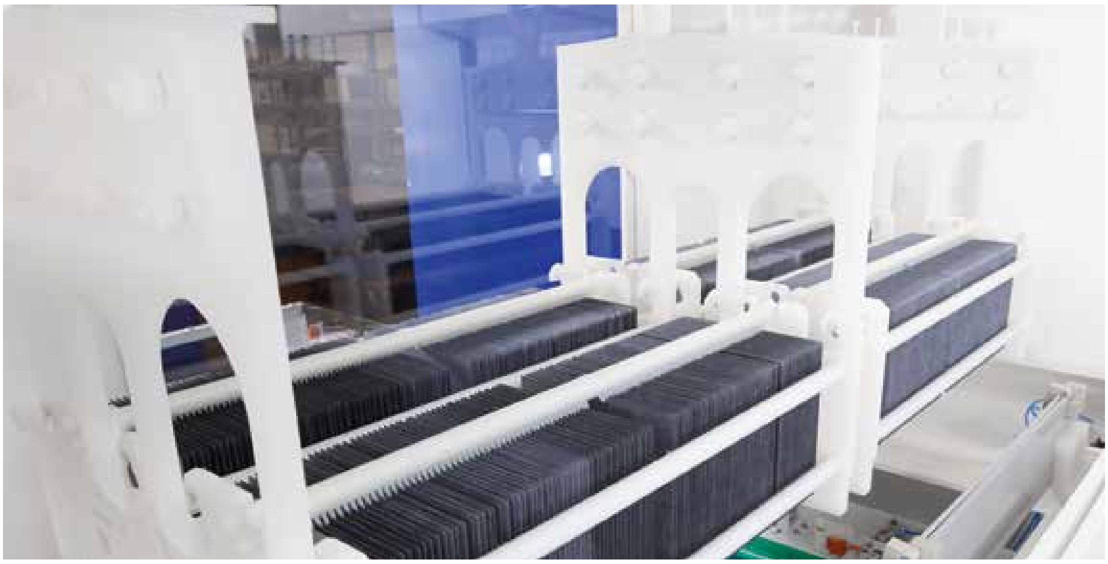
MACROECONOMIC ENVIRONMENT

The latest growth forecast from the International Monetary Fund (IMF) indicates that the global economy has continued to lose momentum. According to the IMF report, the global economy grew by just 3.1 % in 2015. The loss of momentum was particularly acute in the emerging markets and developing economies, which had previously been the driving force behind the global economy. In its report dated January 19, 2016, the IMF expects that growth in China slowed to 6.9 % in 2015.

Gross domestic product (GDP) in the United States grew by 2.4 % in 2015. Economic growth was level with 2014 and up 1.5 % on the figure for 2013. This was driven almost exclusively by consumer spending, a traditional cornerstone of the U.S. economy (source: German Federal Foreign Office).

In Europe, the markets focused on the Greek debt crisis. Another bailout package was put together and it remains to be seen how the eurozone economy will develop further. The conflicts in Ukraine and Syria and the terror attacks in Paris contributed to further uncertainties on the markets.

In Germany, the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung – DIW) forecasts that GDP grew by 1.8 % year on year in 2015.



Loading of a SILEX II process system with four transport modules

SECTOR-SPECIFIC ENVIRONMENT

Market for solar cell production systems

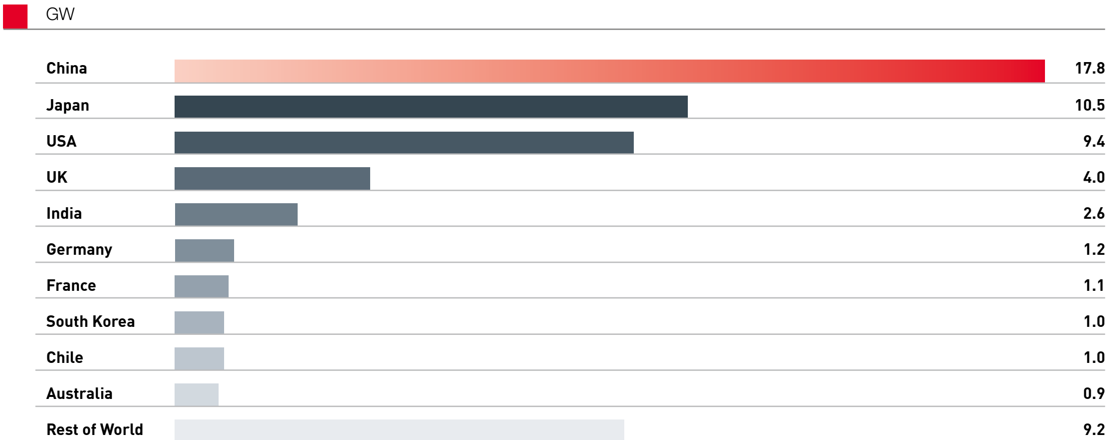
The global market currently distinguishes between monocrystalline, polycrystalline and thin-film solar cells and modules. Today, crystalline solar cells cover the manufacture of PERC and PERT cell formats, together with high-efficiency heterojunction cells with energy conversion efficiency of well over 20 %. Thin-film solar technology is primarily broken down into CdTe and CIGS solar cells, where the conversion efficiency achieved in industrial production is between 16 % and 17 %. However, conversion efficiency of over 20 % has already been achieved in laboratory conditions.

The development of the global solar market over the last decade was primarily triggered by the German Renewable Energy Act (Erneuerbare-Energien-Gesetz, "EEG"). However, the solar market has since seen growth at global level. In many countries, photovoltaics is already one of the cheapest technologies for private and commercial electricity customers. Subsidies in Asian countries such as China, India, and Japan, as well as in the United States, have led to a considerable increase in new installations and substantial growth in these markets.

On aggregate, the five key photovoltaics markets counted for 75 % of the overall global market for new installations in 2015:

- China remains the largest market, at 17.8 GW
- The second-largest market is Japan, at 10.5 GW
- The United States takes third place, at 9.4 GW
- In fourth place is the United Kingdom, at 4.0 GW
- Fifth is India, at 2.6 GW

2015 GLOBAL PV INSTALLATIONS – 10 LARGEST COUNTRIES
GW



Source: Market Research Institute IHS 2015

The majority of studies for the solar market report further growth in photovoltaics in 2015. On January 6, 2016, international market research firm IHS announced that installations of photovoltaic systems had risen by over 30 % to 59.0 GW in the past year.

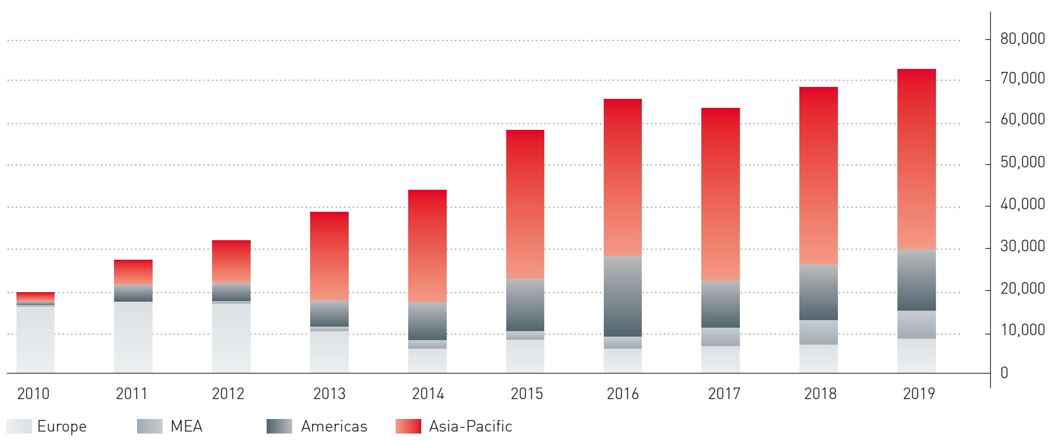
Development in the optical disc segment

British market research firm Futuresource Consulting assumes that the market for Blu-ray discs saw only slight growth in 2015. This corresponds with SINGULUS TECHNOLOGIES' experience, with key customers continuing to hold back on investments in new equipment in 2015.

The relevant market research and publications (Digital Entertainment Group (DEG), Futuresource, German Association of Audio-visual Media (Bundesverband Audiovisueller Medien) assume that the consolidation will continue. Significant revenue declines for physical media can be observed in both the sales market and rental business. Although revenues for Blu-ray discs saw a slight increase in Germany, there was a further decrease at international level, especially in the United States – the largest market. Revenues in the U.S. sales market fell by around 12 %, with a decline of roughly 8 % in the rental market.

Global Blu-ray disc production volumes continue to be influenced by the release of successful Hollywood blockbusters. In its study published in August 2015, market research firm Futuresource refers to a weak start to 2015 with fewer Hollywood blockbusters, although it anticipates

GLOBAL PV INSTALLATIONS BY MAJOR REGIONS
MW



Source: Market Research Institute IHS 2015 that individual movies such as Star Wars and James Bond will have a positive effect on market development. However, changing consumer behavior and the global growth in online services is having a significant overall impact on demand for physical media (DVDs and Blu-ray discs).

The launch of the next generation of discs – Ultra HD Blu-ray with a storage capacity of up to 100 GB – is making slow progress and is now expected in 2016. Numerous large Hollywood studios such as Sony, 20th Century Fox, and Warner have already announced the release of films. Ultra HD Blu-ray offers playback in ultra-high definition (3840 x 2160 pixels). New ultra HD televisions are already available, and with four times the resolution of full HD, they offer impressive picture quality. The full quality of the latest televisions can only be unlocked with new ultra HD players.

Development of the market for semiconductor applications

Preliminary figures published by Semiconductor Equipment and Materials International (SEMI) indicate that the market for investments in wafer production systems contracted from USD 37.3 billion to USD 37.0 billion in 2015.

The market for MRAM wafers – a specific focus for SINGULUS TECHNOLOGIES – still remains in the development phase. SINGULUS TECHNOLOGIES is continuing to work in partnership with well-known companies to optimize MRAM technology.

UltraHD TV screens with 3840 x 2160 pixel resolution

COURSE OF BUSINESS OF THE SINGULUS TECHNOLOGIES GROUP

SINGULUS TECHNOLOGIES did not achieve its forecast goals in fiscal 2015 and fell significantly short of the forecasts for the 2015 reporting period. Both core segments – Solar and Optical Disc – performed considerably worse than expected in the fiscal year. On October 7, 2015, SINGULUS TECHNOLOGIES released an ad-hoc disclosure in accordance with § 15 of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), stating that its targets for the year and forecasts for 2015 would have to be adjusted.

The Executive Board's forecast for fiscal year 2015 assumed a slight year-on-year increase in revenue for the Optical Disc segment. In line with the planning, EBIT was expected to improve significantly to a slightly positive figure. Following talks with key customers in the Optical Disc segment, it emerged that no orders for the BLULINE II production system could be expected up to the end of 2015. In addition, there has been no substantial progress in talks on the new production technology for next-generation discs – Ultra HD Blu-ray with a storage capacity of up to 100 GB. The lack of expected orders for Blu-ray disc systems had a significant negative effect on revenue, and first and foremost on profit expectations. As a consequence, both revenue and EBIT fell considerably short of the forecast.

In its forecast for the Solar segment, the Executive Board had expected a more than significant increase in revenue for fiscal 2015 following the weak performance in 2014. In addition, EBIT was expected to show a clear improvement, despite remaining slightly negative. However, the expected recovery in the solar market was only sluggish in 2015. Noteworthy order intake was only achieved at the beginning of the fiscal year. In the Solar segment, both revenue and EBIT fell considerably short of the forecast.

However, SINGULUS TECHNOLOGIES has developed and launched a wide range of new products in the Solar segment in recent years. In particular, the new SILEX II system for state-of-the-art high-efficiency solar cells was successfully sold in the past fiscal year. The orders for CIGS production systems received in the first quarter of 2015 showed that the Company is on the right track. The Company is expecting further significant orders in this area in the future.

In its forecast for the Semiconductor segment, the Company assumed a slight increase in revenue for fiscal year 2015. In addition, EBIT was expected to show a clear improvement, despite remaining slightly negative.

The Semiconductor segment also generated only modest revenue. The revenue and EBIT for fiscal 2015 fell significantly short of the forecast. There was a lack of major orders received for MRAM production systems in the Semiconductor segment in 2015.

ECONOMIC DEVELOPMENT AND FINANCIAL RESTRUCTURING

Following a sustained period of losses and the depletion of equity under not only HGB but also IFRS, in 2015 the Executive Board began to implement the bond restructuring. As a result of this negative development, in March 2017 the Company would likely no longer be able to repay the bond in full as scheduled using its own liquidity. The positive resolutions by the bondholders' meeting on February 15, 2016 and the extraordinary shareholders' meeting of SINGULUS TECHNOLOGIES AG on February 16, 2016 laid the basic foundation for implementing the restructuring plan. Essentially, the plan calls for exchanging the bond for new shares in the Company and new bearer bonds from a new collateralized bond to be issued and the subsequent implementation of a cash capital increase. This will significantly reduce the Company's debt and increase its equity ratio. Based on this, SINGULUS TECHNOLOGIES AG is able to project expected growth over the short to medium term and has a sound balance sheet structure.

For the main part, the restructuring plan was negotiated at the end of the past year between the Company and the joint representatives of the bondholders, who had been elected at a bondholders' meeting on October 29, 2015. This plan is discussed in the invitations to the bondholders' meeting on February 15, 2016 and to the extraordinary shareholders' meeting on February 16, 2016, both of which were published in the Federal Gazette. The Company has engaged a prominent international auditing firm as a neutral expert to prepare a restructuring opinion (Sanierungsgutachten) in accordance with IDW Standard S6 published by the Institut der Wirtschaftsprüfer. The restructuring opinion concluded that SINGULUS TECHNOLOGIES AG was capable of being restructured if the plan were implemented as designed. The plan requires the successful restructuring of the SINGULUS bond and the lasting and profitable achievement of the Company's current budget targets. The appropriateness of the exchange ratio for exchanging the bonds for new shares and new bonds was confirmed by analyses conducted by the same auditing firm with respect to the enterprise value of SINGULUS TECHNOLOGIES AG and the fair value of the bond receivables. In addition, an investment bank was engaged to plausibility-check the valuation report prepared by the neutral expert and the exchange ratio calculated therein (fairness report). It found that the conclusions of the neutral expert with respect to the enterprise value and exchange ratio were realistic in terms of content and methodology and that the exchange ratio was appropriate and fair from the shareholders' perspective.

At the bondholders' meeting on February 15, 2016, the bondholders resolved to transfer the bonds to a bank as a central settlement agent in return for granting the right to acquire the bonds. For each bond, the bondholder thus receives (i) the right to acquire either 96 new shares in the Company or (if they so choose) to receive cash settlement, the amount of which to be determined based on the proceeds generated by the central settlement agent by selling the new shares not acquired, and (ii) the right to acquire either two bearer bonds, each with a par value of EUR 100 of a new collateralized bond to be issued by the Company or (if they so choose) to receive cash settlement the amount of which is to be determined based on the proceeds generated by the central settlement agent by selling the new bearer bonds not acquired. The new collateralized bond will have a total principal amount of EUR 12 million and a five-year term.

The bondholders' meeting on February 15, 2016 essentially resolved the following items on the agenda: (i) deferment until March 23, 2017 of the interest receivables from the SINGULUS bond falling due on March 23, 2016, (ii) waiver of certain call rights until March 23, 2017 and (iii) authorization of joint representative of the bondholders, appointed on October 29, 2015, particularly to defer the interest receivables and waive call rights and to negotiate with the Company and agree on the details of the collateral package for the new bond to be issued by the Company in the course of the exchange.

The extraordinary shareholders' meeting on February 16, 2016 resolved a variety of corporate actions as proposed by the management to facilitate the implementation of the resolution of the bondholders. In a first step, the Company's share capital will be reduced from the current EUR 48,930,314.00, divided into 48,930,314 bearer shares, each with a par value of EUR 1.00, by EUR 74.00 by retiring 74 shares tendered free of charge by one shareholder and then reduced to EUR 305,814.00 by way of a simplified capital reduction at a ratio of 160:1 to cover losses by merging shares.

In a next step, a EUR 5,760,000.00 in-kind capital increase through the issuance of 5,760,000 new bearer shares, each with a par value of EUR 1.00, is planned under the exclusion of current shareholders' pre-emptive subscription rights. The object of the in-kind contribution relates to all claims under the SINGULUS bond. In addition to issuing new shares, the Company is issuing the new bonds as further consideration. After implementation of the in-kind capital increase, the remaining shareholders of the Company will hold approximately 5 % of shares in the Company.

To restore a solid equity base and add liquid funds, a cash capital increase is planned once the in-kind capital increase is implemented. The Company's share capital of then EUR 6,065,814.00 will be increased against cash contributions by up to a further EUR 2,021,938.00 to up to

EUR 8,087,752.00 by issuing up to 2,021,938 new shares, each with a par value of EUR 1.00. The new shares from the cash capital increase will be offered to all shareholders for subscription, including those shareholders who only became shareholders as a result of the in-kind capital increase, at a ratio of 1:3 (new to old shares). Moreover, purely as a matter of precaution, the statutory subscription right of the current shareholders will be partially excluded. The Executive Board sets the subscription price for the new shares from the cash capital increase with the consent of the Supervisory Board, taking into account the current market situation, the share price of the Company prior to publication of the subscription offer, an appropriate discount on the exchange price and the target volume of the cash capital increase.

The Company intends to implement the restructuring plan as soon as possible and currently expects the corporate actions to be able to be completed during the course of 2016.

Prior to the second bondholders' meeting on February 15, 2016, the Company and the joint representative agreed on a legally non-binding term sheet containing the material parameters for the collateralization of the new bond.

Under the term sheet, the Company must provide significant collateral. Specifically, the collateral comprises:

- Liens on all of the Company's accounts, with the exception of accounts held for the purpose of providing collateral for guarantee lines of credit;
- Transfer of all items of the Company's property, plant and equipment and current assets as collateral;
- Transfer of all industrial rights and other IP rights of the Company as collateral; and
- Assignment of all trade receivables of the Company as collateral.

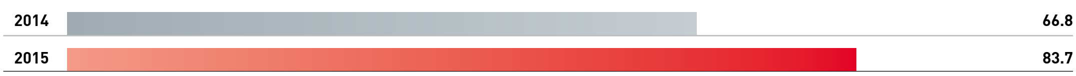
The receivables to be collateralized with this collateral package include liabilities under a super senior facility amounting to up to EUR 4.0 million, which the Company may draw down, and the subordinated liabilities from the new bond, including any increase by a further EUR 3.0 million. The term sheet furthermore offers the Company the ability to draw down the super senior facility and provide collateral for it before the new bond is issued.

NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS

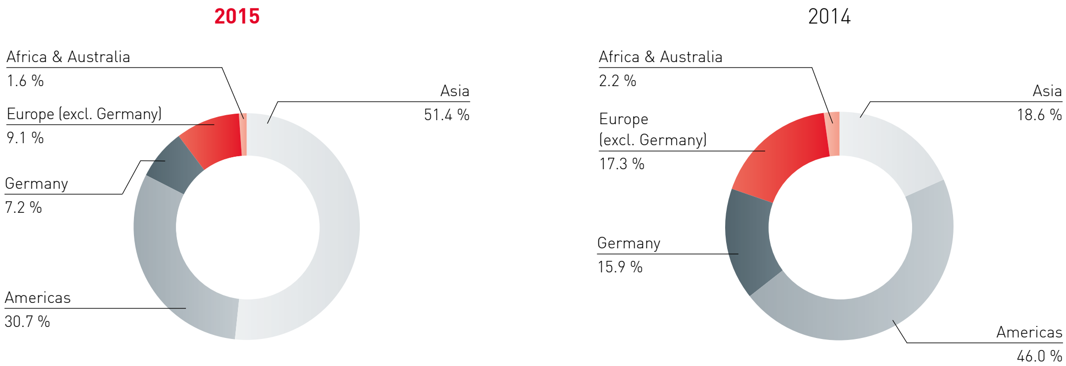
Results of operations

The revenue of EUR 83.7 million generated in fiscal year 2015 exceeded the prior-year figure of EUR 66.8 million. This corresponds to an increase of 25.3% year on year from a low level, and is primarily attributable to increased revenue in the Solar segment. This segment lifted its gross revenue by EUR 34.7 million to EUR 49.8 million in the reporting period (previous year: EUR 15.1 million), due mainly to two major orders. One of these related to wet-chemical systems and the other to systems covering various process steps relating to thin-film deposition technology. Revenue decreased in the Optical Disc and Semiconductor segments. Specifically, the Optical Disc segment generated gross revenue of EUR 29.3 million (previous year: EUR 45.0 million). The segment's gross revenue decreased to a low level due to the general weak demand for BLULINE II systems. The income generated in the reporting period was mainly attributable to the service and replacement parts business. Gross revenue stood at just EUR 4.6 million in the Semiconductor segment (previous year: EUR 6.7 million).

SALES
in million €



REGIONAL SALES BREAKDOWN
in %



SINGULUS TECHNOLOGIES' gross margin amounted to 15.8% in the reporting period (previous year: 11.2%). This increase is chiefly associated with the improvement in margins in the Solar segment. In addition, a reduction in the underutilization of our production capacities was observed due to the slight increase in business activities.

Operating expenses amounted to EUR 47.5 million in fiscal year 2015 (previous year: EUR 56.5 million). These include impairment and restructuring expenses (also described as one-off expenses) in the amount of EUR 16.3 million (previous year: EUR 21.3 million).

Specifically, research and development expenses amounted to EUR 9.5 million (previous year: EUR 11.5 million). These expenses are primarily connected with development services for production solutions in the area of high-efficiency crystalline solar cells such as CIGS solar modules. Expenses for sales and customer service amounted to EUR 12.2 million (previous year: EUR 14.4 million) and general and administrative expenses totaled EUR 10.5 million (previous year: EUR 9.6 million).

Impairment and restructuring expenses mainly relate to the remeasurement of business activities in the Optical Disc segment (EUR 9.2 million). In particular, expenses relating to the impairment of inventories were recognized here. In addition, legal and consulting fees relating to the bond restructuring were incurred in the amount of EUR 3.1 million, as well as impairment expenses in the amount of EUR 2.4 million in connection with the impairment of capitalized development costs.

Adjusted for these one-off expenses, operating expenses in the amount of EUR 31.2 million were incurred in fiscal year 2015 (previous year: EUR 35.2 million). This decline was mainly the result of a decrease in sales and customer service expenses (down EUR 2.2 million) and research and development costs (down EUR 2.0 million).

Earnings before interest and taxes (EBIT) amounted to EUR -34.5 million in the reporting period (previous year: EUR -49.1 million). EBIT before impairment and restructuring expenses totaled EUR -18.2 million (previous year: EUR -27.8 million).

KEY FINANCIAL FIGURES
in million €

	2015	2014
EBIT	**-34.5**	-49.1
EBITDA	**-27.0**	-24.1
Net result	**-43.4**	-51.6
Earnings per share in €	**-0.89**	-1.05

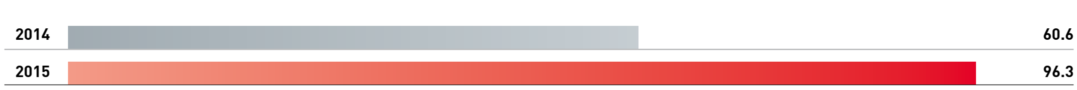
Specifically, EBIT in the Optical Disc segment amounted to EUR -19.4 million (previous year: EUR -11.7 million). EBIT before one-off expenses amounted to EUR -9.2 million (previous year: EUR -5.2 million). EBIT in the Solar segment amounted to EUR -10.7 million (previous year: EUR -32.9 million). Adjusted for impairment and restructuring expenses, the segment's EBIT amounted to EUR -5.9 million (previous year: EUR -18.1 million). In the Semiconductor segment, EBIT was negative at EUR -4.4 million (previous year: EUR -4.5 million). EBIT before one-off expenses amounted to EUR -3.1 million.

The financial result was negative, at EUR -8.8 million (previous year: EUR -2.6 million). At EUR 9.7 million, finance costs were up significantly on the prior-year level of EUR 5.9 million; EUR 4.9 million of this figure was due to finance costs relating to the issuance of the corporate bond in 2012 (previous year: EUR 4.7 million). In addition, the sale of repurchased own bonds with a nominal volume of EUR 5.2 million resulted in a loss of EUR 3.3 million that was recognized in finance costs. Finance income of EUR 0.9 million (previous year: EUR 3.3 million) was primarily due to interest income connected with non-current receivables from customers.

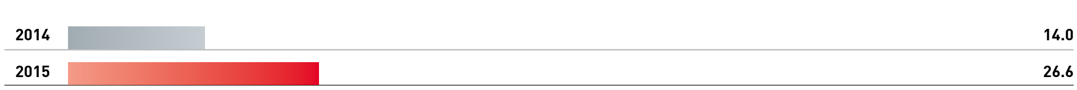
The net loss for the period amounted to EUR 43.4 million in fiscal 2015 (previous year: net loss of EUR 51.6 million). Before impairment and restructuring expenses, the net loss for the period amounted to EUR 27.1 million (previous year: net loss of EUR 30.3 million).

Total order intake was again up on the prior-year figure to EUR 96.3 million in the reporting period (previous year: EUR 60.6 million). In particular, orders for systems in the Solar segment at the beginning of fiscal year 2015 led to growth in order intake in comparison with the prior-year period. At EUR 26.6 million, the order backlog was at a low level as of December 31, 2015 (previous year: EUR 14.0 million).

ORDER INTAKE
in million €



ORDER BACKLOG (DEC. 31)
in million €



Financial position

PRINCIPLES AND GOALS OF FINANCIAL MANAGEMENT

SINGULUS TECHNOLOGIES uses centralized financial management to manage its liquidity. The goal of financial management is to ensure a sufficient liquidity position. Where possible, excess liquidity at subsidiaries is concentrated and monitored at the parent company. Derivative financial instruments are used to hedge against exchange rate risk, primarily forward exchange contracts. Their sole purpose is to hedge against currency risks arising from the Group's business activities. No derivatives are entered into without a corresponding hedged item. Credit insurance and bank guarantees are used where possible to hedge against credit risk. Further information about the management of individual financial risks can be found in note 37 to the consolidated financial statements.

LIQUIDITY MANAGEMENT

SINGULUS TECHNOLOGIES received EUR 58.4 million (after deducting transaction costs) in connection with the placement of a corporate bond as of March 23, 2012. The bond was originally due to mature in five years and bears interest at 7.75 % p.a. Due to a sustained period of losses and the corresponding decline in liquidity, the Executive Board began to implement the bond restructuring in 2015. Following approval of the relevant resolutions by the bondholders and the Company's shareholders at the beginning of 2016, the aim is to convert 80 % of the corporate bond into shares by means of an in-kind capital increase, and to issue a new bond with a nominal volume of EUR 12.0 million. Further details on the restructuring plan can be found in the section entitled "Economic development and financial restructuring".

The Group still has bank guarantee lines in the amount of EUR 20.3 million. EUR 3.0 million of these had been drawn down as of the end of the fiscal year. However, in the majority of cases cash and cash equivalents were deposited as 100% collateral to secure these loan commitments. There were unused commitments under guarantees in the amount of EUR 17.3 million as of the end of fiscal year 2015.

The Solar segment in particular may require additional financing arrangements depending on project-specific requirements. The Company is currently in discussion with potential financing partners with regard to these commitments. The Company's financial reorganization is vital to securing new financing commitments. If there is no upturn in business activities in 2016, and if liquidity reserves therefore need to be drawn on further, this would pose a risk to the Company's continued existence. Please refer to the financial risks section of the Risk Report for further information.

SINGULUS TECHNOLOGIES invests its excess liquidity exclusively in overnight and time deposits. Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason, derivative financial instruments are used to hedge against USD exchange rate risks. Where material, risks from foreign currencies are continually assessed as part the risk management system.

The Group's cash flow from operating activities was negative in fiscal year 2015 due to the weak business performance, and remained roughly level year on year at EUR -10.5 million (previous year: EUR -10.1 million).

The cash flow from investing activities amounted to EUR -4.7 million (previous year: EUR 13.6 million). This primarily included payments for investments in development activities in the amount of EUR 4.3 million in 2015 (previous year: EUR 1.8 million).

The cash flow from financing activities amounted to EUR -2.3 million (previous year: EUR -3.5 million) and chiefly resulted from interest payments on the corporate bond in the amount of EUR 4.3 million. By contrast, a decrease of EUR 1.3 million in financial assets subject to restrictions on disposal was reported.

Overall, cash and cash equivalents saw a considerable decline in the reporting period, dropping by EUR 16.8 million to EUR 19.0 million as at December 31, 2015. There were unused commitments under guarantees in the amount of EUR 17.3 million as of the end of fiscal year 2015.

CASH FLOW
in million €

	2015	2014
Cash flow from operating activities	**-10.5**	-10.1
Cash flow from investing activities	**-4.7**	13.6
Cash flow from financing activities	**-2.3**	-3.5
Increase/decrease in cash and cash equivalents	**-17.5**	0.0
Cash and cash equivalents at the beginning of the year	**35.8**	35.0
Currency-related changes	**0.7**	0.8
Cash and cash equivalents at the end of the year	**19.0**	35.8

Net assets

Total assets decreased to EUR 92.1 million from EUR 130.2 million in the previous year.

At EUR 21.0 million, non-current assets were down significantly on the prior-year figure of EUR 31.7 million. In particular, this was due to the payment of non-current receivables from customers and to depreciation, amortization, and impairment. In this context, trade receivables with a residual term of more than one year decreased by EUR 5.7 million. In addition, loans in the amount of EUR 2.0 million were repaid.

Current assets declined by EUR 27.4 million to EUR 71.1 million in the reporting period. This is primarily due to the EUR 16.8 million decrease in cash and cash equivalents, which is connected with the weak operating performance in the reporting period and the payment of interest on bonds. Inventories were also down by EUR 9.1 million. This was chiefly the result of remeasuring the business activities in the Optical Disc segment and the associated impairment write-downs. Trade receivables decreased by EUR 5.3 million due to the drop in sales of optical disc machinery. By contrast, receivables from construction contracts increased by EUR 6.9 million, primarily due to the business growth in the Solar segment.

At EUR 36.3 million as of the reporting date, current liabilities were on a level with the prior-year period. Specifically, liabilities from construction contracts rose by EUR 2.4 million in line with the slight increase in project activity in the Solar segment, as mentioned above. By contrast, other current liabilities decreased by EUR 2.4 million.

BALANCE SHEET
in million €

	2015	2014
Long-term asset	**21.0**	31.7
Inventories	**28.9**	38.0
Accounts receivable and other assets (short-term)	**23.2**	24.7
Liquid funds	**19.0**	35.8
Total assets	**92.1**	130.2
Long-term liabilities	**77.3**	73.7
Short-term liabilities	**36.3**	36.4
Shareholders' equity	**-21.5**	20.1
Total shareholders' equity and liabilities	**92.1**	130.2

Non-current liabilities increased by EUR 3.6 million in the reporting period and amounted to EUR 77.3 million as of the reporting date (previous year: EUR 73.7 million). This was due to the sale of repurchased own bonds with a nominal volume of EUR 5.2 million. The Company is financed by means of a fixed-rate bond that is currently being restructured. The content of the restructuring plan can be found in the section entitled "Economic development and financial restructuring".

The Group's equity decreased by EUR 41.6 million in the reporting period to EUR -21.5 million as of December 31, 2015 (previous year: EUR 20.1 million) due to the sustained period of losses. EUR -22.4 million of equity is attributable to the shareholders of the parent company and EUR 0.9 million is attributable to non-controlling interests. The capital reserves in the amount of EUR 75.1 million were derecognized and netted against the loss carryforward in accordance with § 150 AktG, effective September 30, 2015.

Capital management

From today's perspective, the overriding objective of capital management is to regain a healthy capital structure. Following the sustained period of losses, the Executive Board began to implement the bond restructuring in 2015. Please refer to the section entitled "Economic development and financial restructuring" for further information on the financial restructuring.

ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH, "HGB")

Merger of SINGULUS STANGL SOLAR GmbH

In accordance with the agreement dated July 21, 2015, SINGULUS STANGL SOLAR GmbH (acquired company) was merged with SINGULUS TECHNOLOGIES AG (acquiring company). The merger was carried at fair value with retrospective effect as of May 1, 2015. For this reason, the prior-year figures are only comparable with the disclosures for fiscal year 2015 to a limited extent. This concerns in particular long-term financial assets, inventories, and other provisions in the balance sheet, and sales, changes in inventories, cost of materials, personnel expenses, and other financial commitments in the income statement. As part of the merger, hidden reserves amounting to EUR 28.0 million were recognized as of the merger date based on a third-party valuation. These are primarily attributable to goodwill in the amount of EUR 17.0 million and technology in the amount of EUR 8.1 million. The merger process resulted in a merger-related loss of EUR 4.3 million.

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

	2015	2014
Sales	**29.8**	48.2
Cost of materials	**57.0**	60.6
Material expenditure	**-57.7**	-44.4
Personnel expenses	**-23.5**	-20.2
Other operating expenses/income	**-12.6**	-13.5
Extraordinary result	**0.0**	9.8
Net loss	**-53.7**	-11.0
Property, plant & equipment	**45.5**	50.6
Current assets	**29.6**	53.8
Liquid funds	**15.8**	29.2
Shareholders' equity	**-20.4**	33.3
Provisions	**27.2**	21.9
Bonds	**60.0**	60.0
Other liabilities	**24.2**	18.4

Net assets, financial position, and results of operations of SINGULUS TECHNOLOGIES AG

Sales and the result from ordinary activities fell significantly short of expectations in 2015 (including the expectations for the former SINGULUS STANGL SOLAR GmbH) due to the negative performance of the Optical Disc segment. In particular, the result from ordinary activities fell short of the planned figure due to a significant lack of sales for the BLUELINE II production system. Sales and the net result for the year also remained significantly below expectations in both the Solar and Semiconductor segments, since the two major orders at the most advanced stage of preparation will only be booked and then recognized as sales in accordance with the HGB in 2016. The key effects on the net assets, financial position, and results of operations for the past fiscal year are presented below.

The EUR 18.4 million (38.1%) decrease in sales to EUR 29.8 million was primarily attributable to the drop in income in the Optical Disc segment as a result of volume effects. Sales in this segment amounted to EUR 17.0 million (previous year: EUR 31.4 million). At EUR 7.9 million, sales in the Solar segment were also down on the prior-year figure of EUR 12.6 million. Sales in the Semiconductor segment amounted to EUR 5.0 million, as against EUR 4.2 million in the previous year.

The increase in work in progress is primarily attributable to the build-up of machinery inventory in the Solar segment.

The other operating income of EUR 5.8 million (previous year: EUR 2.3 million) mainly comprises the reversal of provisions due to expired warranty obligations (EUR 2.0 million), as well as the derecognition of liabilities (EUR 1.0 million).

The cost of materials increased from EUR 44.4 million to EUR 57.7 million. Gross sales for the period (sales plus change in inventories) amounted to EUR 57.0 million in fiscal year 2015 (previous year: EUR 60.6 million). This corresponds to a cost of materials ratio of 101.3 % (previous year: 73.2 %). The increase is mainly due to impairment write-downs on inventories in connection with the remeasurement of business activities in the Optical Disc segment. Adjusted by one-off expenses in the total amount of EUR 10.8 million, the cost of materials ratio amounted to 82.3 %.

At EUR 23.5 million, personnel expenses were up on the prior-year figure of EUR 20.2 million. This is attributable to the merger of SINGULUS STANGL SOLAR GmbH with the parent company, effective as of April 30, 2015. Adjusted for this effect, personnel expenses were down year on year.

Other operating expenses of EUR 18.5 million (previous year: EUR 15.8 million) mainly comprise the costs of the annual financial statements, legal and consulting fees, costs for premises, transport, and packaging, travel and entertainment expenses, and other rental costs. There was a significant increase in legal and consulting fees, which rose to a total of EUR 3.1 million in fiscal year 2015 due to the bond restructuring. Furthermore, impairment write-downs on trade receivables in the amount of EUR 0.6 million were recognized in the reporting period (previous year: EUR 1.8 million). In addition, other operating expenses of EUR 2.1 million were incurred due to the sale of repurchased own bonds with a nominal volume of EUR 5.2 million.

Net interest income was negative, at EUR -6.0 million (previous year: EUR -3.6 million). At EUR 7.2 million, finance costs were up on the prior-year level of EUR 5.7 million; EUR 4.7 of this figure was due to interest expenses relating to the issuance of corporate bonds in 2012. The increase in finance costs primarily results from currency hedging transactions and the derecognition of interest receivables. The interest income of EUR 1.2 million (previous year: EUR 2.2 million) is chiefly due to non-current receivables from customers.

The result from ordinary activities amounted to EUR -49.7 million (previous year: EUR -11.7 million).

The extraordinary expenses in the amount of EUR 4.3 million are connected with the merger of SINGULUS STANGL SOLAR GmbH with SINGULUS TECHNOLOGIES AG in the fiscal year, effective May 1, 2015. Please refer to the section entitled "Merger of SINGULUS STANGL SOLAR GmbH".

Overall, the net loss for the year amounted to EUR 53.7 million (previous year: EUR 11.0 million).

At EUR 111.4 million, the Company's total assets were down EUR 22.2 million year on year as of December 31, 2015.

Fixed assets accounted for 40.8 % of total assets and amounted to EUR 45.5 million as of the reporting date (previous year: EUR 50.6 million). In particular, intangible fixed assets increased by EUR 24.0 million to EUR 25.5 million as of the reporting date (previous year: EUR 1.4 million), due in particular to the merger of SINGULUS STANGL SOLAR GmbH. These will be subject to proportional amortization in future periods. By contrast, long-term financial assets decreased by EUR 30.0 million. This is mainly attributable to the termination of the loan to SINGULUS STANGL SOLAR GmbH as part of the merger process. Long-term financial assets amounted to EUR 7.3 million as of the reporting date (previous year: EUR 37.3 million).

With a significant increase in prepayments, inventories were down year on year at EUR 21.5 million (previous year: EUR 31.0 million); this was primarily due to impairment write-downs on work in progress. Trade receivables amounted to EUR 4.8 million as of the reporting date, down EUR 9.8 million year on year as a result of the decline in business activities and the payment of non-current receivables from customers.

Overall, cash and cash equivalents decreased by EUR 13.4 million in fiscal year 2015 to EUR 15.8 million as at the end of the fiscal year. Of this figure, a total of EUR 3.3 million was held in blocked accounts as collateral deposits for loan commitments (previous year: EUR 3.6 million). The decrease in cash and cash equivalents is primarily due to the weak operating performance and the payment of interest on bonds.

Equity decreased by EUR 53.7 million in the reporting period due to the net loss for the financial year. As a result, SINGULUS TECHNOLOGIES AG reported a EUR 20.4 million deficit not covered by equity as of the end of the reporting period. In the previous year, equity was positive in the amount of EUR 33.3 million.

Debt amounted to EUR 111.4 million as of December 31, 2015 (previous year: EUR 100.4 million).

Provisions increased by a total of EUR 5.2 million to EUR 27.2 million as of the reporting date. Other provisions rose by EUR 4.5 million and totaled EUR 17.4 million as of December 31, 2015. These primarily include provisions for expected losses (EUR 5.3 million, mainly connected with the underutilization of production capacities), restructuring provisions (EUR 2.2 million), provisions for outstanding invoices (EUR 2.5 million), personnel provisions (EUR 2.5 million), and provisions for follow-up costs (EUR 1.5 million).

Liabilities increased from EUR 78.4 million in the previous year to EUR 84.2 million as of December 31, 2015. Bond liabilities remained unchanged at EUR 60.0 million. In addition, the Company reported lease liabilities for the office and production property at its headquarters (EUR 8.3 million, previous year: EUR 9.3 million) and interest liabilities in connection with the bond (EUR 3.6 million).

Forecast for fiscal years 2016 and 2017

In the annual financial statements in accordance with the HGB, customer orders in the Solar and Semiconductor segments are only recognized as revenue on contract completion, meaning that they are deferred in comparison to IFRS revenue recognition. Based on project structure in the Solar segment, we expect that there will be a significant increase in contract completion in this segment in 2016. SINGULUS STANGL SOLAR GmbH, which was merged effective May 1, 2015, will also make a substantial contribution here. We expect a slight year-on-year increase in sales in the Optical Disc segment.

Overall, we are predicting significant sales growth in fiscal year 2016 but with a slightly negative result from ordinary activities in comparison with fiscal year 2015. We again assume a significant increase in sales in 2017. We expect that the result from ordinary activities will see considerable growth and break into positive territory. Assuming implementation of the financial restructuring, we forecast a return to positive equity. Please refer to the section entitled "Economic development and financial restructuring" for further information. Explanations regarding the assumptions forming the basis for the forecast can be found in the corresponding section of the consolidated financial statements.

Report on Subsequent Events

BONDHOLDERS' MEETING ON FEBRUARY 15, 2016

The second bondholders' meeting on February 15, 2016 had quorum with approximately 33 % and approved with a majority of around 90 % of the votes cast the proposed resolutions which are necessary to implement the restructuring plan as presented. The approval of the restructuring plan laid the foundation for restructuring the Company's finances. An action for rescission regarding the resolutions was submitted to the competent regional court. However, the Company is confident that the action can be overcome in an approval process and that the restructuring plan can begin to be implemented.

EXTRAORDINARY SHAREHOLDERS' MEETING ON FEBRUARY 16, 2016

The extraordinary shareholders' meeting of SINGULUS TECHNOLOGIES AG approved the proposed resolutions relating to the implementation of the restructuring plan as submitted on February 16, 2016 with a majority of over 90 % of the capital present. In addition to the approval of the bondholders' meeting, the approval of the extraordinary shareholders' meeting represented the relevant conditions for successfully implementing the restructuring plan.

An action for rescission regarding the resolutions was submitted to the court Nuremberg. However, the Company is confident that the action can be overcome in an approval process and that the restructuring plan can begin to be implemented.

COLLATERAL FOR THE NEW BOND TO BE ISSUED

Prior to the second bondholders' meeting on February 15, 2016, the Company and the joint representative agreed on a legally non-binding term sheet containing the material parameters for the collateralization of the new bond. Under the term sheet, the Company must provide collateral. This includes virtually all current and non-current assets of SINGULUS TECHNOLOGIES AG. The contracts for the collateral concept have to be submitted to the Supervisory Board for approval. Further details can be found in the section entitled "Economic development and financial restructuring".

SINGULUS TECHNOLOGIES EXPECTS TO SOON ENTER INTO AN AGREEMENT RELATING TO A HIGH DOUBLE-DIGIT MILLION FIGURE FOR PRODUCTION FACILITIES FOR CIGS THIN FILM MODULES

On February 11, 2016, SINGULUS TECHNOLOGIES announced that at the end of 2015 it had received an order for the construction of a next-generation CISARIS selenization machine to be used in a CIGS solar module factory in China. The basic construction work was completed by SINGULUS TECHNOLOGIES in accordance with the customer's requirements and details of the work were coordinated with the customer. SINGULUS TECHNOLOGIES now expects to soon receive an order to build the production facilities as a first stage in a CIGS solar module factory with 300 MW of capacity. In accordance with expectations, the order volume should reach a high double-digit million euro figure.

STATUS REPORT

Report on Expected Developments

MACROECONOMIC ENVIRONMENT

The International Monetary Fund expects global economic output of 3.1 % in 2016 and 3.4 % in 2017. However, in the World Economic Outlook, the figures for 2016 and 2017 were revised downwards by 0.2 percentage points in both cases as against the previous forecasts.

The IMF sees Germany as an exception. Here, it has increased its GDP forecasts by 0.1 % for this year and 0.2 % for next year, and is now expecting growth of 1.7 % in each case.

SECTOR-SPECIFIC EXPECTATIONS

Solar segment

At the COP 21 climate change conference in Paris on December 12, 2015, 195 states reached an agreement containing binding commitments for all countries. This signals the global community's binding pledge under international law to limit growth in global warming to below two degrees Celsius. It also stipulates that the world must become greenhouse gas-neutral in the second half of the 21st century.

Building with CIGS solar modules (by courtesy of Avancis GmbH, Munich)

Under the agreement, the global community undertook to implement a package of measures for climate protection and to phase out the use of coal, oil, and natural gas by the middle of the century. In addition, a solidarity package was agreed for those particularly affected by climate change already taking place.

The increasing global demand for energy and the focus on renewable energy are seen as the key market drivers in the Solar segment. Global electricity consumption is expected to increase by 65 % in the next two decades. Almost 50 % of newly commissioned global power plant capacity now relates to power plants based on renewable energy. The International Energy Agency (IEA) in Paris expects that renewable energy will be the most important source of electricity generation by 2030. The renewable energy sector is driven by wind and solar.

The appeal of photovoltaic systems has gained ground on wind energy due to the decrease in module price and the associated drop in system costs. The significant cost reduction in recent years means that photovoltaics can now compete with conventional sources of energy in many countries, which is driving forward the increased integration of photovoltaics into the energy mix, especially in countries where a high proportion of energy is imported. Globally, photovoltaics has the potential to position itself as key element in energy supply. The Middle East and North and South America offer enormous potential for the commercial integration of photovoltaic energy into their power systems.

The majority of market forecasts published by market research firms assume that the international markets for solar cells will continue to see healthy growth.

FORECASTS FOR NEWLY INSTALLED PHOTOVOLTAIC CAPACITY BY SELECTED MARKET RESEARCH FIRMS
GW

	2015	2016
IHS	**59.0**	69.0
Mercom Capital	**57.8**	64.7
Bloomberg New Energy Finance	**57.0**	64.0

For example, market research firm IHS forecasts that installed photovoltaic capacity will grow from 59.0 GW to 69.0 GW in 2016. The somewhat weaker growth is impacted by a downward revision in forecasts for the United States.

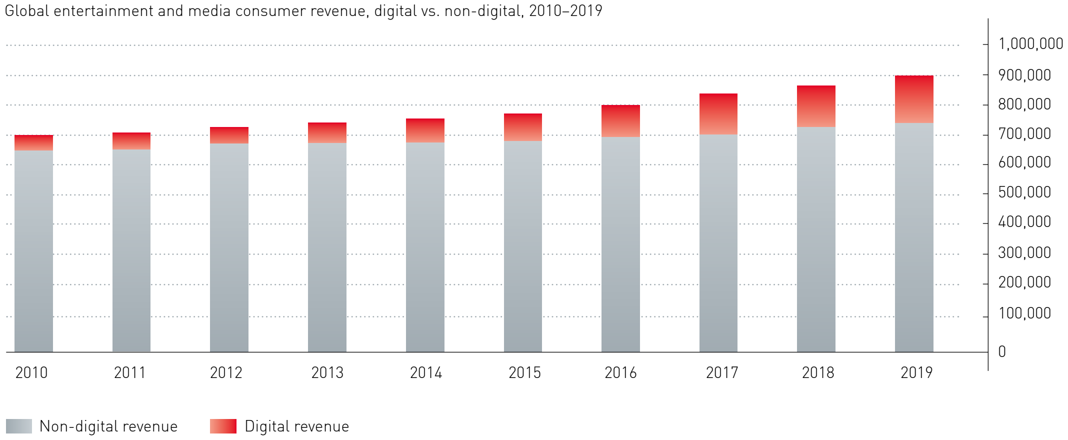
China, Japan, the United States, and India will remain the largest national markets. Market researchers expect the highest percentage growth in the United States and India. The emerging regional diversification in the market will continue.

The consensus among a range of leading market research firms and other institutions is that the next few years will see growth. A further significant increase in investments relating to production equipment for solar cells is anticipated.

As a result, business performance in the Solar segment is expected to see a considerable improvement on previous years. A significant year-on-year increase in revenue is anticipated in fiscal year 2016. This assumes material order intake in the first half of the year, meaning that revenue will be recognized under IFRS in 2016. A significant year-on-year improvement in EBIT is also planned. Moderately positive EBIT is forecast for the Solar segment.

NON-DIGITAL MEDIA DOMINATE CONSUMER SPENDING UNTIL 2019
in million USD

Global entertainment and media consumer revenue, digital vs. non-digital, 2010–2019



Source: Global Entertainment and Media Outlook 2015–2019, PWC

Optical disc segment – the onward march of digitization

Providers of video-on-demand (VoD) services, i.e., movies and TV series available online or via cable or satellite TV, are becoming increasingly more dominant. Firms such as Amazon Prime and Netflix are working intensely to expand their distribution channels. Consumer behavior is changing in all regions of the world. Younger consumers in particular are using tablets and smartphones as well as online services to play media. Digital media and download services are providing additional diversity for all consumers.

In a current study on the global development of entertainment media, PricewaterhouseCoopers expects that physical media will still generate USD 731.8 billion in revenue in 2019. However, this figure has fallen from 88.6 % to 83.1 % since 2014.

Physical media such as Blu-ray discs offer excellent high-end quality to enjoy movies at home. However, this consumption is often only the case on special occasions, for example the release of particularly successful movies such as Star Wars.

The low production volumes for optical discs also give rise to expectations of a weak market for new Blu-ray disc production systems in the future.

The launch of the new Blu-ray disc format – Ultra HD Blu-ray – offers an additional opportunity for physical disc formats. The first Blu-ray discs with 4K movies are now planned for release in 2016. Almost all Hollywood studios have announced a number of films for the format. Samsung, Panasonic, and Sony have already announced the release of the corresponding new players in the spring of 2016. SINGULUS TECHNOLOGIES is in talks with all major disc manufacturers, but in the short term does not yet see any willingness on the part of customers to invest in the new BLULINE III system technology.

The Company is cautious in its planning for the Optical Disc segment following the lack of orders for new Blu-ray disc production systems in 2014 and 2015. SINGULUS TECHNOLOGIES assumes that only production systems for Ultra HD Blu-ray discs will see significant investments in the future. SINGULUS TECHNOLOGIES believes that the market for BLULINE III will remain a niche market, and consequently expects only moderate order intake for production systems such as BLULINE III.

The budgeted contributions to total revenue and consolidated earnings are primarily expected to be generated by the service and replacement parts business. This remains stable due to the large number of systems installed globally. The Executive Board's planning for 2016 assumes a slight year-on-year decrease in revenue. The negative EBIT is expected to reduce year on year to a slightly negative figure. The implemented cost savings in this segment will have a positive effect on earnings.

Semiconductor segment

SEMI expects that new investments in semiconductor production systems will see slight growth of 1.4 % in 2016.

A market report published by Coughlin Associates in the United States anticipates that the revenue generated by MRAM wafers will increase from USD 300 million in 2014 to between USD 1.35 billion and USD 3.15 billion in 2020.

However, SINGULUS TECHNOLOGIES believes that the further development and significance of MRAM as the potential memory technology of the future remains open. Some market studies forecast strong growth, but there is no assurance as to whether the first major investments in MRAM production equipment will be made in fiscal year 2016 and whether the technology will achieve a breakthrough. In addition to MRAM applications, the Company is focusing its systems family on new potential applications relating to vacuum deposition for magnetic coatings in the semiconductor industry.

From today's perspective, we expect a continuing revenue decline in this segment in 2016, which will lead to a slightly improved but still negative EBIT figure for the segment in comparison with the prior-year period. The comparative figure is adjusted EBIT for fiscal year 2015. However, the Executive Board sees the competencies developed in this environment as offering long-term potential for future success.

OUTLOOK FOR FISCAL YEARS 2016 AND 2017

SINGULUS TECHNOLOGIES is planning revenue of between EUR 115 million and EUR 130 million for the current year. Despite the year-on-year revenue growth, the Company is expecting that EBIT will remain negative at between approximately EUR -2.0 million and EUR -6.0 million in 2016, and assumes a break-even or slightly positive figure for EBITDA.

It is expected that the Solar segment will account for over 70 % of revenue and that around 20 % will be attributable to the Optical Disc segment. In the Solar segment, revenue will be generated by the construction and commissioning of production systems, primarily based on a small number of major orders. As in previous years, revenue in the Optical Disc segment will mainly be attributable to service and replacement parts. The Company does not expect any significant production system business here. The Company assumes that the gross margin in the Solar and Optical Disc segments will exceed the figure for 2015. In 2016, the operating result will be impacted by expenses in the Semiconductor segment and in the new fields of application, as well as by the fixed selling costs and administrative expenses that are still not sufficiently covered.

The annual targets forecast for 2016 is mainly based on the assumption that growth will continue in the solar market, that the major orders relating to production systems for thin-film solar modules that are currently being negotiated can be finalized in the short term, and that further orders for wet-chemical systems can be generated in the first half of 2016.

The outlook for fiscal year 2016 forming part of the annual financial statements in accordance with the HGB can be found in the section entitled "Annual financial statements in accordance with the HGB" in this management report.

For 2017, the Company expects a moderate increase in revenue as against the figure for fiscal year 2016. Slightly positive EBIT and a corresponding improvement in EBITDA are expected in comparison with 2016 due to an improved gross margin, a reduction in sales and administrative expenses, and a lack of restructuring costs.

If the order intake in fiscal year 2016 remains below expectations, this would jeopardize the Company's continued existence. In addition, the implementation of financial restructuring is necessary to safeguard the Company's continued existence. The Executive Board assesses the risk of a delay or the non-implementation of the necessary resolutions as low. If, contrary to expectations, the process fails to proceed as planned, this would jeopardize the Company's continued existence due to the resulting restricted liquidity.

Risk Report (Including the Declaration in Accordance with § 289 (5) HGB)

The following disclosures apply to both parent company SINGULUS TECHNOLOGIES AG and to the SINGULUS TECHNOLOGIES Group. The parent company plays a key role in our risk and opportunity management.

OBJECTIVES AND PRINCIPLES OF RISK MANAGEMENT

For SINGULUS TECHNOLOGIES, efficient and forward-looking risk management is a crucial and value-creating task. Risk management is a core business function and has a decisive impact on the success of our business activities.

Specifically, risk management supports the achievement of our corporate objectives by providing transparency about the Company's risk situation as the basis for risk-conscious decisions, by identifying potential risks to the Company's net assets, financial position, and results of operations, and by prioritizing the risks and necessary actions. In addition, risk management ensures the targeted management of risks through implementing and monitoring the appropriate measures. Furthermore, it aims to limit risks to an acceptable level and to optimize risk costs.

Risk management helps increase enterprise value, is aligned with the interests of investors and stakeholders, and serves to ensure regulatory compliance.

Risk management at SINGULUS TECHNOLOGIES is based on the following principles:

- Risk management is primarily ensured by the operating segments as part of their management tasks;
- Risk management cannot be limited to financial risks, but must cover all risks associated with the Company's business activities;
- Risk management must constitute an integral part of the business processes;
- The prerequisite for effective risk management is the clear and coherent allocation of tasks and responsibilities, and a systematic risk management process;
- Support and active involvement from management;
- The efficiency and reliability of the risk management system must be monitored on an ongoing basis and adjusted where necessary;

- The risk management system must be appropriately documented, and the risk management principles and guidelines must be determined in writing and communicated to the respective functions;
- Opportunities are not part of risk management.

In particular, risk management is aimed at making the following contributions:

- To improve risk awareness and transparency;
- To identify, appropriately manage, and monitor all material risks;
- To highlight risk accumulations;
- To provide reliable management information about the Company's risk situation.

Risk management organization

Risk management is integrated into SINGULUS TECHNOLOGIES' existing organization. It does not constitute an independent structure. The risk management organization at SINGULUS TECHNOLOGIES is the responsibility of the heads of the respective departments, who are supported by the risk manager and the Chief Financial Officer. The Chief Financial Officer agrees all activities connected with risk management at SINGULUS TECHNOLOGIES with the Chief Executive Officer.

In order to identify risks, risk development is reflected once per year in the corporate planning, and new risks arising from the Company's perspective for the business development of all SINGULUS TECHNOLOGIES production companies and sales subsidiaries are discussed. Risks are reported directly at parent company level due to the weak independence of the sales subsidiaries. The respective managing directors or departmental heads are responsible for subsequently formulating and implementing risk management measures. The risk manager is responsible for the Company's methods and guidelines, and coordinates risk reporting within the SINGULUS TECHNOLOGIES Group.

The Executive Board has overall responsibility for the implementation of a suitable and efficient risk management system to ensure the timely identification and management of situations capable of jeopardizing the continued existence of the Company.

The risk management process in the SINGULUS TECHNOLOGIES Group

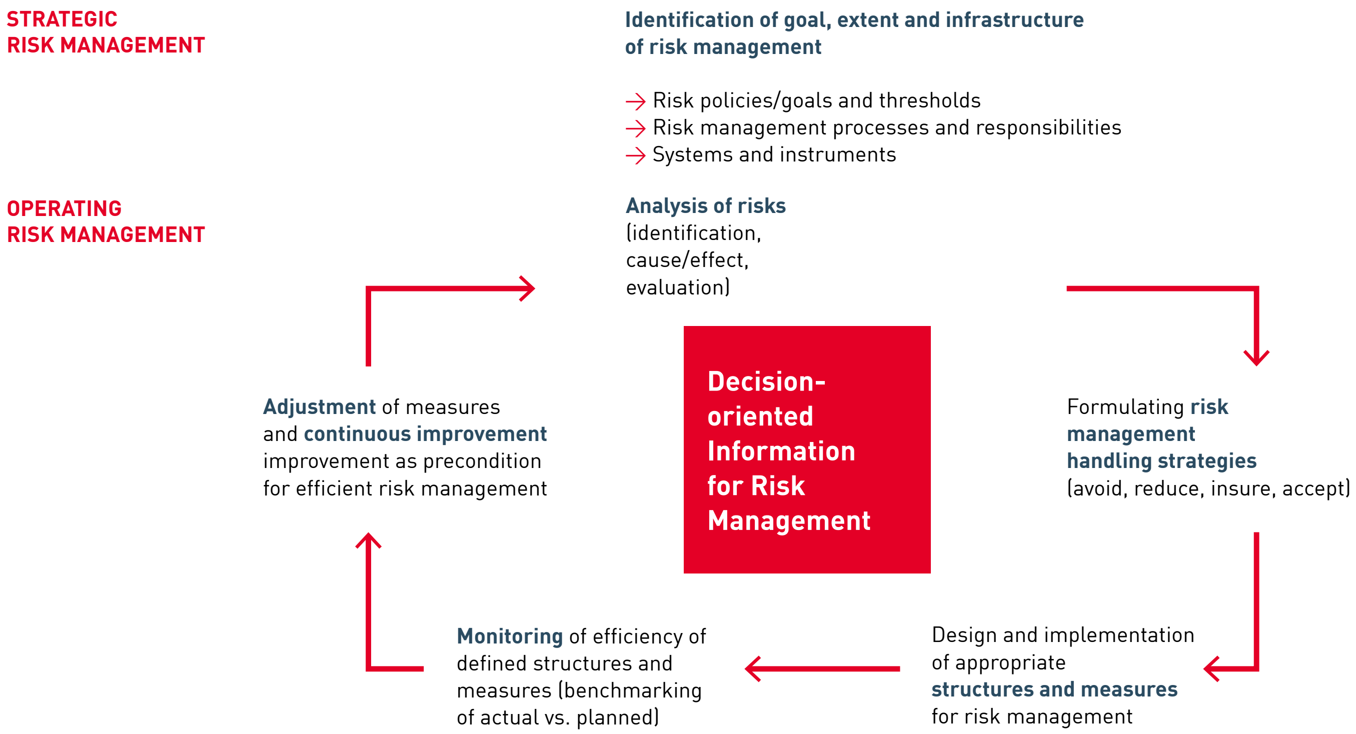
Overall, the risk management system is a continuous process in accordance with the business risk management process:

STAGE 1: ESTABLISHMENT OF GOALS, CONTENT, AND INFRASTRUCTURE

The alignment of the risk policy (including goals and thresholds), the risk management processes, and the definition of the relevant systems and instruments form the basis for the strategic risk management process. The original definitions must subsequently be expanded or modified as part of a long-term control cycle.

STAGE 2: RISK ANALYSIS

In a second step, risks are initially identified and documented, after which they are analyzed from a wide variety of perspectives and finally assessed, if possible. The risk model is used to ensure a complete risk inventory. Analysis and updates are performed as part of the annual planning. Risk reporting on the development of material risks is carried out on a quarterly basis.



Risks are assessed using an ordinal scale. Gross loss is assessed. This assessment is repeated on a quarterly basis.

Gross loss is defined as the negative earnings impact on EBIT. The probability of occurrence is the subjective estimate of the probability of occurrence for the current fiscal year. Specifically, the probability is classified as low, medium, or high. The assessments are "gross" in each case, i.e., the existing controls and measures are not taken into consideration. The relevance indicators used to categorize gross risk are defined in the table below. The assumptions are derived from the specific maximum loss values taken from long-term historical observations. Due to the positive forecast for the Company's continued existence as a going concern, these figures have not been reduced in connection with the loss situation and the continuing depletion of equity.

		Maximum loss	
Relevance	Characteristics	from	to
1	Insignificant risks that do not have a material impact on EBIT or enterprise value.	EUR 0	EUR 0.5 million
2	Medium risks that have a noticeable impact on EBIT.	EUR 0.5 million	EUR 2.5 million
3	Significant risks that have a considerable impact on EBIT or lead to a noticeable reduction in enterprise value.	EUR 2.5 million	EUR 10 million
4	Serious risks that lead to negative EBIT and a substantial reduction in enterprise value.	EUR 10 million	EUR 35 million
5	Risks jeopardizing the Company's continued existence.	> EUR 35 million	

The probability of occurrence is subsequently estimated for each individual risk (classification as high, medium, or low).

STAGE 3: FORMULATION OF THE RISK MANAGEMENT STRATEGY

Specific measures and indicators can be derived on the basis of risk management strategies. These strategies are defined with respect to the Company's overall strategy and risk preference. In principle, management has the following alternatives at its disposal to manage risk:

- **Avoid risks**
  Risk avoidance leads to a complete elimination of the risk, e.g., through withdrawing from a risky or unprofitable business.
- **Reduce risks**
  Risk reduction aims to limit the probability of occurrence and/or the impact on EBIT or corporate objectives to an acceptable level, e.g., through improving early risk identification or implementing countermeasures.
- **Transfer (insure) risks**
  Coverage transfers a potential loss to a third party, e.g., via the corresponding insurance protection.
- **Assume (accept) risks**
  When risks are accepted, the direct form of risk financing by SINGULUS TECHNOLOGIES is described, e.g., financial coverage through recognizing provisions. Risk development is monitored exclusively by the corresponding employees, without specific risk management measures being introduced.

STAGE 4: DESIGN AND IMPLEMENTATION OF SUITABLE STRUCTURES AND MEASURES

The necessary structures and measures are subsequently derived and implemented on the basis of the risk management strategy previously formulated.

STAGE 5: MONITORING OF EFFECTIVENESS

The measures implemented must be regularly monitored and reviewed for effectiveness. Compliance with statutory documentation requirements must also be ensured.

STAGE 6: ADAPTATION OF MEASURES AND CONTINUOUS IMPROVEMENT PROCESS

The changing environment means that risk management must be understood as a continuous process. For this reason, it is inevitable that the risk management process is continuously adapted to external and internal developments. Intensive knowledge management remains necessary to enable this. The departure point in the SINGULUS TECHNOLOGIES risk management process is the corporate strategy, which provides the basis for defining and communicating business goals.

The risk management system is reviewed by impartial individuals, i.e., by people who are not directly involved in managing risk. The following basic review requirements apply:

- **Supervisory Board**
  The Supervisory Board is responsible for reviewing the effectiveness of risk management. The Executive Board reports to the Supervisory Board on the current status of risk management at least once per year.
- **Audit**
  The audit of the annual financial statements in accordance with § 317 (4) HGB includes an assessment of whether the Executive Board has suitably implemented the measures for which it is responsible in accordance with § 91 (2) AktG, and whether the monitoring system that must subsequently be established is adequate for the early detection of developments posing a risk to the Company's continued existence.

The following sections provide an explanation of those risk areas or individual risks from among the overall risks identified for the Group that from today's perspective have a material impact on the net assets, financial position, and results of operations of SINGULUS TECHNOLOGIES AG and of the Group, and that can lead to negative deviations from targets.

SALES MARKET RISK

Risk description:

SINGULUS TECHNOLOGIES is dependent on the willingness of its global customers to invest in new production systems for optical media, solar cells, and semiconductors.

To a large extent, developments in the market for photovoltaic systems in recent years have relied on the regulatory environment and global subsidiaries for investments in photovoltaic systems. Although reliance on the cost effectiveness of photovoltaic systems is increasingly being reduced due to the decrease in system costs, the future global market for these systems will remain dependent on the continuation of state subsidies for investments in photovoltaics.

If the appeal of photovoltaics loses ground to other means of renewable energy generation in the future, or if these other technologies develop more favorably than photovoltaics due to technical, economic, regulatory, or other reasons, investments in photovoltaics could cease, reduce, or at least fall significantly short of the levels forecast by SINGULUS TECHNOLOGIES.

Impact:

We currently classify market risk in the Solar segment as relevance indicator 5 (previous year: 4) with a medium probability of occurrence (previous year: medium). As a consequence, this risk is classified as potentially jeopardizing the Company's continued existence and can adversely impact the net assets, financial position, and results of operations of the Group as a whole. Specifically, management expects significant growth in the Solar segment. The plan is for this segment to make the greatest contribution to revenue and earnings in the future. If the order intake in fiscal year 2016 remains below the assumed levels, this would jeopardize the Company's continued existence as a going concern.

Market risk materialized in the Optical Disc segment in fiscal year 2015. Demand for Blu-ray disc production systems fell considerably short of expectations. This had a significant negative impact on the Company's equity. From today's perspective, market risk is classified as a significant risk with a relevance indicator of 3 (previous year: 4) and medium probability of occurrence; this is due to the changes in consumer behavior and the associated decrease in the importance of this segment, including the significant reduction in segment assets.

The Semiconductor segment continues to be viewed as immaterial due to the low volumes with regard to possible revenue.

Measures:

External data such as the results of market research, as well as close contact with our customers and monthly comparisons of actual and planned figures, help to improve our estimates of future trends.

PROJECT RISK

Risk description:

We define project risk as relating to orders for non-standardized systems with a purchase price generally exceeding EUR 3 million. This affects the Solar and Semiconductor segments. Specifically, the risks relate to budget and project schedule overruns, non-compliance with acceptance criteria, as well as contract cancellations, the associated non-acceptance of systems, and the resulting contractual risks.

Impact:

If risks materialize in connection with project processing, these could have a considerable adverse impact on the Company's business activities, especially with regard to larger projects. In particular, the risk of budget overruns is assessed as material. This remains classified as relevance indicator 3 (previous year: 3) with a medium probability of occurrence (previous year: medium). Project risk is therefore classified as significant and can have a substantial impact on EBIT or lead to a noticeable reduction in enterprise value.

Measures:

Project calculations, project schedules, and project-specific risk assessments and liquidity planning are carried out at the proposal phase for the purposes of risk management. Changes in parameters are monitored on an ongoing basis in parallel to project progress with the aim of identifying potential project risks and implementing the necessary measures at an early stage. Prepayments and part-payments on completion of project milestones are routinely agreed to reduce the risk of cancellation. However, it cannot be ruled out that customers will cancel orders before making prepayments or the relevant part-payments following project milestones. If SINGULUS TECHNOLOGIES has already provided up-front services and incurred expenses in connection with order processing, in some circumstances these could fail to be reimbursed by the customer.

FINANCIAL RISK

Risk description:

The SINGULUS TECHNOLOGIES Group is exposed to financial risk, primarily with regard to liquidity risk. It is also exposed to credit risk in relation to receivables from customers. The Solar business may require additional financing arrangements depending on project-specific requirements. In particular, prepayments made by customers must frequently be secured by guarantees. For this purpose, the Company must deposit a large amount of cash with a bank as collateral. This collateral is not available to the Company to finance working capital and, depending on the progress of the project, could lead to liquidity squeezes. In addition, if business activities again fail to rebound in fiscal year 2016, this would have a significant impact on the liquidity reserves and would jeopardize the Company's continued existence. One further risk lies in the delay or even failure to implement the financial restructuring, which could lead to the Company's insolvency.

Impact:

We currently classify liquidity risk as relevance indicator 5 (previous year: 4) and credit risk as relevance indicator 3 (previous year: 4). The prolonged unsatisfactory business development in 2015 and associated further erosion of free cash flows led to an adjustment of the relevance indicator for liquidity risk. We classify a delay or failure to implement the financial restructuring as relevance indicator 5.

For liquidity risk, we assess the probability of occurrence as medium (previous year: low). As in the prior year, we assess the probability of occurrence for credit risk as low. Based on the proceedings of the last bondholders' meeting and the extraordinary General Meeting at the beginning of 2016, we also assess the risk of failure to implement the financial restructuring with a low probability of occurrence.

Measures:

The bondholders' meeting and the extraordinary General Meeting of SINGULUS TECHNOLOGIES AG approved the Company's restructuring plan at the beginning of 2016, paving the way for the financial restructuring to be implemented. The Company will be supported by competent and experienced experts. The Executive Board of SINGULUS TECHNOLOGIES AG assumes that the corresponding resolutions will be implemented and entered into the commercial register in the coming months.

A liquidity reserve in the form of cash and credit lines will be maintained to safeguard the SINGULUS TECHNOLOGIES Group's solvency and financial flexibility at all times. Liquidity plans will be regularly drafted and compared with actual developments to ensure the early detection of liquidity risks. The Company is currently negotiating new guarantees with significantly reduced collateral.

The receivables portfolios of the individual SINGULUS TECHNOLOGIES Group companies are reviewed at short intervals to analyze credit risk. We use export credit insurance as the primary instrument to hedge against credit risk relating to foreign customers. Customers' creditworthiness and payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance and bank guarantees.

TECHNOLOGY RISK

Risk description:

The SINGULUS TECHNOLOGIES Group operates in highly competitive markets. If product refinements or new product developments produce undesirable results, this could lead to significant costs.

Impact:

We currently classify the risk of undesirable or delayed development as relevance indicator 3 (previous year: 3) with a medium probability of occurrence (previous year: medium).

Measures:

Analysis of market requirements is a key aspect in reviewing development risk. We reduce the risk of undesirable or delayed development through cooperating with partners and research institutes, as well as via a continuous evaluation process in which the efficiency, chances of success, and general framework of development projects are continuously reviewed. Monitoring the planning of the various development projects is a key part of this process. The necessary impairment write-downs are recognized for capitalized development costs that are considered to be impaired. Analyzing, unlocking, and exploiting chances for success to safeguard and expand the Company's competitiveness also constitute key aspects of strategic planning.

PROCUREMENT RISK

Risk description:

The availability, unplanned price increases, and inadequate quality of purchased components constitute a risk for SINGULUS TECHNOLOGIES. High inventory levels present a further risk.

Impact:

We currently classify inventory risk as relevance indicator 4 (previous year: 4) with a low probability of occurrence (previous year: low). Market risk materialized in the Optical Disc segment in fiscal year 2015. Demand for Blu-ray disc production systems fell considerably short of expectations. This had a significant adverse effect on the Company's equity in connection with impairment write-downs on inventories. We do not expect any significant price increases in the short to medium term based on current contractual negotiations and analysis of market expectations. The average inventory backlog rate (Rückstandsquote) and the number of quality complaints were within the target range throughout the entire fiscal year. From our current perspective, we assume sufficient coverage of the inventory risk.

Measures:

Delivery capacity and compliance with our quality requirements for purchased components are subject to constant monitoring. Inventory management constitutes a further component of risk management. This includes reviewing the marketability of, and days inventory held (DIH) for, goods and purchased components, as well as analyzing their age structure. In order to avoid unplanned price increases, some of the contracts entered into with suppliers are long-term if this is deemed necessary for production planning purposes.

LEGAL RISK

Risk description:

As a company operating internationally, the SINGULUS TECHNOLOGIES Group is exposed to a wide range of legal risks. These include risks associated with product liability, patent law, and company law. In addition, the exercise of call options on the existing bond gives rise to litigation risks.

Impact:

The outcome of currently pending or future litigation is subject to uncertainties. As a result, judicial or regulatory decisions or settlements may lead to expenses that are either not or are not fully covered by insurance, and which could therefore have an impact on our business and the corresponding financial key performance indicators.

The following section provides more detailed information on two issues due to their materiality.

1) Action brought by Alster & Elbe Inkasso GmbH, Hamburg

   On July 18, 2014, Alster & Elbe Inkasso GmbH, Hamburg, brought an action against SINGULUS TECHNOLOGIES AG and five other defendants in the total amount of EUR 750 million in connection with transactions between STEAG HamaTech AG and ODS Group, Dassow (since insolvent), dating from 2002 and 2003. STEAG HamaTech AG was merged with SINGULUS TECHNOLOGIES AG in 2009, following its acquisition in 2005. The Company and the other defendants answered the action on June 1, 2015. According to our current assessment together with our legal advisors we assume that the alleged claims have become time-barred and are without merit. As a consequence, we continue to classify this risk as relevance indicator 5 with a low probability of occurrence. SINGULUS TECHNOLOGIES AG reserves the right to take appropriate preventative measures.

2) Actions connected with the exercise of call options on the existing bond

   In recent months, the Company has repeatedly received declarations from bondholders exercising call options. The bondholders are exercising their call options under the conditions of the bond and/or statutory rights of termination in accordance with §§ 490 and 314 of the German Civil Code (Bürgerliches Gesetzbuch, "BGB"). The Company has rejected all of the call options on the bond and has made no payments to bondholders. In addition, actions for payment submitted by bondholders are pending before the Aschaffenburg Regional Court. The Company will defend itself against the actions.

The Company considers the call options exercised on the bond as ineffective since, in line with our lawyers' legal assessment, there is neither a call option in accordance with the conditions of the bond nor good cause. However, there is no guarantee that the court will concur with this view. We classify this risk as relevance indicator 2 with a low probability of occurrence.

The litigation and issues described above constitute the significant legal risks from today's viewpoint, however this should not be understood as an exhaustive list.

Measures:

Legal risks are identified using a systematic approach and are managed with the assistance of external lawyers.

KEY ACCOUNTING FEATURES OF THE SINGULUS TECHNOLOGIES GROUP'S INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

The SINGULUS TECHNOLOGIES Group's internal control and risk management systems are integrated into one overall system. The internal control system comprises the principles, procedures and measures introduced throughout the Company by the management in order to implement the management's decisions throughout the organization. Specifically, this includes:

- Ensuring the effectiveness and profitability of the business activities
- Correctness and reliability of the internal and external accounting
- Compliance with the requirements applicable to the Company

The risk management system includes the entirety of all organizational regulations and measures developed to identify and manage risks arising out of operating activities. The following structures and processes relating to the (Group) accounting processes were implemented at the SINGULUS TECHNOLOGIES Group:

The overall responsibility for the internal control system with regard to the (Group) accounting processes rests with the Executive Board. All companies included in the consolidated financial statements are integrated under a clearly defined management and reporting organization. Under the (Group) accounting processes, features of the internal control and risk management system are classified as important if they materially influence the Group's accounting and the overall presentation of the consolidated financial statements, including the Group management report. This includes the following elements in particular:

- Identifying material risk areas and controls that influence the Group-wide accounting process
- Monitoring the Group-wide accounting process and the corresponding findings at the Executive Board level
- Preventative finance and accounting control measures at the Group and the subsidiaries included in the consolidated financial statements

In addition, the findings from the ongoing reporting process are used to further develop the internal control system.

Report on Opportunities

Entrepreneurial opportunities are not managed within the risk management system, but instead are discussed during regularly-held strategy meetings, analyzed in Executive Board and Supervisory Board meetings, and, if possible, identified in the annually prepared operating budgets. Opportunities for profitable growth are identified during the strategy process and included in the decision-making process. The Executive Board is directly responsible for identifying and realizing opportunities early on.

SINGULUS TECHNOLOGIES strategically aligned and greatly expanded its product portfolio in the Solar segment over the past few fiscal years. SINGULUS TECHNOLOGIES addresses the global market for machinery and equipment for the production of solar cells and modules. SINGULUS TECHNOLOGIES' market position on the global solar market further improved as a result of the machinery and equipment the Company developed.

Investments in new production facilities for thin-film solar technology also provide opportunities for new projects. Talks surrounding process facilities for CIGS thin-film solar technology and CdTe thin-film solar technology provide market opportunities for the Company's various products. This market offers promising projects in particular for vacuum coating machines, selenization machines as well as equipment for wet-chemical processes. SINGULUS TECHNOLOGIES is a technology leader and stands to benefit disproportionately in this area.

Investments in new cell technologies such as heterojunction cells have already led to major orders in the first half of 2015; those orders are now being delivered. The market responded especially well to the enhanced SILEX II etching and cleaning machine. We believe that this system also has great potential for the current fiscal year. Additional process equipment was also adapted to use heterojunction interfaces and will be rolled out and heavily marketed in 2016.

The introduction of local cell production facilities is a major topic of discussion and review in numerous countries. This opens up numerous opportunities for new major projects in the areas of heterojunction technology and thin-film solar technology.

The introduction of the new Ultra HD Blu-ray disc format during the current year, 2016, gives rise to new opportunities for using SINGULUS TECHNOLOGIES' production equipment. However, it is difficult to estimate what the demand will be since the new players will not come onto the market until this year. However, given its unique position internationally, SINGULUS TECHNOLOGIES assumes that discussions will be held in 2016 regarding projects with the new BLULINE III production machine, which is capable of producing 100 GB Blu-ray discs, giving rise to sales opportunities for the new BLULINE III production machine. However, the Company believes that this market will remain a niche market with low sales figures.

There is still no mass market for MRAM data storage devices in the Semiconductor segment. At present, SINGULUS TECHNOLOGIES is excellently positioned in numerous MRAM development projects, giving rise to sales opportunities for its vacuum coating machines if demand increases.

The Company's positive business performance going forward depends on how successful it is in turning its research and development efforts into innovative and successful products. Therefore, SINGULUS TECHNOLOGIES believes it is important to test new applications with potential customers, particularly in the area of vacuum coating. To this extent, there are good opportunities of generating revenue and earnings contributions in new sales markets going forward.

SUMMARY OF OPPORTUNITIES AND RISKS

The Executive Board presently expects the Company's financial restructuring efforts – which will require the registration of all resolutions and the subsequent successful in-kind capital increase as part of an offering prospectus – to be a success. On the basis of the assessment by its legal advisors, the Company does not expect the successful completion of the financial restructuring activities to give rise to any material risks.

At the present time, the sales market risk for the Solar segment is viewed as the Group's most significant risk. If a recovery of and thus sustainable growth on the solar market fail to materialize as forecast, this would materially affect the financial position, financial performance, and cash flows and jeopardize the continued existence of the Company. However, we currently expect the demand for machines and equipment used for manufacturing solar cells to increase.

The prolonged unsatisfactory business development in 2015 and subsequent further erosion of free cash flows led to an adjustment of the relevance indicator for the liquidity risk from 4 to 5. Despite the expected successful conclusion of the financial restructuring activities, it is highly likely that the Company's continued existence would be jeopardized if business activities once again fail to rebound in fiscal year 2016.

Environment and Sustainability

Overall, SINGULUS TECHNOLOGIES AG places great value on responsibly and sustainably managing the Company. The Executive Board and the Supervisory Board understand this to mean a responsible approach to managing and controlling that is geared towards the long-term success of the Company. The objective of these principles of good corporate governance is to ensure that the Executive Board and the Supervisory Board work together efficiently to achieve their objectives, the best interests of the shareholders and employees are taken into account, risks are managed appropriately, and entrepreneurial decisions are made transparently and responsibly.

The Company strives to apply the principles and objectives of environmental compatibility and sustainability to its business procedures and processes.

The Company's products are continuously being improved in order to make them more energy efficient. Recycling consumables on a daily basis is a matter of course.

A green walkway through New York: *The greened embankment of the Highline – from Gansevoort Street to 30th Street – is approx. 20 metres wide and provides much space for various leisure activities. At a length of 4.7 kilometres the environmental idea becomes reality*

SINGULUS TECHNOLOGIES views sustainability as an opportunity to position itself accordingly with innovative products in order to maintain and enhance value in the long term.

As a rule, entrepreneurial actions include sustainable actions. In the coming year, the focus will be on:

- Social responsibility within the company and within the region
- Environmental awareness
- Conserving resources
- Avoiding unnecessary CO_2 emissions

In addition to economic prosperity and social welfare, an unspoiled and intact natural environment forms the foundation of a sustainable society.

Roof of the production hall of SINGULUS TECHNOLOGIES in Furstenfeldbruck with crystalline solar modules

Remuneration Report

This remuneration report is a component of the combined management report for the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES AG. It includes disclosures that – pursuant to the provisions § 289 (2) no. 5 of the German Commercial Code (Handelsgesetzbuch, "HGB"), supplemented by the provisions of the German Management Compensation Disclosure Act (Gesetz über die Offenlegung von Vorstandsvergütungen, "VorstOG") – form part of the notes to the financial statements in accordance with § 314 HGB or the management report in accordance with § 315 HGB.

The remuneration report takes into account the recommendations of the German Corporate Governance Code.

A. REMUNERATION OF THE EXECUTIVE BOARD

I. Composition of the Executive Board in fiscal year 2015

Dr.-Ing. Stefan Rinck
Chief Executive Officer, Executive Board member responsible for Production, Sales and Marketing, Technology, Research and Development, and Strategy and International Activities

Dipl.-Oec. Markus Ehret
Executive Board member responsible for Finance, Controlling, Investor Relations, Human Resources, Purchasing and IT

II. Description of the remuneration structure

1. OVERVIEW OF THE REMUNERATION STRUCTURE

1.1 Design and objectives of the remuneration structure

The remuneration of the Executive Board members is set and regularly reviewed by the Supervisory Board. The objective is to appropriately compensate the members of the Executive Board on the basis of their duties and responsibilities, taking into account their individual performance as well as the economic situation, success and future prospects of the Company.

The remuneration structure centers on sustainable business development and comprises fixed and variable remuneration (including share-based payments), pension commitments and benefits in kind. The Supervisory Board assumes an annual monetary target remuneration that comprises fixed remuneration (approximately 60 %) and the annual variable bonus (40 %). It also includes – upon achieving the respective targets – payments from the phantom stock (virtual shares) program of at most three times the respective exercise price.

In setting the target remuneration, the Supervisory Board considers the remuneration that similar companies pay to the members of their management teams as well as the "vertical" appropriateness of the remuneration in comparison to the other salary levels at the Company. When renegotiating Mr. Markus Ehret's service agreement in 2014, the Supervisory Board also compared Mr. Ehret's remuneration to that of the Company's other senior managers. Based on that assessment, the remuneration was not adjusted. The Supervisory Board also does not expect that Dr.-Ing. Stefan Rinck's remuneration will need to be adjusted in the future on the basis of such a comparison. The Supervisory Board aims to retain the members of the Executive Board with the Company for the long term and incentivize them to increase the enterprise value. In addition, the variable remuneration is intended to motivate the members of the Executive Board, while at the same time providing a means to take the Company's economic situation into account when setting the bonus.

The Supervisory Board reviews the remuneration on a regular basis at its first Supervisory Board meeting of the year. In this review, the Supervisory Board compares an Executive Board member's individual performance and responsibilities against the performance and responsibilities of other Executive Board members as well as the Company's economic situation.

The Company's economic situation has a significant impact on the remuneration of Executive Board members. In its meeting on November 6, 2014, the Supervisory Board resolved to reduce the fixed remuneration components applicable as of January 1, 2015 by 20 % for a period of one year in accordance with § 87 (2) AktG. Due to the Company's ongoing difficult economic situation, the Executive Board informed the Supervisory Board at the Supervisory Board's meeting on November 26, 2015 that for the time being the Executive Board was prepared to maintain the salary reductions resolved in 2015 and that it would waive any salary adjustments that would bring the remuneration as of January 1, 2016 back in line with the contractually agreed level, as had originally been resolved on November 6, 2014. The Supervisory Board then resolved pursuant to § 87 (2) AktG to maintain the 20 % reduction in the respective Executive Board members' fixed remuneration components against the contractually stipulated amounts for the period from January 1, 2016 to no later than December 31, 2016. Pension contributions or other ancillary benefits shall remain unaffected thereby.

In accordance with the service agreements, the Supervisory Board resolved on the annual bonus after the end of the 2015 fiscal year at its meeting on March 3, 2016. The Supervisory Board – also taking into account the Company's economic situation – set the target achievement for both members of the Executive Board for the 2015 fiscal year at 50 % each (please see below for further information).

Furthermore, due to the Company's falling share price, the phantom shares issued in previous years could not yet be exercised. Following the resolution of the Company's extraordinary shareholders' meeting on February 16, 2016 to decrease the Company's share capital by consolidating the shares at a ratio of 160 : 1, the number of previously issued phantom shares will be reduced by the same ratio. Consequently, the value of the phantom shares issued as a remuneration component in 2011, 2012, 2014 and 2015 will decrease considerably due to the pending corporate actions. The issue of additional phantom shares was postponed until the conclusion of the restructuring activities, at which time the Supervisory Board will again resolve on the matter. This ensures that the interests of the shareholders after the restructuring are in line with those of the Executive Board.

1.2 Breakdown of remuneration

Remuneration generally comprises performance-based and non-performance-based components. New service agreements were concluded with both members of the Executive Board in 2012. Under these agreements, the remuneration is granted uniformly in accordance with the remuneration system described here. The non-performance-based component consists of a fixed annual salary, pension benefits financed by the Company and benefits in kind. The performance-based component serves as a long-term incentive for future activities and consists of a variable bonus and phantom shares whose value depends on the Company's long-term business performance. The conclusion of the new service agreement with Mr. Markus Ehret in 2014 did not change the general remuneration concept (please see below for more information regarding the maximum limits for the individual components and total remuneration).

The variable bonus is tied to the achievement of individual targets related to the Company's financial, operating and strategic objectives. The Supervisory Board sets new targets every year and individually agrees these with the Executive Board members following the approval of the budget for the subsequent year. At a target achievement rate of 100 %, the target remuneration comprises fixed remuneration (approximately 60 %) and the annual bonus (approximately 40 %). If the targets are not met or only partially met, the Supervisory Board decides whether and to what extent the variable remuneration is paid. At its discretion, the Supervisory Board may stipulate that up to 150 % of the agreed bonus payment may be paid out to the Chief Executive Officer if he exceeds the stipulated targets.

In accordance with the Executive Board service agreements, special one-time payments may be granted in addition to the variable remuneration in order to account for extraordinary circumstances and to grant commensurate, competitive remuneration.

Since fiscal year 2011, the Company has granted phantom shares to the members of the Executive Board in accordance with the phantom stock program approved by the Supervisory Board. The terms of the program were adjusted in 2014. The amendments are primarily technical in nature. The deviations from the terms of the 2011 and 2012 phantom stock program are described below. With effect of the capital reduction resolved upon at the Annual General Meeting on February 16, 2016, the number of phantom shares will also be reduced at a ratio of 160:1. The exercise price shall remain unaffected thereby.

By linking the remuneration to the Company's performance and its sustainable share performance, the program's objective is to function as a long-term incentive and retention mechanism. The phantom shares are a remuneration component with a multi-year measurement basis that closely aligns the interests of the beneficiaries and those of the shareholders, thereby creating sustainable shareholder value. The phantom shares are allocated free of charge as a further component of remuneration. Each phantom share entitles the beneficiaries to subscribe one virtual bearer share of the Company with a par value of EUR 1.00 each at the exercise price. The exercise price is the non-weighted average closing price (or a corresponding closing price) of the Company's shares on the Xetra trading platform (or a functionally comparable successor system to the Xetra trading system) of the Frankfurt Stock Exchange on the five trading days prior to the issue date. Upon expiry of the vesting period, the bearer of the virtual shares shall receive upon exercise the equivalent of the share price less the exercise price exclusively in the form of a cash settlement, but no more than three times the exercise price per phantom share. Furthermore, Mr. Markus Ehret's service agreement also includes an additional threshold as of January 1, 2015, under which the cash settlement granted within a given year may not exceed the annual fixed remuneration. The Company's treasury shares may not be used to satisfy the obligations.

Phantom shares may be exercised for the first time after the expiration of the two-year vesting period, which begins on the issue date. They may be exercised in each case within five years of the issue date. The stock options may be exercised upon expiry of the vesting period within a period of 14 trading days beginning on the sixth trading day (inclusive) following publication of the quarterly reports for the first or third quarter; up to 25 % of the phantom shares held may be exercised during the first exercise period and then up to a further 25 % every six months during each subsequent exercise period. The exercise period for the phantom shares issued in 2014 and 2015 was extended until 20 June or 20 December, respectively, directly after the publication of the respective quarterly report.

In order to exercise the phantom stock options, the Company's share price must meet certain performance targets, i.e., it must exceed the exercise price by a certain minimum percentage rate. The non-weighted average closing price on the Frankfurt Stock Exchange in the reference period is used to define the performance targets for a given exercise period. The reference period is the period of five trading days in Frankfurt am Main from the date of publication of the quarterly report applicable to the beginning of the exercise period. The terms of the phantom shares issued in 2014 and 2015 stipulate that the reference period is the period of one calendar month from the date of publication of the quarterly report applicable to the beginning of the exercise period (inclusive). The phantom stock options may only be exercised if the non-weighted (beginning from the 2014 phantom stock program: weighted) average closing price is at least 15.0 % higher than the exercise price during the reference period for the first 25 % of the phantom shares (first tranche); at least 17.5 % higher than the exercise price during the reference period for the second 25 % (second tranche); at least 20.0 % higher than the exercise price during the reference period for the third 25 % (third tranche); and at least 22.5 % higher than the exercise price during the reference period for the last 25 % (fourth tranche). It is possible to exercise the stock options early, regardless of whether or not the performance targets are met, in a period in which a takeover bid as defined in § 29 (1) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "WpÜG") was published or an individual gains control as defined in § 29 (2) WpÜG.

Lastly, the members of the Executive Board also receive benefits in kind, such as company vehicles and insurance, as well as a defined-contribution company pension financed by the Company.

1.3 Maximum limits

Since May 2013, section 4.2.3 (3) sentence 6 of the Code recommends that the remuneration be capped, both overall and for variable remuneration components. The Supervisory Board considers maximum limits on the Executive Board's remuneration to be generally useful and implemented such caps as follows:

The service agreements concluded in 2012 with the current members of the Executive Board do not stipulate any maximum limits on remuneration. However, the variable remuneration components are capped. These caps are derived from the remuneration system and monitored by the Supervisory Board. The amount of the bonus for a 100% target achievement rate and the targets to be met are in each case stipulated for the subsequent year in a target agreement between the Supervisory Board and the Executive Board. At a target achievement rate of 100 %, the target remuneration comprises fixed remuneration (60 %) and the bonus (40 %). At its discretion, the Supervisory Board may increase the bonus for the Chief Executive Officer to up to 150 % of the target amount if the targets are exceeded. In addition, the Executive Board receives phantom shares. The number of phantom shares that can be granted is initially not capped; instead, the Supervisory Board sets the number when granting each tranche. Upon realizing the phantom shares, the beneficiary receives the difference between the share price on the issue date (grant price) and the exercise date, but no more than three times the grant price per phantom share. A potential payment to the Executive Board therefore also represents an overall cap that the Supervisory Board may quantify at the beginning of a given fiscal year.

The Supervisory Board stipulated the following additional maximum limits in the new service agreement concluded with Mr. Markus Ehret with effect from January 1, 2015: the annual remuneration is limited to a total of EUR 800,000, the variable bonus continues to be limited to two-thirds of the annual fixed remuneration (i.e., currently EUR 186,667), and the cash settlement to be granted over the course of one year from the phantom stock program is limited to the annual fixed salary as of January 1, 2015, i.e., EUR 280,000.

2. FIXED REMUNERATION

The fixed remuneration is paid as a monthly salary. The appropriateness of the remuneration is reviewed annually. Adjustments may also be made due to special one-time payments. The Supervisory Board's resolution, with the consent of the Executive Board, to reduce the annual fixed salary in each case by 20 % for 2015 and 2016 reduced the fixed remuneration for the members of the Executive Board to EUR 352,000 for Dr.-Ing. Stefan Rinck and to EUR 224,000 for Mr. Markus Ehret.

The total fixed remuneration (including other compensation) paid in fiscal year 2015 amounted to EUR 641,559.

3. VARIABLE REMUNERATION

The variable remuneration provisioned on the basis of the individual target arrangements and pursuant to the target achievement rate for fiscal year 2015 amounted to EUR 146,500 for Dr.-Ing. Stefan Rinck and EUR 93,334 for Mr. Markus Ehret (total of EUR 239,834). While key operating and strategic objectives were met, the 50 % deviation in each case from the contractually stipulated target remuneration is nevertheless attributable primarily to the Company's difficult economic situation.

4. STOCK OPTIONS AND VIRTUAL SHARES (PHANTOM SHARES)

In fiscal year 2015, SINGULUS TECHNOLOGIES AG granted the members of the Executive Board a total of 225,000 (previous year: 225,000) additional phantom shares, of which 125,000 were granted to Dr.-Ing. Stefan Rinck and 100,000 to Mr. Markus Ehret. The grant price of these virtual shares amounts to EUR 0.527 per phantom share (previous year: EUR 0.941). In 2014, the members of the Executive Board were granted a total of 225,000 additional virtual shares. Following the resolution of the Company's extraordinary shareholders' meeting on February 16, 2016 to decrease the Company's share capital by consolidating the shares at a ratio of 160 : 1, the number of phantom shares, including all phantom shares issued in previous years, will be reduced by the same ratio. Consequently, following the approved capital decrease, the Executive Board will still hold approximately 1,407 of the 225,000 phantom shares issued in fiscal year 2015.

Including the previously granted virtual shares, Dr.-Ing. Stefan Rinck holds 450,000 (following the capital decrease: 2,813) virtual shares (100,000 phantom shares granted in both 2011 and 2012 as well as 125,000 phantom shares granted in both 2014 and 2015), and Mr. Markus Ehret holds 380,000 (following the capital decrease: 2,375) virtual shares (100,000 in 2011, 80,000 in 2012 as well as 100,000 phantom shares granted in both 2014 and 2015). Due to the sharply declining share price, fair value of the virtual shares allocated on an accrual basis led to earnings of EUR 20 thousand for the Company in fiscal year 2015. In the previous year, the earnings in connection with this totaled EUR 149 thousand. EUR 11 thousand (previous year: EUR 78 thousand) is attributable to Dr.-Ing. Stefan Rinck's virtual shares and EUR 9 thousand (previous year: EUR 71 thousand) is attributable to Mr. Markus Ehret's virtual shares.

5. OTHER COMPENSATION

The members of the Executive Board also receive ancillary benefits in the form of benefits in kind, such as company vehicles or lump-sum compensation for using a private vehicle for business purposes and casualty and third-party liability insurance. Since these ancillary benefits represent a remuneration component, the individual Executive Board members must pay taxes on these ancillary benefits. The members of the Executive Board generally receive the same amount of ancillary benefits.

In fiscal year 2015, the members of the Executive Board did not receive any additional remuneration in connection with their duties as managing directors of a subsidiary.

6. PENSION COMMITMENTS

Members of the Executive Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Executive Board members an annual pension contribution amounting to a certain percentage of the respective gross annual fixed remuneration stipulated in their service agreements. This type of pension scheme allows the Company to reliably calculate the annual – and thus also long-term – expenditures. The amount of the pension commitments was calculated as a percentage of the fixed remuneration on the basis of an approximate target amount of benefits at retirement, a hypothetical term of office and the expected interest rate development in accordance with actuarial principles. However, the actual amount of benefits at retirement is not specified for defined contribution plans, because this depends on the length of service on the Executive Board and interest rate developments.

The annual pension plan contribution for Dr.-Ing. Stefan Rinck since January 1, 2012 amounts to 59.97 % of the annual fixed remuneration; the annual pension plan contribution for Mr. Markus Ehret since January 1, 2015 amounts to 31.58 % (previous year: 23.07 %) of the annual fixed remuneration. The annual expense for the Company in fiscal year 2015 was EUR 337 thousand (previous year: EUR 314 thousand), of which EUR 251 thousand (previous year: EUR 258 thousand) was for Dr.-Ing. Stefan Rinck and EUR 86 thousand (previous year: EUR 56 thousand) for Mr. Markus Ehret. The temporary reduction of the annual fixed remuneration by 20 % does not reduce the absolute value of the pension contribution.

In 2011, the Company outsourced the pension plan to Towers Watson Second e-Trust e. V. ("Towers Watson"). Retirement and survivor benefits are granted as pension benefits. The pension scheme stipulates that pension benefits will be granted as a monthly pension or a one-time capital payment if the Executive Board member terminates his service agreement after turning 63 years of age. If the Executive Board member terminates his service agreement prior to attaining the age of 63, but no sooner than turning 60 years of age, the early retirement benefits are granted as an early monthly pension or an early one-time capital payment, provided the Executive Board member requests the payment of the early retirement benefits at the date he departs the Company. The amount of the (early) retirement benefits is based on actuarial principles in accordance with the reinsurer's rate structure. Towers Watson takes out the corresponding reinsurance to insure the pension benefits. The rights from these agreements fall exclusively to Towers Watson. In the event that a member of the Executive Board dies before (early) retirement benefits are claimed, the surviving spouse shall receive a one-time lump sum. The amount of the one-time survivor's lump sum is calculated at the time of the insured event and corresponds to the respective amount of the pension contributions that must be refunded in the event of death prior to the start of retirement under the reinsurance policy taken out by Towers Watson for the Executive Board. In the event of a death after (early) retirement benefits have been claimed in the form of a monthly rent, but prior to the expiry of 20 years since the start of retirement, the surviving spouse shall receive a temporary survivor's pension until the expiry of said 20-year period. If there is no eligible surviving spouse, the surviving children will, under certain circumstances, each receive the survivor's benefits in equal parts. If a member of the Executive Board leaves SINGULUS TECHNOLOGIES AG prior to the occurrence of an insured event, that member shall keep prorated vested pension benefits regardless of whether or not the statutory vesting period under the applicable provisions of the German Company Pensions Act (Betriebsrentengesetz) applies at the time the member departs the Company.

III. Individual remuneration

During the year under review, the individual members of the Executive Board received the following compensation:

	Dr.-Ing. Stefan Rinck Chief Executive Officer Start date: September 1, 2009				Dipl.-Oec. Markus Ehret Member of the Executive Board Start date: April 19, 2010			
	2014	2015	2015 (Min)	2015 (Max)	2014	2015	2015 (Min)	2015 (Max)
Compensation granted	[in EUR]	[in EUR]	[in EUR]	[in EUR]	[in EUR]	[in EUR]	[in EUR]	[in EUR]
Fixed remuneration	440,000	352,010	352,010	352,010	250,000	224,000	224,000	224,000
Ancillary benefits	42,433	42,704	42,704	42,704	21,063	22,885	22,885	22,885
Total	**482,433**	**394,714**	**394,714**	**394,714**	**271,063**	**246,885**	**246,885**	**246,885**
One-year variable remuneration	190,450	146,500	0	439,500	117,000	93,334	0	186,667
Multi-year variable remuneration	0	0	0	0	0	0	0	0
2014 phantom stock options (Exercised between April 8, 2016 and April 7, 2019)	117,625	0	0	0	94,100	0	0	0
2015 phantom stock options (Exercised between April 10, 2017 and April 9, 2020)	0	65,875	0	489,450	0	52,700	0	391,560
Total	**790,508**	**607,089**	**394,714**	**1,323,664**	**482,163**	**392,919**	**246,885**	**825,112**
Pension expense	258,084	263,868	263,868	263,868	56,360	88,424	88,424	88,424
Total remuneration	**1,048,592**	**870,957**	**658,582**	**1,587,532**	**538,523**	**481,343**	**335,309**	**800,000***

** The annual remuneration is limited*

	Dr.-Ing. Stefan Rinck Chief Executive Officer Start date: September 1, 2009		Dipl.-Oec. Markus Ehret Member of the Executive Board Start date: April 19, 2010	
Additions	2014 [in EUR]	2015 [in EUR]	2014 [in EUR]	2015 [in EUR]
Fixed remuneration	440,000	352,010	250,000	224,000
Ancillary benefits	42,433	42,704	21,063	22,845
Total	**482,433**	**394,714**	**271,063**	**246,845**
One-year variable remuneration	293,000	190,450	180,000	117,000
Multi-year variable remuneration	0	0	0	0
2011 phantom stock options (Exercised between September 24, 2013 and September 23, 2016)	0	0	0	0
2012 phantom stock options (Exercised between November 27, 2014 and November 26, 2017)	0	0	0	0
Other	0	0	0	0
Total	**775,433**	**585,164**	**451,063**	**363,845**
Pension expense	258,084	263,868	56,360	88,424
Total remuneration	**1,033,517**	**849,032**	**507,423**	**452,269**

In fiscal year 2015, the cash remuneration of the members of the Executive Board totaled EUR 881,433. Of this amount, approximately 65 % was attributable to the annual total fixed remuneration component and approximately 35 % to the annual variable remuneration component. Other remuneration related primarily to pension benefits and company vehicles. In fiscal year 2015, a total of 225,000 (after capital decrease: approximately 1,407) new phantom shares with a fair value of EUR 0.527 per share were issued. Half of these phantom shares can be paid out in 2017 at the earliest, the other half in 2018 at the earliest. Following the resolution of the Company's extraordinary shareholders' meeting on February 16, 2016 to decrease the Company's share capital by consolidating the shares at a ratio of 160:1, the number of previously issued phantom shares will be reduced by the same ratio. The value of remuneration component issued as phantom shares in previous years will decrease considerably as a result of the corporate action.

IV. Pension obligations in the event of termination and from third parties, change of control clauses

1. SEVERANCE POLICY

In the event that the service agreement is terminated early with notice or in the event the appointment is terminated early, the members of the Executive Board shall receive a severance package limited to two years' annual remuneration (severance cap). The amount is calculated as the fixed remuneration less benefits in kind and other ancillary benefits plus a lump sum variable remuneration amounting to 25 % of the applicable fixed remuneration; for Dr.-Ing. Stefan Rinck, the addition of pension benefits has also been agreed. If the remaining term of the respective Executive Board service agreement is less than two years, the severance shall be reduced pro rata temporis over the remaining term of the service agreement. In the event of a termination for good cause, the employee shall not be entitled to a severance package.

2. THIRD-PARTY PENSION OBLIGATIONS

During the year under review, no third-party benefits were granted or promised to members of the Executive Board with respect to their work as Executive Board members.

3. CHANGE OF CONTROL CLAUSES

The Executive Board service agreements include a change of control clause. Accordingly, each member of the Executive Board shall receive a special payment amounting to the fixed remuneration and the variable bonus for two years (plus the pension benefits in the case of the Chief Executive Officer) if the member's service agreement is terminated following a change of control at SINGULUS TECHNOLOGIES AG because the member of the Executive Board exercised a special termination right in connection with the change of control or the member's service agreement was not extended. The claim to a special payment exists only if the remaining term of the service agreement is longer than nine months at the time the special termination is exercised at the time of the change of control. A change of control within this meaning arises if (i) a shareholder has acquired control as defined in § 29 WpÜG; (ii) a control agreement in accordance with § 291 AktG has been concluded with the Company as an independent company and has entered into force; (iii) the Company was merged with another, non-consolidated legal entity in accordance with § 2 of the German Reorganization Act (Umwandlungsgesetz, "UmwG"), unless the value of the other legal entity under the agreed exchange ratio is less than 50 % of the value of the Company; or (iv) a takeover or mandatory bid as defined in WpÜG has been implemented.

Furthermore, in the event of a change of control, the members of the Executive Board have a special termination right.

B. REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is set out in the Articles of Association and is based on the duties and responsibilities of the Supervisory Board members. The currently applicable remuneration policy for the Supervisory Board of SINGULUS TECHNOLOGIES AG was approved by the Annual General Meeting on June 6, 2013 and is set out in Article 11 of the Articles of Association. By switching to a purely fixed remuneration scheme, the Company brought the remuneration for the Supervisory Board of SINGULUS TECHNOLOGIES AG in line with the recommendations laid out in section 5.4.6 of the German Corporate Governance Code.

In addition to being reimbursed for their out-of-pocket expenses, the members of the Supervisory Board receive fixed remuneration of EUR 40,000 for each full fiscal year they serve on the Supervisory Board; the fixed remuneration is payable after the end of the fiscal year. Furthermore, in light of the general discussion of the Annual General Meeting of SINGULUS TECHNOLOGIES AG on June 9, 2015, the Supervisory Board decided – on account of the Company's difficult economic situation, the share price performance and the reduction of the Executive Board's remuneration – to waive 20 % of the remuneration it is due in accordance with the Articles of Association for fiscal year 2015.

The Chairman of the Supervisory Board receives twice and the deputy chairman one and half times the remuneration. Supervisory Board members who were only on the Supervisory Board for part of the fiscal year receive proportionately lower remuneration than the other Supervisory Board members.

The Company reimburses each Supervisory Board member the value added tax levied on that member's remuneration.

The members of the Supervisory Board are entitled to the following remuneration for the reporting year:

	Total 2015	Total (Previous year)
	(in EUR '000)	(in EUR '000)
Dr.-Ing. Wolfhard Leichnitz	**64**	80
Christine Kreidl	**48**	60
Dr. rer. nat. Rolf Blessing	**32**	40
Total	**144**	**180**

C. LOANS GRANTED TO EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

No loans or advances were granted to Executive Board or Supervisory Board members during the reporting year.

D. SHAREHOLDINGS OF EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

No member of the Executive Board or of the Supervisory Board holds any direct or indirect interests exceeding 1 % of the Company's share capital.

As of December 31, 2015, the following Executive Board and Supervisory Board members directly or indirectly held shares in SINGULUS TECHNOLOGIES AG:

	2015	Previous year
Supervisory Board	[in EUR]	[in EUR]
Dr.-Ing. Wolfhard Leichnitz	**39,344**	39,344
Executive Board		
Dr.-Ing. Stefan Rinck, CEO	**19,619**	19,619
Dipl.-Oec. Markus Ehret, CFO	**7,000**	7,000

As of December 31, 2015, the current members of the Executive Board did not hold any subscription rights from stock options or convertible bonds.

E. DIRECTORS' DEALINGS

In accordance with § 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), the members of the Executive Board and the members of the Supervisory Board of SINGULUS TECHNOLOGIES AG and related parties must report the acquisition or disposal of shares in SINGULUS TECHNOLOGIES AG or related financial instruments, provided the cumulated value of the transactions conducted during the fiscal year is EUR 5,000 or higher. No such transactions were reported to the Company in fiscal year 2015.

Management Report pursuant to §§ 289 (4), 315 (4) HGB

DISCLOSURES IN ACCORDANCE WITH THE GERMAN TAKEOVER DIRECTIVE IMPLEMENTATION ACT (ÜBERNAHMERICHTLINIE-UMSETZUNGSGESETZ)

1. Composition of subscribed capital

The Company's share capital amounts to EUR 48,930,314.00 and is divided into 48,930,314 bearer shares with a par value of EUR 1.00 each. All shares are ordinary shares. They carry the rights and obligations arising out of the German Stock Corporation Act (AktG).

2. Restrictions concerning voting rights or the transfer of shares: none

3. Direct or indirect equity investments exceeding 10 %: none

4. Bearer of shares with special rights: none

5. Control of voting rights in cases in which employees are shareholders: none

6. Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of Executive Board members and on amendments to the Articles of Association:

§§ 84, 85 AktG governs the appointment and dismissal of Executive Board members. In accordance with § 179 (2) AktG, resolutions brought by the Annual General Meeting to amend the Articles of Association require a capital majority of at least three-fourths of the share capital represented at the time of the resolution. §§ 133, 179-181 AktG also apply. In accordance with Article 17.1 of the Articles of Association, the Supervisory Board is authorized to resolve on amendments to the Articles of Association which relate only to the wording thereof. This also applies to amendments to the Articles of Association due to a change in the share capital.

7. Authorization of the Executive Board to issue and redeem shares

7.1 The Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 24,465,157.00 against cash and/or in-kind contributions on one or more occasions until June 18, 2017 (Authorized Capital 2012/I). The shareholders are to be granted a subscription right.

The new shares may also be subscribed by one or more banks if the bank agrees or the banks agree to offer the shares to the shareholders for subscription (indirect subscription right).

The Executive Board is authorized, with the consent of the Supervisory Board, to disapply the statutory pre-emptive subscription rights of shareholders for new shares issued with a total nominal value of up to EUR 24,465,157.00 (1) if this is necessary to eliminate fractional amounts; (2) if this is necessary to grant holders of option rights or creditors of convertible bonds issued by SINGULUS TECHNOLOGIES AG or its subordinated Group companies pre-emptive subscription rights to new shares to the extent to which they would have been entitled after exercising the option or conversion rights or satisfying the conversion obligations; (3) for capital increases against in-kind contributions.

The Executive Board is further authorized, with the consent of the Supervisory Board, to disapply the statutory pre-emptive subscription rights for new shares issued against cash contributions with a total nominal value of up to 10 % of the share capital at the date the authorization enters into effect or – if this amount is lower – at the date of the exercise, provided the issue amount of the new shares does not pursuant to § 186 (3) sentence 4 AktG fall significantly below the market price of the previously listed shares of the same class. The 10 % threshold shall include the total nominal amount attributable to shares that – since the date this authorization was granted and until the issue of shares without subscription rights in accordance with this authorization under § 186 (3) sentence 4 AktG – were, under the exclusion of pre-emptive subscription rights, either issued in direct or analogous application of § 186 (3) sentence 4 AktG on account of an authorization granted to the Executive Board to exclude pre-emptive subscription rights or sold as treasury shares pursuant to § 186 (3) sentence 4 AktG.

The Company's share capital was conditionally increased by up to EUR 24,465,157.00 by the issuance of up to 24,465,157 bearer shares with a par value of EUR 1.00 each (Conditional Capital 2015/I). The conditional capital increase is implemented only insofar as holders of option or conversion rights or holders subject to the obligation to convert their bonds or to exercise the options under convertible or warrant-linked bonds – which are issued or guaranteed by SINGULUS TECHNOLOGIES AG or one of SINGULUS TECHNOLOGIES AG's Group companies as defined in § 18 AktG, in which SINGULUS TECHNOLOGIES AG directly or indirectly holds at least a 90 % interest, on the basis of the authorization approved by the Annual General Meeting on June 9, 2015 under agenda item 8 – exercise their option or conversion rights or, to the extent they are subject to the obligation to convert their bonds or to exercise the options, satisfy such obligations, or to the extent SINGULUS TECHNOLOGIES AG exercises an option to grant ordinary shares in SINGULUS TECHNOLOGIES AG in lieu of paying the cash amount due (either in full or parts thereof). The conditional capital increase will not be implemented if a cash settlement is granted or treasury shares or shares from authorized capital or from another listed company are used to service the bonds.

7.2 Redemption authorizations: none

8. Change of control clauses and compensation agreements

8.1 The Executive Board service agreements include a change of control clause. Accordingly, each member of the Executive Board shall receive a special payment amounting to the fixed remuneration and the variable bonus for two years (plus the pension benefits in the case of the Chief Executive Officer) if the member's service agreement is terminated following a change of control at SINGULUS TECHNOLOGIES AG because the member of the Executive Board exercised a special termination right in connection with the change of control or the member's service agreement was not extended. The claim to a special payment exists only if the remaining term of the service agreement is longer than nine months at the time the special termination is exercised at the time of the change of control. A change of control within this meaning arises if (i) a shareholder has acquired control as defined in § 29 WpÜG; (ii) a control agreement in accordance with § 291 AktG has been concluded with the Company as an independent company and has entered into force; (iii) the Company was merged with another, non-consolidated legal entity in accordance with § 2 UmwG, unless the value of the other legal entity under the agreed exchange ratio is less than 50 % of the value of the Company; or (iv) a takeover or mandatory bid as defined in WpÜG has been implemented.

In the case of (i) and (iv), the phantom stock options issued may be exercised early (see the explanations on virtual shares in the remuneration report under [II. no. 3]).

Furthermore, in the event of a change of control, the members of the Executive Board have a special termination right. If the service agreement is not extended or terminated after a change of control at SINGULUS TECHNOLOGIES AG, or if the Executive Board member is put on leave or if the Executive Board member exercises the special termination right, all issued phantom shares that were granted to the Executive Board member will fall due upon termination of the service agreement. The remuneration report provides a detailed description of the remuneration system for the Executive Board members.

Corporate Governance Declaration in Accordance with § 289a HGB

The corporate governance declaration in accordance with § 289a HGB is available on the Company's website at www.singulus.com.

Kahl am Main, March 23, 2016

SINGULUS TECHNOLOGIES AG
The Executive Board

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


SINGULUS
DECOLINE II

DECOLINE II – INLINE COATING OF 3-DIMENSIONAL PARTS FOR BOTH DECORATIVE AND FUNCTIONAL APPLICATIONS

03

SINGULUS TECHNOLOGIES developed a new production line for the vacuum metallization that integrates all production steps including pre-treatment, lacquering and metallizing. The handling of all parts is fully automated.

SINGULUS TECHNOLOGIES Group Consolidated Balance Sheet

as of December 31, 2015 and December 31, 2014

ASSETS	Note	Dec. 31, 2015 [EUR m]	Dec. 31, 2014 [EUR m]
Cash and cash equivalents	(6)	**19.0**	35.8
Trade receivables	(7)	**6.1**	11.4
Receivables from construction contracts	(7)	**8.6**	1.7
Borrowings	(10)	**0.0**	3.2
Other receivables and other assets	(8)	**8.5**	8.4
Total receivables and other assets		**23.2**	24.7
Raw materials, consumables and supplies		**8.6**	11.8
Work in process		**20.3**	26.2
Total inventories	(9)	**28.9**	38.0
Total current assets		**71.1**	98.5
Trade receivables	(7)	**1.0**	6.7
Borrowings	(10)	**0.0**	2.0
Property, plant and equipment	(12)	**5.3**	6.3
Capitalized development costs	(11)	**5.4**	6.1
Goodwill	(11)	**6.7**	6.7
Other intangible assets	(11)	**0.4**	1.7
Deferred tax assets	(21)	**2.2**	2.2
Total non-current assets		**21.0**	31.7
Total assets		**92.1**	130.2

EQUITY AND LIABILITIES	Note	Dec. 31, 2015 [EUR m]	Dec. 31, 2014 [EUR m]
Trade payables		**7.7**	7.3
Prepayments received	(14)	**5.6**	4.7
Liabilities from construction contracts	(7)	**3.6**	1.2
Financing liabilities from the issuance of bonds	(16)	**3.6**	3.4
Other liabilities	(13)	**11.1**	13.5
Provisions for restructuring measures	(19)	**3.7**	2.9
Provisions for taxes		**0.1**	0.5
Other provisions	(18)	**0.9**	2.9
Total current liabilities		**36.3**	36.4
Financing liabilities from the issuance of bonds	(16)	**59.6**	55.3
Provisions for restructuring measures	(19)	**5.4**	6.0
Pension provisions	(17)	**12.3**	12.4
Total non-current liabilities		**77.3**	73.7
Total liabilities		**113.6**	110.1
Subscribed capital	(20)	**48.9**	48.9
Capital reserves	(20)	**2.1**	77.2
Reserves	(20)	**4.0**	2.5
Loss carryforward		**-77.4**	-109.4
Equity attributable to owners of the parent		**-22.4**	19.2
Non-controlling interests	(20)	**0.9**	0.9
Total equity		**-21.5**	20.1
Total equity and liabilities		**92.1**	130.2

SINGULUS TECHNOLOGIES Group Consolidated Income Statement

for 2015 and 2014

		2015		2014	
	Note	[EUR m]	[in %]	[EUR m]	[in %]
Revenue (gross)	(5)	**83.7**	**101.7**	66.8	101.5
Sales deductions and direct selling costs	(24)	**-1.4**	**-1.7**	-1.0	-1.5
Revenue (net)		**82.3**	**100.0**	65.8	100.0
Cost of sales		**-69.3**	**-84.2**	-58.4	-88.8
Gross profit on sales		**13.0**	**15.8**	7.4	11.2
Research and development	(29)	**-9.5**	**-11.5**	-11.5	-17.5
Sales and customer service		**-12.2**	**-14.8**	-14.4	-21.9
General administration	(28)	**-10.5**	**-12.8**	-9.6	-14.6
Other operating expenses	(31)	**-1.6**	**-1.9**	-2.9	-4.4
Other operating income	(31)	**2.6**	**3.2**	3.2	4.9
Impairment and restructuring expenses	(30)	**-16.3**	**-19.8**	-21.3	-32.4
Total operating expenses		**-47.5**	**-57.7**	-56.5	-85.9
Operating result (EBIT)		**-34.5**	**-41.9**	-49.1	-74.6
Finance income	(32)	**0.9**	**1.1**	3.3	5.0
Finance costs	(32)	**-9.7**	**-11.8**	-5.9	-9.0
EBT		**-43.3**	**-52.6**	-51.7	-78.6
Tax expense/income	(21)	**-0.1**	**-0.1**	0.1	0.2
Profit or loss for the period		**-43.4**	**-52.7**	-51.6	-78.4
Thereof attributable to:					
Owners of the parent		**-43.4**		-51.5	
Non-controlling interests		**0.0**		-0.1	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(22)	**-0.89**		-1.05	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(22)	**-0.89**		-1.05	

SINGULUS TECHNOLOGIES Group
Consolidated Statement of Comprehensive Income
2015 and 2014

	Note	2015 [EUR m]	2014 [EUR m]
Profit or loss for the period		**-43.4**	-51.6
Items that will never be reclassified to profit and loss:			
Actuarial gains and losses from pension commitments	(17)	**0.2**	-2.4
Tax effect	(21)	**0.0**	-0.6
Items that may be reclassified to profit and loss:			
Derivative financial instruments	(38)	**0.3**	-0.3
Exchange differences in the fiscal year	(20)	**1.2**	1.2
Total income and expense recognized directly in other comprehensive income		**1.7**	-2.1
Total comprehensive income		**-41.7**	-53.7
Thereof attributable to:			
Owners of the parent		**-41.7**	-53.7
Non-controlling interests		**0.0**	0.0

SINGULUS TECHNOLOGIES Group
Consolidated Statement of Changes in Equity
as of December 31, 2015 and 2014

	Equity attributable to owners		Reserves		Loss carryforward			Non-controlling interests	Equity
	Subscribed capital [EUR m]	**Capital reserves** [EUR m]	**Currency translation reserves** [EUR m]	**Hedge accounting reserves** [EUR m]	**Actuarial gains and losses from pension commit-ments** [EUR m]	**Other reserves** [EUR m]	**Total** [EUR m]	[EUR m]	[EUR m]
Note	(20)	(20)	(20)	(20)				(20)	
As of January 1, 2014	**48.9**	**77.2**	**1.7**	**0.0**	**-1.4**	**-53.5**	**72.9**	**0.9**	**73.8**
Profit or loss for the period	0.0	0.0	0.0	0.0	0.0	-51.5	-51.5	-0.1	-51.6
Other comprehensive income	**0.0**	**0.0**	**1.1**	**-0.3**	**-3.0**	**0.0**	**-2.2**	**0.1**	**-2.1**
Total comprehensive income	**0.0**	**0.0**	**1.1**	**-0.3**	**-3.0**	**-51.5**	**-53.7**	0.0	**-53.7**
As of December 31, 2014	**48.9**	**77.2**	**2.8**	**-0.3**	**-4.4**	**-105.0**	**19.2**	**0.9**	**20.1**
As of January 1, 2015	**48.9**	**77.2**	**2.8**	**-0.3**	**-4.4**	**-105.0**	**19.2**	**0.9**	**20.1**
Profit or loss for the period	0.0	0.0	0.0	0.0	0.0	-43.4	-43.4	0.0	-43.4
Other comprehensive income	**0.0**	**0.0**	**1.2**	**0.3**	**0.2**	**0.0**	**1.7**	**0.0**	**1.7**
Total comprehensive income	**0.0**	**0.0**	**1.2**	**0.3**	**0.2**	**-43.4**	**-41.7**	**0.0**	**-41.7**
Netting	0.0	-75.2	0.0	0.0	0.0	75.2	0.0	0.0	0.0
As of December 31, 2015	**48.9**	**2.1**	**4.0**	**0.0**	**-4.2**	**-73.2**	**-22.4**	**0.9**	**-21.5**

SINGULUS TECHNOLOGIES Group Consolidated Cash Flow Statement

for 2015 and 2014

	Note	2015 [EUR m]		2014 [EUR m]	
Cash flows from operating activities					
Profit or loss for the period			**-43.4**		-51.6
Adjustment to reconcile profit or loss for the period to net cash flow					
Depreciation and amortization of non-current assets	(11/12)	**7.5**		25.0	
Additions to pension provisions	(17)	**0.1**		0.1	
Gain/loss on the disposal of non-current assets		**0.1**		0.0	
Other non-cash expenses/income		**7.0**		2.5	
Net interest income	(32)	**8.8**		2.6	
Net tax expense	(21)	**0.1**		-0.1	
Change in trade receivables		**10.9**		25.6	
Change in construction contracts		**-4.4**		1.6	
Change in other receivables and other assets		**-1.2**		0.2	
Change in inventories		**-2.6**		-10.3	
Change in trade payables		**0.5**		-1.0	
Change in other liabilities		**-1.2**		-0.8	
Change in prepayments		**1.0**		-2.5	
Change in loans		**4.7**		1.1	
Change in provisions for restructuring measures		**2.4**		-1.7	
Change in other provisions		**-0.6**		-2.6	
Interest paid	(32)	**-0.6**		-0.8	
Interest received	(32)	**0.9**		2.9	
Income tax paid	(21)	**-0.5**	**32.9**	-0.3	41.5
Net cash from/used in operating activities			**-10.5**		-10.1

	Note	2015 [EUR m]		2014 [EUR m]	
Cash flows from investing activities					
Cash paid for investments in development projects	(11)	**-4.3**		-1.8	
Cash paid for investments in other intangible assets and property, plant and equipment	(11/12)	**-0.4**		-0.6	
Change in time deposits (with terms longer than 3 months)		**0.0**	**-4.7**	16.0	13.6
Net cash from/used in investing activities			**-4.7**		13.6
Cash flows from financing activities					
Cash used to pay bond interest	(8)	**-4.3**		-4.4	
Cash received from the sale of bonds/ cash used to redeem disposal	(16)	**0.7**		-1.3	
Change in financial assets subject to restrictions on disposal		**1.3**	**-2.3**	2.2	-3.5
Net cash from/used in financing activities			**-2.3**		-3.5
Increase/decrease in cash and cash equivalents			**-17.5**		0.0
Effect of exchange rate changes			**0.7**		0.8
Cash and cash equivalents at the beginning of the reported period			**35.8**		35.0
Cash and cash equivalents at the end of the reported period			**19.0**		35.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

1 GENERAL

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

The consolidated financial statements were prepared in euros (EUR). Unless stated otherwise, all figures are presented in millions of euros (EUR m). Rounding differences may occur due to the presentation in millions of euros.

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted in the European Union ("EU") and the additional requirements of Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The term "IFRSs" includes all International Financial Reporting Standards and International Accounting Standards ("IASs") with mandatory application as of the reporting date. All interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRS IC") – formerly the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC") – that were mandatory for fiscal year 2015 were likewise applied.

In order to improve the clarity and meaningfulness of the consolidated financial statements, individual items are aggregated in the balance sheet and income statement and presented separately and in the notes to the financial statements.

Management prepared the consolidated financial statements on a going concern basis.

2 BUSINESS ACTIVITIES

SINGULUS TECHNOLOGIES develops and builds machinery for effective and resource-efficient production processes. Areas of application include vacuum thin-film deposition and plasma deposition, as well as wet-chemical processes and thermal process technologies. SINGULUS TECHNOLOGIES applies its expertise in the areas of automation and process technology to all machines, processes and applications in order to offer innovative products to tap into additional attractive fields of activity aside from the solar, semiconductor and optical disk areas of application.

For more information, please see the comments on segment reporting in Note 5.

3 NEW ACCOUNTING STANDARDS

New accounting standards and interpretations requiring application

In previous years, the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRS IC") issued the following new accounting standards or interpretations. These standards/interpretations have been endorsed by the EU as part of the endorsement project and are mandatory for fiscal year 2015.

- IFRIC 21 – "Levies"
- Amendments to IFRS 2011 – 2013

The provisions which are relevant for the SINGULUS TECHNOLOGIES Group as well as their impact on these consolidated financial statements are outlined below:

- IFRIC 21 – "Levies"

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

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

- Amendments to IFRS 2011 – 2013

  Four standards were amended as part of the annual improvements project. The revision of the wording in individual IFRSs is intended to clarify existing provisions. The following standards were affected: IFRS 1, IFRS 3, IFRS 13 and IAS 40.

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

New and revised accounting standards and interpretations that do not yet require application

In addition to the new accounting standards and interpretations published by the IASB and IFRS IC requiring application, other standards and interpretations have also been published, some of which have already been endorsed by the EU but will only become mandatory at a later date. The following standards will be applied on the date on which they became mandatory. Use was not made of the option to adopt the standards voluntarily at an earlier date in these financial statements. Unless otherwise indicated, the effects on the SINGULUS TECHNOLOGIES consolidated financial statements are currently being examined.

The new and revised standards and interpretations listed below have already been endorsed by the EU:

- Amendments to IFRS 11 – "Joint Arrangements"
- Amendments to IAS 1 – "Notes"
- Amendments to IAS 16 and IAS 38 – "Clarification of Acceptable Methods of Depreciation and Amortization"
- Amendments to IAS 16 and IAS 41 – "Bearer Plants"
- Amendments to IAS 19 – "Employee Benefits: Employee Contributions"
- Amendments to IAS 27 – "Equity Method in Separate Financial Statements"
- Amendments to IFRS 2010 – 2012
- Amendments to IFRS 2012 – 2014

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

- IFRS 9 – "Financial Instruments"
- IFRS 15 – "Revenue from Contracts with Customers"
- Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 10, IFRS 12 and IAS 28 – "Investment Entities: Applying the Consolidation Exception"

Only those Standards and Interpretations having a material effect on the SINGULUS TECHNOLOGIES Group's net assets, financial position and results of operations are explicitly listed below.

- Amendments to IAS 1 – "Notes"

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

  The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016.

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

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

  The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016.

- Amendments to IAS 19 – "Employee Benefits: Employee Contributions"

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

  The changes are applicable for the first time in fiscal years beginning on or after February 1, 2015.

- Amendments to IFRS 2010 – 2012

  Seven standards were amended as part of the annual improvement project. The revision of the wording in individual IFRSs is intended to clarify existing provisions. There are also changes effecting notes disclosures. The following standards are affected: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

  The changes are applicable for the first time in fiscal years beginning on or after February 1, 2015. The amendments to IFRS 2 and IFRS 3 are applicable to transactions taking place on or after July 1, 2014.

- Amendments to IFRS 2012 – 2014

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

  The changes are applicable for the first time in fiscal years beginning on or after January 1, 2016.

- IFRS 9 – "Financial Instruments"

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

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

- IFRS 15 – "Revenue from Contracts with Customers"

  IFRS 15 "Revenue from Contracts with Customers" establishes a comprehensive framework for determining whether and when to recognize revenue, and how much revenue to recognize. It replaces the existing Standards on recognizing revenue, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". The first-time application of IFRS 15 will result in a significant expansion of the Group's disclosure requirements, so that the nature, amount, timing and uncertainties of revenue and cash flows from contracts with customers can be understood by users of the financial statements in accordance with IFRS 15.

  IFRS 15 is applicable for the first time in fiscal years beginning on or after January 1, 2018 – subject to an adoption into EU law. Early adoption is permitted.

  We are currently analyzing the implications of the standard for future financial statements. The first-time application is expected to result in expanded disclosure requirements in particular. It is not yet possible to assess the impact on revenue recognition, particularly with respect to long-term construction contracts.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation and consolidation principles

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

Subsidiaries are fully consolidated as of the date of their acquisition, i.e., the date on which the Group obtains control. Consolidation ends as soon as the parent ceases to have control.

The financial statements of the subsidiaries are prepared as of the same balance sheet date as that of the parent, using consistent accounting policies.

All intragroup balances, income and expenses and unrealized gains and losses resulting from intragroup transactions are eliminated in full.

In addition to SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all entities under the legal and/or de facto control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES MOCVD Inc., Windsor, USA
- SINGULUS TECHNOLOGIES UK Ltd., Swindon, UK
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paolo, Brazil
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Sausheim, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy

- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipei, Taiwan
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- HamaTech USA Inc., Austin, USA
- STEAG HamaTech Asia Ltd., Hong Kong, China
- SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany
- SINGULUS MOCVD GmbH, Kahl am Main, Germany

The companies SINGULUS TECHNOLOGIES ITALIA s.r.l., SINGULUS TECHNOLOGIES IBERICA S.L. and SINGULUS TECHNOLOGIES UK Ltd. were in liquidation as of December 31, 2015. Each company is expected to be deconsolidated upon conclusion of the liquidation during the 2016 and 2017 fiscal years.

The share of equity and profit or loss attributable to minority interests is reported separately in the balance sheet and income statement (non-controlling interests).

With effect from May 1, 2015, SINGULUS STANGL Solar GmbH, Fürstenfeldbruck, Germany, was merged with SINGULUS TECHNOLOGIES AG.

The profit or loss of acquired entities is recognized in the consolidated financial statements from the date of acquisition.

For more information, please refer to Note 36.

4.2 Foreign currency translation

The financial statements of the foreign subsidiaries are prepared in the currency in which the majority of transactions are concluded (functional currency). The functional currency is the relevant local currency. For inclusion of the foreign financial statements in the Group's reporting currency, the balance sheet items are translated using the closing rate on the balance sheet date and income statement items are translated using the average rate for the fiscal year. The equity of equity investments is translated using the historical rate. Currency translation differences arising from the application of different exchange rates are recognized in other comprehensive income.

Foreign currency monetary items are translated using the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

4.3 Management's use of judgment and main sources of estimating uncertainties

The preparation of consolidated financial statements in accordance with IFRSs requires the use of estimates and assumptions by management which have an effect on the amounts of the assets, liabilities, income, expenses and contingent liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the collectability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values may in some cases differ from the assumptions and estimates made. Any changes are recognized in profit or loss as and when better information is available.

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

4.3.1 IMPAIRMENT OF ASSETS

The Group determines whether goodwill is impaired at least once a year. Moreover, if there is any indication that an asset may be impaired, that asset is tested for impairment by estimating its recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset is allocated.

This requires an estimate of the recoverable amount of the assets or cash-generating units to which the goodwill or asset is allocated. Please also refer to the comments under 4.16 "Impairment losses".

4.3.2 DEFERRED TAX ASSETS

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the probable timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments in Note 21.

4.3.3 SHARE-BASED PAYMENT

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments; this approach depends on the terms and conditions of the grant. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, dividend yield and the corresponding assumptions, must be determined. The assumptions and approaches used are disclosed in Note 15.

4.3.4 PENSION OBLIGATIONS

The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. As these plans are of a long-term nature, such estimates are highly uncertain. Please also refer to the comments in Note 17.

4.3.5 DEVELOPMENT COSTS

Development costs are capitalized in accordance with the accounting policies described under "Research and development costs" further below in this section. In order to test for impairment, the management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments in Note 11.

4.3.6 CUSTOMER LISTS

In order to estimate the fair values of customer lists, assumptions must be made regarding the future free cash flows, the discount rates to be applied and the timing of future cash flows expected to be generated by these assets.

4.3.7 LEASES

The Group has entered into lease agreements. The test to determine whether an agreement constitutes a lease is performed on the basis of the substance of the agreement on the date it was concluded and requires an estimate of the opportunities and risks being transferred in connection with the leased asset. Please also refer to the comments in Note 33.

4.3.8 CONSTRUCTION CONTRACTS

In order to evaluate the stage of completion of customer-specific construction contracts, the costs to complete the order must be estimated. Please also refer to the comments made below under 4.4 "Revenue recognition" and to the comments in Note 7.

4.3.9 PROVISIONS

Estimating future expenses is fraught with uncertainty. Estimates relate in particular to restructuring measures which extend over a longer period. When determining the provision for expected losses, it was necessary to make estimates concerning the capacity utilization of the building. Please refer to our comments under Note 19.

4.4 Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc operating segment is recognized when a contract has entered into effect, the delivery has been made, and, if required, the equipment has been installed for and accepted by the customer and payment is reasonably certain. Revenue relating to services is recognized when the service has been rendered, a price has been negotiated and is determinable and payment thereof is probable.

Because the Solar and Semiconductor operating segments do not work on the basis of serial production, but rather deal in specific customer orders, revenue is recognized in accordance with the percentage-of-completion ("POC") method. The relevant stage of completion is calculated using the input-oriented cost-to-cost method. The costs incurred to date are calculated as a proportion of the estimated total costs. Contracts are recognized on the balance sheet either as receivables from construction contracts (assets) or as liabilities from construction contracts if the prepayments received exceed the cumulative work performed. If it is probable that the total contract costs exceed the total contract revenue, the expected loss is immediately expensed.

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

Revenue is recognized net of VAT, returns, sales deductions, credits and direct selling costs (primarily commissions).

4.5 Goodwill

In all business combinations, the goodwill acquired was initially measured at cost, this being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed (partial goodwill method). After the effective date of the revised IFRS 3 and IAS 27, there is an option to recognize the total amount of the goodwill acquired, including goodwill attributable to non-controlling interests (full goodwill method), for all business combinations made on or after July 1, 2009. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recognized goodwill is not amortized. It is tested for impairment annually or whenever there are indications of impairment. Impairment testing takes place at the cash-generating unit level. If the recoverable amount of the relevant unit has fallen below the carrying amount of the unit, an impairment loss is recognized in accordance with IAS 36. Reversals of impairment losses are prohibited.

4.6 Negative goodwill from business acquisitions

If the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business acquisition, any excess remaining after reassessment is recognized immediately in profit or loss.

4.7 Research and development costs

Research costs are expensed in the period in which they are incurred. Pursuant to IAS 38, development costs are recognized as intangible assets at cost, provided that the conditions of IAS 38.57 are fulfilled. Cost comprises all costs directly attributable to the development process as well as appropriate shares of development-related overheads. Development costs are amortized using the straight-line method over the expected useful life of the developed products (3 to 5 years).

Amortization and impairment of capitalized development costs are recognized in the functional area to which the respective assets are allocated. Impairment losses on development costs are disclosed under "Restructuring expenses" if production of the relevant products is discontinued at the respective locations.

4.8 Other intangible assets

Intangible assets acquired separately are recognized at cost. Intangible assets acquired in a business combination are recognized at fair value as of the date of acquisition. Internally generated intangible assets are recognized if the criteria for recognition are met. If the criteria are not met, the costs related to such intangible assets are recognized as expenses in the period in which they are incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized, and are instead tested for impairment at least once a year. No intangible assets with indefinite useful lives were recognized in the reporting period.

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

→ Software	3 years
→ Patents	8 years
→ Technology	5 to 8 years
→ Customer lists	10 to 11 years

4.9 Cash and cash equivalents

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.

If the Company has any financial assets subject to restrictions on disposal, they are recognized under other assets. They are included in the consolidated statement of cash flows as cash flows from financing activities if they are related to the Company's financing transactions.

4.10 Receivables

Trade invoices are issued mainly in euros and reported at the fair value of the services rendered.

If there is an objective indication that receivables carried at amortized cost are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate determined on initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognized directly in profit or loss. For trade receivables, if there are objective indications that not all due amounts will be collected pursuant to the original payment terms (such as probability of insolvency or significant financial difficulties of the debtor), an impairment loss is charged. This only applies where there is no collateral (e.g., credit insurance policies, etc.). Receivables are derecognized when they are classified as uncollectible.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, the reversal must not result in the carrying amount of the asset exceeding what the amortized cost would have been at the date the impairment is reversed if the impairment had not been recognized.

When trade receivables are sold under factoring arrangements and all risks and rewards of the asset are transferred to the buyer, the receivables are derecognized. In this connection, please refer to the comments under 4.12 "Financial assets and liabilities".

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under 4.2 "Foreign currency translation" and 4.13 "Hedge accounting".

4.11 Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Raw materials, consumables and supplies including spare parts are measured using the weighted average cost formula. In the case of manufactured products, the cost includes an appropriate share of the production overheads based on normal operating capacity. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

The four existing allowance classes for salability are derived from past experience and range between 0 % and 80 % of depreciated cost. The four existing allowance classes for days inventory held ("DIH") also range between 0 % and 80 % of depreciated cost.

In addition, inventories are individually tested for impairment and written down by up to 100 %.

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized in the balance sheet when an entity becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially recognized at fair value (plus any transaction costs).

Financial assets, other than loans or receivables, or those that must be classified as "held for trading" are classified as "available-for-sale financial assets".

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured reflecting discounts and premiums upon acquisition and include transaction costs and fees which are an integral part of the effective interest rate. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group has not classified any financial assets as at fair value through profit or loss.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are financial guarantee contracts or are designated and effective hedging instruments. Gains or losses from financial assets and financial liabilities held for trading are recognized in profit or loss.

For investments that are actively traded in organized financial markets, fair value is determined by the quoted market prices (bid prices) as at the reporting date. The fair value of investments that are not quoted on an active market is determined using valuation techniques. Such techniques may include using recent arm's length transactions between knowledgeable, willing independent parties, reference to the current fair value of another financial instrument which is substantially the same and discounted cash flow analysis or other valuation models.

Borrowings are initially recognized at fair value net of transaction costs directly associated with the borrowing. They are not designated as measured at fair value through profit or loss.

DERECOGNITION

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without delay to a third party under an agreement that meets the conditions in IAS 39.19 ("pass-through" arrangement); and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.13 Hedge accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge are recognized in profit or loss. The hedged item attributable to the hedged risk is also recognized at fair value, with the hedge expected to be highly effective in offsetting the changes in the fair value of the hedged item.

The derivative designated as a hedge in a cash flow hedge is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in other comprehensive income if, and to the extent that, the hedging relationship is effective. The non-effective portion of the change in fair value continues to be recognized in profit or loss. The change in fair value recorded in equity is derecognized and recorded in profit or loss as soon as the hedged item has an effect on the income statement, or, if the hedged item is reversed, as soon as the hedged item ceases to exist.

Hedge accounting is only performed as long as a hedge can be proven to be effective (effectiveness of 80 % to 125 %). Effectiveness is tested retrospectively and prospectively on a regular basis.

Hedge accounting pursuant to IAS 39 entails significant obligations regarding its documentation and supporting evidence. Economic hedging relationships are accounted for using hedge accounting only if the necessary preconditions are, or were, met.

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

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other comprehensive income, taking into account any deferred taxes, and only recognized in profit or loss when the cash flow is realized. The ineffective portion is reported immediately in profit or loss.

4.14 Property, plant and equipment

Property, plant and equipment are carried at cost plus directly allocable costs, less depreciation and impairments. Finance costs relating to qualifying assets are recognized as part of the cost if the criteria set out in IAS 23 are met. Depreciation is charged on a straight-line basis over the economic lives of the assets. The economic life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The economic lives are estimated as follows:

→ Buildings	25 years
→ Plant an machinery	2 to 10 years
→ Other assets	1 to 4 years

Depreciation and impairment of property, plant and equipment are recognized in the functional area to which the respective assets are allocated.

4.15 Leases

The Company is a lessee of property, plant and equipment and a lessor of replication lines. The criteria defined in IAS 17 for assessing, based on the risks and rewards, whether beneficial ownership of the leased asset is attributable to the lessor (operating lease) or the lessee (finance lease), are used to assess all the leases and account for them accordingly.

For leases in which the Group is the lessee, beneficial ownership of the leased assets is attributable to the lessor pursuant to IAS 17 if the lessor bears all the risks and rewards incidental to ownership of those assets. In this case, the leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full by the lessee.

Assets leased out by the Company under operating leases are recognized at cost and depreciated using the straight-line method over an expected useful life of five years. The related lease income is recognized in income on a straight-line basis over the term of the leases. The Company was not leasing out any assets as at December 31, 2015.

4.16 Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is mandatory, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset/cash-generating unit exceeds its recoverable amount, the asset/cash-generating unit is considered impaired and is written down through profit and loss to the recoverable amount.

If a cash-generating unit is impaired, the assets in the unit are depreciated as follows:

a) First, the carrying amount of goodwill allocated to the cash-generating unit

b) then, the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These estimates are based on a five-year plan prepared by the Executive Board, which is derived from the three-year plan approved by the Supervisory Board and extrapolated a further two years in order to determine the recoverable amount. The perpetual annuity is determined on the basis of the fifth planning year.

For purposes of impairment testing, the goodwill acquired in business combinations is allocated to the cash-generating units, which correspond to the Group's three operating segments. Since goodwill from the acquisition of SINGULUS STANGL SOLAR also reflects the current and future business activities of SINGULUS TECHNOLOGIES AG in the Solar operating segment, this goodwill was tested for impairment at the level of the Solar operating segment. In fiscal year 2015, the annual impairment test was carried out only in the Solar segment, which reports goodwill.

4.16.1 KEY ASSUMPTIONS USED IN THE VALUE-IN-USE CALCULATION

The following parameters of the assumptions used in the value-in-use calculation of cash-generating units leave room for estimating uncertainties:

- Development of revenue and future EBIT margins
- Discount rates
- Market shares
- Growth rates used to extrapolate cash flow projections beyond the forecast period

The EBIT margins are based on the revenue expectations of the management, which are in turn validated using market research forecasts for the industry. The corporate planning factors in revenue for planning years 2016 to 2018 (budget period), which is estimated in particular on the basis of customer requests and bids which are in the process of negotiation. Overall, management assumes an increase in revenue in the Solar segment significantly greater than general market growth. The Executive Board likewise assumes a significant improvement in EBIT margins in connection with the planned increase in revenue. Market expectations are factored in for 2019 and 2020 in particular. This revenue planning is used to determine the cost of sales and operating expenses based on current cost structures, budgetary calculations and past experience. The overall detailed budget period extends over five years.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The weighted average cost of capital ("WACC") for each cash-generating unit was used as the discount rate. The underlying base interest rate was determined using the Svensson method and yields of German government bonds (Bunds) for equivalent terms. Further components include the 6.75 % market risk premium (previous year: 6.75 %), beta factors, assumptions regarding country and credit risk premiums and the debt ratio using market data.

Management assumptions on market changes and growth are very significant in calculating value in use in the Solar segment. Specifically, technological trends, the future development of these trends, and the behavior of competitors is forecast for the budget period. The Company's own industry experience, dialog with customers and published industry-specific market research forecast strong growth for the solar market.

Growth rate estimates – The forecast growth rates outside of the budget period are based on published industry-specific market research. The growth rate in the perpetual annuity using the discounted cash flow model ("DCF model") was extrapolated at 1 % in the Solar segment.

The recoverable amount of the cash-generating units was determined based on a value-in-use calculation, using cash flow projections based on financial budgets prepared by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 14.8 % (previous year: 16.5 %) in the Solar operating segment.

4.16.2 SENSITIVITY OF ASSUMPTIONS MADE

For the Solar operating segment, the value in use exceeds the carrying amount by EUR 11.4 million. A change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit exceeds the recoverable amount. This could result from a 4.1 percentage-point increase in the pre-tax discount rate used. The Solar operating segment is likely to benefit from the expected global market growth. At the same time, management expects the EBIT margin to increase. This development is thus reflected in the value in use of the cash-generating units in this operating segment. EBIT margins will increase from a low level to 6.8 % by 2020. The perpetual annuity is therefore calculated based on a 6.8 % EBIT margin. In the event the actual EBIT margin for 2020, and thus the perpetual annuity, is 2.1 percentage points lower than the assumed margin due to lower revenue, the result would be a shortfall in the carrying amounts.

4.17 Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities using the tax rates and tax laws that have been enacted by the end of the reporting period.

Current taxes relating to items which are recognized in comprehensive income are also recognized in the statement of comprehensive income and not in profit or loss.

4.18 Deferred tax liabilities and assets

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax accounts and the consolidated balance sheet using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available for use of the deductible temporary differences and the carryforward of unused tax losses.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered. This decision is made based on internal tax forecasts.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable profit in the years in which these temporary differences are expected to be reversed. In the event of a change in tax rate, the effects on deferred tax assets and liabilities are recognized in profit or loss in the period to which the new tax rate applies.

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

Deferred tax assets and deferred tax liabilities are offset if SINGULUS TECHNOLOGIES AG or one of its subsidiaries has a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority.

4.19 Pension provisions

The actuarial measurement of pension provisions is based on the projected unit credit method prescribed by IAS 19 for benefit obligations for old-age pensions. This method takes into account the pensions and vested benefits known as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future. The actuarial gains and losses are recognized in other comprehensive income.

4.20 Provisions

Under IAS 37, provisions are recognized if a present obligation toward a third party as a result of a past event exists which will probably result in a future outflow of resources, and whose amount can be reasonably estimated. Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. The discount factor is based on market interest rates. The settlement amount also includes the expected cost increases.

Provisions for warranty costs are recognized as soon as the respective revenue is realized. The provision is measured on the basis of historical estimates of the costs of meeting warranty obligations, including handling and transport costs.

4.21 Liabilities

The Group initially recognizes financial liabilities in connection with the issue of bonds as of the issue date. Repurchased own bonds are offset against financial liabilities from the bond issue. All other financial liabilities are initially recognized on the trade date, i.e. the date on which the Group became a contractual party to the financial instrument.

Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

Non-derivative financial instruments are classified as other financial liabilities. Such financial liabilities are initially recognized at fair value less directly attributable transaction costs. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

Other financial liabilities include loans and interest-bearing financial liabilities, financial liabilities in connection with the issue of bonds, trade payables and other liabilities.

Finance lease liabilities are recognized at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

4.22 Share-based payment

The Management Board and senior executives are granted share-based payments ("phantom shares") which can be settled with a cash payment (cash-settled share-based payment transactions).

The cost of granting the share-based payments is measured at the fair value of these instruments on the date they were granted ("grant price"). The fair value is determined by an external valuer using a suitable measurement model, further details of which are given in Note 15.

The recognition of the expenses incurred in connection with the issue of equity instruments and the corresponding increase in equity takes place throughout the period in which the exercise or performance condition must be fulfilled (vesting period). This period ends on the date on which the relevant employees become fully entitled to the award. The cumulative expenses recognized on each reporting date for equity-settled transactions until the vesting date reflect the extent to which the vesting period has expired and the number of awards that, in the opinion of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period. No expense is recognized for awards that do not vest, except for awards where vesting is conditional upon certain market conditions, which are treated as vesting irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied.

The costs arising due to cash-settled share-based payments is initially measured using a binominal model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date and at the date of settlement. Changes in the fair value are recognized in profit or loss.

4.23 Earnings per share

Basic earnings per share are calculated by dividing profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing profit by the weighted average number of shares outstanding plus the number of convertible bonds and stock options outstanding, provided that the exercise of conversion rights and the stock options is reasonably certain.

The dilutive effect of the outstanding options is reflected as additional share dilution in the determination of earnings per share, if vesting is deemed to be probable as of the balance sheet date.

5 SEGMENT REPORTING

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

Optical Disc segment

The primary focus of SINGULUS TECHNOLOGIES' Optical Disc segment is to manufacture and distribute integrated production lines used in the manufacture of Blu-ray discs. SINGULUS TECHNOLOGIES offers BLULINE II and BLULINE III modular production systems for 50 GB, 66 GB and 100 GB Blu-ray discs. Income from the replacement parts and service business related to the aforementioned product lines is also reported under the Optical Disc segment.

Solar segment

At Kahl am Main, machinery is designed for use in evaporation, cathode sputtering and selenization processes, and end-to-end production lines are designed and offered. All types of plants for manufacturing solar cells are assembled and commissioned in Kahl. The focus of SINGULUS TECHNOLOGIES' activities at its Fürstenfeldbruck plant is to develop, assemble and commission equipment used in wet-chemical processes, such as cleaning, etching and deposition machinery.

Semiconductor segment

SINGULUS TECHNOLOGIES operates in the market for semiconductor elements through its Semiconductor segment. One area of focus is the development and manufacture of equipment that uses tunnel magnetic resistance (TMR) technology for semiconductor applications. This equipment is used to process wafers for MRAM, thin film heads and sensors.

Directly attributable income, expenses and assets are generally reported directly under the segments to which they are directly attributable in the segment reporting. Income, expenses and assets which cannot be directly attributed to a given segment are allocated as a proportion of planned revenue for the fiscal year.

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

The key figures for management are net revenue and EBIT (operating result). Liabilities are managed at the group level. Assets, revenue and operating results were allocated to the operating segments as follows in 2015:

	Segment "Optical Disc"		Segment "Solar"		Segment "Semiconductor"		SINGULUS TECHNOLOGIES Group	
	2015 EUR m	2014 EUR m	**2015 EUR m**	2014 EUR m	**2015 EUR m**	2014 EUR m	**2015 EUR m**	2014 EUR m
Segment assets	**35.1**	82.4	**49.7**	34.3	**7.3**	13.5	**92.1**	130.2
Segment liabilities							**113.6**	110.1
Gross revenue	**29.3**	45.0	**49.8**	15.1	**4.6**	6.7	**83.7**	66.8
Sales deductions and direct selling costs	**-1.1**	-0.8	**-0.1**	-0.1	**-0.2**	-0.1	**-1.4**	-1.0
Net revenue	**28.2**	44.2	**49.7**	15.0	**4.4**	6.6	**82.3**	65.8
Impairment and restructuring expenses	**-10.2**	-6.5	**-4.8**	-14.8	**-1.3**	0.0	**-16.3**	-21.3
Operating result (EBIT)	**-19.4**	-11.7	**-10.7**	-32.9	**-4.4**	-4.5	**-34.5**	-49.1
Amortization, epreciation and impairment	**-2.3**	-7.0	**-3.3**	-17.4	**-1.9**	-0.6	**-7.5**	-25.0
Financial income/expense							**-8.8**	-2.6
EBT							**-43.3**	-51.7

The additions to capitalized development costs are primarily attributable to the Solar segment (EUR 2.7 million; previous year: EUR 0.4 million).

In fiscal year 2015, the SINGULUS TECHNOLOGIES Group generated substantial revenue with one customer in the Optical Disc operating segment. Of that revenue, EUR 17.2 million or 20.6 % (previous year: 7.8 million or 11.7 %) of total revenue was attributable to this customer.

Furthermore, significant revenue was generated with two customers in the Solar segment. Of that revenue, EUR 21.5 million or 25.6 % of total revenue was attributable to one customer. EUR 16.8 million or 20.0 % of total revenue was attributable to the second customer.

The table below shows information by geographical region as of December 31, 2015 based on gross revenue and assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by country of origin	62.3	1.4	16.4	3.6	0.0
destination	6.0	7.6	25.7	43.1	1.3

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	81.1	0.8	5.2	5.0	0.0

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

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

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

Outside of Germany, significant revenue was generated in China (EUR 12.3 million; previous year: EUR 2.3 million) and the USA (EUR 10.4 million; previous year: EUR 22.6 million) during the fiscal year.

6 CASH AND CASH EQUIVALENTS

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods ranging between one day and twelve months, depending on the relevant cash requirements of the Group. These earn interest at the relevant rates applicable to short-term deposits. The fair value of cash and cash equivalents is EUR 19.0 million (previous year: EUR 35.8 million).

In addition, the Company has cash deposits of EUR 3.3 million (previous year: EUR 4.6 million) in blocked accounts over which it has no power of disposal, which are reported under other receivables and other assets. These deposits are included as cash flows from financing activities in the consolidated statement of cash flows if they are linked to the Group's financing transactions.

7 TRADE RECEIVABLES AND RECEIVABLES FROM CONSTRUCTION CONTRACTS

	2015 EUR m	2014 EUR m
Trade receivables – current	**7.7**	13.1
Receivables from construction contracts	**8.6**	1.7
Trade receivables – non-current	**1.0**	6.7
Less allowances	**-1.6**	-1.7
	15.7	19.8

As of December 31, 2015, bad debt allowances of a nominal EUR 1.6 million had been charged on trade receivables (previous year: EUR 1.7 million). The development of the valuation allowances is presented below:

	2015 EUR m	2014 EUR m
As of January 1	**1.7**	2.7
Allowances recognized in profit or loss	**0.3**	0.9
Utilization	**-0.3**	-1.5
Reversal	**-0.1**	-0.4
As of December 31	**1.6**	1.7

If trade receivables become uncollectible, the associated receivables and allowances are derecognized.

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

As of December 31, the age structure of trade receivables and receivables from construction contracts, taking into account specific bad debt allowances, are broken down as follows:

	Total	Not due	Overdue by				
	EUR m	EUR m	less than 30 days EUR m	30 to 60 days EUR m	60 to 90 days EUR m	90 to 180 days EUR m	more than 180 days EUR m
2015	15.7	14.3	0.7	0.2	0.1	0.2	0.2
2014	19.8	18.5	0.8	0.1	0.1	0.2	0.1

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

Subsequent measurement of trade receivables resulted in a net effect of EUR -0.2 million (previous year: EUR -0.5 million). This consisted of expenses from allocations to specific bad debt allowances amounting to EUR 0.3 million (previous year: EUR 0.9 million) and income from the reversal of specific bad debt allowances in the amount of EUR 0.1 million (previous year: EUR 0.4 million).

Receivables from construction contracts arise when revenue can be recognized according to the stage of completion (using the cost-to-cost method) and the criteria set forth in IAS 11.23 have been fulfilled but this revenue cannot yet be invoiced to customers under the respective contract. The costs and estimated profits include directly allocable costs and all production-related overheads. Receivables from construction contracts are all due within one year. The receivables from construction contracts and the project-related prepayments offset against them break down as follows:

	2015 EUR m	2014 EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	29.2	3.9
Prepayments received	-20.6	-2.2
Receivables from construction contracts	**8.6**	1.7

Gross amounts due to customers for construction contracts, which are reported as liabilities from construction contracts in a separate balance sheet item, break down as follows:

	2015 EUR m	2014 EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	19.6	4.3
Prepayments received	-23.2	-5.5
Gross amount due to customers for construction contracts	**-3.6**	-1.2

Revenue from construction contracts of EUR 48.5 million (previous year: EUR 12.6 million) was recognized in the fiscal year.

8 OTHER RECEIVABLES AND OTHER ASSETS

Other receivables and other assets break down as follows:

	2015 EUR m	2014 EUR m
Financial assets subject to restrictions on disposal	3.3	4.6
Prepayments made	2.4	1.4
Tax assets	1.8	1.4
Other	1.0	1.0
	8.5	8.4

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

Tax assets for fiscal year 2015 essentially concern SINGULUS TECHNOLOGIES AG (EUR 1.4 million) and result primarily from claims for VAT reimbursements.

9 INVENTORIES

The Group's inventories break down as follows:

	2015 EUR m	2014 EUR m
Raw materials, consumables and supplies	23.6	23.9
Work in process	37.7	39.4
Less allowances	-32.4	-25.3
	28.9	38.0

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle as well as decreases in carrying values to account for a lack of marketability and excessive days inventory held.

EUR 11.2 million of write-downs to the net realizable value of inventories were recognized during the 2015 fiscal year (previous year: EUR 0.7 million).

The carrying amount of inventories recognized at net realizable value comes to EUR 9.6 million (previous year: EUR 5.3 million).

10 LOANS

	2015 EUR m	2014 EUR m
Loans	**0.0**	5.2

As of December 31, 2014, the loans essentially concerned a loan granted to a customer with a remaining balance of EUR 4.6 million. This was voluntarily repaid in full early during the fiscal year.

For reasons of materiality, the remaining loans are reported under other receivables and other assets in the fiscal year.

11 INTANGIBLE ASSETS

In fiscal years 2015 and 2014, intangible assets developed as follows (all amounts in EUR m):

	Goodwill	Other intangible assets	Capitalized development costs	Total
Cost				
As of Jan. 1, 2014	**52.9**	**79.6**	**102.1**	**234.6**
Additions	0.0	0.2	1.8	2.0
Disposals	0.0	-1.6	0.0	-1.6
As of Dec. 31, 2014	**52.9**	**78.2**	**103.9**	**235.0**
Additions	0.0	0.1	4.3	4.4
Disposals	-31.2	-2.0	-0.8	-34.0
As of Dec. 31, 2015	**21.7**	**76.3**	**107.4**	**205.4**
Amortization and impairment				
As of Jan. 1, 2014	**31.2**	**71.7**	**95.7**	**198.6**
Additions to amortization (scheduled)	0.0	1.4	2.1	3.5
Additions to impairment losses (unscheduled)	15.0	4.9	0.0	19.9
Disposals	0.0	-1.5	0.0	-1.5
As of Dec. 31, 2014	**46.2**	**76.5**	**97.8**	**220.5**
Additions to amortization (scheduled)	0.0	0.5	1.8	2.3
Additions to impairment losses (unscheduled)	0.0	0.8	3.2	4.0
Disposals	-31.2	-1.9	-0.8	-33.9
As of Dec. 31, 2015	**15.0**	**75.9**	**102.0**	**192.9**
Carrying amounts Dec. 31, 2014	**6.7**	**1.7**	**6.1**	**14.5**
Carrying amounts Dec. 31, 2015	**6.7**	**0.4**	**5.4**	**12.5**

As of the balance sheet date, the Solar segment reported goodwill with a carrying amount of EUR 6.7 million (previous year: EUR 6.7 million). For further information on goodwill please also refer to our comments under 4.5 and 4.16.

EUR 4.3 million of the development costs incurred in fiscal year 2015 qualifies for recognition as an asset under IFRSs (previous year: EUR 1.8 million). Amortization of capitalized development costs is recognized under development costs in the consolidated income statement.

12 PROPERTY, PLANT AND EQUIPMENT

In fiscal years 2015 and 2014, property, plant and equipment developed as follows (all amounts in EUR m):

	Land, own buildings	Tech. equip. & mach.	Office & operating equip.	Assets under construction	Total
Cost					
As of Jan. 1, 2014	**6.8**	**10.5**	**10.3**	**0.3**	**27.9**
Additions	0.1	0.1	0.2	0.0	0.4
Disposals	-0.1	-0.5	-2.0	0.0	-2.6
As of Dec. 31, 2014	**6.8**	**10.1**	**8.5**	**0.3**	**25.7**
Additions	0.0	0.1	0.2	0.0	0.3
Disposals	-0.1	-0.1	-0.7	0.0	-0.9
Reclassifications	0.0	0.3	0.0	-0.3	0.0
As of Dec. 31, 2015	**6.7**	**10.4**	**8.0**	**0.0**	**25.1**
Amortization and impairment					
As of Jan. 1, 2014	**3.7**	**7.4**	**9.3**	**0.0**	**20.4**
Additions to depreciation (scheduled)	0.2	0.9	0.5	0.0	1.6
Disposals	-0.1	-0.5	-2.0	0.0	-2.6
As of Dec. 31, 2014	**3.8**	**7.8**	**7.8**	**0.0**	**19.4**
Additions to depreciation (scheduled)	0.3	0.7	0.2	0.0	1.2
Disposals	0.0	-0.1	-0.7	0.0	-0.8
As of Dec. 31, 2015	**4.1**	**8.4**	**7.3**	**0.0**	**19.8**
Carrying amounts Dec. 31, 2014	**3.0**	**2.3**	**0.7**	**0.3**	**6.3**
Carrying amounts Dec. 31, 2015	**2.6**	**2.0**	**0.7**	**0.0**	**5.3**

13 OTHER CURRENT LIABILITIES

Other liabilities are broken down as follows:

	2015 EUR m	2014 EUR m
Services to be provided	2.6	2.5
Outstanding liabilities to personnel	2.2	1.9
Litigation risks	1.7	1.7
Employee bonuses	1.0	0.9
Financial reporting, legal and consulting fees	0.7	0.6
Outstanding invoices	0.6	1.8
Other	2.3	4.1
	11.1	13.5

In the fiscal year, commitments for performance-related payments of EUR 1.0 million (previous year: EUR 0.9 million) to members of the Executive Board, managing directors of subsidiaries and senior executives were recognized as a liability.

14 PREPAYMENTS RECEIVED

	2015 EUR m	2014 EUR m
Prepayments from customers	5.6	4.7

Prepayments received as of December 31, 2015 mainly relate to advances for orders received by the Optical Disc and Solar segments, which are reported in inventories under work in process.

15 SHARE-BASED PAYMENT

The various share-based payment plans launched in previous years are described below:

Phantom stock program 2011 (PSP I, PSP II and PSP III)

In order to provide Executive Board members and senior executives with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a phantom stock program in 2011. Each stock option under this program entitles the beneficiaries to subscribe to one virtual bearer share of the Company with a par value of EUR 1.00 each at the exercise price. The stock options were issued free of charge. The phantom stocks are not settled in shares of the Company, but in cash. The cash settlement is determined on the basis of the difference between the exercise price and the relevant closing price. The program comprises a total of 600,000 phantom shares (stock options). Of these stock options, 200,000 are to be issued to the Executive Board and up to 400,000 are to be issued to senior executives. The stock options can be issued in several tranches. Issuance was originally limited until the end of March 2012. This time limit for issuance was extended in 2012 until December 31, 2012.

In this connection 200,000 stock options with an exercise price of EUR 2.3560 were issued to the members of the Executive Board effective as of September 23, 2011 (PSP I). Another tranche of 136,000 stock options from this program was issued to the Group's senior executives effective October 11, 2011 (PSP II). The exercise price of these stock options is EUR 2.3724. A final tranche from this program for 134,000 stock options with an exercise price of EUR 1.0800 was also issued to senior executives effective as of November 26, 2012 (PSP III).

Phantom stock program 2012 (PSP IV)

By resolution dated November 26, 2012, the Supervisory Board resolved to issue 180,000 stock options to the Executive Board (PSP IV). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 1.0800.

Phantom Stock Program 2014 (PSP V and PSP VI)

By resolution dated March 19, 2014, the Supervisory Board resolved to issue 225,000 stock options to the Executive Board (PSP V). A further 122,000 stock options were issued to senior executives (PSP VI). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 2.5404.

Phantom Stock Program 2015 (PSP VII and PSP VIII)

By resolution dated March 24, 2015, the Supervisory Board resolved to issue 225,000 stock options to the Executive Board (PSP VII). A further 112,000 stock options were issued to senior executives (PSP VIII). The underlying phantom stock program corresponds to the 2011 program. With the exercise price of these stock options at EUR 1.3052, the fair value of the stock options (grant price) for both PSP VII and PSP VIII was EUR 0.527 at the time they were granted.

The specific terms and conditions of the above phantom stock programs are as follows:

The term of the stock options is five years. The stock options can be exercised at the earliest upon expiry of the two-year vesting period within a period of 14 trading days beginning on the sixth trading day following publication of the quarterly reports for the first or third quarter; up to 25 % of the phantom shares held by the respective beneficiary can be exercised during the first exercise period and then a further 25 % every six months during each subsequent exercise period.

The stock options may only be exercised if the non-weighted average closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15 % higher than the exercise price during the reference period for the first 25 % of the stock options (first tranche), (ii) at least 17.5 % higher than the exercise price during the reference period for the second 25 % (second tranche), (iii) at least 20 % higher than the exercise price during the reference period for the third 25 % (third tranche) and (iv) at least 22.5 % higher than the exercise price during the reference period for the final 25 % (fourth tranche).

If the stock options of a tranche cannot be exercised within the respective exercise period because the earnings target has not been reached, the phantom shares of this tranche can be exercised in subsequent exercise period(s) on the condition that the unmet earnings target for the respective previous exercise period(s) is achieved in those reference period(s). The reference period is the period of five trading days from the date of publication of the quarterly report applicable to the beginning of the exercise period.

The development of the issued tranches is presented below:

	PSP I		PSP II	
Change in stock options	2015 Number of stock options	Average Exercise price (EUR)	2015 Number of stock options	Average Exercise price (EUR)
Outstanding as of beginning of the fiscal year	200,000	2.3560	126,000	2.3724
Issued in the fiscal year	0	-	0	-
Revoked in the fiscal year	0	-	-8,000	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	200,000	2.3560	118,000	2.3724
Exercisable at the end of the fiscal year	0	-	0	-

	PSP III		PSP IV	
Change in stock options	2015 Number of stock options	Average Exercise price (EUR)	2015 Number of stock options	Average Exercise price (EUR)
Outstanding as of beginning of the fiscal year	124,000	1.0800	180,000	1.0800
Issued in the fiscal year	0	-	0	-
Revoked in the fiscal year	-8,000	-	0	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	116,000	1.0800	180,000	1.0800
Exercisable at the end of the fiscal year	0	-	0	-

	PSP V		PSP VI	
Change in stock options	2015 Number of stock options	Average Exercise price (EUR)	2015 Number of stock options	Average Exercise price (EUR)
Outstanding as of beginning of the fiscal year	225,000	2.5404	122,000	2.5404
Issued in the fiscal year	0	-	0	-
Revoked in the fiscal year	0	-	0	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	225,000	2.5404	122,000	2.5404
Exercisable at the end of the fiscal year	0	-	0	-

	PSP VII		PSP VIII	
Change in stock options	2015 Number of stock options	Average Exercise price (EUR)	2015 Number of stock options	Average Exercise price (EUR)
Outstanding as of beginning of the fiscal year	0	-	0	-
Issued in the fiscal year	225,000	1.3052	112,000	1.3052
Revoked in the fiscal year	0	-	0	-
Exercised during the fiscal year	0	-	0	-
Expired in the fiscal year	0	-	0	-
Outstanding at the end of the fiscal year	225,000	1.3052	112,000	1.3052
Exercisable at the end of the fiscal year	0	-	0	-

The stock options were measured using a binominal model, which reflects the fact that the amount to be paid out is limited to 300 % of the exercise price. The following parameters were used when measuring the options:

Tranche	PSP I	PSP II	PSP III	PSP IV	PSP V	PSP VI	PSP VII	PSP VIII
Grant date	09/23/2011	10/11/2011	11/26/2012	11/26/2012	04/07/2014	04/07/2014	04/09/2015	04/09/2015
Exercise price	2.3560	2.3724	1.0800	1.0800	2.5404	2.5404	1.3052	1.3052
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	-0.41 %	-0.41 %	-0.35 %	-0.35 %	-0.27 %	-0.27 %	-0.16 %	-0.16 %
Volatility of SINGULUS TECHNOLOGIES	67.09 %	67.09 %	71.50 %	71.50 %	65.01 %	65.01 %	61.04 %	61.04 %
Fair value of each stock option as of December 31, 2015	EUR 0.000	EUR 0.000	EUR 0.019	EUR 0.020	EUR 0.007	EUR 0.007	EUR 0.031	EUR 0.031

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

The measurement of the phantom shares resulted in income of EUR 34 thousand during the fiscal year (previous year: expense of EUR 255 thousand).

The program was treated as a cash-settled share-based payment within the meaning of IFRS 2.

16 CORPORATE BONDS

SINGULUS TECHNOLOGIES AG placed corporate bonds with an issue volume of EUR 60.0 million effective as of March 23, 2012. The corporate bonds bear interest of 7.75 % p.a. and mature in five years. Open market trading on Deutsche Börse AG's Frankfurt Stock Exchange was started on March 14, 2012 in the "Entry Standard for Corporate Bonds." The corporate bonds are listed under ISIN: DE000A1MASJ4 / A1MASJ.

A buyback program limited in amount and time was launched in December 2012. This program is limited in volume to a maximum of EUR 5.0 million. The program has been extended to December 31, 2015 and its volume increased to EUR 7.0 million. Bonds with a principal amount of EUR 5.2 million had been repurchased by the end of the program.

On December 23, 2015, the Company sold all bonds held by it at 25 %. The resulting loss amounted to EUR 3.3 million.

Financial liabilities measured at amortized cost resulted in a loss of EUR 4.9 million in the reporting period (previous year: EUR 4.7 million). The net loss was essentially attributable to interest.

Please refer to Note 37.

Restructuring plan

Following a sustained period of losses and the depletion of equity under not only HGB but also IFRS, in 2015 the Executive Board began to implement the bond restructuring. As a result of this negative development, in March 2017 the Company would likely no longer be able to repay the bond in full as scheduled using its own liquidity. The positive resolutions by the bondholders' meeting on February 15, 2016 and the extraordinary shareholders' meeting of SINGULUS TECHNOLOGIES AG on February 16, 2016 laid the basic foundation for implementing the restructuring plan. Essentially, the plan calls for exchanging the bond for new shares in the Company and new bearer bonds from a new collateralized bond to be issued and the subsequent implementation of a cash capital increase. This will significantly reduce the Company's debt and increase its equity ratio. Based on this, SINGULUS TECHNOLOGIES AG is able to project expected growth over the short to medium term and has a sound balance sheet structure.

For the main part, the restructuring plan was negotiated at the end of the past year between the Company and the joint representatives of the bondholders, who had been elected at a bondholders' meeting on October 29, 2015. This plan is discussed in the invitations to the bondholders' meeting on February 15, 2016 and to the extraordinary shareholders' meeting on February 16, 2016, both of which were published in the Federal Gazette. The Company has engaged a prominent international auditing firm as a neutral expert to prepare a restructuring opinion (Sanierungsgutachten) in accordance with IDW Standard S6 published by the Institut der Wirtschaftsprüfer. The restructuring opinion concluded that SINGULUS TECHNOLOGIES AG was capable of being restructured if the plan were implemented as designed. The plan requires the successful restructuring of the SINGULUS bond and the lasting and profitable achievement of the Company's budget targets. The appropriateness of the exchange ratio for exchanging the bonds for new shares and new bonds was confirmed by analyses conducted by the same auditing firm with respect to the enterprise value of SINGULUS TECHNOLOGIES AG and the fair value of the bond receivables. In addition, an investment bank was engaged to plausibility-check the valuation report prepared by the neutral expert and the exchange ratio calculated therein (fairness report). It found that the conclusions of the neutral expert with respect to the enterprise value and exchange ratio were realistic in terms of content and methodology and that the exchange ratio was appropriate and fair from the shareholders' perspective.

At the bondholders' meeting on February 15, 2016, the bondholders resolved to transfer the bonds to a bank as a central settlement agent in return for granting the right to acquire the bonds. For each bond, the bondholder thus receives (i) the right to acquire either 96 new shares in the Company or (if they so choose) to receive cash settlement, the amount of which to be determined based on the proceeds generated by the central settlement agent by selling the new shares not acquired, and (ii) the right to acquire either two bearer bonds, each with a par value of EUR 100 of a new collateralized bond to be issued by the Company or (if they so choose) to receive cash settlement the amount of which is to be determined based on the proceeds generated by the central settlement agent by selling the new bearer bonds not acquired. The new collateralized bond will have a total principal amount of EUR 12 million and a five-year term. The bondholders' meeting on February 15, 2016 essentially resolved the following items on the agenda: (i) deferment until March 23, 2017 of the interest receivables from the SINGULUS bond falling due on March 23, 2016, (ii) waiver of certain call rights until March 23, 2017 and (iii) authorization of joint representative of the bondholders, appointed on October 29, 2015, particularly to defer the interest receivables and waive call rights and to negotiate with the Company and agree on the details of the collateral package for the new bond to be issued by the Company in the course of the exchange.

The extraordinary shareholders' meeting on February 16, 2016 resolved a variety of corporate actions as proposed by the management to facilitate the implementation of the resolution of the bondholders. In a first step, the Company's share capital will be reduced from the current EUR 48,930,314.00, divided into 48,930,314 bearer shares, each with a par value of EUR 1.00, by EUR 74.00 by retiring 74 shares tendered free of charge by one shareholder and then reduced to EUR 305,814.00 by way of a simplified capital reduction at a ratio of 160 : 1 to cover losses by merging shares.

In a next step, a EUR 5,760,000.00 in-kind capital increase through the issuance of 5,760,000 new bearer shares, each with a par value of EUR 1.00, is planned under the exclusion of current shareholders' pre-emptive subscription rights. The object of the in-kind contribution relates to all claims under the SINGULUS bond. In addition to issuing new shares, the Company is issuing the new bonds as further consideration. After implementation of the in-kind capital increase, the remaining shareholders of the Company will hold approximately 5 % of shares in the Company.

To restore a solid equity base and add liquid funds, a cash capital increase is planned once the in-kind capital increase is implemented. The Company's share capital of then EUR 6,065,814.00 will be increased against cash contributions by up to a further EUR 2,021,938.00 to up to EUR 8,087,752.00 by issuing up to 2,021,938 new shares, each with a par value of EUR 1.00. The new shares from the cash capital increase will be offered to all shareholders for subscription, including those shareholders who only became shareholders as a result of the in-kind capital increase, at a ratio of 1:3 (new to old shares). Moreover, purely as a matter of precaution, the statutory subscription right of the current shareholders will be partially excluded. The Executive Board sets the subscription price for the new shares from the cash capital increase with the consent of the Supervisory Board, taking into account the current market situation, the share price of the Company prior to publication of the subscription offer, an appropriate discount on the exchange price and the target volume of the cash capital increase. The Company intends to implement the restructuring plan as soon as possible and currently expects the corporate actions to be able to be completed during the course of 2016.

Prior to the second bondholders' meeting on February 15, 2016, the Company and the joint representative agreed on a legally non-binding term sheet containing the material parameters for the collateralization of the new bond.

Under the term sheet, the Company must provide significant collateral. Specifically, the collateral comprises:

- Liens on all of the Company's accounts, with the exception of accounts held for the purpose of providing collateral for guarantee lines of credit;
- Transfer of all items of the Company's property, plant and equipment and current assets as collateral;
- Transfer of all industrial rights and other IP rights of the Company as collateral; and
- Assignment of all trade receivables of the Company as collateral.

The receivables to be collateralized with this collateral package include liabilities under a super senior facility amounting to up to EUR 4.0 million, which the Company may draw down, and the subordinated liabilities from the new bond, including any increase by a further EUR 3.0 million. The term sheet furthermore offers the Company the ability to draw down the super senior facility and provide collateral for it before the new bond is issued.

17 PENSION OBLIGATIONS

Pension plans were granted by SINGULUS TECHNOLOGIES AG and from the previous HamaTech AG. They are defined benefit plans in both cases.

HamaTech AG's benefit obligations were transferred to SINGULUS TECHNOLOGIES AG in connection with the merger in fiscal year 2009. HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

At SINGULUS TECHNOLOGIES AG company pension schemes in the form of direct pension commitments are provided for only some of the employees. On the one hand, beneficiaries are those employees who were employed at Leybold prior to the founding of the company in 1995 in accordance with the pension directives there in the versions dated January 1, 1969 and January 1, 1986 and, on the other hand, some former Executive Board members as well as a few employees who were granted corporate pension benefits based on an individual contract. New pension commitments have not been issued for some time. In particular, there are no pension plans open for new employees.

The existing pension obligations are all based on defined benefit plans. In a special case based on individual contractual arrangements, a one-time capital payment is promised when the age limit is reached, otherwise all benefits are in the form of lifetime pensions upon disability, age or death (to survivors). The amount of the pensions is contractually stipulated for the individual commitments. The commitments under the Leybold pension directives are based on the length of service in the company and the pensionable income; the total pension from the company pension and statutory pensions has an upper limit that may not exceed the last net pay received. The age limit is the last day on which the beneficiary is 65.

All benefits are financed internally by the regular accumulation of provisions. There are no plan assets within the meaning of IAS 19, nor are there other employers' pension insurance plans.

The company is charged with taxes or social security contributions on the retirement benefits.

Other than the general risks arising from interest rates, inflation, longevity and case law, there are no special risks specific to the company for these pension commitments. The longevity risk is taken into account through the use of cohort tables when calculating the obligation. The cohort tables make appropriate assumptions, in particular with respect to the further increase in life expectancy in the future.

The risk of inflation is factored in sufficiently by a long-term estimate of 1.60 % p.a. when calculating the obligation based on current knowledge. Moreover, this risk primarily impacts the adjustment when reviewing current pensions. Currently, there are no known risks arising from labor law by virtue of supreme court rulings which would impact the commitments.

HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

The pension plan is not covered by plan assets. Pension provisions are determined on the basis of an independent actuarial report. Pension benefits under the plan are based on a percentage of the employees' current pensionable compensation and their years of service.

The pension obligations and underlying assumptions are described below.

The change in SINGULUS TECHNOLOGIES AG's pension obligations as of December 31, 2015 and 2014 is presented in the following tables:

Change in pension obligations:	**2015 EUR m**	2014 EUR m
Present value at the beginning of the fiscal year	12.4	9.9
Recognized in profit or loss:		
Service cost	0.1	0.1
Interest expense	0.3	0.3
Recognized in other comprehensive income:		
Actuarial gains/losses from:		
financial assumptions	-0.2	2.4
demographic assumptions	0.0	0.0
experience-based adjustments	0.0	0.0
Miscellaneous:		
Payments made	-0.3	-0.3
Present value at the end of the fiscal year	12.3	12.4

Net pension expenses break down as follows:

	2015 EUR m	2014 EUR m
Service cost	0.1	0.1
Interest expense	0.3	0.3
	0.4	0.4

While service cost was mainly recognized under selling costs and general and administrative expenses as well as cost of sales, interest expense was disclosed in the financial result.

The figures for the current and previous four periods are as follows:

	2015 EUR m	2014 EUR m	2013 EUR m	2012 EUR m	2011 EUR m
Present value of the defined benefit obligation	12.3	12.4	9.9	10.5	7.4

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

	2015	2014
Biometrics	Heubeck 2005 G actuarial tables	Heubeck 2005 G actuarial tables
Discount rate (future pensioners)	2.50 %	2.35 %
Discount rate (current pensioners)	1.96 %	1.75 %
Estimated future wage and salary increases	2.00 %	2.00 %
Estimated future pension increases	1.60 %	1.60 %

As of December 31, 2015, the weighted average term of the defined benefit obligation was 16.2 years.

Pension expenses of EUR 0.4 million are estimated for the 2016 fiscal year (of which EUR 0.3 million for interest expense).

Contributions by the Company to the statutory pension insurance system amounted to EUR 1.6 million in the year under review. This is a defined contribution plan. In addition, members of the Executive Board received a defined-contribution company pension benefit financed by the company. EUR 0.3 million was paid out for this in the year under review.

Keeping all other assumptions constant, from a reasonable perspective, possible changes to one of the significant actuarial assumptions as of the reporting date would have affected the defined benefit obligation in the following amounts.

	Defined benefit obligation	
Effect in EUR m	Increase	Decrease
Discount rate (0.5 % change)	-0.9	1.0
Estimated future wage and salary increases (0.25 % change)	0.1	-0.1
Estimated future pension increases (0.25 % change)	0.4	-0.4
Life expectancy (+1 year change)	0.6	-

18 OTHER PROVISIONS

Other provisions developed as follows in the fiscal year:

	1/1/2015 EUR m	Allocation EUR m	Utilization EUR m	Reversal EUR m	12/31/2015 EUR m
Warranties	2.6	0.2	-0.3	-2.0	0.5
Other	0.3	0.1	0.0	0.0	0.4
	2.9	0.3	-0.3	-2.0	0.9

Provisions for warranty costs are recognized as a percentage of product cost as well as for individual warranty risks. The percentages are derived from experience for each product type and, unchanged from the previous year, range between 1.40 % and 4.00 % in relation to cost. Commitments for individual cases are also taken into account. The guarantee period, and thus a possible utilization, ranges from 5 months to 15 months as of December 31, 2015.

19 PROVISIONS FOR RESTRUCTURING MEASURES

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

	1/1/2015 EUR m	Allocation EUR m	Utilization EUR m	Reversal EUR m	12/31/2015 EUR m
Provisions for restructuring measures	8.9	2.2	-2.0	0.0	9.1

The provisions for restructuring measures mainly contain provisions for underutilization of office and production facilities leased for wet-chemical processes within the Solar segment (EUR 6.0 million). Of that amount, provisions of EUR 5.4 million were recognized in non-current liabilities. Utilization of the provisions is anticipated to extend over the term of the leased administrative and production building in Fürstenfeldbruck until 2024.

In the fiscal year, EUR 2.2 million in provisions were added, essentially in connection with legal and consulting fees in relation to the bond restructuring.

20 EQUITY

The annual shareholders' meeting on June 9, 2015 authorized the Executive Board to issue bonds with warrants and/or convertible bonds, while at the same time creating contingent capital. Contingent Capital 2012/III from June 19, 2012 and 2014/IV from May 28, 2014 were rescinded. Furthermore, the exclusion of pre-emptive subscription rights to Authorized Capital 2012/I was modified.

On June 8, 2015, the Executive Board announced that the loss of half of the Company's share capital pursuant to § 92 (1) AktG was reported in the HGB interim financial statements as of May 31, 2015 and presented this at the annual shareholders' meeting on June 9, 2015.

For information of further resolutions, please refer to the report on subsequent events in the management report and to note 34 – Events after the balance sheet date.

Subscribed capital

The share capital totaled EUR 48,930,314.00 with no change from the previous year and consisted of 48,930,314 fully paid-in bearer shares with a par value of EUR 1.00 each.

SINGULUS TECHNOLOGIES AG was admitted to the regulated market (Neuer Markt) of the Frankfurt Stock Exchange on November 21, 1997.

The Executive Board is authorized to make the following changes to the capital stock:

Authorized capital

AUTHORIZED CAPITAL 2012/I:

By resolution of the annual shareholders' meeting dated June 19, 2012, the Executive Board is authorized to increase the Company's share capital, with the approval of the Supervisory Board, until June 18, 2017, once or severally by up to a total of EUR 24,465,157.00 in exchange for cash and/or contributions in kind by issuing up to 24,465,157 new bearer shares with a par value of EUR 1.00 per share.

By resolution of the general shareholders' meeting on June 9, 2015, the Executive Board was authorized, subject to the consent of the Supervisory Board, to exclude under certain circumstances the shareholders' statutory pre-emptive rights to subscribe the newly issued bearer shares with a total nominal amount of up to EUR 24,465,157.00. One such circumstance is a capital increase against in-kind contributions.

Contingent capital

CONTINGENT CAPITAL 2015/I:

By resolution of the general shareholders' meeting on June 9, 2015 and with the approval of the Supervisory Board, the Executive Board is authorized to issue bearer bonds with warrants and/or convertible bonds (together referred to as "debt instruments") until June 8, 2020, once or severally, in a total principal amount of up to EUR 75,000,000.00, and to grant conversion rights to or impose conversion obligations on holders of bonds with warrants, and to grant conversion rights to or impose obligations on holders of convertible bonds for bearer shares of SINGULUS TECHNOLOGIES AG with a par value of EUR 1.00 per share and a maturity of not more than 20 years under more detailed provisions of the terms and conditions of the debt instruments.

Furthermore, the share capital may be increased by up to EUR 24,465,157.00 by issuing up to 24,465,157 new bearer shares, each with a par value of EUR 1.00 and bearing dividend rights from the beginning of the fiscal year in which they are issued. This contingent capital increase serves to grant shares to the holders of bonds which may be issued on accordance with the above authorization.

Capital reserves

By resolution of the Executive Board on September 29, 2015, the capital reserves amounting to EUR 75.2 million were derecognized and netted in full against the loss carryforward in accordance with § 150 AktG, effective September 30.

The capital reserves are below the threshold set out in § 150 (2) AktG. The Company is required to recognize statutory revenue reserves if profits are realized until the capital reserves equals 10 % of subscribed capital.

Reserves

Changes in the fair value of cash flow hedges, actuarial gains and losses from pension commitments as well as currency translation differences from translating foreign financial statements are recognized in the reserves.

Non-controlling interests

Non-controlling interests represent third-party shareholdings in group entities. In the fiscal year, the non-controlling interests exclusively related to SINGULUS MANUFACTURING GUANGZHOU.

21 INCOME TAXES

The disclosures on income taxes for 2015 and 2014 are as follows:

	2015 EUR m	2014 EUR m
Current income taxes		
Germany	0.2	0.0
Foreign	-0.3	-0.1
Sub-total	-0.1	-0.1
Deferred taxes		
Germany	-0.1	0.8
Foreign	0.1	-0.6
Sub-total	0.0	0.2
Total tax expense/income	**-0.1**	0.1

Pursuant to German tax law, the income taxes comprise corporate income tax, trade income tax and the solidarity surcharge.

Deferred tax assets relate to the following:

	2015 EUR m	2014 EUR m
Inventories	4.6	2.5
Provision for restructuring measures	1.4	0.1
Pension provisions	1.2	1.3
Trade receivables	0.6	0.4
Deferred taxes on loss carryforwards	0.1	0.7
Other liabilities	0.1	0.1
	8.0	5.1
Netting with deferred tax liabilities	-5.8	-2.9
Deferred tax assets	**2.2**	2.2

Deferred tax assets total EUR 8.0 million (before being offset against deferred tax liabilities), higher than the previous year's figure (EUR 5.1 million). This is primarily a result of greater temporary differences for inventories and provisions for restructuring measures. By contrast, deferred taxes on loss carryforwards decreased by EUR 0.6 million to EUR 0.1 million. After being offset against deferred tax liabilities, deferred tax assets remained at the same level as in the previous year, EUR 2.2 million (previous year: EUR 2.2 million).

Deferred tax assets developed as follows:

	2015 EUR m	2014 EUR m
Balance as of Jan. 1	2.2	2.7
Recognized in other comprehensive income: Change in actuarial gains and losses from pension commitments	0.0	-0.6
Recognized through profit and loss: Change in temporary differences	0.6	1.3
Utilization of loss carryforwards	-0.6	-1.2
Balance as of Dec. 31	**2.2**	2.2

As of December 31, 2015, SINGULUS TECHNOLOGIES AG (excl. foreign operating facilities) has preliminary corporate income tax loss carryforwards in the amount of EUR 149.4 million (previous year: EUR 143.0 million) and municipal trade tax loss carryforwards of EUR 140.9 million (previous year: EUR 131.1 million). Interest carryforwards amounted to EUR 11.5 million and were deducted in full in 2015.

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. This is calculated on the basis of SINGULUS TECHNOLOGIES AG's three-year projections.

In accordance with the disclosures under 4.16., the Company expects a positive business development; t expects SINGULUS TECHNOLOGIES AG to utilize existing loss carryforwards to only an extremely limited extent in the next three years.

Deferred tax liabilities break down as follows:

	2015 EUR m	2014 EUR m
Receivables and liabilities from construction contracts	3.6	0.4
Capitalized development costs	1.8	1.5
Property, plant and equipment	0.3	0.4
Financial liabilities from bond issue	0.1	0.6
	5.8	2.9
Netting with deferred tax assets	-5.8	-2.9
	0.0	0.0

The amount of the temporary differences related to investments in subsidiaries for which no deferred tax liabilities have been recognized totaled EUR 0.2 million.

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

	2015 EUR m	2014 EUR m
Consolidated earnings before taxes	-43.3	-51.7
Anticipated tax[1]	-12.6	-15.1
Losses and temporary differences of the current period for which no deferred taxes were recognized	14.9	10.1
Reversal of permanent differences	0.0	7.2
Non-tax deductible expenses (+)/ tax-free income (-)	-2.6	-2.0
Tax reimbursements for previous years	-0.1	-0.1
Unrecognized loss carryforwards from previous years (adjustment)	0.6	0.0
Other	-0.1	-0.2
Current taxes	**0.1**	-0.1

[1] A minus sign denotes tax income

The most recent tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2010 up to and including 2013. The audit was completed in 2015. No notices of assessment have yet been received. The Company expects a small payment of tax arrears.

22 EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The table below shows the figures used to calculate basic and diluted earnings per share:

	2015 EUR m	2014 EUR m
Profit attributable to owner of the parent for basic earnings per share	-43.4	-51.5
Weighted average number of ordinary shares used to calculate basic earnings per share	48,930,314	48,930,314
Dilution effect	-	-
Weighted average number of common shares adjusted for dilution	48,930,314	48,930,314

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

23 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Off-balance sheet contingent liabilities amount to EUR 3.0 million (previous year: EUR 4.0 million) and mainly represent bank guarantees for prepayments.

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

Please see Note 33 regarding other financial commitments from rents and leases.

24 SALES DEDUCTIONS AND DIRECT SELLING COSTS

Sales deductions comprise all cash discounts and rebates granted. Direct selling costs essentially includes commissions.

25 COST OF MATERIALS

The cost of sales for fiscal year 2015 includes material costs of EUR 51.6 million (previous year: EUR 43.2 million).

26 PERSONNEL EXPENSES

The income statement for fiscal year 2015 includes personnel expenses in the amount of EUR 30.4 million (previous year: EUR 30.5 million). Expenses for social security contributions in the year under review totaled EUR 4.5 million (previous year: EUR 4.3 million); post-employment expenses were EUR 0.5 million (previous year: EUR 0.4 million).

27 DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses amounted to EUR 3.5 million (previous year: EUR 5.1 million).

28 GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses include management expenses, HR expenses and finance and accounting expenses as well as the premises and vehicle expenses attributable to such areas. Ongoing IT costs, legal and consulting fees, investor relations costs as well as costs of the annual shareholders' meeting and the financial statements are also recognized in this item.

29 RESEARCH AND DEVELOPMENT COSTS

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of EUR 1.8 million (previous year: EUR 2.1 million).

Totaling EUR 11.2 million in 2015, the expenditures for research and development were at the previous year's level (previous year: EUR 11.0 million). EUR 4.3 million of these expenditures were capitalizable (previous year: EUR 1.8 million).

30 IMPAIRMENT AND RESTRUCTURING EXPENSES

EUR 9.2 million in impairment and restructuring expenses relate to the remeasurement of business activities in the Optical Disc segment. In this context, restructuring expenses relating to the impairment of inventories were recognized in particular. Furthermore, EUR 3.1 million in legal and advising fees were incurred in connection with the bond restructuring. In addition, impairment expenses were recognized in connection with the impairment of capitalized development expenses amounting to EUR 2.4 million.

In fiscal year 2014, the impairment and restructuring expenses contained EUR 15.0 million for remeasurement of goodwill in the Solar segment, and EUR 4.9 million for the complete write-off of the customers list obtained in the acquisition of Oerlikon Balzers AG's Blu-ray Disc activities in fiscal year 2008. The structure of the Company's international network has been reviewed and adapted to the various market situations. EUR 1.7 million was allocated to restructuring provisions in the previous year in connection with this.

31 OTHER OPERATING INCOME/EXPENSES

In the fiscal year, other operating income mainly contained income from the reversal of provisions and derecognition of liabilities of EUR 1.4 million (previous year: EUR 1.0 million), exchange gains of EUR 0.4 million (previous year: EUR 0.5 million) and income from the reversal of specific valuation allowances on receivables of EUR 0.1 million (previous year: EUR 0.4 million).

Other operating expenses in the fiscal year primarily included foreign currency losses of EUR 0.6 million (previous year: EUR 0.7 million) and additions to the specific bad debt allowances on receivables amounting to EUR 0.3 million (previous year: EUR 0.9 million).

32 FINANCE INCOME AND FINANCE COSTS

Finance income/costs break down as follows:

	2015 EUR m	2014 EUR m
Interest income from non-current receivables from customers	0.6	2.1
Interest income from time/overnight deposits	0.1	0.1
Price gains from bond redemption	0.0	0.7
Interest income from loans	0.0	0.3
Other interest income	0.2	0.1
Finance costs from the bond issue (including incidental expenses)	-4.9	-4.7
Loss on the sale of bonds held by the Company	-3.3	0.0
Interest expense from interest accrued on the pension provisions	-0.3	-0.3
Other finance costs	-1.2	-0.9
	-8.8	-2.6

33 RENTS AND LEASES

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease began on July 1, 2000 and ends on June 30, 2018. The annual lease payment is EUR 1.5 million.

As of September 26, 2008, SINGULUS STANGL SOLAR entered into a real estate lease covering a production and administrative building in Fürstenfeldbruck. The total investment costs of the property are EUR 17.5 million; the lease period is 15 years plus a lease extension option of 5 years. The annual payments to the lessor in this connection are EUR 1.4 million.

Pursuant to IAS 17, both leases must be classified as operating leases, as substantially all the opportunities and risks connected to ownership of the property remain with the lessor.

As of December 31, 2015, the future minimum payments arising from rental agreements and operating leases in the Group were:

	EUR m
2016	2.5
2017	2.2
2018	7.0
2019	0.9
2020 and thereafter	3.2
	15.8

34 EVENTS AFTER THE BALANCE SHEET DATE

Bondholders' meeting on February 15, 2016

The second bondholders' meeting on February 15, 2016 had quorum with approximately 33 % and approved with a 90 % majority of the votes cast the proposed resolutions which are necessary to implement the restructuring plan as presented. The approval of the restructuring plan laid the foundation for restructuring the Company's finances.

One action for rescission regarding the resolutions was submitted to the competent regional court. However, the Company is confident that the action can be overcome in an approval process and that the restructuring plan can begin to be implemented.

Extraordinary shareholders' meeting on February 16, 2016

The extraordinary shareholders' meeting of SINGULUS TECHNOLOGIES AG approved the proposed resolutions relating to the implementation of the restructuring plan as submitted on February 16, 2016 with a 90 % majority of the capital present. In addition to the approval of the bondholders' meeting, the approval of the extraordinary shareholders' meeting represented the relevant conditions for successfully implementing the restructuring plan.

No actions for rescission were submitted to the competent regional court within the period for rescission. The adopted resolutions can therefore be implemented.

Collateral for the new bond to be issued

Prior to the second bondholders' meeting on February 15, 2016, the Company and the joint representative agreed on a legally non-binding term sheet containing the material parameters for the collateralization of the new bond. Under the term sheet, the Company must provide collateral. This includes virtually all current and non-current assets of SINGULUS TECHNOLOGIES AG. The contracts for the collateral concept must be approved by the Supervisory Board. For further information, please refer to the section entitled "Economic development and financial restructuring".

SINGULUS TECHNOLOGIES expects to soon enter into an agreement relating to a high double-digit million figure for production facilities for CIGS thin film modules

On February 11, 2016, SINGULUS TECHNOLOGIES announced that at the end of 2015 it had received an order for the construction of a next-generation CISARIS selenization machine to be used in a CIGS solar module factory in China. The basic construction work was completed by SINGULUS TECHNOLOGIES in accordance with the customer's requirements and details of the work were coordinated with the customer. SINGULUS TECHNOLOGIES now expects to soon receive an order to build the production facilities as a first stage in a CIGS solar module factory with 300 MW of capacity. In accordance with expectations, the order volume should reach a high double-digit million euro figure.

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

35 RELATED PARTY DISCLOSURES

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

In accordance with the articles of incorporation, the Supervisory Board of SINGULUS TECHNOLOGIES AG has three members. The members of the Supervisory Board in fiscal year 2015 were:

Dr.-Ing. Wolfhard Leichnitz, Essen
Chairman

Christine Kreidl, Regensburg
Deputy Chairman

Dr. rer. nat. Rolf Blessing, Trendelburg
Member

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

In addition to compensation for expenses, each member of the Supervisory Board is entitled to fixed remuneration of EUR 40 thousand for each full fiscal year of board membership. The chairman receives twice and the deputy chairman one and half times this amount. Supervisory Board members who were only on the Supervisory Board for part of the fiscal year receive proportionately lower remuneration than the other Supervisory Board members.

For their work in the fiscal year, the Supervisory Board members are entitled to fixed remuneration in accordance with the articles of incorporation of EUR 180 thousand. The Supervisory Board has decided to waive 20 % of its remuneration. Accordingly, the remuneration amounted to EUR 144 thousand in the year under review. In addition, the Supervisory Board members were reimbursed expenses of EUR 19 thousand.

Dr.-Ing. Leichnitz held a total of 39,344 shares in the Company as of December 31, 2015 (previous year: 39,344 shares).

The current occupations of Supervisory Board members are listed as follows:

	Occupation
Dr. Wolfhard Leichnitz	Construction engineer
Christine Kreidl	Diplom-Kauffrau, German Public Auditor (Wirtschaftsprüferin) and Tax Consultant
Dr. rer. nat. Rolf Blessing	Dipl.-Physiker, Director of B.plus Beschichtungen Projekte Gutachten, Bad Karlshafen

The members of the Supervisory Board did not hold any positions on any other supervisory boards or comparable bodies.

Members of the Executive Board in fiscal year 2015 were:

Dr.-Ing. Stefan Rinck
Chairman of the Executive Board

Dipl.-Oec. Markus Ehret
Head of finance

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

	2015				
	Fixed remuneration	Other compensation[1]	Variable remuneration	Components with long-term incentive[2]	**Total**
	EUR k	EUR k	EUR k	EUR k	**EUR k**
Dr.-Ing. Stefan Rinck	352	42	147	66	**607**
Dipl.-Oec. Markus Ehret	224	23	93	53	**393**
	576	65	240	119	**1,000**

[1] Other compensation includes ancillary benefits such as insurance and company vehicles.
[2] Phantom shares are accounted for at the respective fair value upon the initial grant.

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

	2014				
	Fixed remuneration	Other compensation[1]	Variable remuneration	Components with long-term incentive[2]	**Total**
	EUR k	EUR k	EUR k	EUR k	**EUR k**
Dr.-Ing. Stefan Rinck	440	42	190	118	**790**
Dipl.-Oec. Markus Ehret	250	21	117	94	**482**
	690	63	307	212	**1,272**

[1] Other compensation includes ancillary benefits such as insurance and company vehicles.
[2] Phantom shares are accounted for at the respective fair value upon the initial grant.

Members of the Executive Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Executive Board members an annual pension contribution amounting to a certain percentage of their respective gross annual fixed remuneration. For Dr.-Ing. Stefan Rinck, this amounted to 59.97 % beginning on January 1, 2012 and for Mr. Markus Ehret, this percentage was 31.58 %. The annual expense for the Company in fiscal year 2015 was EUR 337 thousand (previous year: EUR 314 thousand), of which EUR 251 thousand (previous year: EUR 258 thousand) was for Dr.-Ing. Stefan Rinck and EUR 86 thousand (previous year: EUR 56 thousand) for Mr. Markus Ehret. The reduction of the annual fixed remuneration by 20 % does not reduce the absolute value of the pension contribution.

Former members of the Executive Board of SINGULUS TECHNOLOGIES AG received total remuneration of EUR 0.3 million in the fiscal year. As of December 31, 2015, the provisions for pension claims for former board members stood at EUR 6.3 million.

In addition, the members of the Executive Board held the following number of shares in SINGULUS TECHNOLOGIES AG from their own purchases as of the fiscal year-end:

	2015 No.	2014 No.
Dr.-Ing. Stefan Rinck	19,619	19,619
Dipl.-Oec. Markus Ehret	7,000	7,000
	26,619	26,619

36 DISCLOSURES ON SHAREHOLDINGS

	Currency	Equity interest %	Equity in thousands	Net income/loss in thousands
Germany				
SINGULUS **CIS** Solar Tec GmbH, Kahl am Main, Germany	EUR	66	18	-1
SINGULUS **MOCVD GmbH,** Kahl am Main, Germany	EUR	100	-229	-65
Foreign[1]				
SINGULUS TECHNOLOGIES Inc., Windsor, CT, USA	EUR	100	8,453	204
SINGULUS TECHNOLOGIES **MOCVD** Inc., Windsor, CT, USA	EUR	100	-667	47
SINGULUS TECHNOLOGIES **UK** Ltd., Swindon, United Kingdom	EUR	100	319	-156
SINGULUS TECHNOLOGIES **ASIA Pacific** Pte. Ltd., Singapore	EUR	100	1,760	81
SINGULUS TECHNOLOGIES **LATIN AMERICA** Ltda., Sao Paolo, Brazil	EUR	100	-2,040	-1,086
SINGULUS TECHNOLOGIES **IBÉRICA** S.L., Sant Cugat del Vallés, Spain	EUR	100	-1,431	-446
SINGULUS TECHNOLOGIES **FRANCE** S.A.R.L., Sausheim, France	EUR	100	-1,918	-260
SINGULUS TECHNOLOGIES **ITALIA** s.r.l., Ancona, Italy	EUR	100	5	-63
SINGULUS TECHNOLOGIES **TAIWAN** Ltd. Taipei, Taiwan	EUR	100	-1,053	-76
SINGULUS **MANUFACTURING** GUANGZHOU Ltd., Guangzhou, **China**	EUR	51	1,873	-99
STEAG **HamaTech Asia** Ltd. Hong Kong, China	EUR	100	0	0
HamaTech USA Inc., Austin, TX, USA	EUR	100	-920	82

[1] Equity and net income/loss were taken from the IFRS annual financial statements

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

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

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

The companies SINGULUS TECHNOLOGIES ITALIA s.r.l., SINGULUS TECHNOLOGIES IBERICA S.L. and SINGULUS TECHNOLOGIES UK Ltd. were in liquidation as of December 31, 2015.

37 FINANCIAL RISK MANAGEMENT

The financial liabilities contained in the consolidated financial statements essentially concern the bond placed in 2012. The Group has various financial assets such as trade receivables and cash and short-term deposits which arise directly from its operations.

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

In accordance with group policy, no derivatives trading took place in fiscal years 2015 or 2014, nor will derivatives be traded for speculative purposes in the future.

The operating and financing activities can essentially give rise to interest rate, credit, liquidity and foreign currency risks.

The individual risks are described in greater detail below. Additional remarks may be found in the risk report within the management report.

Foreign currency risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason, derivative financial instruments are used to hedge against USD exchange rate risks. Risks from foreign currencies are continually assessed as part the risk management system.

The following table shows the sensitivity of consolidated earnings before taxes (due to the change in the fair values of monetary assets and liabilities) and of consolidated equity (due to the changes in fair values of forward exchange contracts recognized in other comprehensive income) to a change in the USD/EUR exchange rate generally possible based on reasonable judgment. All other factors remain unchanged.

	Exchange rate trend of the USD	Effects on EBT	Effects on Equity
		EUR m	EUR m
2015	+10 %	-1.5	3.0
	-10 %	1.3	-2.4
2014	+10 %	0.9	0.0
	-10 %	-0.7	0.0

The effect of potential changes in the USD exchange rate on SINGULUS TECHNOLOGIES' earnings results from bank balances, unhedged trade receivables and payables as well as unhedged intragroup receivables and payables denominated in USD.

The effects on equity reflect the potential change in fair value of forward exchange contracts recognized in other comprehensive income (cash flow hedges).

Liquidity risk

One material risk lies in the delay or even failure to implement the financial restructuring.

From today's perspective, the Executive Board expects that it will successfully restructure the Company's finances. Given the bondholders' and shareholders' broad approval of the restructuring plan, the Company does not, on the basis of the assessment by its legal advisors, believe that there is a material risk with respect to a successful implementation of the financial restructuring and thus to the continued existence of the Company as a going concern.

The bond was originally due to mature in five years and bears interest at 7.75 % p.a. Due to a sustained period of losses, the Executive Board began to implement the restructuring of financial liabilities in 2015. Following approval of the relevant resolutions by the bondholders and the Company's shareholders at the beginning of 2016, 80 % of the corporate bond will be converted into shares by means of an in-kind capital increase, and a new bond with a nominal volume of EUR 12.0 million will be issued. For more information, please refer to Note 16.

The Group currently has adequate cash and cash equivalents to cover all payment obligations arising from its operating business. If there is still no upturn in business activities in 2016, and if liquidity reserves therefore need to be drawn on further, the Company's financial risk would significantly increase. Furthermore, the Solar business may require additional financing arrangements depending on project-specific requirements.

The Group still has access to bank guarantee lines in the amount of EUR 20.3 million. EUR 3.0 million of these had been drawn down as of the end of the fiscal year. Cash and cash equivalents are deposited as collateral to secure these loan commitments.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2015. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended December 31, 2015	Payable on demand EUR m	Up to 3 months EUR m	3 to 12 months EUR m	1 to 5 years EUR m	More than 5 years EUR m	Total EUR m
Bond repayment	0.0	0.0	0.0	60.0	0.0	60.0
Bond interest	0.0	4.7	0.0	4.7	0.0	9.4
Other liabilities	0.0	4.9	6.2	0.0	0.0	11.1
Trade payables	2.1	5.6	0.0	0.0	0.0	7.7
	2.1	15.2	6.2	64.7	0.0	88.2

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

Interest rate risk

The Group is exposed to the risk of fluctuations in market interest rates. A shift in the yield curve by +/- 50 basis points would not have any significant effect on the Group's earnings before taxes.

A shift in the yield curve by +/- 50 basis points would not have any significant effect on the Group's earnings before taxes.

Credit risk

The credit risk is the risk of financial losses if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The credit risk generally arises from trade receivables, loans and the Group's receivables from construction contracts. We use export credit insurance as the primary instrument to hedge against specific country risks. Customers' creditworthiness and payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance, bank guarantees and retention of title. From our current perspective, we assume sufficient coverage of the receivables default risk.

Significance of the credit risk

The carrying amounts of the financial assets correspond to the maximum credit risk. The Group's maximum credit risk as of the reporting date is presented below:

	2015 EUR m	2014 EUR m
Cash and cash equivalents	19.0	35.8
Financial assets subject to restrictions on disposal	3.3	4.6
Trade receivables	7.1	18.1
Receivables from construction contracts	8.6	1.7
Loans	0.0	5.2
Hedging derivatives	0.3	0.0
	38.3	65.4

Capital management

The Group analyzes its capital based on the "net liquidity" (as the total of cash and cash equivalents, short-term deposits and financial assets subject to restrictions on disposal less the bond and interest-bearing loans). As of the end of the fiscal year, the net liquidity was as follows:

	2015 EUR m	2014 EUR m
Bond liabilities	-63.2	-58.7
Cash and cash equivalents, and financial assets subject to restrictions on disposal	22.3	40.4
Net liquidity	-40.9	-18.3

In order to identify liquidity risks at an early stage, cash flow forecasts are prepared every two weeks on the basis of a 13-week forecast. The insolvency risk is thus reviewed on a regular basis.

38 FINANCIAL INSTRUMENTS

Fair values

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements by category.

	Measurement category	Carrying amount 2015 EUR m	Carrying amount 2014 EUR m	Fair value 2015 EUR m	Fair value 2014 EUR m
Financial assets					
Cash and cash equivalents[2]	L&R	19.0	35.8	19.0	35.8
Loans[2]	L&R	0.0	5.2	0.0	5.2
Other assets[2]	L&R	3.3	4.6	3.3	4.6
Derivative financial instruments Hedging derivatives[2]	HD	0.3	0.0	0.3	0.0
Trade receivables[2]	L&R	7.1	18.1	7.1	18.1
Receivables from construction contracts[2]	L&R	8.6	1.7	8.6	1.7
Financial liabilities					
Bond[1]	FLAC	63.2	58.7	15.3	26.4
Derivative financial instruments Hedging derivative[2]	HD	0.3	0.3	0.3	0.3
Trade payables[2]	FLAC	7.7	7.3	7.7	7.3
Total	L&R	38.0	65.4	38.0	65.4
Total	FLAC	70.9	66.0	23.0	33.7
Total	HD	0.0	-0.3	0.0	-0.3

Abbreviations:

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

[1] Fair value measurement was categorized as fair value Level 1 based on the input factors for the measurement approach applied.

[2] Fair value measurement was categorized as fair value Level 2 based on the input factors for the measurement approach applied.

Cash and cash equivalents and trade payables normally have short residual terms. The balance sheet figures approximate the fair values. The same applies for trade receivables and other assets.

The fair values of non-current trade receivables correspond to the present values of the payments relating to the assets taking into account the corresponding interest parameters.

Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency.

The fair value of the exchange-listed bond equals the market price as of the balance sheet date plus the carrying amount of accrued interest liabilities as of the balance sheet date.

The fair values of the liabilities to banks correspond to the amounts repayable on the bank loans as of the balance sheet date.

The maximum credit risk is reflected in the carrying amounts of the financial assets and liabilities.

Hedges

As of the balance sheet date, there were receivables amounting to USD 29.7 million for which SINGULUS TECHNOLOGIES AG has entered into forward exchange contracts. In the previous year, SINGULUS TECHNOLOGIES AG had entered into forward exchange contracts for future USD transactions with a total value of USD 5.8 million.

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

	Fair values	2015 Expected cash flows Total			
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
	EUR m	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts					
Assets	0.3	19.5	8.8	10.7	0.0
Liabilities	0.3	7.4	7.4	0.0	0.0

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

The key terms of the forward exchange contracts were negotiated to match the terms of the underlying obligations.

As in the previous year, financial instruments measured at fair value did not lead to any gains or losses.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value:

	As of December 31, 2015 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial assets at fair value through profit or loss Forward exchange contracts - hedged	0.3	-	0.3	-

	As of December 31, 2014 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial assets at fair value through profit or loss Forward exchange contracts - hedged	0.0	-	0.0	-

Liabilities measured at fair value:

	As of December 31, 2015 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial assets at fair value through profit and loss Forward exchange contracts	0.3	-	0.3	-

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

39 HEADCOUNT

In the fiscal year, the Company had an annual average of 342 (previous year: 361) permanent employees. The annual average distribution of employees by functional area in the fiscal year is presented below:

	2015	2014
Assembly, production and logistics	106	111
Development	77	76
Sales	116	129
Administration (excluding Executive Board members)	43	45
	342	361

The Group had 335 employees as of December 31, 2015 (previous year: 352).

40 AUDITOR'S FEES (DISCLOSURES PURSUANT TO SEC. 314 (1) NO. 9 HGB)

In the year under review, SINGULUS TECHNOLOGIES AG and its subsidiaries were charged the following fees by the auditor of the consolidated financial statements:

	2015 EUR k
a) for the audit of the financial statements	312
b) for tax consulting services	104
c) other	30
Total	**446**

The fees for audit services also include fees for audit reviews.

41 CORPORATE GOVERNANCE

The Executive Board and the Supervisory Board made the declaration required under Sec. 161 AktG in January 2015 and have made it available to shareholders on a permanent basis on the Company's website.

42 PUBLICATION

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were released for publication by the Executive Board on March 23, 2016.

Kahl am Main, March 23, 2016

SINGULUS TECHNOLOGIES AG

The Executive Board

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


TENUIS II

TENUIS II –
PRODUCTION SYSTEM FOR PROCESSING OF WET CHEMICAL BUFFER LAYER

04

Modular system for chemical buffer layer deposition for CIGS thin-film solar modules.

Auditor's Report

We have audited the consolidated financial statements prepared by SINGULUS TECHNOLOGIES AG, Kahl am Main, – comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements – as well as the Group management report, which is combined with the management report of SINGULUS TECHNOLOGIES AG, for the fiscal year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and Group management report in accordance with IFRS as adopted by the EU and the supplemental requirements of German commercial law to be applied under § 315a (1) of the German Commercial Code (Handelsgesetzbuch, "HGB") is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 relevant financial reporting standards and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the definition of the group of consolidated companies, the accounting and consolidation principles used and significant estimates made by the Company's management, as well as the evaluation of the overall presentation of the consolidated financial statements and the Group 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 IFRS as adopted by the EU and the supplemental requirements of German commercial law to be applied under § 315a (1) HGB 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 Group management report is consistent with the consolidated financial statements, provides as a whole a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this audit opinion, we refer to the information contained in the management report. The section entitled "Report on expected developments, Outlook for fiscal years 2016 and 2017" states that if the order intake in fiscal year 2016 remains below expectations and the necessary resolutions regarding the financial restructuring are not implemented, this would jeopardize the Company's continued existence due to the resulting restricted liquidity.

Frankfurt am Main, March 23, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pürsün
German Public Auditor

Klein
German Public Auditor

SINGULUS TECHNOLOGIES AG

Balance Sheet as of December 31, 2015 and 2014

ASSETS	Dec. 31, 2015		Dec. 31, 2014	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
A. Fixed assets				
I. Intangible fixed assets				
1. Purchased industrial and similar rights and assets	**9,193**		579	
2. Goodwill	**15,155**		0	
3. Prepayments	**1,126**	**25,474**	862	1,441
II. Tangible fixed assets				
1. Land, land rights and buildings, inculding buildings and third-party land	**11,151**		11,057	
2. Plant and machinery	**560**		194	
3. Other equipment, operating and office equipment	**996**	**12,707**	563	11,814
III. Long-term financial assets				
1. Shares in affiliates	**6,678**		11,156	
2. Loans to affiliates	**600**		18,035	
3. Long-term securities	**0**		2,812	
4. Other loans	**0**	**7,278**	5,293	37,296
		45,459		50,551
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	**7,211**		8,815	
2. Work in process	**60,069**		29,037	
3. Prepayments made	**2,435**		5,235	
4. Prepayments received	**-48,196**	**21,519**	-12,136	30,951
II. Receivables and other assets				
1. Trade receivables - thereof with a residual term longer than one year EUR 973 thousand (PY: EUR 6,678 thousand)	**4,838**		14,616	
2. Receivables from affiliates	**1,291**		6,592	
3. Other assets	**1,998**	**8,127**	1,690	22,898
III. Cash and bank balance		**15,804**		29,197
		45,450		83,046
C. Prepaid expenses		**87**		38
D. Deficit not covered by equity		**20,449**		0
Total assets		**111,445**		133,635

EQUITY AND LIABILITIES	Dec. 31, 2015		Dec. 31, 2014	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
A. Equity				
I. Subscribed capital		**48,930**		48,930
II. Capital reserves		**0**		75,185
III. Accumulated losses		**-69,379**		-90,846
IV. Deficit not covered by equity		**20,449**		0
		0		33,269
B. Provisions				
1. Provisions for pensions and similar obligations		**9,762**		8,697
2. Provisions for taxes		**52**		427
3. Other provisions		**17,363**		12,817
		27,177		21,941
C. Liabilities				
1. Bonds		**60,000**		60,000
2. Trade payables		**6,932**		4,474
3. Liabilities to affiliates		**4,671**		402
4. Other liabilities - thereof in relation to taxes EUR 332 thousand (PY: EUR 295 thousand) - thereof in connection with social security EUR 0 thousand (PY: EUR 22 thousand)		**12,645**		13,549
		84,248		78,425
D. Deferred income		**20**		0
Total Equity and Liabilities		**111,445**		133,635

SINGULUS TECHNOLOGIES AG

Income Statement 2015 and 2014

	2015		2014	
	[EUR k]	[EUR k]	[EUR k]	[EUR k]
1. Revenue		**29,840**		48,218
2. Increase in work in progress		**27,137**		12,380
3. Other operating income - thereof income from currency translation: EUR 274 thousand (PY: EUR 230 thousand)		**5,824**		2,330
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	**-46,616**		-37,619	
b) Cost of purchased services	**-11,082**	**-57,698**	-6,766	-44,385
5. Personnel expenses				
a) Wages und salaries	**-18,846**		-16,615	
b) Social security, pension and other benefit costs - thereof for old-age pensions: EUR 1,045 thousand (PY: EUR 886 thousand)	**-4,687**	**-23,533**	-3,553	-20,168
6. Amortization or depreciation of intangible and tangible fixed assets		**-5,551**		-1,632
7. Other operating expenses - thereof currency translation losses: EUR 40 thousand (PY: EUR 673 thousand)		**-18,452**		-15,847
8. Income from investments - thereof from affiliates: EUR 0 thousand (PY: EUR 9,840 thousand)		**0**		9,840
9. Income from other securities and from loans held as long-term financial assets - thereof from affiliates: EUR 0 thousand (PY: EUR 864 thousand)		**12**		1,428
10. Other interest and similar income - thereof from affiliates: EUR 403 thousand (PY: EUR 0 thousand)		**1,213**		2,162
11. Write-downs of financial assets		**-1,293**		-283
12. Interest and similar expenses - thereof to affiliates: EUR 1 thousand (PY: EUR 0 thousand) - thereof expenses from discounting: EUR 995 thousand (PY: EUR 392 thousand)		**-7,169**		-5,747
13. Result from ordinary activities		**-49,670**		-11,704
14. Extraordinary income/result		**-4,311**		643
15. Tax income		**366**		76
16. Other taxes		**-102**		-54
17. Net loss for the year		**-53,717**		-11,039
18. Loss carryforward		**-15,662**		-79,807
19. Accumulated loss		**-69,379**		-90,846

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

We assert to our best knowledge and belief that pursuant to the applied principles of correct consolidated reporting the consolidated financial accounts pursuant to IFRS reflect the true situation of the asset, financial and earnings situation of the SINGULUS TECHNOLOGIES Group, that the combined status report of the SINGULUS TECHNOLOGIES AG as well as of the SINGULUS TECHNOLOGIES Group depicts the course of business including the business events and the situation of the SINGULUS TECHNOLOGIES Group in a way reflecting the true situation and that the material opportunities and risks of the foreseeable development of the Group have been described.

Kahl am Main, March 23, 2016

SINGULUS TECHNOLOGIES AG
The Executive Board

SINGULUS TECHNOLOGIES – Operating Globally!

JANUARY 2016

2016 Joint MMM – Intermag Conference
January 11 – 15, 2016
San Diego, California, USA

World Future Energy Summit
January 18 – 21, 2016
Abu Dhabi, UAE

MARCH 2016

PV EXPO 2016
March 2 – 4, 2016
Tokio, Japan

APRIL 2016

PaintExpo
April 19 – 22, 2016
Karlsruhe, Germany

MAY 2016

SVC TechCon 2016
May 11 – 12, 2016
Indianapolis, Indiana, USA

SNEC PV POWER EXPO 2016
May 24 – 26, 2016
Shanghai, China

O&S 2016,
International trade fair for surface treatments & coatings
May 31 – June 2, 2016
Stuttgart, Germany

JUNE 2016

43rd IEEE Photovoltaic Specialists Conference
June 5 – 10, 2016
Portland, USA

MEDIA-TECH Conference Europe 2016
June 14, 2016
Hamburg, Germany

JUNE 2016

International Conference on Coatings on Glass and Plastics ICCG11
June 12 – 16, 2016
Braunschweig, Germany

32nd EU PVSEC
June 21 – 24, 2016
Munich, Germany

Intersolar Europe 2016
June 22 – 24, 2016
Munich, Germany

JULY 2016

Intersolar North America
July 12 – 14, 2016
San Francisco, USA

Semicon West
July 12 – 14, 2016
San Francisco, USA

AUGUST 2016

Intersolar South America
August 23 – 25, 2016
São Paulo, Brazil

SEPTEMBER 2016

Renewable Energy India Expo
September 7 – 9, 2016
Greater Noida, India

OCTOBER 2016

PV TAIWAN 2016
October 12 – 14, 2016
Taipeh, Taiwan

61st Annual Conference on Magnetism and Magnetic Materials
October 31 – November 4, 2016
New Orleans, USA

Corporate Calendar 2016

JANUARY	01/18	First bondholders' meeting 11:00 a.m., 60313 Frankfurt am Main
FEBRUARY	02/15	Second bondholders' meeting 11:00 a.m., 60313 Frankfurt am Main
	02/16	Extraordinary shareholders' meeting 10:30 a.m., 60313 Frankfurt am Main
MARCH	03/24	Annual balance sheet press conference 09:30 a.m., 60313 Frankfurt am Main
	03/24	Analysts conference 11:30 a.m., 60313 Frankfurt am Main
MAY	05/19	Quarterly Report Q1/2016
AUGUST	Mid August	Half Year Report 2016
NOVEMBER	11/14	Quarterly Report Q3/2016

PV Glossary

Amorphous solar cells
Amorphous Si-solar cells are manufactured through sputtering or vacuum deposition. The efficiency is less than for crystalline solar cells.

Buffer layer
Isolation and barrier layers as buffer layers are of vital importance in the thin-film technology. They are used for electric separation of charge or diffusion barrier, for example.

Cathode sputtering
Cathode sputtering, also sputtering, is a physical process, during which atoms are transmitted from a solid body target by high-energy ion bombardment, transition towards a gas stage and are then channeled in a controlled way towards a substrate where they condense in a layer.

CdTe (Cadmium telluride)
Semiconductor used instead of silicon for the production of thin-film cells. It is used as a layer structure with cadmium-sulfide to form a pn-junction, e.g. for a solar cell.

CIGS cells
Thin-film cells for which the coating material copper-indium-gallium-(di)selenide (CIGS) is applied to a substrate (e.g. glass or stainless steel foil).

Crystalline solar cells
Consist of high-purity, crystalline silicon. Depending on crystal structure one distinguishes between mono-crystalline solar cells and poly-crystalline solar cells. Generally, crystalline solar modules have a higher level of efficiency than thin-film solar modules and achieve more gain on smaller surfaces.

Degradation
Degradation or deterioration indicates the reduction in efficiency of a solar cell in the course of its lifetime.

Efficiency
Specifies the efficiency (ratio of emitted to generated energy) of individual energy-generating components or entire systems.

Material System	Laboratory Efficiency Levels*
Silicon (amorphous)	5–10 %
Silicon (poly-crystalline)	17–19 %
Silicon (mono-crystalline)	19–21 %
PERC	21.3 %
PERT	22.2 %
Heterojunction	25.6 %
CIGS	22.3 %
Cadmium telluride	5–12 %
Perowskit (prototypes)	20.1 %

** Own research, status March 2016*

Heterojunction solar cells
For heterojunction solar cells, for the manufacturing of the electric structures on an n-conductive silicon wafer, on both sides thin layers of doped and intrinsic, amorphous silicon as well as transparent oxide layers (TCO) are applied for the absorption of the generated power. Due to the high level of light yield and the excellent passivation characteristics of the amorphous silicon, it is possible to achieve efficiency levels for the modules of more than 22 %.

Ingot
Describes a block made of semiconductor material, e.g. silicon. Can be built on mono-crystalline or poly-crystalline structures. For the manufacturing of solar cells, ingots are cut into wafers.

kWp
The size of a photovoltaic system is specified by its output in kWpeak (kWp) (peak output). This value describes the optimum output of solar modules under standardized test conditions (1000 W/m² irradiation, 25 °C module temperature, 1.5 air mass).

Mono-crystalline solar cells
Mono-crystalline solar cells are manufactured from round mono-crystals (ingots) with 30 cm diameter and several meters length e.g. according to the Czochralski process. The results are mono-crystals, from which wafers are produced.

MW/a
Production capacity of a solar cell production facility or output of a single production plant specified by the peak output in megawatts per year.

Organic solar cells
An organic solar cell is a solar cell consisting of elements of organic chemistry, i.e. of hydrocarbon compounds (plastics).

Peak output
Peak output of a solar module. Specified through a small "p" after the energy output watt: Wp. The peak output specifies the output achieved by a solar module under full irradiation. Often also called "nominal value" or "nominal output" and based on measurement under optimum conditions.

PECVD
Plasma-enhanced, chemical vapor deposition. A coating process for the application of thin passivation and antireflection layers mostly applied under vacuum.

PERC/PERT solar cells
PERC cells are produced on so-called p-type wafers. The coating with aluminum oxide is one of several methods to produce so-called PERC high-efficiency cells. Most manufacturers use PERC on mono-crystalline wafers, however, some produce these high-efficiency cells also on poly-crystalline wafers. PERT is a similar concept for the manufacturing of high-efficiency cells such as PERC, only difference being that the PERT cells are manufactured with n-type wafers. In principle, high levels of efficiency can be achieved with n-type wafers than with p-type wafers.

Photovoltaics
PV-technology, which enables the transformation of solar energy into electric energy.

Poly-crystalline solar cells
Poly-crystalline solar cells are produced from silicon blocks (40 cm x 40 cm x 30 cm) in a so-called ingot casting process. The ingots are then processed to wafers.

Reflection
The solar irradiation reflected from a surface. The reflection of the Earth's surface amounts to about 20 %.

Selenization
Selenization or sulfurization is the application of a function layer in an oven amid temperatures of 550 °C. The selenium or sulfur sources are hydrogen selenide H_2SE or hydrogen sulfide H_2S.

Silicon
Chemical element, a metalloid and therefore a semiconductor. In its high-purity form used in our solar cells, usually in thin disks, so-called silicon wafer.

Solar cells
Transform solar irradiation into electric energy. Positive and negative charges are generated through solar irradiation. Environmentally-friendly power is generated. More than 80 % of the solar modules are made of silicon.

Solar electricity
Colloquial for electric energy transformed from solar irradiation. Part of renewable energies and promoted in Germany by the Renewable Energies Act.

Solar modules
Consisting of solar cells transforming solar irradiation into electric energy.

System efficiency photovoltaics
The overall or system efficiency level of a photovoltaics plant is the result of several factors. If the generated direct current is transformed into alternating current, transformation losses are incurred at the converter. If the power is stored in a storage battery for off-grid systems, energy is also lost during the storage process. The length of the power lines also impact losses.

Thin-film solar cells
The difference to crystalline solar cells is that the semiconductor material is directly applied to so-called substrates (e.g. glass, plastic, foil or metal) in one or several very thin layers. This enables many new application areas for photovoltaics (e.g. roof elements made of metal, face elements made of glass). As semiconductor material so-called amorphous silicon (a-Si) is used or cadmium telluride (CdTe) as well as copper-indium-diselenide (CIS) or copper-indium-gallium-diselenide (CIGS).

Vacuum coating
Vacuum coating vapor deposition in physics terms. Through physical vapor deposition (PVD) or chemical vapor deposition (CVD) processes, the raw material is transformed into the vapor phase. The gaseous material is subsequently channeled towards the substrate to be coated, where it condenses and forms the target layer.

Vacuum deposition
Vacuum deposition or thermal deposition is a PVD process coating technology under vacuum. This is a process in which the entire basic raw material is heated by electric heating (resistive or inductive) to temperatures close to the boiling point, the material vapor is channeled towards a substrate and condenses to a layer.

Wafer
Wafer-thin, mostly square disks made of silicon, from which solar cells are manufactured.

Wet-chemical processes
Process steps for the solar cells manufacturing such as e.g. cleaning, texturing, etching and coating through chemical bath deposition of solar wafers and solar cells.

Consolidated Key Figures

2012-2015

		2015	2014	2013	2012
Sales (gross)	in million €	**83.7**	66.8	134.9	108.6
Sales (net)	in million €	**82.3**	65.8	133.4	107.5
Sales Germany	%	**7.2**	15.9	12.7	12.8
Sales Rest of Europe	%	**9.1**	17.3	29.1	16.0
Sales Americas	%	**30.7**	46.0	40.8	43.7
Sales Asia	%	**51.4**	18.6	10.2	22.5
Sales Africa/Australia	%	**1.6**	2.2	7.2	5.0
Order intake	in million €	**96.3**	60.6	115.1	121.9
Order backlog (Dec. 31)	in million €	**26.6**	14.0	20.3	40.1
EBIT	in million €	**-34.5**	-49.1	2.2	-60.5
EBIT margin	%	**-41.9**	-74.6	1.6	-56.3
EBITDA	in million €	**-27.0**	-24.1	8.1	-33.8
Earnings before taxes	in million €	**-43.3**	-51.7	-1.0	-63.8
Net profit/loss	in million €	**-43.4**	-51.6	-0.7	-62.4
Operating cash flow	in million €	**-10.5**	-10.1	-0.6	-0.4
Operating cash flow in % of net sales		**-12.8**	-15.3	-0.5	-0.4
Property, plant & equipment	in million €	**5.3**	6.3	7.5	7.5
Goodwill	in million €	**6.7**	6.7	21.7	21.7
Current assets	in million €	**71.1**	98.5	124.1	153.1
Shareholders' equity	in million €	**-21.5**	20.1	73.8	74.5
Equity ratio	%	**-23.3**	15.4	38.0	36.1
Balance sheet total	in million €	**92.1**	130.2	194.4	206.5
Research & development expenditures	in million €	**11.2**	11.0	7.7	8.9
(in % of net sales)		**13.6**	16.7	5.8	8.3
Employees (Dec. 31)		**335**	352	362	400
Weighted average number of shares		**48,930,314**	48,930,314	48,930,314	48,930,314
Stock price at year-end	€	**0.28**	0.68	2.11	1.39
Earnings per share	€	**-0.89**	-1.05	-0.01	-1.25

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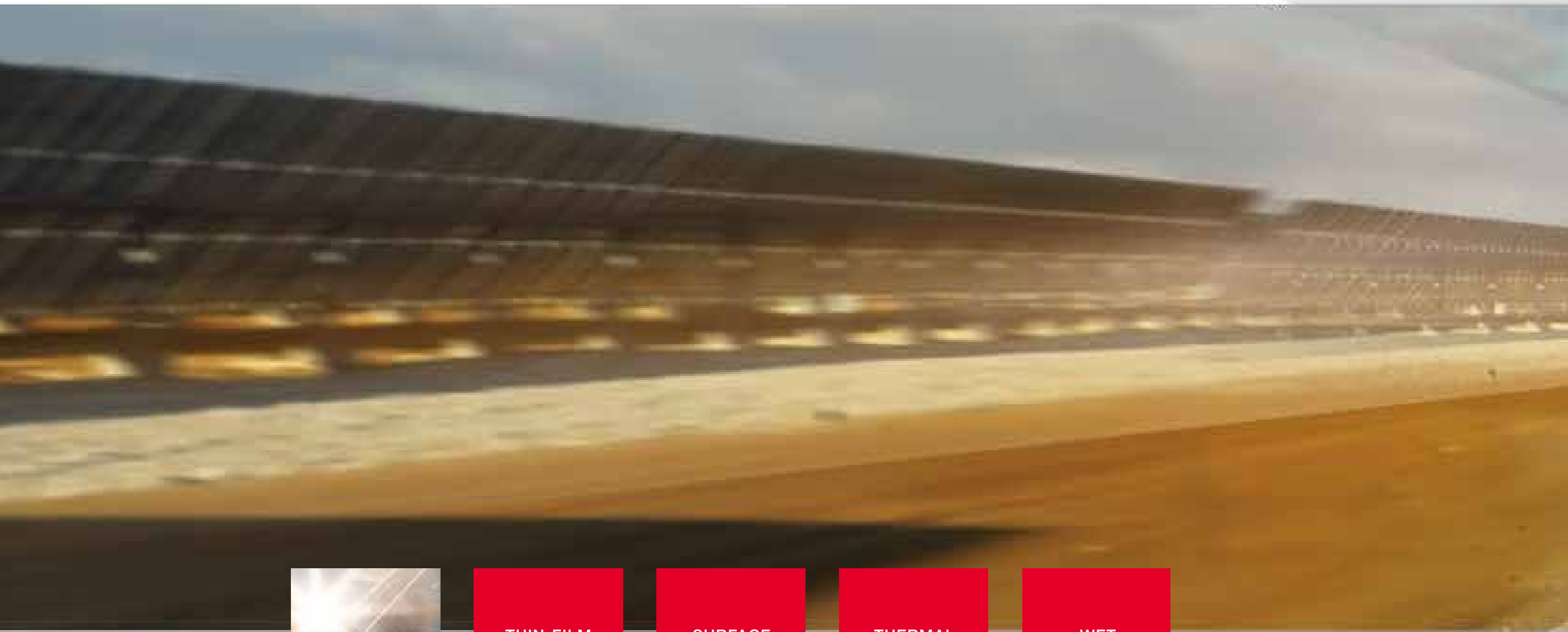

THIN-FILM DEPOSITION

SURFACE ENGINEERING

THERMAL PROCESSING

WET CHEMICAL

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