

A large, stylized arrow graphic pointing to the right, composed of two shades of blue, spanning the left side of the page.

**FASTER
LEANER
MORE POWERFUL**

Annual Report 2011

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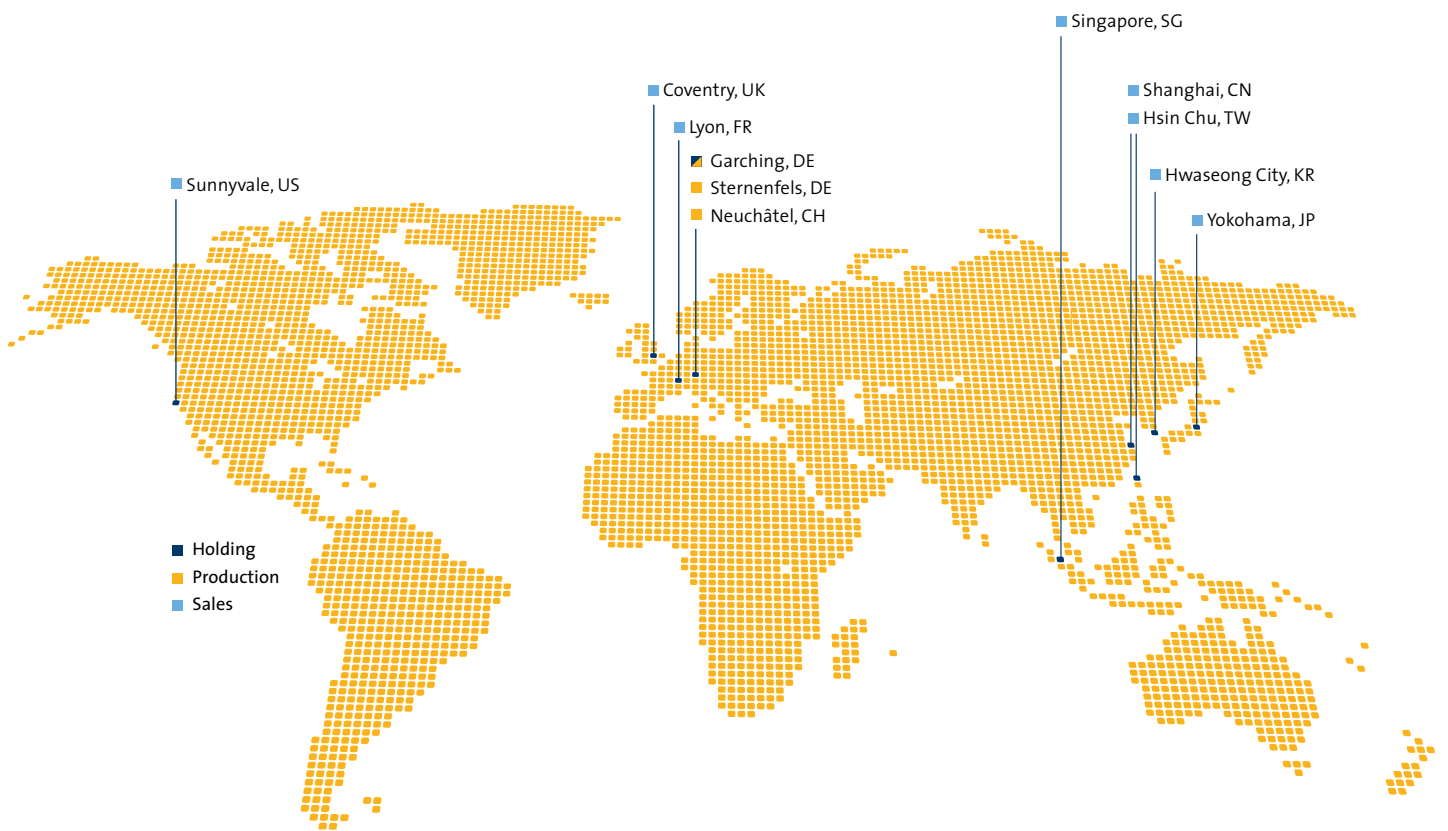
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SUSS MICROTEC – A GLOBAL PLAYER



NORTH AMERICA

Employees 81
Sales € 29.5 million

EUROPE

Employees 423
Sales € 40.2 million

JAPAN

Employees 24
Sales € 13.0 million

REST OF ASIA

Employees 96
Sales € 92.8 million

KEY FIGURES

in € million	2011	2010	2009	Change 2011/2010
CONTINUING OPERATIONS				
Order entry	143.1	189.3	96.3	-24.4 %
Order backlog as of 12/31	83.7	116.1	57.0	-27.9 %
Total sales	175.4	139.1	103.9	26.1 %
Sales margin	7.9 %	9.3 %	0.5 %	-1.4 %-points
Gross profit	66.4	51.1	38.8	29.9 %
Gross margin	37.9 %	36.7 %	37.4 %	+1.2 %-points
Costs of sales	109.0	88.0	65.1	23.9 %
R&D costs	12.9	6.8	4.9	89.7 %
CONTINUING OPERATIONS				
EBITDA	24.9	20.5	7.6	21.5 %
EBITDA margin	14.2 %	14.7 %	7.3 %	-0.5 %-points
EBIT	18.6	14.3	2.8	30.1 %
EBIT margin	10.6 %	10.3 %	2.7 %	+0.3 %-points
Earnings after tax	13.8	13.0	0.5	6.2 %
Earnings per share (in €)	0.72	0.71	0.03	1.4 %
CONTINUING AND DISCONTINUED OPERATIONS				
Earnings after tax	13.8	13.4	-4.9	3.0 %
Earnings per share (in €)	0.72	0.73	-0.28	-1.4 %
Balance sheet and cash flow				
Equity	120.4	106.4	86.1	13.2 %
Equity ratio	64.1 %	58.6 %	63.1 %	+5.5 %-points
Return on equity	11.5 %	12.2 %	0.6 %	-0.8 %-points
Balance sheet total	187.7	181.6	136.4	3.4 %
Net cash	42.0	34.6	18.4	21.4 %
Free cash flow ⁽¹⁾	3.5	14.1	8.9	-75.2 %
Further key figures				
Investments ⁽²⁾	3.4	3.0	3.1	13.3 %
Investment ratio	1.9 %	2.2 %	3.0 %	-0.3 %-points
Depreciation	6.4	6.2	4.8	3.2 %
Employees as of 12/31 ⁽³⁾	624	616	498	1.3 %
Employees as of 12/31 ⁽⁴⁾	624	616	614	1.3 %

⁽¹⁾ Before consideration of purchase or sale of available-for-sale securities and before consideration of extraordinary items from purchase or sale of subsidiaries

⁽²⁾ Before consideration of the HamaTech acquisition and the purchase of the production site in Sternenfels

⁽³⁾ Continuing operations

⁽⁴⁾ Continuing and discontinued operations

SEGMENT INFORMATION

PHOTOMASK EQUIPMENT

Sales 2011

€36.3 MILLION

EBIT 2011

€5.3 MILLION



PRODUCT LINES

Mask Track

TARGET MARKETS

Semiconductor Industry

LITHOGRAPHY

Sales 2011

€111.5 MILLION

EBIT 2011

€25.5 MILLION



PRODUCT LINES

Mask Aligner
Developer
Spin and Spray Coater

TARGET MARKETS

Advanced Packaging
MEMS
Compound Semiconductors
3D Integration

SUBSTRATE BONDER

Sales 2011

€20.5 MILLION

EBIT 2011

€-11.1 MILLION



PRODUCT LINES

Substrat (Wafer) Bonder

TARGET MARKETS

3D Integration
MEMS
Semiconductor Industry

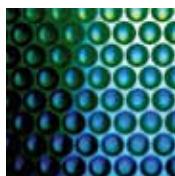
OTHERS

Sales 2011

€7.1 MILLION

EBIT 2011

€-1.1 MILLION



PRODUCT LINES

Masks
Micro-optics and lenses
C4NP

TARGET MARKETS

Micro-optics
Semiconductor Industry
Advanced Packaging (C4NP)

Letter to our Shareholders

*Dear shareholders,
ladies and gentlemen,*

Let us look back today at one of SUSS MicroTec's most successful fiscal years. We have reached a sales level of more than €175 million and earnings of €18.6 million. In addition, we were also able to increase the level of liquid funds. This is particularly notable as 2011 was characterized by great turbulence in the economic and financial-political realm.

After the world economy had rapidly recovered in 2010 from the financial crisis in 2009 and the economy had experienced strong growth in the first quarter of 2011, the outlook for global economic conditions progressively deteriorated beginning in the summer of 2011. At mid-year, many companies and households viewed the future with increasing pessimism, which indicated a darkening in economic conditions. This trend was also reflected in the financial markets, which have been characterized since then by a high degree of price volatility. Many companies had to endure significant share price declines in the second half of the year. An additional factor is sustained uncertainty about the outcome of the debt crisis in Europe. Even the views of experts diverge widely here. They range from the expectation of a collapse of the currency union to a quick solution of the problems and a rapid return to growth from mid-2012 at the latest. To the extent that the European financial sector stabilizes, efforts to overcome the crisis show initial results, and the currently prevailing uncertainty is successfully mitigated, German economic research institutes expect a weak expansion of the European economy beginning in the spring of 2012, according to the joint fall 2011 forecast.



FRANK AVERDUNG
Chief Executive Officer

**SALES IN 2011
INCREASED BY
26 % COMPARED
TO THE PRIOR
YEAR**

For SUSS MicroTec, the past fiscal year was operationally largely characterized by the implementation and taking hold of the measures undertaken in the past two years. Not only did we optimize the Group portfolio, but we also succeeded in significantly reducing the complexity of the corporate structure. Initial successes in this streamlining were already realized in the past fiscal year. Areas such as research and development as well as procurement and logistics operate cross sectional. The centralization of the three product lines, Coater / Developer, Wafer Bonding and Photomask Equipment, consolidated at the Sternenfels site, already generate efficiency gains. We also further advanced the topic of generating synergies in the design of various tools by using a platform strategy. Since in part very extensive changes at the organizational level are involved here, the final implementation of the various projects will extend into 2012.

With the divestment of the SUSS MicroTec Precision Photomask Inc. we keep on focusing on the Company's core competencies. We strengthened our lithography segment in the first quarter 2012 by the acquisition of Tamarack Scientific Co., Inc.

THE YEAR IN FIGURES

In our letter at the beginning of 2011, we viewed the future with cautious optimism. Indeed, in the first half of 2011 we actually experienced a much better environment than had been anticipated at the beginning of the year. This positive basic mood managed to sustain itself until the summer of 2011, despite the natural disaster and nuclear crisis in Japan. This is also reflected in the positive results that SUSS MicroTec reported during the year. If one were only to consider the first half of the year, order entry was almost at the level of the very strong previous year. It was possible to increase sales in the first half of the year by approximately 42 percent compared with the previous year. Earnings before interest and taxes (EBIT) as of June 30, 2011 were also significantly above the level of the previous year.

MICHAEL KNOPP
Chief Financial Officer



Viewed over the entirety of 2011, however, by the end of the year a substantial darkening in the economic outlook was apparent, which was also reflected in the order books of SUSS MicroTec. Thus, order entry for the full year 2011 amounted to €143.1 million, representing a decline of 24 percent from the previous year (previous year: €189.3 million). It was possible to boost sales significantly compared with the previous year. At €175.4 million, they rose by approximately 26 percent from the previous year (€139.1 million). This strong sales increase stemmed to a large extent from the very high order entry and the correspondingly high order backlog from 2010 as well as the strong order entry in the first quarter of 2011.

The gross profit margin for SUSS MicroTec Group increased over the year to 37.9 percent (previous year: 36.7 percent).

EBIT of €18.6 million was again above the €14.3 million seen in the previous year. Adjusted EBIT totaled €20.0 million (adjusted EBIT in the previous year: €14.0 million) and was substantially influenced by the final restructuring costs of €1.4 million for the relocation of the Wafer Bonding division from the US to Germany.

Earnings after taxes (EAT) amounted to €13.8 million, compared with €13.0 million in the previous year. Basic earnings per share (EPS) increased slightly to €0.72 (previous year: €0.71).

Free cash flow before the inclusion of securities and extraordinary effects from M&A activities came to €3.5 million at the end of the fiscal year, after €14.1 million in the same period of the previous year. As of December 31, 2011, the SUSS MicroTec Group therefore had cash and interest-bearing securities of €56.4 million. The net cash position rose from €34.6 million as of December 31, 2010 to €42.0 million at the end of the year.

MILESTONES 2011

Apart from the operational relocation activities and the strategic development of the Company, we strengthened the foundation of our growth and success, namely innovations and product developments. Important product launches were made in the past fiscal year that strengthen our position as a technologically leading equipment provider in the markets we serve. These product innovations include, for example, MaskTrackPro InSync, a newly developed system for holistic, automated mask processing enabling the seamless synchronization of processing steps, from mask cleaning to transport, inspection and storage.

In December 2011, we introduced the Bond Cluster XBS300, the latest generation of temporary bonding tools for high-volume production, to the market. The Bond Cluster has already been delivered to a strategically important customer in Asia.

In 2011, we also entered into various cooperative agreements, for example with research institutes and universities, to further develop our range of products and services. The collaborations with Cornell University in the area of nano research and with the Centre for NanoHealth of Swansea University are worthy of particular note. On the process side, we entered into an important cooperative agreement with Brewer Science in the areas of wafer bonding and thin wafer handling.

In March 2011, SUSS MicroTec returned to the TecDAX, the technology index of the Deutsche Börse (German Stock Exchange), after five years.

Following the complete liquidation of the holding of Sterling Strategic Value Investment in December 2010, Mr. Sebastian Repegather resigned from his Supervisory Board position. We are pleased to welcome Mr. Gerhard Pegam, former Chief Executive Officer of EPCOS AG in Munich and highly knowledgeable about the technology sector, to the Supervisory Board as Mr. Repegather's successor.

OUTLOOK

The world economy is currently drawing a very inconsistent picture. While growth in the emerging economies remains robust and thus serves as stimulus for business activity in North America and Europe, the economic outlook for particularly Western Europe and North America is more subdued. Burdened by the uncertainty caused by the ongoing debt crisis and the unending political discussion surrounding it, consumers are displaying some restraint. The manufacturing sector began to feel this reluctance to consume toward the end of 2011, with many companies reducing their targets for order entry as a result. For us this means that our customers have delayed placing orders since the uncertainty about economic development in 2012 remains very high. In the early months of 2012, the mood brightened somewhat and companies, consumers, and the stock exchanges again looked toward the future with more confidence, but many of the problems that occupied the economy in 2011 remain unresolved.

For the 2012 fiscal year overall, we are projecting sales of more than € 145 million and an EBIT margin between 5 percent and 10 percent of sales. From today's perspective, free cash flow could reach a mid-single digit million Euro amount.

Should the markets we target develop as planned and the macroeconomic and political environment stabilizes, we anticipate rising order entry and sales again in 2013.

All in all, we look back at another eventful fiscal year with satisfaction. We would like to take this opportunity to thank all employees for their committed support in implementing the various projects.

Garching, Germany, March 2012



Frank Averdung
Chief Executive Officer



Michael Knopp
Chief Financial Officer

Report of the Supervisory Board



IN THE FOLLOWING REPORT, THE SUPERVISORY BOARD WOULD LIKE TO INFORM YOU, DEAR SHAREHOLDERS, ABOUT ITS ACTIVITIES IN THE 2011 FISCAL YEAR.

DEAR SHAREHOLDERS,

In the past fiscal year, we advised the Management Board on directing the Company and monitored its activities. In the process, the Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with us. The Management Board provided us with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained to us in detail and reviewed by us based on available documents and information. We reviewed significant business events extensively on the basis of the Management Board's reports and gave our consent to the transactions requiring our approval. During the 2011 fiscal year, the Supervisory Board held a total of seven ordinary meetings and one extraordinary meeting. All members of the Supervisory Board routinely participated in these meetings. When necessary, the Supervisory Board adopted its decisions by means of document circulation.



DR. STEFAN REINECK
Chairman of the
Supervisory Board

In addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. There were no conflicts of interest of members of the Management and Supervisory Boards which required immediate disclosure to the Supervisory Board and at the Shareholders' Meeting.

MEETINGS AND MAIN TOPICS OF DISCUSSION

The Supervisory Board conducted regular discussions of the financial position, investment and disinvestment projects, and the development of business at SUSS MicroTec, its subsidiaries, and the Group. The Management Board provided comprehensive information about corporate planning, strategic direction, and the development of order entry, sales, and earnings. In addition, the Supervisory Board reviewed the monitoring of the financial reporting process as well as the effectiveness of the internal control system, the risk management system, and the independence of the auditor. The main topics of the Supervisory Board meetings are discussed below.

The first ordinary Supervisory Board meeting was held on February 9, 2011. At that meeting, we held intensive discussions about the Management Board's report on the fourth quarter of 2010 and about the preliminary figures for the 2010 fiscal year. The plans presented by the Management Board for the 2011 fiscal year were approved after extensive discussions. In addition, the targets for the performance-based remuneration of the Management Board were examined. The Supervisory Board also discussed the pros and cons of a conversion to registered shares at this meeting. Furthermore, the Supervisory Board established targets with regard to its composition.

Representatives of our auditor participated in the second meeting on March 29, 2011. They informed the Supervisory Board about the key results of the audit of the separate and consolidated financial statements for the 2010 fiscal year. We discussed with the auditor's representatives the accounting and other significant issues of the past fiscal year and their impact on the net assets, financial position, and results of operations of the Company and the Group. Furthermore, the auditor explained to us the main findings of the audit of the separate and the consolidated financial statements. We acknowledged the Management Board's report for the 2010 fiscal year and on the current business situation. Following an in-depth examination, the Supervisory Board approved the separate and the consolidated financial statements of SUSS MicroTec AG prepared for

the 2010 fiscal year by the Management Board. In addition, the Supervisory Board's report for the past fiscal year was adopted by resolution. The Supervisory Board also set targets for the variable remuneration of the Management Board. The agenda and proposals for the Shareholders' Meeting on June 21, 2011 were agreed as well. At this meeting, the Supervisory Board dealt extensively with the topic of TecDAX membership and was also informed about the status of the relocation of Bonder activities from Waterbury, VT, USA, to Germany. We also discussed at this meeting an extension of the appointment of Chief Executive Officer Frank Averdung and his employment contract.

In the third ordinary meeting, on May 2, 2011, the Supervisory Board addressed the current figures for the first quarter of 2011 and the forecast for the entire year. Furthermore, the Supervisory Board was informed about the current status of the relocation of the Bonder division. The Supervisory Board also decided to extend the appointment of Mr. Frank Averdung, whose term would have expired on January 31, 2012, until January 31, 2017. During this Supervisory Board meeting, the Supervisory Board also approved a resolution regarding the restructuring of some aspects of the variable remuneration system for members of the Management Board. Furthermore, discussions were held about the future composition of the Supervisory Board after Mr. Repegather resigned from his position upon the conclusion of the Shareholders' Meeting on June 21, 2011. The nomination to the Shareholders' Meeting was approved by circular resolution on May 5, 2011. Following this meeting, the Supervisory Board conducted and documented an examination of the efficiency of its activities, in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board individually and in full council on the basis of Company-specific questions and checklists.

In the meeting on June 21, 2011, immediately before the ordinary Shareholders' Meeting, the Management Board informed us about the current business situation. Furthermore, we received an update from the Management Board about ongoing strategic projects. Mr. Gerhard Pegam already participated in this Supervisory Board meeting as guest.

On July 28, 2011, the fifth ordinary Supervisory Board meeting was held. In this meeting, a new update was presented to the Supervisory Board on ongoing strategic projects. In particular, the Management Board and Supervisory Board discussed the recent performance of the Photomask business as well as strategic options for the future direction of SUSS MicroTec Precision Photomask Inc., previously ITI Inc. The Supervisory Board authorized the Management Board to enter into negotiations with interested buyers for SUSS MicroTec Precision Photomask Inc.

The Management Board also discussed with us the current figures for the second quarter. The Supervisory Board adopted a resolution on a declaration of compliance with the German Corporate Governance Code.

In an extraordinary meeting of the Supervisory Board on September 26, 2011, the Management Board informed the Supervisory Board about ongoing strategic projects and proposed to continue to pursue them over a defined period. The Supervisory Board consented.

On October 12, 2011, the Supervisory Board approved the sale of the operations of SUSS MicroTec Precision Photomask Inc. via an asset deal.

In the Supervisory Board's ordinary meeting on November 7, 2011, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year. In addition, the Management Board provided information on the status of ongoing strategic projects. Furthermore, the Management Board presented the new risk management process and the related risk reporting, following the Group-wide introduction of process support software at the beginning of the year. The Management Board and Supervisory Board subsequently discussed the June 30, 2011 risk report, which had been prepared in the new reporting format for the first time.

The last meeting of the 2011 fiscal year, which was held on December 15, 2011, focused primarily on the current business situation and preliminary planning for the 2012 fiscal year. In addition, the Supervisory Board dealt with the relocation of the company headquarters of SUSS MicroOptics S.A. within Neuchâtel and the associated budget. The Management Board also presented the Supervisory Board with another update on the status of strategic projects.

CORPORATE GOVERNANCE

The Supervisory Board again concerned itself during the 2011 fiscal year with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and structure of remuneration for the Management and Supervisory Boards are provided in a separate Corporate Governance Report on pages 28 et seq of the Annual Report. In their meetings on July 28, 2011, the Management and Supervisory Boards approved the declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, Germany, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2011 prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of December 31, 2011 and issued an unqualified audit opinion for both. The consolidated financial statements and Group management report were prepared in accordance with Section 315a of the HGB, based on International Financial Reporting Standards as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted accounting principles promulgated by the Institute of Public Auditors in Germany (IDW) and with the International Standards on Auditing (ISA).

The audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 27, 2012 in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations of the net assets, financial position, and results of operations of the Company and the Group and was available to us in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit. The main focal points of this year's audit were the sale of the business operations of SUSS MicroTec Precision Photomask Inc., the impairment test of financial assets in the consolidated annual financial statements, sales recognition, and the plausibility of forecasts.

We audited the annual financial statements of the Company and the Group as well as the condensed management report in the Group management report. There were no objections. We noted with approval the reports of the auditor after a detailed examination of the reports.

The separate annual financial statements prepared by the Management Board were approved by the Supervisory Board and, thus, adopted. The Supervisory Board also approved the consolidated annual financial statements. We approved the combined management report of the Corporation and the Group and, in particular, the assessment regarding the further development of the Company.

CHANGES IN THE SUPERVISORY AND MANAGEMENT BOARDS

At the conclusion of the ordinary Shareholders' Meeting held on June 21, 2011, Mr. Sebastian Repegather resigned from his position as member of the Supervisory Board. The Shareholders' Meeting elected Mr. Gerhard Pegam as his successor.

There were no changes in the composition of the Management Board in the 2011 fiscal year.

In a market environment characterized by considerable economic uncertainty, the dedicated commitment of each and every employee is of extraordinary importance. The Supervisory Board would like to express its tremendous gratitude and appreciation to the members of the Management Board and all employees for their successful, hard work during the past fiscal year.

Garching, Germany, March 27, 2012

On behalf of the Supervisory Board,



Dr. Stefan Reineck
Chairman of the Supervisory Board

SEMICONDUCTORS

NO COMMUNICATION WITHOUT SMARTPHONE OR TABLET PC

THE MARKET FOR SMARTPHONES AND TABLET COMPUTERS HAS DEVELOPED RAPIDLY IN THE PAST YEAR. WHILE IN 2010 APPROXIMATELY 305 MILLION SMARTPHONES WERE SOLD WORLDWIDE, THERE WERE ALREADY MORE THAN 490 MILLION SOLD IN 2011, AND BY 2015 IT IS EXPECTED TO BE MORE THAN 900 MILLION, ACCORDING TO AN ESTIMATE OF THE IDC MARKET RESEARCH INSTITUTE.





XBS300

SUSS MicroTec's XBS300 Bonder platform represents the latest tool generation for the mass production of wafers for 3D applications using temporary bonding.

>> FASTER

High throughput when attaching adhesive and release layers

>> LEANER

Open platform for the temporary bonding of 200mm and 300mm wafers

>> MORE POWERFUL

GYRSET coating process and outstanding thickness variation of the bonded wafers, support for all current temporary bonding processes

>> MORE COST-EFFECTIVE

Low operating costs for all available adhesives



FASTER, LEANER, MORE POWERFUL: THESE ARE KEY CHARACTERISTICS OF A MODERN SMARTPHONE OR TABLET COMPUTER. WHEN PURCHASING A NEW SMARTPHONE, THE CONSUMER EXPECTS IT TO HAVE MORE OPTIONS, MORE MEMORY, AND IDEALLY A LONGER BATTERY LIFE THAN IN HIS OR HER OLD PHONE.

THE STATUS QUO IN THE SEMICONDUCTOR INDUSTRY

Currently, the semiconductor industry is capable of producing pattern sizes of up to 22 nanometers, which corresponds to 0.000022 millimeter. To achieve this, lithography devices are used at the front-end of semiconductor production, employing

so-called 193 nm immersion lithography. This involves a process in which light with a wavelength of 193 nanometers passes through a system of lenses and a thin liquid film before it reaches the photo resist on the top side of the wafer. In order to represent these particularly small patterns, so-called double patterning must be used with pattern

SUSS MICROTEC SUPPORTS THE TREND TOWARDS FURTHER MINIATURIZATION



sizes starting at 32 nanometers. This means that the exposure of the wafer must be completed with two different masks in two steps in order to create the desired patterns.

A new generation of smaller but more powerful microchips has been developed in the semiconductor industry approximately every two years. These made it possible to install more microchips on a given surface with an underproportional increase in price. In the semiconductor industry, this development is known as Moore's Law, named after the Intel co-founder Gordon Moore, who derived this law back in 1965.

According to the current state of knowledge, this trend will continue in the years to come, but with the difference that the manufacturing of individual microchips on a given surface will not become cheaper, but rather more expensive. An important reason for this is that the most recent generations of tools for manufacturing ever smaller patterns are becoming much more expensive, for example the lithography tools used in so-called EUV lithography. This is a photolithography process that uses extreme ultraviolet radiation (EUV) for exposure. This process should make it possible to continue to reduce pattern sizes in the semiconductor industry in order to be able to manufacture smaller, more efficient, and faster integrated circuits. However, only a few large semiconductor manufacturers will be able to afford this much more expensive technology.

Apart from higher costs for individual microchips, at some point a minimum pattern size will be reached, beyond which the physical properties of microchips will no longer be able to function as desired. With its product range, SUSS MicroTec supports customers in continuing to reduce pattern sizes in microchips, while also participating actively in the development of alternate technologies, such as 3D packaging and 3D integration. Below we have assembled an overview of the markets and technologies we serve that support the trends in the semiconductor sector described above.

PHOTOMASK EQUIPMENT – SUPPORT FOR ONGOING MINIATURIZATION

As already mentioned, the front-end of the semiconductor industry strives to increase the performance of individual microchips through the progressive reduction of pattern sizes, while simultaneously lowering costs. This trend toward ongoing miniaturization will continue to drive innovations and technological progress at the front-end of semiconductor fabrication with unrelenting force. The desired patterns will be transferred to the wafer at the front-end using lithographic processes and what is known as a photomask. The masks used in front-end processes in lithography are very expensive and extremely sensitive. The smaller the patterns, the more sensitive the mask. The use of suitable technologies for development and cleaning is thus extremely important. A defect on the mask means many defective microchips. With our cleaning tools, which are needed both for manufacturing and subsequently using these highly sensitive photomasks, SUSS MicroTec supports the further development of ever smaller patterns. Among specialists, this is frequently referred to as 2D scaling, which simply means that the individual microchips become smaller and smaller, translating to more microchips on a given surface. The driving force here primarily stems from mobile communication devices like smartphones, tablet computers, and laptops, whose capabilities increase and expand from year to year.

On the one hand, the growing use of 193 immersion lithography means double or multiple patterning, which in turn increases the sensitivity of the patterns exponentially. On the other hand, with EUV lithography increasingly being used on the front-end, new technological challenges are also emerging that affect not only lithography tools, but also photomasks.

In the areas of advanced packaging and the cleaning of photomasks, we support the trend toward the continual miniaturization of pattern sizes – otherwise known as 2D scaling or Moore’s Law.

EUV radiation, which has a very short wavelength, is normally completely absorbed by the atmosphere in the environment. Thus, the exposure process must be carried out in a vacuum. Furthermore, no refractive optics may be used, but rather mirror optics are necessary. The EUV mask is composed of more than 80 individual layers – many only a few nanometers thick – and they must also have a highly reflective surface. As a result, additional, much higher demands are again placed on the cleaning of these photomasks. SUSS MicroTec’s tools and process solutions for the cleaning of conventional photomasks, but also of photomasks used in EUV lithography, are world leading and support progressive pattern miniaturization in the semiconductor industry.

ADVANCED PACKAGING

Advanced packing is an alternative packaging technology to traditional wire bonding. The majority of microchips today are still wired using wire bonding, as the size of the individual components currently is not critical for all applications. In a TV set, for example, there is sufficient room to install relatively generously packaged microchips. With the growing spread of ultraflat laptops, tablet computers, and smartphones, however, packaging thickness will continue to gain in importance. These devices already exclusively use advanced packaging technologies. Here the photo resist is applied to the wafer via our Coater using spin or spray coating processes and then baked. After exposure in a Mask Aligner, the exposed photo layer is developed in our Developer. SUSS MicroTec tools thus cover key process steps of advanced packaging and help our customers manufacture ever more powerful components at the lowest possible prices and in the smallest amount of space.

With our 3D packaging and 3D integration solutions, we support the trend toward stacking thinned wafers in the third dimension – also referred to as “More than Moore.”

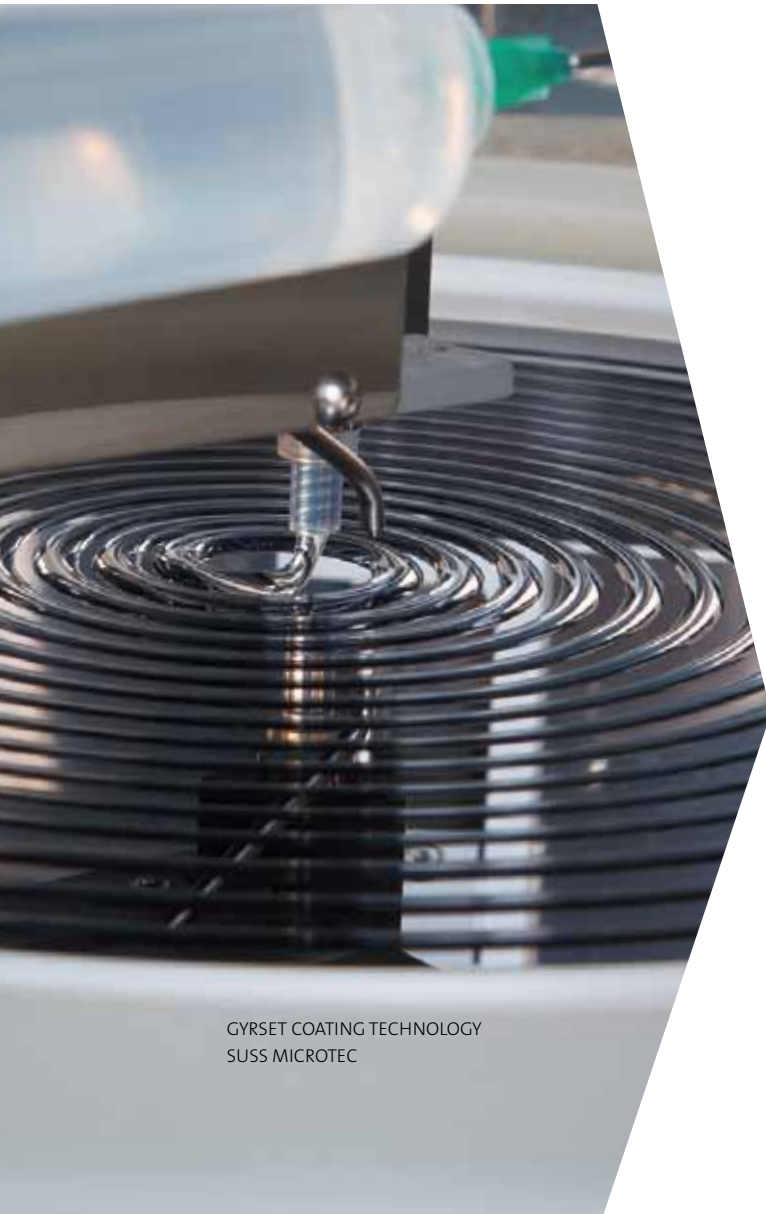
3D INTEGRATION – “MORE THAN MOORE”

In the past, the miniaturization of chip sizes – according to Moore’s Law – was technologically possible and economically sensible. Despite the increase in performance, the cost per transistor function is reduced. However, today conventional lithography is reaching its limits. Alternative technologies exist, such as the previously described EUV lithography,

but they make development and manufacturing more expensive. For this reason, only those chip manufacturers that depend on higher performance will continue forward with additional pattern miniaturization. Manufacturers whose goal it is to represent higher complexity in a small space can follow the alternative path of 3D integration.

In order to increase the performance of a computer, tablet computer, or smartphone, the microchips do not necessarily have to be smaller. Alternatively, it is possible to stack several microchips with different functions on top of each other and thus increase complexity. Particularly in a smartphone or tablet computer, however, the space available for an individual component is extremely limited. Thus, it must be ensured that the stack consisting of several components is not larger than the originally intended space requirements for an individual microchip. This can be achieved by thinning the individual microchips and connecting them with one another electrically. This is done via so-called through-silicon vias or TSVs. As the thinned wafers are extremely unstable and fragile, they must first be affixed to a carrier before thinning. This process is called temporary bonding. The final assembly and stacking of the individual wafers occurs during permanent bonding.

We provide tools and process solutions for all aspects of thin wafer handling. Our product portfolio encompasses complete equipment solutions for the attaching, detaching, and final cleaning of the wafers during temporary bonding. Subsequently, the many metallic touchdown points on the individual microchips that are still located on the wafer are permanently connected to each other under high pressure at high temperature. This also is accomplished with our tools: the Wafer Bonders. Finally, the stacked microchips are separated.



GYRSET COATING TECHNOLOGY
SUSS MICROTEC



MEMS

REACHING YOUR DESTINATION QUICKLY AND SAFELY – EVEN ON FOOT

A WIDE RANGE OF NAVIGATION SOLUTIONS ARE AVAILABLE THESE DAYS: BUILT-IN, NAVIGATION APPS, SMARTPHONES, AND PORTABLE NAVIGATION SYSTEMS ALL COMPETE FOR THE FAVOR OF CUSTOMERS. THE PORTABLE NAVIGATION SYSTEMS IN PARTICULAR ARE POPULAR AMONG USERS WHO FREQUENTLY DRIVE DIFFERENT VEHICLES.





GAMMA - COATER / DEVELOPER

With modules for both spin and spray coating as well as wet processing, the Gamma platform provides fully automated processing of photo resists and fulfills all industry requirements as regards clean, reliable, high-throughput, and cost-effective photolithography processes.

>> FASTER

Different wafer sizes can be processed simultaneously without mechanical retooling

>> LEANER

High ease of maintenance through easy access to all important components

>> MORE POWERFUL

Suitable for substrates made from silicon, III/V-semiconductor materials, sapphire, glass, or flexible plastic

>> MORE COST-EFFECTIVE

Configurable for low-volume and volume production



THE MARKET FOR MICROELECTROMECHANICAL SYSTEMS (MEMS) HAS DEVELOPED HIGHLY DYNAMICALLY IN THE PAST TWO YEARS. NEW APPLICATIONS APPEAR IN THIS MARKET SEGMENT NEARLY DAILY. MEMS ARE USED IN THE AUTOMOTIVE INDUSTRY, TELECOMMUNICATIONS, CONSUMER ELECTRONICS, AND RECENTLY INCREASINGLY IN MEDICAL TECHNOLOGY.

MANUFACTURING LITTLE HELPERS

In the manufacturing of MEMS components, the same technologies and processes are used as in semiconductor fabrication. Coater / Developer, Wafer Bonder, and Mask Aligner from the SUSS MicroTec product range all have a role to play here. The lithography tools are employed for example for the patterning of etch masks and electric touchdowns or for the manufacturing of tiny mechanical patterns, such as microgears. Our Wafer Bonders are used for hermetic encapsulation for MEMS components.

EXPERIENCE GIVES US A HEAD START

For many years, spin and spray coaters from SUSS MicroTec have stood for first-class performance, ease of use, and high flexibility. We have succeeded in transferring our decades of experience in coating and developing to the relatively young market of MEMS fabrication. With our processing equipment for MEMS fabrication, we have positioned ourselves as market leaders in the area of premium MEMS production at the wafer level in particular and have thus become one of the most important suppliers of innovative solutions in the MEMS market. With our comprehensive product range of compact and user-friendly spin and spray coaters, which extend from inexpensive laboratory equipment to high-performance production equipment, photoresist layers of less than 1 µm to several hundred µm can be achieved in the same process chamber, for example. As a result, we create process flexibility, shorten retooling times for our customers, and thus increase the quantity of wafers that can be processed with our tools per hour. With these measures we support our customers in manufacturing the products in demand from their consumers at a competitive price.

A MEMS COMPONENT WITH POTENTIAL: THE ELECTRONIC COMPASS

With the capabilities of smartphones and other mobile devices continually increasing, it has become almost standard to equip devices with sensors that record their movement and location. These electronic compasses, gyroscopes, and accelerometers support not only location-based services, but also the operation of the devices by tipping or turning. For example, electronic compasses today are manufactured from semiconductor materials as integrated circuits using lithography processes.

The use of MEMS in cellular telephones will in future not be limited to the rotation of screen images, energy-saving functions, motion detection, an electronic compass, and 3D games, but will include additional functions that supply the user with more information and make life easier

Modern cellular telephones these days usually contain navigation software plus the necessary hardware. The market for MEMS-based electronic compasses alone grew by more than 70 percent in 2011, according to experts from IHS iSuppli. This market segment will have thus reached a size of approximately US\$ 420 million in the past fiscal year. It is also expected that this market will double again by 2015. For example, in the near future it will be taken for granted that one can point a smartphone at a certain object and immediately receive information about this object and places of interest or restaurants and businesses nearby. The growing number

of options to be offered by mobile devices will necessitate increasing the complexity and performance of the individual components further. SUSS MicroTec is making a valuable contribution to this with its tools and process solutions.

EXTENSIVE APPLICATION POSSIBILITIES FOR MEMS

In the past fiscal year, the MEMS market was very strongly driven by the growing number of smartphones and tablet computers. In addition, there are still numerous areas in which MEMS components can be used in the automotive sector, consumer electronics, and medical applications. Specifically,

these include pressure sensors, acceleration sensors, and rotation speed sensors, as well as components in the optics and microfluidics areas.

Pricing pressure and the necessity to steadily reduce the size of MEMS components remain extremely high. SUSS MicroTec equipment and solutions support customers in achieving this objective, for example through innovative, cost-effective, and powerful tool platforms with intelligent sequence control.

The range of potential applications is still quite varied and growth prospects remain enormous. While today, for example, a modern cellular telephone contains approximately nine MEMS functions, according to expert estimates, this is anticipated to more than double in the next few years.



GLANCE INTO
THE INSIDE OF A
COATER / DEVELOPER

LED

VERY BRIGHT

LEDS CONTINUE TO BE WELL ON THEIR WAY TO REPLACING LIGHT BULBS AS THE MOST IMPORTANT ARTIFICIAL LIGHT SOURCE. THE LED MARKET IS GENERALLY DIVIDED INTO MASS-MARKET ITEMS, HIGH-BRIGHTNESS LEDES, AND ULTRA HIGH-BRIGHTNESS COMPONENTS, WHERE EACH MARKET SEGMENT POSES ITS OWN CHALLENGES AND OPPORTUNITIES.





MA100E GEN2 - MASK ALIGNER

The second generation of this Mask Aligner is a lithography solution specially developed by SUSS MicroTec for the manufacturing of high-brightness LEDs.

» FASTER

Simultaneous processing of three wafers enables high throughput of up to 145 wafers per hour

» LEANER

High resolution of up to $2.5 \mu\text{m}$ L/S at an exposure distance of $20\mu\text{m}$

» MORE POWERFUL

The diffraction reducing optics of SUSS MicroTec allow proximity printing even for challenging resolution requirements

» MORE COST-EFFECTIVE

Reduced costs per lumen for our customers by simultaneously combining high throughput and high yield



NOT LEAST DUE TO THE RISING ROLE OF TECHNOLOGY IN OUR EVERYDAY LIFE AND THE ASSOCIATED RAPID SPREAD OF LEDs, WHICH ARE USED IN COMPUTER SCREENS, TELEVISIONS, AUTOMOTIVE LIGHTING, AND CELLULAR TELEPHONES, THE MARKET FOR LEDs HAS DEVELOPED VERY DYNAMICALLY IN THE PAST YEAR.

THE LED MARKET

This illumination market is divided into three main segments. The first is the market for mass-produced units, which are used for example in the displays of electronic devices and are available at prices

of approximately ten cents (US dollar). In the LED mass-produced market, the price per unit is decisive, which in turn depends on the total cost of manufacturing the individual components. The mid-market segment is for what is referred to as high-brightness LEDs. This involves LEDs which are currently being increasingly used in the automotive industry, for example for tail-lights. The market for ultra high-brightness components, which are available at a price per unit of US\$1–3, covers for example the area of building and street lighting. This market will gain in importance in the future since countries like China, which today are just on the cusp of a massive electrification process, must use environmentally friendly, inexpensive, and energy-efficient technologies in view of rising raw material and energy prices.



SUSS MICROTEC OFFERS
TAILOR-MADE SOLUTIONS

CHANGE IN TREND IN THE LIGHTING INDUSTRY

With respect to the area of building and street lighting, rising energy prices and people's growing environmental awareness – not only in China – have led to a change in trend. Although the light bulb was the preferred means of lighting a few years ago, many consumers have since decided to purchase energy-saving bulbs due to rising energy prices, even though they are much more expensive than conventional light bulbs. In the meantime, lawmakers have also recognized this trend along with the necessity for energy efficiency and banned the sale of light bulbs over the medium term. But the use of energy-saving bulbs is not a lasting solution because their disposal poses new environmental protection problems and burdens due to the mercury content in the base of the bulb. A practical solution from today's perspective is the use of so-called ultra high-brightness LEDs. This form of lighting is still relatively expensive, but over the long term it will replace both the light bulb and the energy-saving bulb, particularly in residential and commercial premises and in street lighting.

Although growth slowed significantly in the second half of 2011, medium to long-term growth prospects remain substantial.

OUR DEVICES AND PROCESS SOLUTIONS SUPPORT LED MANUFACTURERS

The various compound semiconductors (LEDs for example) place special requirements on the tools with which they are processed, both in terms of the wafer size as well as the fragility or porosity of the material. SUSS MicroTec equipment is specially customized and optimized for these challenges. Our complete product range for LED manufacturing has been developed for the greatest possible flexibility in production and maximum throughput. It includes lamphouses with extremely high intensity or particularly fast robot-supported handling systems. Many

of our devices have a completely modular design so that their performance and throughput can be expanded on-site through retrofitting according to customer requirements.

Manufacturing procedures for LEDs are subject to a constant process of technological refinement, which we support in our market segment ideally with our solutions and equipment. In addition to traditional lithography, take for example the formation of micro- and nano-patterns using so-called nano-imprint processes, which permit a pattern size of less than 50 nanometers. With this process the desired patterns are transferred to the substrate using a stamp. In cooperation with SUSS MicroTec, Philips Research has developed the SCIL – Substrate Conformal Imprint Lithography – process specially for the LED market. In particular, it addresses applications which use large-scale imprinting of nano-patterns.

SUSS MICROTEC'S PRODUCT RANGE FOR LED MANUFACTURING

It's not just our Mask Aligner though that are used in the LED market segment: SUSS MicroTec Bonder are used for example to optimize the output of all the photons created in the LEDs. The Bonder carry out the final packaging this increases the output of the LEDs, by aiming the light, which would otherwise be lost as heat, in the desired direction. In addition, our Coater/Developer are also used for LED manufacturing. The typical processing steps here include the lithographic patterning of touchdown surfaces, electrodes, and etch masks, as well as the micropatterning of sapphire substrates. The combination of high throughput and high quality in the production process is of decisive importance for our customers here as well.

Investor Relations



THE POLITICAL STRUGGLE FOR A SOLUTION TO THE DEBT CRISIS IN EUROPE HAS FUNDAMENTALLY SHAPED STOCK MARKET ACTIVITY DURING THE 2011 FISCAL YEAR. THE SITUATION IN GREECE REMAINS TENSE. IN THE INTERIM, NOT ONLY COUNTRIES LIKE SPAIN AND ITALY ARE UNDER INTENSE SCRUTINY BY THE RATING AGENCIES, BUT ALSO COUNTRIES SUCH AS PORTUGAL AND FRANCE. IT WAS BECOMING INCREASINGLY CLEAR THAT THE DEBT CRISIS COULD ALSO HAVE REAL ECONOMIC CONSEQUENCES IN EUROPE AND POSSIBLY ALSO WORLDWIDE. THESE FEARS WERE TAKEN INTO ACCOUNT IN MANY STOCK PRICES, PARTICULARLY IN THE SECOND HALF OF 2011.

YOU WILL FIND MORE INFORMATION ABOUT SHARE PERFORMANCE, OWNERSHIP INFORMATION, AND INVESTOR RELATIONS ACTIVITIES AT SUSS MICROTEC IN THIS CHAPTER.

ONGOING DEBT SITUATION UNSETTLED CAPITAL MARKETS

The positive mood in the financial and capital markets that prevailed toward the end of 2009 and in 2010 gave way in the past fiscal year to tremendous uncertainty about the economic outlook for the coming years and particularly for the future of the Eurozone. The DAX opened the 2011 trading year at 6,990 points and closed at 5,898 points in December 2011. This corresponds to a decline of 16 percent. The MDAX and SDAX also fell significantly during the year, by 13 percent and 20 percent, respectively. The TecDAX declined over the same period from 860 points in January 2011 to 685 points in December 2011, or by approximately 20 percent.

Our share ended the 2010 fiscal year on December 30, 2010 at a price of € 9.14 and began the 2011 fiscal year on January 1, 2011 at a price of € 9.44. The stock price rally, which began as early as fall 2010, proceeded with unabated speed in the first two months of the 2011 fiscal year, driven in part by positive preliminary Company figures. At times, the SUSS MicroTec share was able to record price gains of up to 48 percent as compared with the beginning of the year. In March, the positive mood on the national and international exchanges gave way to widespread general uncertainty. The natural disaster in Japan as well as the commencement of NATO military operations in Libya contributed to additional uncertainty on the part of investors at that time. Unfortunately, the positive figures for the first quarter, which were published in early May, were unable to halt this downward trend. The SUSS MicroTec share had to endure sharp price declines, which at times saw its value fall below the level at the beginning of the year.

However, at the end of June a significant rebound in the markets was evident. A reason for this could have been the approval of comprehensive austerity packages in Greece and Italy, which coincided with a general calming of the capital markets. In addition, the SUSS MicroTec AG Management Board had confirmed the outlook for the first half of the year and the full year of 2011 at the Shareholders' Meeting on June 21, 2011. At the beginning of the third quarter, our share had recovered promisingly from the lows of the first half of the year and stood at times again well above the € 10 threshold. This breathing spell did not last long, however. From August to mid-September, the share performance was marked by sharp fluctuations, although price movements during this period coincided almost perfectly with the TecDAX benchmark index and the Prime IG Semiconductor index. At the end of September, the exchanges and thus also the SUSS MicroTec share experienced a slump, resulting in a price of € 6.40 on September 30. In general, it can be concluded that stock

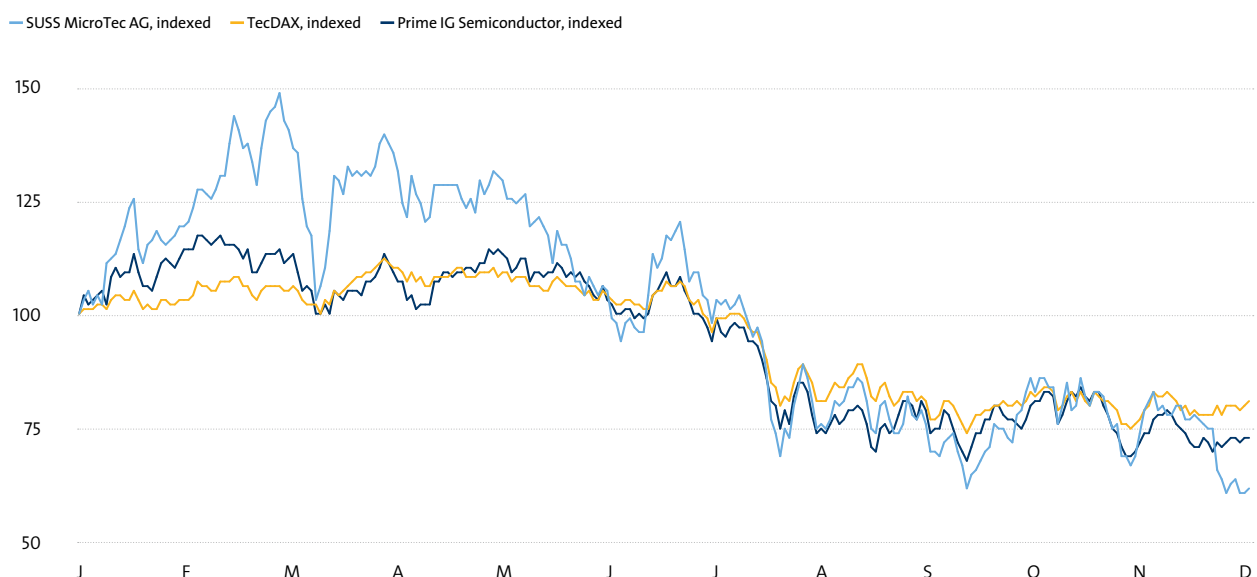
market activity in the summer of 2011 was shaped more by overall economic and political conditions than by corporate performance.

After experiencing an extremely volatile fourth quarter, our share closed the 2011 fiscal year at a price of € 5.63, representing a decline of approximately 40 percent since the end of 2010. The average daily trading volume of SUSS MicroTec shares on all German stock exchanges increased significantly in 2011 to 261,090 shares (2010: average daily trading volume of 117,654 shares).

The following graphs and tables offer an overview of share price performance in 2011.

SUSS MICROTEC SHARE PERFORMANCE IN 2011

(SUSS MicroTec share price on January 2, 2011: € 9.44)

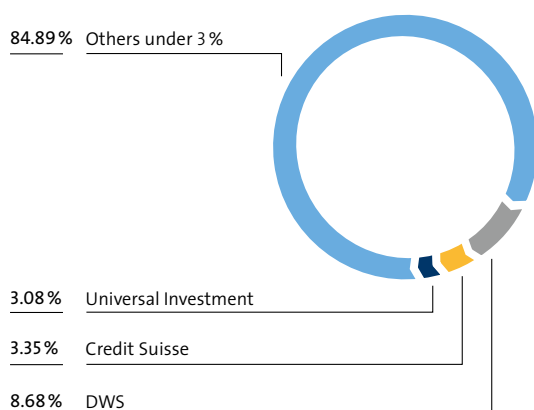


COMPARISON OF SUSS MICROTEC, TECDAX, AND PRIME IG SEMICONDUCTOR MARKET DEVELOPMENT

	12/30/2010	12/30/2011	Change
TecDAX	860	685	-20%
Prime IG Semiconductor	163	115	-29%
SUSS MicroTec	9.44	5.63	-40%

OWNERSHIP INFORMATION AS OF DECEMBER 31, 2011

in %



AN OVERVIEW OF THE SUSS MICROTEC SHARE

Securities identification number	A1K023
ISIN	DE000A1K0235
Reuters code	SMHN
Bloomberg code	SMHN:GR
Stock exchange segment	Prime Standard
Number of issued shares (as of December 31, 2011)	19,101,028
Description of securities	Registered shares
Designated sponsor	equinet Bank AG Close Brothers Seydler
Initial public offering	05/18/1999
Opening/closing price for the year in €	9.44 / 5.63
Yearly high/low in €* *XETRA closing price	13.57 / 5.57

RETURN TO THE TECDAX

As of March 21, 2011, the shares of SUSS MicroTec AG are once again listed in the TecDAX, the leading technology index of the Deutsche Börse (German Stock Exchange). We are hoping for heightened recognition in the capital markets from our re-admission to the index, particularly among international investors.

CONVERSION TO REGISTERED SHARES

On June 21, 2011, the Shareholders' Meeting of SUSS MicroTec approved the conversion of no-par-value bearer shares to registered shares, which was then implemented on September 12, 2011. The SIN/ISIN of the share changed as part of this conversion. The new SIN is A1K023, while the corresponding ISIN is DE000A1K0235.

We are hoping that the conversion to registered shares not only leads to more transparency in the analysis of ownership information, but also eases the process of maintaining direct contact with our shareholders. Particularly in the run up to the Shareholders' Meeting, we are hoping to achieve a significantly simpler invitation and registration process. You will find more information on the topic of registered shares on our web page at www.suss.com/ir.

FURTHER EXPANSION AND INTERNATIONALIZATION OF INVESTOR RELATIONS ACTIVITIES

Investor relations activities encompass all measures that serve to maintain the relationships of an exchange-traded company with (potential) investors. In other words, IR activities involve providing the capital markets with timely information about the company and thus ensuring an appropriate valuation for the share on the stock exchange. Capital market participants and thus direct contacts include, for example, private shareholders, fund managers, financial analysts in investment banks, and naturally also the financial press.

The Management Board of SUSS MicroTec is committed to this task. Thus in 2011, the Management Board and Investor Relations team attended a total of 14 capital market conferences, including eight international conferences, and completed eleven road shows. This represents a significant increase from the previous year, when we participated in five capital market conferences and conducted a total of eight road shows.

The capital market conferences were held in, for example, Frankfurt, Zurich, Geneva, Paris, London, San Francisco, and New York. In addition, the Company took advantage of opportunities for personal interaction with institutional investors and analysts in many one-on-one meetings. Conference calls for investors and analysts were also held during the fiscal year for events such as the publication of quarterly results.

ANALYST RESEARCH

Four research firms – DZ Bank AG, Warburg Research GmbH (previously SES Research GmbH), equinet Bank AG, and GBC AG Investment Research – have continued the previous year's coverage. In addition, in January 2011 Close Brothers Seydler Research AG initiated coverage of the SUSS MicroTec share. In March 2011, Hauck & Aufhäuser Institutional Research AG in Hamburg also initiated coverage. In December 2011, five of six analysts recommended the SUSS MicroTec share as a buy. The one remaining analyst rates the share as a hold. An overview of current research reports

about the SUSS MicroTec share is available on the internet at www.suss.com/ir.

ANNUAL REPORT AWARD

During the past fiscal year, SUSS MicroTec AG received its seventh Annual Report award from the League of American Communications Professionals (LACP). In the competitive category "Technology – Semiconductors & Equipment", the 2010 Annual Report was granted the Silver award, thus placing third among all financial reports in its sector.

SHAREHOLDERS' MEETING

On June 21, 2011, the ordinary Shareholders' Meeting of SUSS MicroTec AG was held at the Haus der Bayerischen Wirtschaft (House of the Bavarian Economy) in Munich. In total, more than 100 shareholders, shareholder and bank representatives, and guests accepted the Company's invitation to the event in Munich. As a result, attendance was greater than in the previous year. Around 23 percent of the Company's equity capital was thus present. The shareholders approved all of the resolution proposals presented by the Management Board and the Supervisory Board at the Shareholders' Meeting.

In addition to discharging the Management Board and Supervisory Board from liability for the 2010 fiscal year and appointing auditors for the individual and consolidated financial statements, an amendment of the articles of incorporation reflecting the planned conversion to registered shares was on the agenda. Furthermore, a resolution was adopted to create new approved capital of € 6,500,000.00 with authorization for a partial subscription rights exclusion and a corresponding change in the articles of incorporation. An additional resolution was adopted for a profit and loss transfer agreement between SUSS MicroTec AG as the controlling company and SUSS MicroTec Lithography GmbH as the subordinate company. Finally, a special election to the Supervisory Board was held. Mr. Gerhard Pegam, CEO of EPCOS AG, was elected as the successor to Mr. Sebastian Reppgather.

Corporate Governance at SUSS MicroTec



THE CONCEPT OF CORPORATE GOVERNANCE REPRESENTS A RESPONSIBLE TYPE OF MANAGEMENT AND CONTROL OF COMPANIES THAT CREATES VALUE IN THE LONG TERM. AT SUSS MICROTEC, WE ARE GUIDED BY THE GERMAN CORPORATE GOVERNANCE CODE, WHICH IS A PROVEN STANDARD OF GOOD CORPORATE GOVERNANCE IN GERMANY. FURTHER DETAILS CAN BE FOUND IN THE REPORT WHICH FOLLOWS.

CORPORATE GOVERNANCE REPORT

The Management Board and Supervisory Board of SUSS MicroTec have again dealt with the topic of corporate governance intensively in the past fiscal year. The clearly defined goal of not only maintaining the continued existence of the Company but also achieving a sustainable increase in the Company's enterprise value through responsible and long-term corporate management continues to be of great importance to the Company. In its entrepreneurial activity, SUSS MicroTec strives to reinforce the confidence that investors, financial markets, business partners, employees, and the public have placed in us and to continuously enhance corporate governance within the Group. Extensive information on this topic can be found on our website at www.suss.com.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of SUSS MicroTec AG make the following declaration in accordance with Section 161 (1) of the German Stock Corporation Law (AktG):

SUSS MicroTec has complied and will continue to comply with the recommendations of the German Corporate Governance Code in the version from May 26, 2010 since the issuance of the most recent declarations of compliance on November 2, 2010 and July 28, 2011 with the following five exceptions – invitation to the Shareholders' Meeting, postal voting, a deductible for D&O insurance, the creation of committees, and the performance-based remuneration of Supervisory Board members.

Invitation to the Shareholders' Meeting

The German Corporate Governance Code recommends in Section 2.3.2 that an invitation to the Shareholders' Meeting, including convention documents, be sent by electronic means to all domestic and foreign financial services providers, shareholders, and shareholder associations, insofar as all approval requirements have been met. SUSS MicroTec will only send notification of the convening, including the convention documents, by electronic means if shareholders, shareholders' associations, or financial service providers request us to do so. Automatic electronic transmission to all the parties named in Section 2.3.2 is not possible as SUSS MicroTec AG has issued bearer shares and the shareholders' names and addresses are therefore not known. After completion of the conversion from bearer to registered shares approved at the Shareholders' Meeting on June 21, 2011, the Company will examine whether this recommendation can be followed in the future.

Postal Voting

The German Corporate Governance Code recommends in Section 2.3.3 Sentence 2 that a company support the shareholders by providing postal voting opportunities. The possibility of postal voting provided by the German Act on Implementing the Shareholders' Rights Directive (ARUG) is as yet still subject to numerous legal and practical complications. For this reason, and taking into consideration the administrative expense associated with postal voting combined with the possibility provided by the Company of authorizing a proxy by electronic means, SUSS MicroTec will not be complying with this recommendation for the time being.

Deductible for D&O Insurance

The German Corporate Governance Code recommends in Section 3.8 that upon concluding a directors' and officers' liability insurance policy, a deductible for the company Supervisory Board that complies with the legal requirements for board members be agreed. SUSS MicroTec AG has had D&O insurance without any body-specific deductible for the Supervisory Board for several years. In SUSS MicroTec's opinion, responsible actions of the Supervisory Board are not additionally promoted through the agreement of a corresponding deductible.

Creation of Committees

The German Corporate Governance Code recommends in Section 5.3 the creation of professionally qualified committees, depending on the specific circumstances of the company and the number of its Supervisory Board members. As the Supervisory Board of SUSS MicroTec only consists of three members, the creation of committees, which usually must be comprised of at least three members, is not possible and on the whole not necessary as there is plenty of scope for intense and detailed discussions to take place within the full council of the Board.

Remuneration of Supervisory Board Members

In Section 5.4.6 Paragraph 2 the German Corporate Governance Code recommends a performance-based remuneration of the Supervisory Board members. The remuneration of Supervisory Board members is stipulated in Section 19 of the articles of incorporation. SUSS MicroTec AG's articles of incorporation currently do not provide for performance-based remuneration of the Supervisory Board. In the Company's opinion, responsible actions of the Supervisory Board are not additionally promoted through the agreement of performance-based remuneration.

The full text of the current declaration of compliance as well as of all previous declarations regarding the Code are published on the Company's website at www.suss.com/ir.

Furthermore, SUSS MicroTec AG voluntarily complies with the non-obligatory recommendations of the Code with the following restrictions:

>> Notwithstanding 2.3.3 of the German Corporate Governance Code, the proxy cannot be reached during the Shareholders' Meeting, since this cannot be guaranteed with the legally required level of security at a justifiable legal expense.

>> Section 2.3.4 of the Code suggests that the shareholders of the Company be able to follow the Shareholders' Meeting via modern communication methods (e.g. the internet). Considering the additional costs that might arise from the use of this technology, a decision was made not to implement such measures at this time.

>> Since the Supervisory Board of SUSS MicroTec AG does not take part in the decision-making, there is no separate prearrangement of Supervisory Board meetings, notwithstanding Section 3.6 (1) of the German Corporate Governance Code.

>> In addition, the suggestions of the Code relating to Supervisory Board committees and the performance-based remuneration of the Supervisory Board are not followed since the Company does not comply with the related recommendations.

SHAREHOLDERS' MEETING

At the annual ordinary Shareholders' Meeting of SUSS MicroTec, our shareholders can pose their questions about the Company and its business development directly to the Management Board and the Supervisory Board. SUSS MicroTec always prepares the Shareholders' Meeting with the goal of providing shareholders with all information relevant to them. In addition, the Shareholders' Meeting approves a resolution on the discharge of liability for the Management Board and the Supervisory Board and on the appropriation of earnings.

The convening of the Shareholders' Meeting, along with the pending agenda items and the conditions for participation, is usually announced five to six weeks before the date of the meeting. All documents and information on the Shareholders' Meeting can be downloaded from the Company's website. A paper copy can also be requested from the IR department. We also try to make it easier for participants to exercise their rights. Shareholders can either exercise their voting right themselves at the Shareholders' Meeting, or have this exercised via a proxy of their choice or a voting rights representative with instructions appointed by the Company. The instructions for exercising voting rights can be issued prior to the Shareholders' Meeting or at the meeting directly on site. We publish attendance figures and the voting results from the Shareholders' Meeting on the internet immediately after the event.

COMMUNICATION AND TRANSPARENCY

In order to guarantee the greatest possible transparency and equal opportunities for all capital market participants, corporate communication at SUSS MicroTec strives to inform all target groups in an equal and timely manner. The Company employs various means in order to do so. In addition to quarterly, semi-annual, and annual reports as well as telephone conversations, conferences, and road shows, we rely in particular on the corporate website in order to inform shareholders, institutional investors, analysts, and other interested parties about developments at the Group. SUSS MicroTec generally informs its shareholders essentially four times per year about business development and the current net assets, financial position, and results of operations. Along with obligatory publications, which are available for download in both German and English at www.suss.com/ir, you may view or download presentations at key events and Management Board interviews in video or audio format free of charge. We inform shareholders, analysts, members of the media, and any interested members of the public regularly and in a timely manner of any recurring events, for example the date of the Shareholders' Meeting or the publication dates of interim reports. This information can be found in the financial calendar published in our Annual Report and interim reports as well as on our Company's website.

MANAGEMENT AND SUPERVISORY BOARD COOPERATION

As a German corporation ("AG"), SUSS MicroTec is subject to German stock corporation law and, therefore, has a dual management and control structure, which is exercised by the members of the Management and Supervisory Boards. The Management Board and Supervisory Board cooperate in a goal-oriented and efficient manner, taking into account the interests of our employees and shareholders, in order to promote the sustainable enhancement of the Company's value. The members of the Management Board bear joint responsibility for all management activities. They are responsible for the development of the Company's strategy, coordinating this with the Supervisory Board, and ensuring that it is carried out in a responsible manner.

The Supervisory Board monitors and consults the Management Board with regard to the management of the Company and appoints the members of the Management Board. Significant Management Board decisions – for example, acquisitions, divestments, and financial transactions – require the approval of the Supervisory Board. The Supervisory Board of SUSS MicroTec is not co-determined and no committees were formed. There is thus nothing to report regarding the composition and working procedures of the committees.

The Management Board and the Supervisory Board always cooperate very closely in the interest of the Company and with the common goal of achieving a sustainable increase in the enterprise value. The Management Board informs the Supervisory Board about business policy and all relevant issues related to planning, business development, risk position, and risk management on a regular, prompt, and comprehensive basis. Deviations in business developments from the established plans and targets are explained and reasons for these are provided.

As is stipulated in the German Corporate Governance Code, only one former member of the Management Board belongs to the Supervisory Board of SUSS MicroTec AG (this being Dr. Stefan Reineck). This guarantees the impartial consultation and monitoring of the Management Board. In the 2011 reporting year, there were again no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company. No conflicts of interest among Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board occurred in the 2011 fiscal year.

SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

Sufficient diversity of expertise among the Supervisory Board members will generate a broad spectrum of experience and varying perspectives that can be used to the benefit of SUSS MicroTec.

SUSS MicroTec AG is a technology-oriented Company that is aligned with the global market and that must compete and develop in a very dynamic and technologically demanding environment. This necessitates that members of the Supervisory Board possess the ability to make assessments regarding technology and have relevant knowledge of markets on an international scale.

Consequently, it is the objective of the Supervisory Board to not only attract individuals who are experienced financial experts but also to cover these areas as well. Of particular importance in terms of technological expertise is relevant knowledge of the semiconductor and semiconductor-related industry and its equipment suppliers. In order to be able to assess trends and developments in our very dynamic markets farsightedly and reliably, international experience and extremely active networks must be represented in the Supervisory Board. With the election of Mr. Gerhard Pegam, the Supervisory Board has gained additional expertise, particularly of the international technology sector.

In addition to this key expertise, the Company expects from successful Supervisory Board members and candidates broad experience in other areas which contribute in as complementary a fashion as possible to the optimal composition of the Supervisory Board. Among these areas are knowledge and experience of strategic corporate development, including mergers and acquisitions, the capital markets, capital markets communication, the recruitment of executives, modern remuneration models for all levels, and a heightened sensitivity for economic and ecological principles.

Depending on the Company's current situation, it can make sense to adjust the weighting of individual criteria and to propose corresponding changes to the Supervisory Board at the Shareholders' Meeting. For this purpose, the Supervisory Board observes the Company's situation, evaluates the composition of the Supervisory Board once a year prior to the Shareholders' Meeting, and based on that review provides its assessment of the capabilities of the Supervisory Board to the Shareholders' Meeting.

With regard to the composition of the Supervisory Board, in the future more consideration is to be given to women in order to achieve an appropriate level of representation. The Supervisory Board and Management Board do not currently regard setting a quota to be expedient.

The age limit for Supervisory Board members is 71. Conflicts of interest are avoided in staffing the Supervisory Board by having the candidates make declarations prior to an election stating that they have no conflicts of interest. If potential or actual conflicts arise during an elected term, corresponding rules require that they be disclosed and handled appropriately by the full council of the Supervisory Board.

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

There were no changes in the composition of the Management Board of SUSS MicroTec during the past fiscal year.

The composition of the Supervisory Board has changed in the past fiscal year. Mr. Sebastian Repegather resigned from his position as Supervisory Board member, effective upon the conclusion of the Shareholders' Meeting on June 21, 2011. Mr. Gerhard Pegam, formerly Chief Executive Officer of EPCOS AG, was elected to the Supervisory Board of SUSS MicroTec until the end of the Mr. Repegather's regular term.

DIRECTORS' DEALINGS OF THE MANAGEMENT AND SUPERVISORY BOARDS

In accordance with Section 15a of the German Securities Trading Law (WpHG), the members of the Management and Supervisory Boards are legally obligated to disclose the acquisition or sale of SUSS MicroTec AG shares or their corresponding financial instruments insofar as the value of the transactions that a member of the Company and persons associated with him/her has carried out within the calendar year amounts to or exceeds EUR 5,000.

The following transactions were reported to SUSS MicroTec AG in the past fiscal year:

DIRECTORS' DEALINGS 2011

Date of the transaction	Buyer / seller	Type and place of transaction	Quantity (number)	Price in €	Total volume in €
03/31/2011	Michael Knopp	Sale on XETRA	5,000	11.95	59,750.00
03/31/2011	Michael Knopp	Sale on XETRA	5,000	11.75	58,726.30
03/31/2011	Michael Knopp	Sale on XETRA	7,500	11.83	88,720.36
03/31/2011	Michael Knopp	Sale on XETRA	5,000	11.90	59,500.00
03/31/2011	Michael Knopp	Sale on XETRA	5,000	11.76	58,795.90
06/22/2011	Michael Knopp	Acquisition by option exercise, off-exchange	56,100	1.30	72,930.00
06/22/2011	Michael Knopp	Sale, off-exchange	35,000	8.90	311,500.00
06/22/2011	Frank Averdung	Acquisition by option exercise, off-exchange	67,500	1.30	87,750.00
06/22/2011	Frank Averdung	Sale, off-exchange	32,500	8.90	289,250.00
06/28/2011	Michael Knopp	Purchase, XETRA*	2,500	8.89	22,233.62
06/29/2011	Michael Knopp	Purchase, XETRA*	1,400	9.92	13,888.66
07/04/2011	Frank Averdung	Purchase, XETRA*	347	10.27	3,563.69
07/04/2011	Frank Averdung	Purchase, XETRA*	2,715	10.27	27,883.05
07/04/2011	Frank Averdung	Purchase, XETRA*	1,438	10.27	14,768.26
08/05/2011	Michael Knopp	Purchase, Frankfurt Stock Exchange	3,000	6.30	18,900.00
08/05/2011	Michael Knopp	Purchase, Frankfurt Stock Exchange	5,000	6.40	32,000.00
08/05/2011	Michael Knopp	Purchase, Stuttgart Stock Exchange	2,000	6.30	12,600.00
08/15/2011	Michael Knopp	Sale, XETRA	10,000	8.06	80,570.00

* Required acquisition of shares due to the variable remuneration of the Management Board

All dealings were published on the Company's website at [www.suss.com / de / investor-relations / corporate-governance / directors_dealings](http://www.suss.com/de/investor-relations/corporate-governance/directors_dealings).

STOCK OPTION PLANS

SUSS MicroTec AG views the issue of stock option plans as an important element of employee participation in the success of the Company as well as an opportunity to ensure that the executives are committed to the Company over the long term. The Company currently has two stock option plans. The options can be issued to members of the Management Board, members of management of associated companies within the meaning of Section 15 et seq of the German Stock Corporation Law (AktG), and to executives of SUSS MicroTec AG and companies associated with it within the meaning of Section 15 et seq AktG.

Stock Option Plan of 2005

At the beginning of the 2011 fiscal year, a total of 294,800 options were outstanding under the 2005 stock option plan approved by the Shareholders' Meeting on June 21, 2005, whereby the issuance of options under this plan was possible only until December 31, 2009. A total of 108,000 options from the Stock Option Plan of 2005 expired in the 2011 fiscal year. No options from this plan were exercised in the 2011 fiscal year. The number of options still outstanding at the end of the fiscal year amounted to 186,800, of which a total of 70,000 were issued to members of the Management Board. The issued options can be exercised upon expiration of a two-year waiting period, provided one of the performance goals described below is met: (i) the stock exchange price of the SUSS MicroTec share has increased by an average of 7.5 percent per annum during the period between issuing and exercising the options and the stock exchange price of the Company has developed the same as or better than the TecDAX during this period or (ii) the stock exchange price of the SUSS MicroTec share has increased by an average of 10 percent per annum during the period between issuing and exercising the options. The exercise and/or subscription prices amount to 1 8.39 for 156,800 options issued on May 23, 2007 and € 8.42 for 30,000 options issued on August 22, 2007. The exercise period ends five years after issuance of the options.

Stock Option Plan of 2008

At the beginning of the 2011 fiscal year, there were a total of 402,000 options outstanding under the Stock Option Plan of 2008 passed by the Shareholders' Meeting on June 19, 2008. In the 2011 reporting year, a total of 0 options were issued to members of the Management Board. A total of 7,500 options from the 2008 stock option plan expired during the 2011 fiscal year and 379,990 options were exercised. At the end of the 2010 fiscal year, a total of 14,510 options from the Stock Option Plan of 2008 were still outstanding. Of that amount, a total of 11,400 options were issued to members of the Management Board. The issued options can be exercised upon expiration of a two-year waiting period, provided that the following performance goals are met: (i) the stock exchange price of the SUSS MicroTec share has increased by at least 0.625 percent per full calendar month during the period between the issue date and the first day on which the stock option is exercised and the stock exchange price of the SUSS MicroTec share has developed the same as or better than the TecDAX during this period in percentage, or (ii) the stock exchange price of the SUSS MicroTec share has increased by at least 0.833 percent per full calendar month during the period between the issue date and the first day on which the stock option is exercised. In addition to the performance goals (i) and (ii), for exercise periods within the first 36 months of the term of the stock options, the stock exchange price of the SUSS MicroTec share must reach € 5.00 at least once during the term until the first day of the exercise period, for exercise periods between the 37th month and the 48th month it must reach € 5.75 at least once during the term, and for exercise periods between the 49th month and the 60th month it must reach € 6.60 at least once during the term. The exercise and/or subscription prices amount to € 1.30 for 14,510 options issued on April 14, 2009.

ACCOUNTING AND ANNUAL AUDIT

SUSS MicroTec prepares its consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS) as are applied in the European Union for listed companies. The separate financial statements for SUSS MicroTec AG are prepared according to the provisions of the German Commercial Code (HGB).

On June 21, 2011 the Shareholders' Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft from Munich, Germany, as auditors and Group auditors of SUSS MicroTec AG for the 2011 fiscal year. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality. Furthermore, the auditor agreed to inform the Supervisory Board of all material findings and circumstances that arise while conducting the audit.

Ownership of Shares and Subscription Rights

The members of the Management and Supervisory Boards of SUSS MicroTec in office in the 2011 fiscal year owned the following number of shares and subscription rights as of the end of the fiscal year on December 31, 2011:

REMUNERATION REPORT

Remuneration of the Management Board

SUSS MicroTec has already been disclosing the remuneration of the Management Board members on an individualized basis for many years. The objective of SUSS MicroTec's remuneration system for the Management Board is to incentivize long-term and sustainable corporate governance. Special performance should be rewarded with special compensation, but the failure to achieve objectives must lead to a tangible reduction in remuneration. In addition, remuneration must be oriented toward the size and economic position of the Company.

The Supervisory Board is responsible for setting the remuneration of Management Board members. The full council of the Supervisory Board determines and monitors the compensation system for the Management Board on a regular basis and finalizes the Management Board contracts.

The Supervisory Board has taken up the matter of aligning Management Board remuneration with sustainable corporate governance in detail. An external remuneration specialist was also consulted.

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

	Number of shares on 12/31/2011	Change from 12/31/2010	Number of stock options on 12/31/2011	Change from 12/31/2010
Supervisory Board				
Dr. Stefan Reineck	9,600	-	40,000	-
Jan Teichert	0	-	0	-
Sebastian Reppegather	0	-	0	-
Gerhard Pegam	0	-	0	-
Management Board				
Frank Averdung	82,000	+39,500	-	-67,500
Michael Knopp	35,000	- 2,500	41,400	-56,100

Remuneration Structure

The overall compensation of members of the Management Board consists of remuneration components both independent of performance as well as based on performance.

Fixed Remuneration

The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. The remuneration components independent of performance consist of the base salary and fringe benefits in the form of a company car and subsidies for health insurance and unsolicited retirement insurance. In addition, employer pension commitments (retirement, disability, and widow's pension) in the form of direct insurance have been made to the members of the Management Board (endowment insurance).

Performance-based Remuneration

Performance-based remuneration consists of variable remuneration and share-based remuneration.

Variable Remuneration

For the 2011 fiscal year, variable remuneration is restricted to a maximum of 100 percent of fixed remuneration at the beginning of this fiscal year. Effective January 1, 2012, variable remuneration may amount to a maximum of 150 percent of fixed remuneration at the beginning of the respective fiscal year. Of variable remuneration, 70 percent is determined according to quantitative criteria, while the remaining 30 percent is determined according to qualitative criteria.

Variable Remuneration Based on Quantitative Targets (Variable Remuneration A)

The Supervisory Board sets quantitative targets (order entry, sales, EBITDA, and free cash flow) one fiscal year at a time. If only 70 percent or less of these targets is achieved, this remuneration component is not received. The maximum amount is received when 130 percent of the target is achieved. If the achievement of a given target is between 70 percent and 130 percent, the variable remuneration is calculated proportionally to the amount achieved.

The remuneration based on quantitative criteria is determined annually. In the interest of promoting long-term corporate development, the Management Board members are permanently entitled to only half of variable remuneration A. As for the other half of the amount payable ("the qualified half"), the Management Board member is obligated to acquire Company shares during the first trading window after payment of the amount payable and to hold them in a registered account in their name for a lock-up period of three years, commencing on the last day of the trading window in which the shares were acquired. For the 2010 subscription year, the acquisition of Company shares occurred during the trading window after the ordinary Shareholders' Meeting in June/July 2011.

Variable Remuneration Based on Qualitative Targets (Variable Remuneration B)

Of the variable remuneration, 30 percent applies to multi-year, long-term qualitative targets, which are as a rule set for a period of three fiscal years. In the process, intermediate goals or milestones are established for achievement in individual fiscal years. Milestones were set for the first time for the 2010 to 2012 fiscal years. Upon conclusion of a fiscal year, the Supervisory Board, in consultation with the Management Board, adopts a resolution setting a preliminary target achievement threshold for between 70 percent and 130 percent of the stipulated milestones. The share of variable compensation in a given fiscal year depends on the threshold set for specific milestones. Half of this share is paid as an advance and the other half is carried over to a settlement account for variable remuneration as a temporary balance. After expiration of the full period of the multi-year targets, the Supervisory Board will determine conclusively for these overall targets the extent to which specific targets have been achieved within a range of 70 percent to 130 percent. Only these conclusively determined target achievement levels apply to the final calculation of the variable remuneration portions for the fiscal years falling within the full period, relative to the average of the maximum amounts for the relevant fiscal years. The

previously determined target achievement thresholds for the milestones are used only to calculate the corresponding advance payment.

Share-based Remuneration

A second element of performance-based remuneration is a share-based remuneration plan oriented toward the long-term success of the Company and consisting of stock options. The stock option plans are described on pages 34 of this Annual Report.

Severance Payments

In Management Board contracts, a compensation payment has been earmarked for cases where the term of a member of the Management Board ends prematurely and without significant cause. This is limited to no more than two years of compensation including fringe benefits (severance payment cap) and compensates for no more than the remaining term of the employment contract. The Management Board contracts do not include approval for benefits arising from the premature termination of the Management Board function as a result of a change of control.

SUSS MicroTec AG paid the following remuneration to the members of the Management Board in the 2011 fiscal year:

REMUNERATION OF THE MANAGEMENT BOARD 2011

Member of the Management Board	Base salary in €*	Variable remuneration for 2011 in €	Number of stock options	Other payments in €**	Expenses for retirement benefits in €
Frank Averdung	265,601.52	189,550.51	-	6,567.00	2,148.00
Michael Knopp	227,470.24	151,640.41	-	6,567.00	2,148.00

* Included in the base salary are allowances for health insurance and a company car with personal use option.

** Allowance for voluntary retirement fund

For more information, we refer to the disclosures provided in the Notes.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In addition to the reimbursement of their expenses and meeting attendance compensation of EUR 1,500.00 per meeting, each member of the Supervisory Board also receives a fixed remuneration based on the responsibilities and duties of the member. According to this, the Chairman of the Supervisory Board receives EUR 45,000.00, the Deputy Chairman receives EUR 40,000.00, and a regular member of the Supervisory Board receives EUR 35,000.00 per fiscal year as fixed compensation. The members of the Supervisory Board have reimbursed the Company for the notional per capita share of the D&O insurance premium paid by the Company.

In the 2011 fiscal year, neither former nor current members of the Supervisory Board received any remuneration or benefits for personal services, particularly consultation and placement services.

REMUNERATION OF THE SUPERVISORY BOARD 2011

Member of the Supervisory Board	Remuneration in €	Meeting attendance payment in €	Reimbursement of expenses in €	Deduction for pro rata D&O insurance premium in €
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	13,500.00	7,352.44	2,174.45
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	13,500.00	295.65	1,087.23
Sebastian Repegather	17,500.00	4,500.00	5,292.66	362.41
Gerhard Pegam	17,500.00	6,000.00	83.00	362.41

COMPANY BODIES

Members of the Management and Supervisory Boards of SUSS MicroTec AG and their mandates:

Frank Averdung

- >> VDMA Productronic Association, Frankfurt am Main (Vice Chairman)

Michael Knopp

Dr. Stefan Reineck

- >> AttoCube Systems AG, Munich (Chairman of the Supervisory Board)
- >> NanoScape AG, Munich, Germany (Chairman of the Supervisory Board)
- >> Phoseon Technology Inc., Hillsboro, OR, USA (member of the Board)
- >> Bosch Solar CISTech GmbH, Brandenburg an der Havel, Germany (member of the Board)
- >> Wittenstein AG, Igersheim, Germany (member of the Supervisory Board)
- >> Managing Partner at RMC Dr. Reineck
- >> Management & Consulting GmbH, Kirchartd, Germany

Jan Teichert

- >> Chief Financial Officer of Einhell Germany AG

Gerhard Pegam

- (in Supervisory Board since June 21, 2011)
 - >> Chief Executive Officer of EPCOS AG, Munich (until January 31, 2012)
 - >> TDK-EPC Corporation, Tokyo, Japan (until January 31, 2012) (member of the Board of Directors)
 - >> OC Oerlikon Corporation AG, Pfäffikon, Switzerland (member of the Administrative Board)
- as well as of the following subsidiaries of EPCOS AG: (until Jan. 31, 2012)
- >> EPCOS (Shanghai) Ltd., Shanghai, People's Republic of China (Chairman of the Board of Directors)
 - >> EPCOS (China) Investment Ltd., Shanghai, People's Republic of China (Chairman of the Board of Directors)
 - >> EPCOS Limited, Hong Kong, People's Republic of China (Chairman of the Board of Directors)
 - >> EPCOS Inc., Iselin, NJ, USA (Chairman of the Board of Directors)
 - >> Becromal S.p.A., Milan, Italy (Chairman of the Board of Directors)
 - >> Becromal Iceland ehf, Akureyri, Island (Chairman of the Board of Directors)

Sebastian Reppegather

- (in the Supervisory Board until June 21, 2011)
- >> Fidinam S.A., Lugano, Switzerland (Investment Director)
- >> Sterling Strategic Value Limited, Tortola, British Virgin Islands (member of the Board of Directors)
- >> International Equity Development S.L., Barcelona, Spain (member of the Board of Directors)

Group Management Report and Management Report

of SUSS MicroTec AG for the 2011 Fiscal Year



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BUSINESS AND GENERAL CONDITIONS

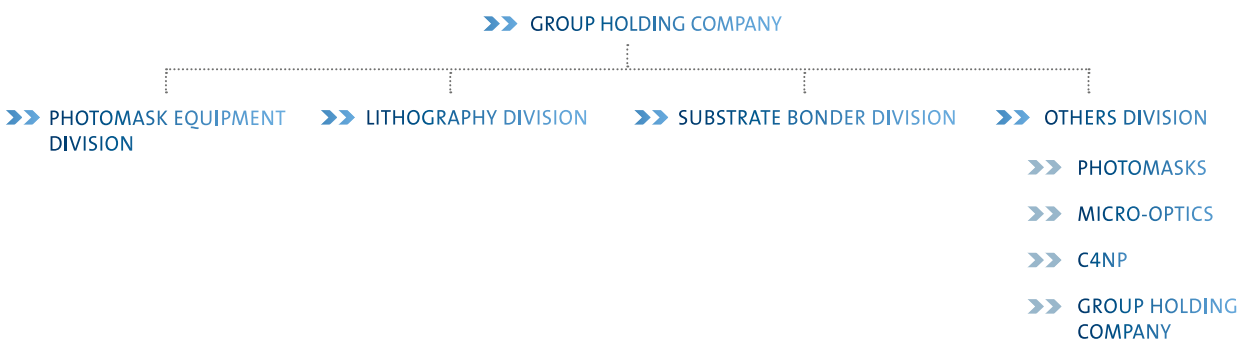
GROUP STRUCTURE AND BUSINESS ACTIVITIES

Business Activities and Divisions

The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and micro-electromechanical systems. As a supplier of system solutions for semiconductor technology, the Group operates as a high-performance partner of the semiconductor industry for the laboratory and production areas. Special markets with strong growth form the main areas of activity and promote the innovative development of technologies with long-term potential for success in future-oriented markets and applications. The main focus here is on the microchip architecture and connection technology for applications in chip manufacture, telecommunications, and optical data transfer.

Larger process lines are typically comprised of several individual tools, where the SUSS MicroTec Group creates and utilizes networks with internal and external partners in order to establish competitive advantages.

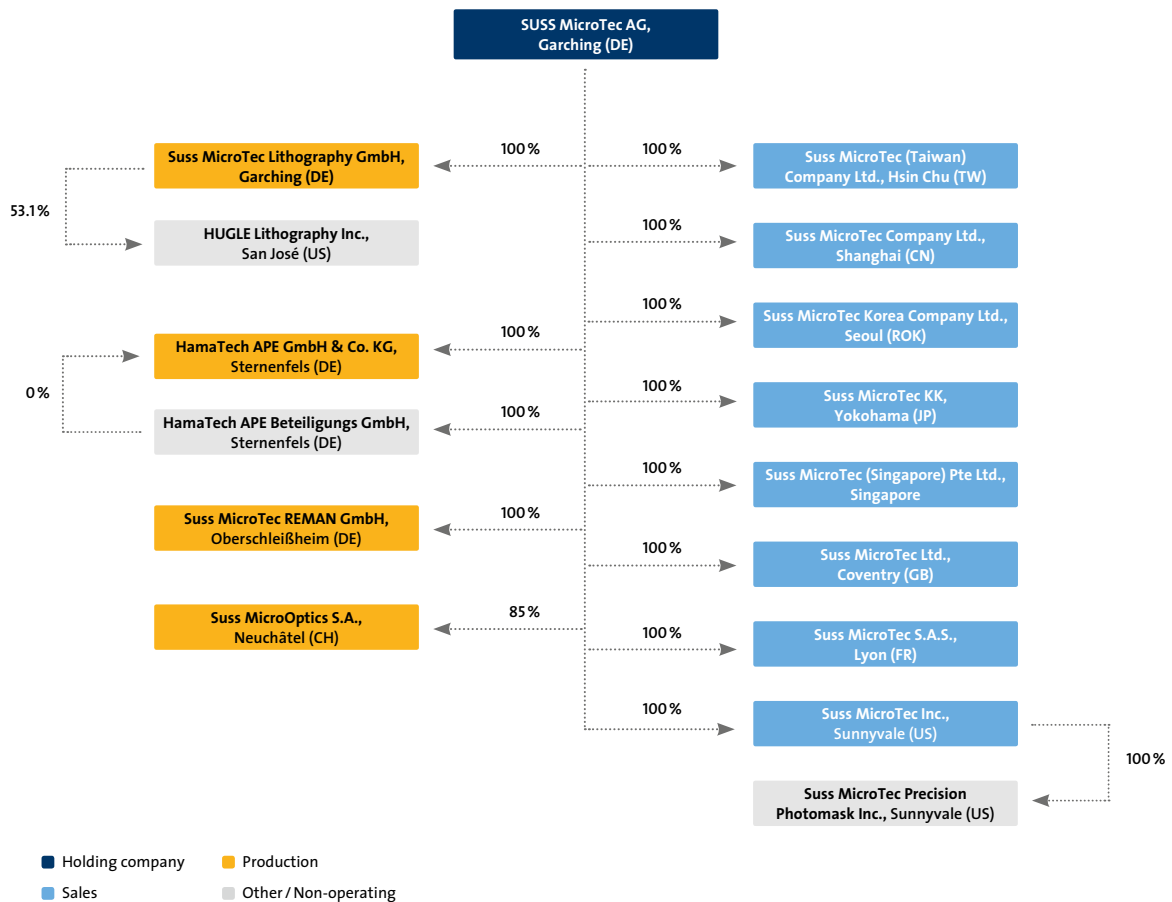
As of December 31, 2011, the Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. Through the acquisition of HamaTech APE, a new division – the Photomask Equipment division – was created in the 2010 fiscal year.



Legal Structure of the Group

The legal structure of the Group consists of the proprietary company, SUSS MicroTec AG, as the management and financial holding company, as well as the subsidiaries, in which case the proprietary company typically holds the majority interest. The development and production activities as well as the local sales activities for the Group are each organized within the subsidiaries. The Group has locations in Germany, the United States, Great Britain, France, Switzerland, Japan, China, Singapore, Korea, and Taiwan.

In addition, a non-controlling interest of 10% in ELECTRON MEC S.R.L., Milan (Italy), still exists. This non-controlling interest is insignificant for the operational business as well as the earnings, assets, and financial position of the Group.



Management and Control

Remuneration Structure for Officers

The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance as well as for a voluntary retirement insurance. The amount of the fixed pay is first and foremost determined by the roles and responsibilities assigned. Moreover, pension commitments have been made to members of the Management Board in the form of direct insurance. Variable remuneration includes short-term and long-term components. More information about this can be found in the Remuneration Report. In addition to these fixed and variable remuneration components, the members of the Management Board also receive in irregular intervals a third, stock-based remuneration depending on the long-term success of the Company. This consists of stock options in accordance with the respective stock option plan in effect.

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec AG. In accordance with Section 19 of the articles of incorporation, the members of the Supervisory Board receive the following remuneration: in addition to the reimbursement of expenses and meeting attendance compensation of € 1,500 per meeting, every member of the Supervisory Board receives a fixed remuneration geared toward his/her responsibilities and the extent of the member's activities. According to this, the Chairman of the Supervisory Board receives € 45,000, the Deputy Chairman receives € 40,000, and a regular member of the Supervisory Board receives € 35,000 per fiscal year as fixed compensation.

CORPORATE CONTROL, OBJECTIVES, AND STRATEGY

Corporate control is geared particularly toward the order entry, sales, and order backlog of the individual divisions. The performance of the divisions is, thus, measured above all by observing the development of the gross profit margin (sales less manufacturing costs) as well as the division earnings. The presentation of the division earnings now also includes income and expenses from foreign currency translation and asset disposals. Altogether, the division earnings are in line with the Group's operating income (EBIT).

Another key control figure is the net liquidity (cash plus interest-bearing securities less financial debt). This represents a significant key control figure for the holding company's financing function.

SUSS MicroTec pursues the strategy of occupying lucrative niche markets in the industry of semiconductor suppliers. The goal is to operate in the relevant markets by way of its clear positioning among the top three suppliers at all times. Partnerships with leading institutes and companies within the industry should ensure that significant trends and promising technologies are always identified early on and that the potential for SUSS MicroTec is examined. Organic growth is at the center of focus. External growth is also considered in the case of interesting technologies and appropriate complementary products.

RESEARCH AND DEVELOPMENT

Faster, thinner, more powerful – tailored solutions for customers are the basis for our long-term success. In order to remain successful and continue to grow in the progress- and innovation-driven semiconductor market and related markets, we expanded our research and development activities in the past fiscal year. For this reason, expenses for research and development were € 12.9 million in the past fiscal year, after € 6.8 million in the previous year. All product lines benefited from our increased development activities and intensive cooperation with leading research facilities and universities.

In the past fiscal year, we systematically introduced a development organization extending across all divisions and oriented our development processes toward greatest possible development speed and efficiency. The most important development projects for the specific product lines are introduced briefly below.

Lithography

Eight new products were introduced in the Lithography division to expand the manual tools product portfolio.

With SELECT, SUSS MicroTec has introduced an innovative emerging technology which expands the application spectrum of the MA / BA8Gen3 Mask Aligner. SELECT plasma treatment enables the targeted, selective modification of micrometer-sized areas of a material's surface. This opens up completely new possibilities for the design and manufacture of components, particularly for MEMS applications such as microfluidic channels, biochip production, and solar technology.

In nanoimprint lithography with SCIL (substrate conformal imprint lithography), the imprint of a full-surface stamp is created on the wafer using a patented process. The new 200mm SCIL option enables the full-surface manufacture of nanostructures smaller than 50nm on wafers of up to 200mm in diameter.

The new generation of the high-precision DSM200Gen2 alignment metrology tool represents a trend-setting device concept. Its expanded possibilities for infrared metrology and the improved ergonomics and ease of use are particularly attractive to customers in the area of 3D integration.

A completely new manual Coater for 200mm wafers, the RCD8, integrates resist coating and development in a single device for the first time, thus creating significant cost advantages for our institutional customers. Using a uniform technology platform with automated 200mm systems in the future, a customer can easily transition developed process windows to subsequent serial fabrication.

The new Altaspray12 is the big brother of the successful 200mm Delta AltaSpray Spraycoater. For the first time, a 300mm manual version is now available for spray coating. This version is particularly applicable to substrates with significant topography, for example numerous MEMS technologies and in the advanced packaging area, especially for the packaging of CMOS image sensors.

Additional refinements of the SUSS MicroTec lithography product range, two 200mm hotplates and a matching primer module, will in future provide our customers with process optimization and efficiency improvements.

Following the successful market launches in the manual Lithography area, current development activities and the most important future projects are focused on automatic production systems.

Substrate Bonder

Two important product launches in the past fiscal year are creating the foundation for the future growth of the Bonder division.

SUSS MicroTec introduced a new universal device platform to the market with its new XBS300 Temporary Bonder and the new XBC300 Gen2 Production Debonder. For the first time, all 300mm Bonder and Coater are based on uniform technologies. Consistent robotics, handling, control and management hardware, cabling, and standardized software create the basis for the rapid market readiness of future product generations, while simultaneously maintaining high quality and suitability for production. This is an important milestone for the new Company-wide development organization.

In terms of technology, SUSS MicroTec relies entirely on cutting-edge room temperature debonding processes for the temporary bonding and debonding systems used in 3D high-volume manufacturing applications. Through early development cooperation with leading customers and materials suppliers, SUSS MicroTec offers customers tailor-made solutions, particularly the freedom to choose among different processes and materials. This currently includes processes developed by the companies Thin Materials (TMAT) and Brewer Science, specifically the so-called ZoneBOND™ process. The first tools have been ordered and successfully delivered. In close cooperation with our customers, they have been optimized for high-volume manufacturing under industrial conditions.

Photomask Equipment

Innovations in front-end mask cleaning are driven both by the requirements of the semiconductor industry's International Technology Roadmap for Semiconductors (ITRS) as well as the specific requirements of major electrical circuit and memory chip manufacturers.

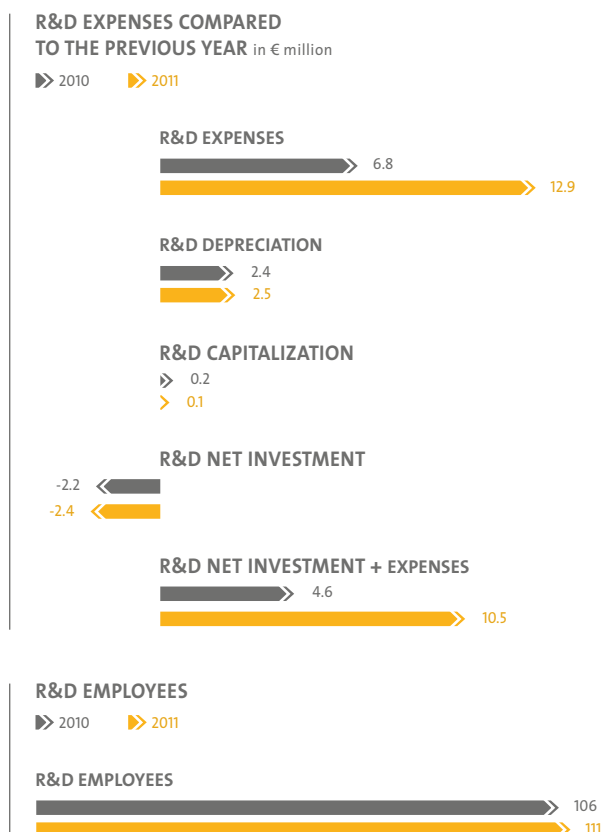
Ever smaller patterns and ever increasing integration density create persistent demand for new lithography technologies and in turn the adaptation of the related process techniques, such as photomask cleaning, one of SUSS MicroTec's core competencies. The expandability and flexibility of these process and equipment technologies are thus key requirements. Among other things, they must cover several technology nodes of 193i optical lithography and be applicable for extreme UV lithography (EUVL).

With respect to EUVL, both the cleaning as such and the handling of the extreme ultraviolet (EUV) photomask play a very critical role, since it is not protected from contamination or damage like conventional photomasks by a so-called pellicle, a type of protective film. Instead, it is transported using the "dual pod system." This system is designed to prevent the contamination of both the front and back sides. The dual pod system places high demands on automation, however, which in turn led to the development of MaskTrack® Pro InSync and its introduction in 2011. This automation equipment creates an interface between the established MaskTrack® Pro photomask cleaner and the EUVL infrastructure, in particular the exposure equipment within the wafer fabs.

With the additional integration of an inspection device for the backside in MaskTrack® Pro InSync at the end of 2011, MaskTrack® Pro InSync gained another essential function. This addresses the problem of backside contamination of EUV masks by using defect detection to verify the success of the cleaning process carried out prior on the backside of the photomask.

With these and other developments, SUSS MicroTec is taking appropriate steps to maintain and expand its market leadership and to offer complete solutions for EUVL and 193i technology.

In order to provide a comprehensive picture of the financial impact of our research and development activities, we have listed the relevant items in the following table. In the year under review, write-downs for capitalized development projects again exceeded the capitalization amount. This led to a net charge in the statement of income of € 2.4 million (charge in the previous year: € 2.2 million).



OVERVIEW OF THE BUSINESS DEVELOPMENT

Overall Macroeconomic Conditions

The global economic climate as measured by the ifo World Economic Survey deteriorated noticeably in the second half of the year, after having experienced a good start to 2011. In the fourth quarter of 2011, the indicator stood well below its long-term average. Worldwide the “lack of confidence in the economic policies of their own country” was cited as the most important reason for the current uncertainty. According to the ifo Institute, the danger remains that the debt crisis could evolve into a Europe-wide bank and economic crisis, a development which would also put a heavy strain on other regions of the world.

In 2011, the world economy grew by approximately 2.6% overall. Growth was once again fastest in China, where it measured 9.0% as compared with the previous year. However, India and the rest of Asia (excluding China) also maintained momentum in 2011 with growth rates of 8.0% and 4.8% respectively. The gross domestic product of the USA grew by 1.6%, thus matching the rate of the EU-27 countries. Germany’s gross domestic product also grew strongly in 2011 – by approximately 3.0% from the previous year (source: rwi Essen, December 2011).

Industry-specific Conditions

According to the Gartner market research institute, in 2011 the worldwide semiconductor industry recorded a sales increase of just under 1% to approximately US\$ 302 billion (2010: US\$ 300 billion). After a strong start to the year, macroeconomic conditions led to a significant slowdown in business in the second half of 2011. However, the semiconductor equipment market grew by a total of 13.7%, according to Gartner. In the area of semiconductor packaging and assembly, there was a decline of approximately 6% from the previous year.

The German Electrical and Electronic Manufacturers' Association (ZVEI) has stated that the German semiconductor market posted a sales increase of approximately 8% to a total volume of more than € 11 billion in 2011 (previous year: € 10.3 billion). The reason cited for this is growth in the automotive sector, the industrial electronics sector, and in communication electronics. The rest of the European market stagnated in 2011, performing much worse than the German market. The Asia-Pacific region maintained its position as the strongest sales region, with a market share exceeding 50%, of which China again contributed half.

Company Development

SUSS MicroTec Group completed a very successful 2011 fiscal year. The company generated sales of € 175.4 million, significantly exceeding the previous year's level of € 139.1 million by 26%. Order entry declined by approximately 24% compared with the previous year to € 143.1 million (previous year: € 189.3 million).

Thanks to the increase in sales, the Company was able to achieve a significant improvement in earnings before interest and taxes (EBIT) of € 18.6 million in the 2011 fiscal year. In the previous year, EBIT totaled € 14.3 million. In order to achieve this goal, the Company systematically continued the operational and structural measures introduced in the previous years. Given the positive business development, it was also possible to continue to improve SUSS MicroTec Group's liquidity situation. Cash and interest-bearing securities amounted to € 56.4 million at the end of the 2011 fiscal year. Net liquidity increased as of the end of 2011, coming in at € 42.0 million (December 31, 2010: € 34.6 million). Free cash flow before the inclusion of securities sales/purchases and extraordinary effects from M&A activities came to € 3.5 million for the full year (previous year: € 14.1 million).

Order backlog as of the reporting date totaled € 83.7 million, less than in the previous year (€ 116.1 million) due to lower order entry.

The ratio of newly received orders to realized sales (book-to-bill ratio) in 2011 was 0.82 after 1.36 in the previous year.

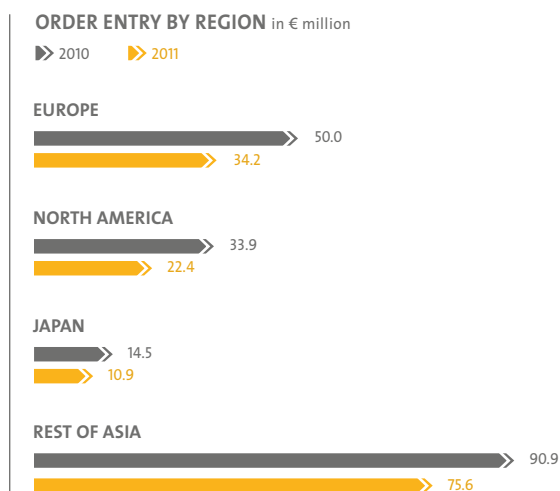
Sales and Orders Position by Region

Europe, North America, and Asia are important regions of the world for SUSS MicroTec's business. Asia is divided into Japan and "Rest of Asia" in order to account for the fact that most of the Company's customers in the advanced packaging market are located outside of Japan, particularly in Taiwan. However, this market is also more susceptible to fluctuation than those for compound semiconductors and MEMS.

Order Entry by Region

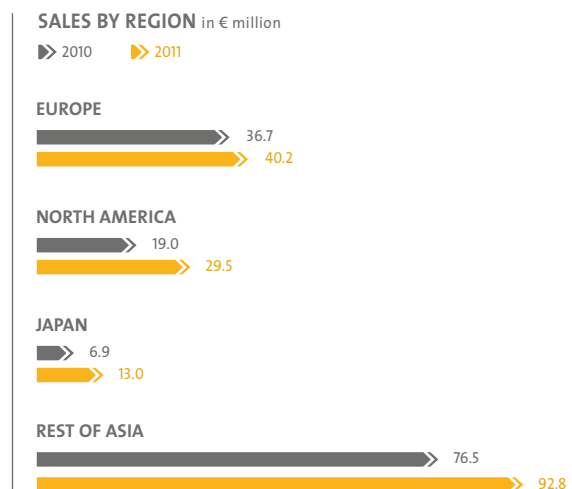
In contrast to the very strong 2010 fiscal year, all regions had to endure lower order entry. In Europe order entry fell by approximately 32% to € 34.2 million after € 50.0 million in the previous year. The region of North America also recorded a drop of 34% in order entry, achieving orders of € 22.4 million in the 2011 fiscal year (previous year: € 33.9 million). In 2011, the region of Japan recorded order entry of € 10.9 million, which represented a decrease of 25% from the previous year. In the Rest of Asia region (excluding Japan), SUSS MicroTec Group recorded the smallest decline in orders of 17% to € 75.6 million (previous year: € 90.9 million).

The rather weak development of order entry is once again attributable to the macroeconomic situation. Although the positive mood in the global markets led to generally rising order entry in 2010, the uncertainty of companies and consumers as a result of the debt crisis in Europe led to more subdued ordering behavior in 2011. However, our products, which are specially designed to address customer needs and growth markets, proved their mettle in these challenging times.



Sales by Region

The development of sales by region offered a very positive picture. All regions were able to achieve significant gains from the previous year. In Europe, sales rose by approximately 10% to € 40.2 million after € 36.7 million in the previous year. The region of North America recorded a significant jump of 55% compared to the year before to € 29.5 million (previous year: € 19.0 million). Japan reached € 13.0 million, also much higher than in the previous year (€ 6.9 million). The Rest of Asia region was able to generate a significant increase in sales as well. In 2011, sales here amounted to € 92.8 million, or 21% higher than the € 76.5 million produced in the previous year.



Business Development in the Individual Divisions

Lithography

The Lithography division comprises the development, manufacture, and sale of the Mask Aligner, Developer, and Coater product lines. These product lines are developed and produced in Germany at the locations in Garching near Munich and Sternenfels. With a contribution to sales of 64 %, the Lithography division is SUSS MicroTec Group's largest division. The components which are manufactured with these tools are sent primarily to the end markets for microelectromechanical systems, compound semiconductors (LEDs), 3D integration, and advanced packaging.

In the 2011 fiscal year, the Lithography division generated order entry of € 98.5 million and sales of € 111.5 million, which corresponds to 17 % lower order entry and 25 % higher sales from the previous year. Asian production clients remained growth drivers, while North America was also able to increase its share of sales in the past fiscal year significantly. Division earnings (EBIT) improved from € 17.0 million in the previous year to € 25.5 million in the past fiscal year, representing growth of 51 %. The gross margin of 43.7 % in 2011 (previous year: 43.8 %) once again scarcely changed from the previous year. The reason for the positive development in sales was higher demand from the division's two major product lines, the Mask Aligner product line as well as the Coater/Developer product line. In general, however, the uncertainty of end customers and companies about the outcome of the debt crisis and possible macroeconomic consequences led to cautious ordering behavior, particularly at the end of the year.

LITHOGRAPHY DIVISION OVERVIEW in € million

▶▶ 2010 ▶▶ 2011

ORDER ENTRY



DIVISION SALES



DIVISION EARNINGS



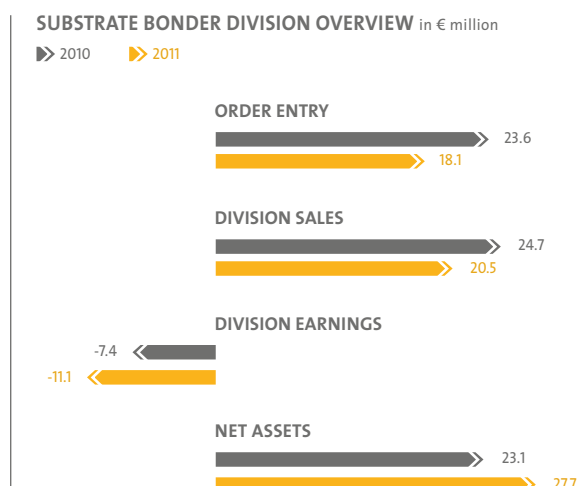
NET ASSETS



Substrate Bonder

The Substrate Bonder division comprises the development, production, and sale of the Substrate (Wafer) Bonder product line. Since 2011, manufacturing operations have been located at Sternenfels in Germany. Both Bonder sales and the North American service and applications center were relocated to California. Markets addressed by the Substrate Bonder systems include MEMS, compound semiconductors, and 3D integration.

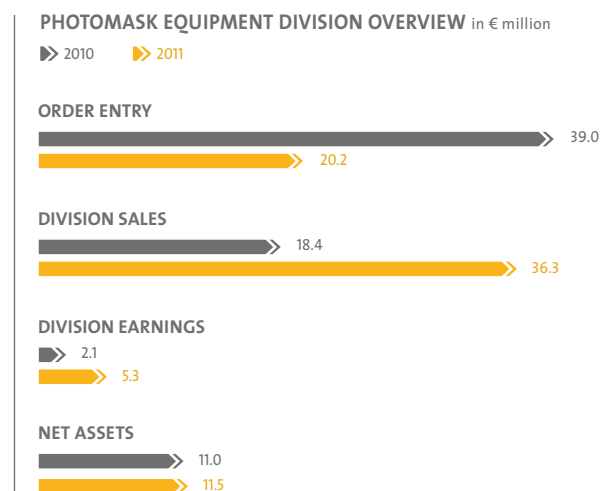
The Substrate Bonder division developed worse than expected both in terms of order entry, at €18.1 million (previous year: €23.6 million), and sales, at €20.5 million (previous year: €24.7 million). The principal reason for this development was prolonged delivery times due to relocation activities in the first half of 2011. However, over the medium term the importance of bonding systems will continue to increase in the manufacturing process for future three-dimensional chip structures (3D integration). The division earnings (EBIT) declined from €-7.1 million to €-11.1 million. The weaker earnings development was due to final extraordinary expenses of €1.4 million in connection with the relocation of the division to Germany as well as the very low margins for several large production systems which were delivered to strategic customers and R&D partners in 2011. In addition, research and development expenses in this division rose significantly, in part to win back market share lost as a result of the move. The gross margin deteriorated accordingly from 3.6% to -2.6%.



Photomask Equipment

The Photomask Equipment division, which is located at the Sternenfels site near Stuttgart, comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is active on the front-end.

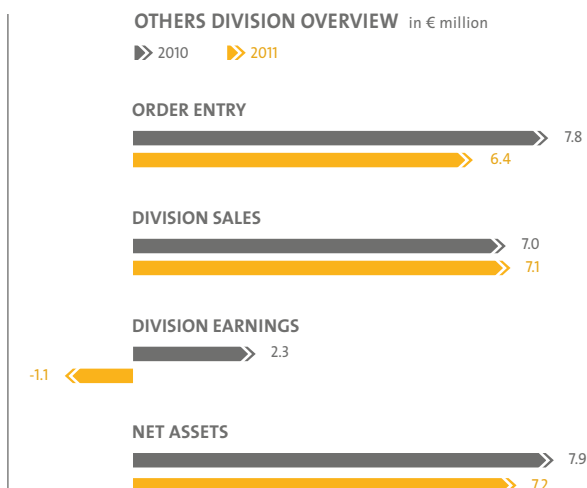
The Photomask Equipment division performed well again in the past fiscal year. At the end of December 2011, order entry totaled €20.2 million (previous year: €39.0 million). The decline in order entry can be primarily explained by generally weaker order entry in the semiconductor sector, but also by the fact that order entry was unusually high in 2010. Division sales amounted to €36.3 million after €18.4 million in 2010. Division earnings (EBIT) amounted to a profit of €5.3 million in the past fiscal year (previous year: €2.1 million). The gross margin was 34.2% after 36.9% in the previous year.



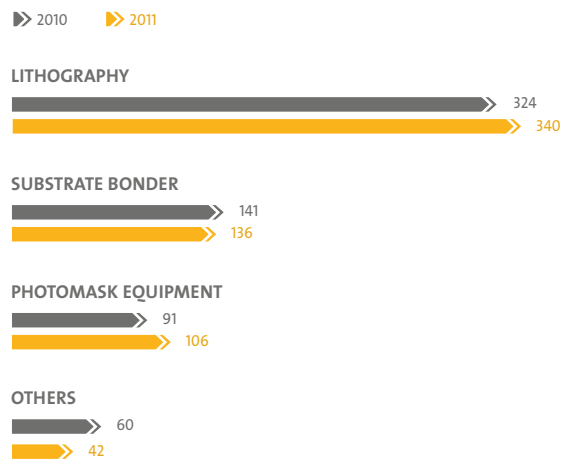
Others

In the past fiscal year, the Others division comprised the Mask business, which catered to the semiconductor industry, the Micro-optics activities at the Neuchâtel, Switzerland, location, the C4NP business, and the costs for central Group functions that generally cannot be attributed to the main divisions. In October 2011, the Mask business for the semiconductor industry in Palo Alto, USA, was sold to Compugraphics Inc. This step supports SUSS MicroTec's Photomask Equipment business by eliminating potential competition conflicts with customers.

The Others division experienced a stable fiscal year. Order entry declined from € 7.8 million in 2010 to € 6.4 million in 2011. Division sales amounted to € 7.1 million after € 7.0 million in the corresponding period of the previous year. Here the Micro-optics business saw a decrease in order entry from € 5.1 million to € 3.8 million but an increase in sales of € 4.3 million to € 4.6 million. The sales contribution from the Mask business fell from € 2.7 million in the previous year to € 1.7 million. Order entry fell by 37% to € 1.5 million. A one-time foreign exchange effect of € 1.8 million as well as negative goodwill totaling € 2.7 million relating to the initial consolidation of HamaTech APE had a positive impact on division earnings in the 2010 fiscal year, which amounted to € 2.3 million. For the fiscal year 2011 segment EBIT amounted to € -1.1 million.



EMPLOYEES BY SEGMENT



EARNINGS, ASSETS, AND FINANCIAL POSITION

EARNINGS POSITION

The results of operations of the SUSS MicroTec Group developed very positively in the 2011 fiscal year. Sales climbed compared to the previous year by approximately 26% to € 175.4 million, while € 139.1 million were generated in the previous year. Earnings before interest and taxes (EBIT) from continuing operations increased from € 14.3 million in 2010 to € 18.6 million in the past fiscal year.

EBIT for the 2011 fiscal year was only slightly influenced by extraordinary effects. Restructuring expenses of € 1.4 million arose in connection with the closure of the Waterbury, Vermont (USA) site and the relocation of the Substrate Bonder division to Sternenfels, Germany, in 2011. Adjusted for these extraordinary effects, EBIT for the current fiscal year came to approximately € 20.0 million (after EBIT adjusted for extraordinary effects of € 14.0 million in the previous year).

The € 36.3 million increase in sales from continuing operations to € 175.4 million reflected higher demand for our products, primarily in the Lithography and Photomask Equipment divisions. Thus, sales in the top-selling Lithography division climbed by € 22.6 million to € 111.5 million and in the Photomask Equipment division by € 17.9 million to € 36.3 million. However, the Substrate Bonder division recorded a sales decline of € 4.2 million to € 20.5 million, which was primarily attributable to the relocation and the integration of the Substrate Bonder division into SUSS MicroTec Lithography GmbH (Sternenfels). The performance of the Others division was quite varied. Sales in the Micro-optics division rose again, increasing from € 4.3 million in the previous year to € 4.6 million. C4NP technology contributed € 0.7 million (previous year: € 0.2 million) to Group sales. In addition, Group sales included Photomask division sales of € 1.7 million (previous year: € 2.4 million), which were generated by SUSS MicroTec Precision Photomask Inc. in Palo Alto, California (USA). The business operations of SUSS MicroTec Precision Photomask Inc. were sold in October 2011. The sales generated in this division were thus generated in the first nine months of the 2011 fiscal year. After the sale of the business operations, no additional sales accrued.

The cost of sales included write-downs on capitalized development costs of € 2.5 million. As such, write-downs on capitalized development costs were approximately € 2.4 million higher than new capitalizations, which totaled only € 0.1 million in the reporting year. In 2010, capitalized development costs came to € 0.2 million, while write-downs (continuing operations) amounted to approximately € 2.4 million.

In the reporting year, continuing operations generated a gross profit of € 66.4 million, which corresponds to a gross profit margin of 37.9%. In the previous year, the gross profit totaled € 51.1 million; the gross profit margin in 2010 amounted to 36.7%. The absolute increase in the gross profit resulted from sales growth in the Lithography, Photomask Equipment, and Micro-optics divisions. However, the gross profit in the Substrate Bonder division was slightly negative, as high write-downs for capitalized development costs still accrued with lower sales. In addition, inventory adjustments in connection with the relocation of the Substrate Bonder division from Waterbury to Sternenfels resulted in higher expenses for inventory write-downs and disposals.

Due to the systematic ongoing implementation of the cost-saving program, the increase in selling costs was again disproportionately low. Selling costs increased from € 17.4 million in the previous year to € 19.0 million, representing an expense ratio of 10.8% (2010: 12.5%) relative to sales generated. While particularly SUSS MicroTec Inc. (USA) and SUSS MicroTec K.K. (Japan) achieved savings due to the reorganization of business operations, the manufacturing companies in Germany incurred higher expenses for sales fees, reflecting the higher sales level. Administrative costs fell from € 17.8 million to € 15.7 million, corresponding to an expense ratio of 9.0% in 2011 (2010: 12.8%). In the previous year, administrative costs included extraordinary expenses of € 1.2 million for relocating the Substrate Bonder division from Waterbury, Vermont (USA), to Sternenfels, Germany, as well as costs of € 0.3 million for relocating the plant in Vaihingen to Sternenfels. In addition, administrative costs were successfully further reduced in nearly all of the Group's companies. The relocation of substantial parts of the Substrate Bonder division to Sternenfels led to much lower administrative costs at SUSS MicroTec Inc. In addition, administrative costs at SUSS MicroTec Lithography GmbH also declined further despite the integration of the Substrate Bonder division.

Research and development costs increased from € 6.8 million to € 12.9 million. Of this amount, € 6.2 million related to the Lithography division and € 3.8 million related to the Substrate Bonder division. € 2.4 million was attributable to the Photomask Equipment division.

Other operating income amounted to € 4.8 million in the reporting year (after € 10.0 million in the previous year) and consisted primarily of income from foreign currency translation. Other operating income in the previous year included the recognition in profit or loss of negative goodwill of € 2.7 million, which resulted from the initial consolidation of HamaTech APE GmbH & Co. KG and the retroactive purchase price adjustment. Furthermore, the previous year's figure reflected the positive foreign currency effect from the repayment of a loan denominated in US dollars amounting to € 1.8 million by SUSS MicroTec Inc. (Waterbury).

The Lithography division contributed earnings of € 25.5 million (2010: € 17.0 million) to consolidated earnings before interest and taxes (EBIT) from continuing operations. This resulted in a sales margin of 22.9 % for the Lithography division, a significant improvement compared to the previous year (2010: 19.1 %).

In the Substrate Bonder division, EBIT measured € -11.1 million after € -7.1 million in the previous year. Earnings were again burdened by high development costs in the area of thin wafer handling. In addition, SUSS MicroTec faced a few start-up problems resulting from the relocation of the Substrate Bonder division from Waterbury, Vermont (USA); production was reestablished in Sternenfels with approximately 50 employees. A few start-up problems also had to be overcome in the cooperation between SUSS MicroTec Lithography GmbH in Sternenfels and suppliers mostly residing in the USA. This led to longer delivery times and the loss of some orders. Furthermore, earnings in the fiscal year were burdened by restructuring expenses of € 1.4 million, which accrued in connection with the relocation of the Substrate Bonder division to Germany. In the previous year, several low-margin orders were processed for the strategically important cooperative partners IMEC and ITRI. Restructuring expenses in the previous year amounted to € 3.9 million.

The Photomask Equipment division, which was newly acquired in 2010, contributed earnings of € 5.3 million to Group EBIT. As a result, the sales margin of 14.6 % improved compared to the previous year (sales margin 2010: 11.4 %). In the previous year, the Photomask Equipment division achieved an EBIT of € 2.1 million in the first ten months since its initial consolidation.

The financial result in 2011 came to € 1.0 million (after € -0.3 million in the previous year), primarily reflecting higher interest income, while interest expenses scarcely changed compared to the previous year. In addition, the financial result in 2011 included the gain on the sale of 747,530 Cascade shares, which amounted to € 0.8 million.

Group earnings were burdened by an income tax obligation of € 5.8 million, which corresponded to an average tax rate of approximately 30 %. In the previous year, the tax burden of € 1.0 million for Group earnings was much lower. The disproportionately low income tax expense relative to pre-tax income in the previous year was primarily the result of positive effects from the recognition of deferred tax claims which arose in connection with the relocation of the Substrate Bonder division from the USA to Germany. The actual tax expense accruing in 2010 was approximately € 4.8 million, while deferred taxes resulted in tax income of approximately € 3.8 million.

The Group's continuing operations generated a net profit after taxes of € 13.8 million, as compared with a profit of € 13.0 million in the previous year.

In the reporting year, the Group's discontinued operations generated earnings after taxes of € -21 thousand (previous year: € 0.3 million), which are exclusively attributable to the discontinued Test Systems division. In the previous year, operating income of € -1.3 million was recognized here, which resulted from ongoing business activities as well as subsequent costs for the liquidation of the Test Systems division from the beginning of the year until the deconsolidation on January 27, 2010. The profit from deconsolidation, which totaled € 1.6 million, was also recognized here in the previous year.

Overall, the Group generated earnings after taxes of € 13.8 million (previous year: € 13.4 million) in the reporting year. Basic earnings per share from continuing and discontinued operations amounted to € 0.72 after € 0.73 in the previous year.

Sales per employee increased compared to the previous year by 24.5 % from € 226 thousand to € 281 thousand (based on the respective number of employees as of the reporting date).

ASSETS AND FINANCIAL POSITION

The Group succeeded in further expanding its net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – from € 34.6 million in the previous year to € 42.0 million. The amount of cash and interest-bearing securities increased from € 50.1 million in the previous year to € 56.4 million at the end of the reporting year.

Cash flow from operating activities totaled € 6.1 million (2010: € 16.1 million). Noticeable here was primarily the further increase in consolidated inventories, which resulted in a cash outflow of € 7.7 million. Along with growth of materials and supplies of € 1.5 million, the inventories of demonstration equipment (particularly in the Substrate Bonder division) increased by € 1.7 million. In addition, inventories of tools which had already been delivered to customers but for which final acceptance was still outstanding climbed to € 17.4 million (after € 15.8 million in the previous year). The increase in trade receivables and the decrease in trade payables resulted in cash outflows totaling € 3.8 million. The decline in customer down payments, which fell from € 23.6 million by € 5.2 million to currently € 18.4 million, also contributed to the reduction in cash flow.

Cash flow from investing activities totaled € -2.6 million, excluding investments in securities. Investments were primarily made in tangible assets. In the previous year, cash flow from investing activities amounted to € -2.8 million, excluding the acquisition of HamaTech APE GmbH & Co. KG as well as the land and buildings in Sternenfels, the sale of the Test Systems business, and investments in securities.

As a result, free cash flow came to € 3.5 million prior to consideration of securities purchases, after free cash flow of € 14.1 million was generated in the previous year (adjusted for the acquisition of HamaTech, including land and buildings in Sternenfels, the sale of the Test Systems business, and prior to consideration of securities purchases).

Cash flow from financing activities reflected the scheduled repayment of the real estate loan in Sternenfels and the planned repayment of the finance lease for the Group-wide SAP system. In the previous year, cash flow from financing activities reflected a cash inflow from the increase in capital stock carried out in May 2010, which resulted in a net inflow of € 6.6 million. In addition, a loan was taken out in the previous year to finance the newly acquired business property in Sternenfels, which led to a cash inflow of € 4.5 million.

Aside from cash and interest-bearing securities of € 56.4 million (previous year: € 50.1 million), the Group had domestic guarantee and credit lines of € 13.5 million (previous year: € 9.5 million) at the end of the reporting year. In the reporting year, the line was utilized exclusively in the form of guarantees. Most of them involved down payment guarantees. As of the reporting date, utilization amounted to € 2.9 million.

With the agreement of March 30 / 31, 2011, SUSS MicroTec AG and Suss MicroTec Lithography GmbH signed credit agreements with the bank consortium led by BayernLB establishing a credit line totaling € 8 million. The credit line, whose term runs until March 31, 2012, was issued without covenants. Its primary purpose is to serve as backing for down payment guarantees.

With the agreement of April 1 / April 5, 2011, SUSS MicroTec AG and Suss MicroTec Lithography GmbH concluded a general credit agreement with DZ BANK AG, which made available a credit line of € 2 million. The credit line runs until March 31, 2012 and was issued without covenants. Its primary purpose is to serve as backing for down payment guarantees.

A general credit agreement exists between HamaTech APE GmbH & Co. KG and BW Bank Mannheim for a credit line of € 1 million. The credit line runs for an indefinite term and was issued without covenants. SUSS MicroTec AG issued a binding letter of comfort for HamaTech APE GmbH & Co. KG in order to secure the credit line.

In connection with a bond insurance agreement, a bond line of € 2.5 million exists with an insurance company. The term of the bond insurance agreement is indefinite. A term deposit account of € 0.3 million was pledged to the insurance company as collateral for this line.

Overall, the Group has sufficient financial leeway to finance necessary product developments and other strategic activities.

In addition to goodwill, capitalized development costs and the business property in Sternenfels account for the bulk of noncurrent assets.

As in the previous year, goodwill amounted to € 13.6 million, and it was exclusively allocated to the Lithography division.

Capitalized development costs declined in the reporting year. As of the reporting date, they totaled € 5.4 million, after € 7.6 million in the previous year. The amortization of capitalized development costs exceeded capital expenditure by € 2.4 million in the past fiscal year, which led to a corresponding charge in the statement of income. Capitalized development costs as of the reporting date were composed of € 2.0 million (previous year: € 2.6 million) for the Lithography division and € 3.4 million (previous year: € 4.9 million) for the Substrate Bonder division.

In addition, noncurrent assets encompass licenses and patents as well as capitalized leased items (SAP licenses) of € 2.8 million (previous year: € 3.8 million). The residual book value of € 2.8 million was composed of € 1.5 million (previous year: € 1.6 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 1.3 million (previous year: € 2.2 million) for the Others division.

Furthermore, the technology obtained as part of the HamaTech acquisition, which carried a residual book value of € 0.3 million as of the reporting date, is recognized under intangible assets.

Tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Capital expenditure amounted to € 2.8 million in the reporting year, as compared with € 7.4 million in the previous year. The largest investment to be mentioned was the installation of a cleanroom on the leased business premises of SUSS MicroTec Inc. in Sunnyvale, California (USA), which led to outlays of approximately US\$ 1 million. In the previous year, the largest capital expenditure item was for the purchase of real estate and land in Sternenfels as part of the HamaTech acquisition at a cost of € 4.5 million. Capital expenditure in the previous year also included the addition of HamaTech APE GmbH & Co. KG's tangible assets, which totaled € 0.4 million at the time of initial consolidation. In sum, tangible assets increased by € 0.1 million compared to the previous year.

Deferred tax claims decreased by a total of € 3.5 million, primarily as a result of lower loss carryforwards at SUSS MicroTec AG and lower temporary differences in the area of intangible assets, and amounted to € 5.4 million as of the reporting date.

Current assets rose in the reporting year by € 12.9 million to € 150.1 million. This increase was primarily driven by inventories, trade receivables, and the portfolio of securities.

Inventories increased from € 64.4 million as of the previous year's reporting date to € 71.6 million. The increase was partially attributable to higher inventories of demonstration equipment, which grew during the fiscal year from € 11.0 million to € 12.5 million. The inventories of raw materials and supplies increased during the fiscal year by € 1.2 million to € 24.4 million. Inventories of tools which had already been delivered to customers but for which final acceptance was still outstanding increased compared to the previous year and totaled € 17.4 million (after € 15.8 million in the previous year).

Trade receivables grew compared to the previous year, going from € 15.7 million to € 17.8 million. Changes in exchange rates boosted foreign currency receivables here by € 0.6 million. The remaining increase was due to the reporting date and was attributable to numerous acceptances of tools at the end of the year.

The SUSS MicroTec Group's portfolio of securities increased in 2011 from €16.0 million to €19.4 million. In the previous year, the portfolio of securities had included 747,530 shares in Cascade Microtech Inc., Beaverton, Oregon (USA), which were recorded at €2.4 million as of December 31, 2010. With the sale of the shares in January 2011, SUSS MicroTec realized a disposal gain of €0.8 million. In 2011, securities amounting to approximately €9.1 million were acquired using the free cash flow generated. The securities recognized consist of corporate and government bonds.

The decline in other assets from €3.4 million in the previous year to €2.8 million at the end of the year was primarily attributable to lower VAT receivables, which arose due to the reporting date.

Noncurrent liabilities decreased from €20.8 million to €10.5 million. Financial liabilities, which fell during the fiscal year by €10.1 million to €4.3 million, accounted for the majority of noncurrent liabilities. Part of the reason for the decline was the reduced remaining term of promissory note bond liabilities, whose term now amounts to less than one year. As a result, promissory note bond liabilities of €9.0 million are now recognized under current financial liabilities. In addition, noncurrent liabilities related to finance leases fell by €0.9 million during the fiscal year.

By contrast, current liabilities recorded an increase from €54.4 million in the previous year to €56.9 million as of the reporting date. The change in the recognition of promissory note bond liabilities, which are now included in current financial liabilities with a carrying value of €9.0 million, accounted for most of this increase. Current provisions, trade payables, and other liabilities on the other hand declined by a total of €6.4 million. Current provisions fell by €1.3 million to €3.3 million, which was primarily attributable to utilizing the provisions for restructuring of €1.4 million recognized in the previous year. The decline in other current liabilities from €27.0 million to €24.1 million resulted primarily from the much lower level of customer down payments, which totaled €18.4 million as of the reporting date (2010: €23.6 million). In exchange, provisions for personnel expenses contained in other current liabilities increased by €0.8 million to €3.6 million. Trade payables decreased due to the reporting date from €9.7 million in the previous year to currently €7.6 million.

Shareholders' equity of the SUSS MicroTec Group climbed since December 31, 2010 by €14.0 million to €120.4 million. The equity ratio rose compared with the previous year from 58.6% to 64.1%.

Through the exercise of a total of 379,990 stock options by the Management Board and employees, the capital stock increased by €1.00 per stock option and amounted to €19.1 million as of the reporting date. For each exercised stock option, €0.30 was placed in additional paid-in capital.

SUMMARY STATEMENT ON THE BUSINESS POSITION

The sales and earnings position of SUSS MicroTec was again very pleasing in the reporting year. The SUSS MicroTec Group was able to achieve an EBIT of €18.6 million (continuing operations) and an EBIT margin of 10.6%.

As a result of another improvement in the net cash position of €42.0 million (previous year: €34.6 million), the Group has sufficient financial leeway to promote new product developments and finance other strategic activities.

CAPITAL EXPENDITURE

Due to the structure of the Company, investments in tangible assets are not a significant component of its development. Fundamental value is added through the design, assembly, and alignment of components, as well as the corresponding software management. No special equipment or tools are needed for these activities.

It is assumed that the investments in tangible assets will be within the range of approximately 1% to 2% of sales in the long term. The only exception is the Micro-optics product line included in the Others division. This product line involves small-scale production, which requires corresponding production tools. Investments in this area lead directly to a significant rise in the Group's tangible asset investments.

A portion of investments is to be allocated to intangible assets given the capitalization requirement in place with certain preconditions according to IFRS.

In the past fiscal year, another roll-out was carried out of the Group-wide SAP ERP system. Thus, the SAP system was successfully introduced at SUSS MicroTec Inc. in Sunnyvale, California (USA), where it went into operation in May 2011. Expenses for introducing SAP totaled approximately € 0.1 million. They were capitalized and will be written down over a useful life of five years.

THE HOLDING COMPANY – SUSS MICROTec AG

The holding company is responsible for the steering and management of the SUSS MicroTec Group. One of its tasks is the strategic orientation, for example the expansion of the product portfolio, acquisitions, and financial issues for the Group as a whole. The holding company is also responsible for corporate identity, investor relations, and marketing. Furthermore, the holding company assumes the financing of strategically important development projects of the operating subsidiaries.

SUSS MicroTec AG is generally the sole shareholder of the companies included in the consolidated financial statements. The holding company has only provided loans to subsidiaries. The earnings position of the holding company as an individual company is not directly dependent on the development of the Company's markets. The holding company is primarily refinanced by allocating costs to the operating companies, through interest income from loans to subsidiaries, and through existing profit and loss transfer agreements.

PRESENTATION OF THE KEY FINANCIAL FIGURES OF THE HOLDING COMPANY

in € thousand

ENTITY	SMT AG (HGB)			
	2011	2010	Change	in %
Annual net profit / loss	9,762	6,217	3,545	57 %
Shareholders' equity	102,146	91,843	10,303	11 %
Total assets	134,577	126,414	8,163	6 %
Equity ratio in %	76 %	73 %		
Noncurrent assets	71,982	68,422	3,560	5 %
...% of total assets	53 %	54 %		
Current assets	62,595	57,992	4,603	8 %
...% of total assets	47 %	46 %		

Significant Changes in the Assets and Financial Position

Intangible assets decreased in the past fiscal year by € 0.5 million and amounted to € 2.2 million as of the reporting date. The decline was attributable exclusively to amortization.

Shares in affiliated companies amounted to € 55.7 million as of the reporting date and are thus € 0.4 million lower than in the previous year. The decline resulted from a write-down on the shares in SUSS MicroTec Ltd., Coventry (Great Britain), which was necessary due to Group planning for 2012 and anticipated sales fluctuations.

The increase in loans to affiliated companies resulted from a loan to SUSS MicroTec KK of € 4.8 million and scheduled repayments of € 0.5 million.

Current receivables from affiliated companies rose by a total of € 1.0 million. Receivables increased significantly due to the annual net profits of SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH, which due to existing profit and loss transfer agreements transferred positive earnings of € 11.3 million to SUSS MicroTec AG. In contrast, a current receivable from SUSS MicroTec KK was converted into a noncurrent loan. In addition, scheduled repayments of the current receivables of HamaTech APE and SUSS MicroTec Inc. were made. As a result, current receivables fell by € 10.3 million.

SUSS MicroTec AG continued to expand its liquidity position in the year under review. The expansion was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The improved liquidity position can be seen in both the rise in deposits with banks of € 0.2 million and the increase in the portfolio of securities held totaling € 3.4 million. The securities concerned are primarily corporate and government bonds with an investment grade rating.

Liabilities to affiliated companies declined by € 0.2 million in the reporting year. The decline was attributable to SUSS MicroTec Lithography GmbH. This was offset by liabilities that arose in 2011 to Suss MicroTec Inc. and were converted into a noncurrent loan. As of the reporting date, the loan amounted to approximately € 7.7 million.

Liabilities to banks sank over the course of 2011 by € 0.2 million. The decline resulted from the scheduled repayment of a loan to finance the business property in Sternenfels. The promissory note bond due in December 2012 remains unchanged.

The increase in shareholders' equity (€ +10.3 million) resulted primarily from the net profit for the year (€ 9.8 million) and the stock options exercised during the fiscal year (€ 0.5 million).

Significant Events with Influence on the Earnings Position of the Holding Company

In the annual financial statements of SUSS MicroTec AG under commercial law, a net profit of € 9.8 million was generated in the 2011 fiscal year (previous year: € 6.2 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which remained in effect until January 1, 2011, income from a profit transfer of € 10.2 million was recognized at the holding company. The profit and loss transfer agreement with SUSS MicroTec Reman GmbH, Oberschleissheim (Germany), which was concluded in the 2008 fiscal year, resulted in income from a profit transfer of € 1.1 million at the holding company (previous year: loss of € 1 thousand).

Other operating expenses primarily included foreign currency gains of € 1.9 million (previous year: € 4.0 million) and rental income of € 1.0 million (previous year: € 0.6 million).

Apart from current administrative expenses, other operating expenses included foreign currency losses of € 3.4 million (after € 1.5 million in the previous year).

Interest expense rose in the fiscal year by € 0.1 million, which was primarily attributable to new loans in 2010.

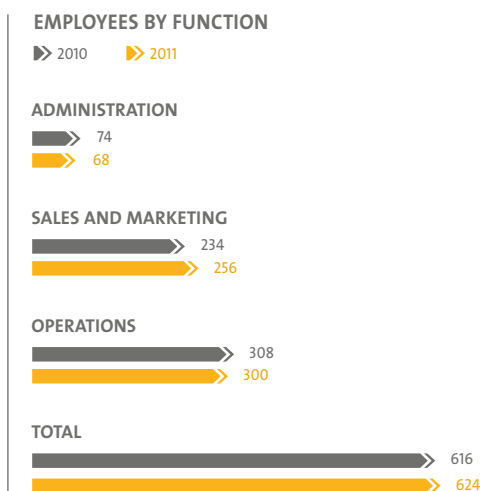
SUSS MicroTec AG had an average of 20 employees in the 2011 fiscal year (previous year: 19 employees).

In addition to the development of the US dollar, the short and medium-term development of SUSS MicroTec AG above all depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing net financing balance of the holding company and the distribution of profits to the proprietary company.

GROUP EMPLOYEES

The employees and their expertise are a significant part of the Company's value. The training periods, particularly in the technical fields, are longer than one year given the highly specific products. For this reason, a motivational environment and performance-based payment are the basic requirements for retaining existing employees as well as recruiting qualified new employees.

As of the end of the 2011 fiscal year, the Group had 624 employees (previous year: 616). The number of employees for the previous year is shown on the basis of continuing operations.



INFORMATION IN ACCORDANCE WITH SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

As a result of the increase in capital stock completed in 2011 through the exercise of stock options, using conditional capital, the common stock of SUSS MicroTec increased on 12/31/2011 to € 19,101,028. It is divided into 19,101,028 registered shares. There are no stock categories that carry differing rights.

No restrictions exist with regard to the voting rights or the transfer of shares.

As of the reporting date, there are no direct or indirect investments in the capital of SUSS MicroTec AG that exceed 10 %.

No extraordinary rights of shareholders that grant controlling authority exist. With the existing stock option plans, employees hold a stake in the Company's capital after exercising their options. The controlling rights that they thereby acquire are exercised immediately.

The rules for appointing members of the Management Board of SUSS MicroTec AG and asking them to step down are set out in Sections 84 et seq of the German Stock Corporation Law (AktG). The articles of incorporation do not include any additional provisions in this regard. The number of members of the Management Board is determined by the Supervisory Board in accordance with Section 7 of the articles of incorporation. The Supervisory Board may also appoint the Chief Executive Officer or the spokesperson for the Management Board and another member to serve as Deputy Chairman.

Changes to the articles of incorporation are governed by Sections 133 and 179 of the German Stock Corporation Law (AktG). The authority to make changes to the articles of incorporation which pertain to the wording only has been delegated to the Supervisory Board in accordance with Section 179 (1)(2) of the German Stock Corporation Law (AktG).

Upon resolution by the Shareholders' Meeting on June 19, 2008, the Management Board has been authorized to increase the Company's equity capital in the period through June 19, 2013 one or more times by up to a total of € 2,552,863 through the issuance of up to 2,552,863 new individual share certificates for cash or non-cash contributions with the approval of the Supervisory Board. In each case, only registered shares may be issued. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

Upon resolution by the Shareholders' Meeting on June 21, 2011, the Management Board continues to be authorized to increase the Company's equity capital in the period through June 21, 2016 one or more times by up to a total of € 6,500,000 through the issuance of up to 6,500,000 new individual share certificates for cash contributions with the approval of the Supervisory Board. In each case, only registered shares may be issued. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

The existing promissory note contracts include a change-of-control clause. According to this, the lenders have the option of extraordinary cancellation if one or more individuals not among the scope of existing main shareholders holds or has acquired a number of shares in SUSS MicroTec AG representing 50% or more of the voting rights.

With each of the two banks of the existing consortium, there is a bilateral credit relationship with a common pool of collateral. These relationships have different structures and conditions. One credit relationship contains a right to extraordinary cancellation if there is a change of control and the parties have not reached a timely agreement regarding proceeding under possibly different conditions, for example with respect to interest, security, or other arrangements.

There are no other significant agreements on the part of SUSS MicroTec AG subject to the condition of a change of control resulting from a corporate takeover bid.

No compensation agreements or similar with employees or members of the Management Board exist in the event of a corporate takeover bid.

In summary, no special rules exist with regard to the voting rights tied to shares or any control options resulting from this, either through the establishment of special stock categories or through restrictions on voting rights or transfers. There are no provisions extending beyond the legal regulations regarding the appointment of members of the Management Board or asking them to step down. Important business fields or activities of SUSS MicroTec AG may not be discontinued due to existing change of control clauses in the event of a takeover bid, with the exception of the promissory note bond.

CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

On March 8, 2012, the Management Board and Supervisory Board of SUSS MicroTec AG issued a joint declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and made it available on the Company's website at www.suss.com/de/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung.html

EVENTS AFTER THE REPORTING DATE

CURRENT EVENTS AFTER THE REPORTING DATE

As a result of the sale of the Test Systems business on January 28, 2010, a total of € 2.5 million of the purchase price was placed in escrow. Release was dependent on certain conditions that SUSS MicroTec had to fulfill after the transaction. As of December 31, 2011, the escrow accounts reported a remaining amount of €1.5 million. On January 27, 2012 (24 months after the conclusion of the purchase contract), the relevant conditions were deemed fulfilled. The amount of €1.5 million was released to SUSS MicroTec AG in February 2012 and recognized with effect on net income. The income will be recognized in 2012 under profit from discontinued operations.

VOTING RIGHTS DISCLOSURE AFTER THE REPORTING DATE

The Universal Investment Gesellschaft mbH, Frankfurt am Main, Germany, has informed us on February 21, 2012, in accordance with section 21 para.1 and section 22 para.1 sentence 1 no. 6 WpHG (German Securities Trading Act) that its share in the voting rights of SUSS MicroTec AG, Garching, Germany, fell below the 3% threshold on February 20, 2012 and now amounts to 2.54% (Amount of Shares: 486,093). 2.28% of the voting rights (436,843 voting rights) are attributed to it in accordance with section 22 para. 1 sentence 1 no. 6 of the WpHG.

RISK REPORT

RISK MANAGEMENT SYSTEM

The risk management system has long been a component of corporate management for the purpose of recognizing and controlling risks, and for meeting legal requirements.

In addition to short-term (operating) risks, risk management at SUSS MicroTec Group also deals with long-term (strategic) developments that can have a negative impact on the business development. On the basis of an opportunity-oriented, but at the same time risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and controlled risk acceptance. An awareness of risks should not interfere with the ability to identify risks and to use them for the benefit of the Company and its shareholders.

Risk Management Organization and Documentation

The organization of risk management is geared toward the functional and hierarchical structure of the Group. Upon introduction of the risk management system, a risk management officer, who reports directly to the Management Board every three months, was appointed.

The risk early identification system established is examined annually in the framework of the audits of the annual financial statements.

Risk Identification

All Group units subject to reporting organize a workshop at least once per year which, in addition to past events, primarily addresses future developments. Moreover, the workshops serve to ensure that uniform valuation principles are maintained throughout the Group.

Based on these workshops, risk reports are prepared quarterly. These subject known risks to a critical appraisal and address new topics.

Risks suddenly emerging are also reported immediately to the risk management officer of the respective unit.

The Group's quality management is an important element of early detection. The large production sites are certified in accordance with ISO 9001, which confirms reliable, process- and system-oriented quality management. Clearly structured and unambiguously documented processes within the framework of quality management not only ensure transparency, but also have become for most production clients a precondition for the successful marketing of our tools.

Risk Assessment

Risks are assessed in part by indicating the maximum amount of damage if no countermeasures are taken. The risk value is determined on this basis by including a probability of occurrence, taking the corresponding countermeasures into account, and like the determination of the maximum amount of damage, is based on the knowledge and experience of the risk officers. It is, therefore, always in line with the most up-to-date status. The indication of the risk value pertains to the next 12 or 24 months in each case.

The identified risks are assigned using a risk matrix to one of three different risk categories, taking into account both the possible damage amount and the likelihood of occurrence. Risks starting at a damage amount of € 10 million are viewed as "threatening the Company's continued existence."

Risk Management

Depending on the type of risk and the amount of the assessment, measures for avoiding and lessening risk are taken on a tiered basis. In doing so, risk management is always geared toward the principles of an opportunity-based handling of risks, as mentioned earlier.

The avoidance of risk and organization of countermeasures is carried out at the subsidiary level. The parties responsible for risk and the reporting units are obligated to develop and implement strategies for preventing known risks. Should their expertise not suffice for implementing these, they must request assistance from higher management levels.

Global activities in the field of high technology yield general and current risks for the Company. The Management Board has taken appropriate measures for the purpose of monitoring risks in order to identify developments that may threaten the continued existence of the SUSS MicroTec Group early on.

Description of the Key Features of the Accounting-related Internal Control and Risk Management System in Accordance with Section 315 (2)(5) of the German Commercial Code (HGB)

The risk management system for the accounting process aims to minimize the risk of false statements in accounting documents and external reporting. It serves as the first step toward the identification and evaluation and then restriction and review of known risks in the accounting process which could undermine the compliance of the consolidated financial statements with regulations. The internal control system for the accounting process should ensure with sufficient certainty that the consolidated financial statements conform to regulations despite identified risks in financial reporting.

The effectiveness of the internal control and risk early identification system is reviewed at the end of the year by the auditor during the audit. In the process, selected internal controls are investigated and their effectiveness evaluated. In addition, checks are made of selected aspects of the IT systems in use. However, absolute certainty cannot be assured even with appropriate, functioning systems.

SUSS MicroTec AG employs its Group-wide accounting manual to ensure the consistent application of accounting principles. Unambiguous guidelines are designed to restrict employee discretion with respect to the recognition and measurement of assets and liabilities and, thus, to reduce the risk of inconsistencies in the Group's accounting practices. The subsidiaries are subject to certain mandatory guidelines regarding reporting and the scope of disclosure. The central Finance and Controlling departments monitor compliance with reporting obligations and deadlines.

Accounting at the subsidiaries is done either locally by their own employees or with the support of external accounting firms or tax consulting companies. In the process, various electronic data processing (EDP) systems are used. All German companies have worked with SAP since 2008. Since 2010, SAP has also been used by SUSS MicroTec (Taiwan) Company Ltd., Hsin Chu, Taiwan. During the fiscal year, SAP was installed at SUSS MicroTec Inc., Sunnyvale, California (USA). Reporting to the corporate headquarters is carried out with the assistance of the MIS (management information software) package. The separate financial statements are ultimately read into a central consolidation system. At the Group level, the finance and controlling departments review the accuracy and reliability of the separate financial statements submitted by the subsidiaries. Controls within the framework of the consolidation process, such as the consolidation of liabilities, expenses, and income, are carried out manually. Possible deficiencies are corrected and reported back to the subsidiaries. The financial systems employed are protected from misuse through appropriate authentication principles and access restrictions. Authorizations are reviewed regularly and updated if necessary.

GENERAL BUSINESS AND INDUSTRY RISKS

General Political and Economic Conditions

The business environment in which the Company operates is influenced by both regional and global economic conditions. Over the course of 2011, the world economy suffered a noticeable loss in dynamism. In particular, the intensification of the debt crisis in the eurozone, the surge in the price of oil in connection with political changes in the Arab countries, and the effects of the earthquake in Japan created considerable uncertainty, which impeded economic development. The world gross domestic product grew by only approximately 2.6% in 2011 (after rising by approximately 3.7% in 2010).

Despite the rather subdued performance of the world economy, SUSS MicroTec (like other companies in the semiconductor sector) was able to expand sales significantly in 2011, although this was partially attributable to the high order backlog at the beginning of the year. Once again, the regions of China, Taiwan, and the rest of Asia generated the largest share of sales. Even sales with Japanese customers increased significantly, contrary to expectations. Sales with customers in North America developed particularly positively in 2011, where sales growth of almost 55% was achieved. However, the slowdown in economic development was particularly noticeable in the second half of the year, when a significant decline in order entry was experienced.

Cyclical Market Fluctuations and Market Development

The difficulty in assessing the short and medium-term market development is still one of the greatest risks to the Company. The semiconductor industry in particular, which is among the Company's sales markets, is characterized by strong market cycles. The Company is countering these risks with lean structures, which can be adjusted quickly in the case of a weak business development and can be potentially supplemented with outsourcing.

Market Positioning

New technological developments by the competition could unexpectedly render parts of the product portfolio and, thus, parts of the potential obsolete if new technologies were to offer faster, more efficient, or more attractively priced solutions to the same problem. The Company is countering this risk above all with targeted research and development and by continuously aligning its development planning with that of important customers.

Dependence on Individuals' Expertise

The Company depends on the expertise of individual employees in certain areas, primarily in the field of research and development. If these employees are unavailable to the Group, this presents a corresponding risk. This is limited via internal documentation requirements.

OPERATING RISKS

Assets and Earnings Position

In view of the extremely positive development of cash and cash equivalents, the high equity ratio, and the lean cost structure, the risks that could arise for SUSS MicroTec from the current assets and earnings position are manageable. In 2011, the sales generated were again significantly higher than the break-even point for sales. Taking into account the order backlog on the books at the end of 2011, we assume that we will generate sales significantly above the break-even point in 2012 as well.

As of December 31, 2011, SUSS MicroTec recognized goodwill of approximately €13.6 million, which was entirely attributable to the Lithography division. The Lithography division generated more than half of Group sales and contributed substantially to positive consolidated earnings. For 2012 we expect lower sales in this division. However, the Lithography division will once again generate more than half of total Group sales next year and remain very profitable. We, therefore, see no signs of impairment in the Lithography division.

Pricing Pressure

Significant pricing pressure still exists in the current market environment. This includes the risk that original target selling prices can no longer be achieved, even in the case of the markets recovering. The Company is countering these risks with a constant pricing policy. As such, orders are rejected if the conditions are unattractive, in order to guarantee constant prices for customers in recovering markets.

Residual Risks, Particularly Liability Risks

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. The liability risk for SUSS MicroTec may increase given the use of the products in the manufacturing environment of companies with rising demands on product quality. In addition to other types of insurance, SUSS MicroTec also has product liability insurance for the Group. This limits as much potential risk as possible.

Changes in Group Structure

In 2011, the Group's structure changed only slightly. In July 2011, SUSS MicroTec Asia Company Ltd., Bangkok (Thailand), was liquidated and deconsolidated as of July 28, 2011. The company's operations had already been halted in 2009.

In October 2011, SUSS MicroTec sold its mask business, the manufacture of photomasks by SUSS MicroTec Precision Photomask Inc. This step supports SUSS MicroTec's Photomask Equipment business by eliminating potential competition conflicts with customers. The sale was executed as an asset deal so that the company SUSS MicroTec Precision Photomask Inc. remains a part of the Group, but no longer includes any business operations.

Relocation of the Substrate Bonder Division to Germany

The relocation of the Substrate Bonder division from Waterbury, Vermont (USA), to Germany was completed in April 2011. SUSS MicroTec was prepared to counter any difficulties that might arise and had identified various risks that could have negatively impacted the relocation, the integration of the Substrate Bonder division in SUSS MicroTec Lithography GmbH, and the reorganization of sales. After the relocation had been completed and Bonder production had been established in Sternenfels, it turned out that the feared difficulties had materialized only to much lesser extent than expected.

In order to successfully relocate and continue the Substrate Bonder division, SUSS MicroTec needed to preserve the expertise of its North American employees and transfer it to the employees who will now be working in Sternenfels and California. Fortunately, SUSS MicroTec was able to continue to employ several employees from Waterbury during 2011 for a period of 6 to 15 months in Sternenfels. The training of the approximately 50 newly hired employees in Sternenfels and the interaction with the US colleagues functioned wonderfully so that no expertise was lost. In the interim, one employee from the former Waterbury site was hired for an indefinite period at SUSS MicroTec Lithography GmbH in Sternenfels. As a result, it was possible to complete the reorganization of production, research and development, and product management for the Substrate Bonder division successfully.

SUSS MicroTec (via an ad hoc announcement on June 10, 2010) had already provided timely notification of the details and schedule of the relocation of the Substrate Bonder division and the North American sales and service organization. Both customers and suppliers of the Substrate Bonder division thus had a very lengthy opportunity to prepare themselves for the changed circumstances. Business relationships were maintained with a number of US suppliers and – after start-up problems had been overcome – continue to function flawlessly. In addition, new supply relationships were established with European suppliers. Unfortunately, the relocation and reorganization of supply relationships has led in the interim to longer delivery times on the customer side. These unexpectedly long delivery times led to part of the sales decline of the Substrate Bonder division.

In the years to come, SUSS MicroTec expects significant growth in the Substrate Bonder division. Following the successful integration of the Substrate Bonder division into SUSS MicroTec Lithography GmbH and the reorientation of supply relationships, SUSS MicroTec views itself as very well positioned in this division.

FINANCIAL MARKET RISKS

Credit Risks

A credit risk is an unexpected loss of cash or earnings. This occurs when a customer is unable to meet its obligations by the due date, or the assets used as collateral lose value. The Company has implemented Group-wide guidelines on the topic of credit assessment. These guidelines set out the specific payment conditions and safeguards to which the Company's individual sales units can agree, while taking the customer and country-specific aspects into consideration. Orders from customers located in "risk countries" can, therefore, only be accepted against down payment for the entire amount of the order, a bank guarantee, or a letter of credit. In the case of customers who are located in the "non-risk countries" and exceed a certain size, a corresponding customer rating is established. These ratings are based on information provided by external credit rating agencies. Depending on the customer's rating, tiered payment conditions and/or safeguards may be necessary to process the order.

Of the gross amount of accounts receivable totaling €18.3 million (previous year: €16.4 million), €13.4 million overall was neither overdue nor impaired as of the reporting date (previous year: €6.8 million). As of December 31, 2011, there were no indications of payment defaults occurring.

The age structure of overdue, but not impaired receivables as of the reporting date and that of the previous year are as follows:

in € thousand	2011	2010
Age structure of overdue receivables without impairment		
1 - 30 days	832	2,164
31 - 60 days	925	1,645
61 - 90 days	1,231	2,211
91 - 180 days	1,215	1,606
Overdue receivables without impairment	4,203	7,626

As of the reporting date, a total of €0.8 million (previous year: €2.0 million) of the gross inventory of receivables was overdue and impaired. The age structure of overdue and impaired receivables as of the reporting date and that of the previous year are shown in the following table:

in € thousand	2011	2010
Age structure of overdue receivables with impairment		
91 - 180 days	148	196
181 - 360 days	300	1,239
> 360 days	302	557
Overdue receivables with impairment	750	1,992

Additional information about how value adjustments for trade receivables are determined can be found in the Notes.

Liquidity Risks

As of the end of the year, SUSS MicroTec Group held net cash of € 42.0 million (previous year: € 34.6 million). Free cash flow totaled € 3.5 million in the past fiscal year (previous year: € 14.1 million).

The promissory note bond issued for € 9 million in 2007 is due for repayment in December 2012. In view of its currently very positive financial position and the positive outlook for 2012, SUSS MicroTec will be in a position to repay the amount due in December 2012 from its own funds. Nevertheless, SUSS MicroTec will evaluate and possibly rearrange the Group's future financing when the promissory note bond comes due, taking into account the current situation.

Within the scope of a bank consortium, two banks are currently providing a credit line of € 8.0 million with an initial term until March 31, 2012. In addition, SUSS MicroTec can use a credit line provided by DZ Bank Frankfurt in the amount of € 2.0 million, whose term also lasts until March 31, 2012. In addition, there is a guarantee line of € 2.5 million with an insurance company. An additional credit line of € 1.0 million is available to HamaTech APE GmbH & Co. KG. At present, the Company is making use of these credit and guarantee lines in order to offer down payment guarantees in the operational business. Should the Company be unable to extend the credit lines of the bank consortium and DZ Bank beyond March 31, 2012, in the future the Company would have to do without down payments from individual customers that insist on guarantees of this kind. This would, in turn, require complete prefinancing of customer orders and increase the likelihood of order cancellations.

For 2012 it is planned to conclude credit contracts with a syndicate of three banks under the lead of BayernLB in order to continue to have credit lines available to back downpayment sureties. The negotiations are already well advanced. The new contracts will probably be concluded at the end of March 2012. With this arrangement in place, we are confident to be able to back downpayment sureties in the future.

Minimizing the dependence on borrowed capital, particularly short-term capital, should keep any potential financing risk low. The Company is countering this risk above all by aiming to keep its ratio of borrowed capital at a low level through the corresponding cash flows from optimizing its working capital. Further details about the Company's liquidity situation can be found in Note (24).

Market Price Risks

Market price fluctuations can result in significant cash flow and earnings risks for the Company. Changes in foreign currency and interest rates influence the global operational business as well as investment and financing alternatives.

SUSS MicroTec's international orientation exposes it to foreign currency risk within the scope of its normal operating activities. Currency hedging is carried out on the basis of existing foreign currency orders. The hedging ratio for orders that are processed within three or six months comes to approximately 65% and 45%, respectively. Forward exchange transactions are used as hedging instruments. For further details, please refer to Note (29).

The sensitivity to exchange rates is determined by aggregating the foreign currency items of the operating activities and the Group treasury. Foreign currency risks are thus calculated on the basis of a simulation of a 10 % devaluation of all foreign currencies versus the euro. This simulated devaluation would have led to an increase in the euro-equivalent value of € 53 thousand as of the reporting date (previous year: reduction by € 501 thousand) and a corresponding increase (previous year: reduction) in annual income.

The following tables show the composition of the foreign currency exposure and the effects on annual income as of the reporting date and that of the previous year:

in € thousand	2011		
	USD	JPY	TOTAL
Cash and cash equivalents	1,843	6	1,849
Accounts receivable	1,671	0	1,671
Accounts payable	-1,390	-108	-1,498
Customer down payments	-2,602	0	-2,602
Net exposure	-478	-102	-580
Effect of a 10% appreciation of the euro on annual net income	43	9	53

	2010		
	USD	JPY	TOTAL
Cash and cash equivalents	5,573	374	5,947
Accounts receivable	3,694	1,344	5,038
Accounts payable	-683	-58	-741
Customer down payments	-4,729	0	-4,729
Net exposure	3,855	1,660	5,515
Effect of a 10% appreciation of the euro on annual net income	-350	-151	-501

The Company's interest rate risk is limited, as the variable components of the promissory note bond issued in the 2007 fiscal year have been hedged by term-congruent interest rate swaps. The conditions, which were originally variable, have thereby been converted into fixed conditions. The variable rate loan related to the financing of the property in Sternenfels was also secured via an interest rate swap with a matching term.

All additional significant financial debt of SUSS MicroTec is based on loan contracts with fixed interest rates and is not subject to the risk of changes in interest rates.

The Company holds fixed-rate corporate and government bonds that can be sold at any time via a bank or stock exchange. The price is affected, among other things, by the current level of the market interest rate. Should the Company sell securities before the end of the term (for example to cover an unplanned need for liquidity that cannot be covered by available resources), unanticipated price losses could result.

Overall Risk

No risks that threaten the Company's existence were identified in the Group in the 2011 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

FORECAST REPORT

The macroeconomic indicators for the past fiscal year were very positive overall. After a strong growth year in 2010, the year 2011 also got off to a good start. However, the economic outlook dimmed initially with the crisis in Japan in March 2011. The severe natural disaster affected the global economy much less than had at first been generally expected, though. Initially, the debt crisis in Europe also had little impact on the markets. But in the summer of 2011, when the debt problems in Greece were compounded by political turbulence in Italy and a fierce debate about raising the debt ceiling in the USA, these developments affected the previously relatively stable stock and bond markets. This interaction shows that the political element plays a major role in the current debt crisis, but it is regarded as unpredictable. As a result, it has serious ramifications for the economic outlook. Thus, the turbulent stock market generally ended 2011 with losses. For example, the German leading index DAX recorded a decline of 16 % from the previous year.

Experts hold a variety of views about how 2012 will look for the economy and the stock market. In their annual forecast for 2012, German economic research institute rwi anticipates an increase in gross domestic product of 0.6 % after 3.0 % in 2011, according to a press release from December 2012. However, for the entire world economy, growth of approximately 2.5 % is expected after 2.6 % in 2011. The OECD also arrives at similar results, expecting growth of 0.6 % for Germany after 3.0 % in the previous year. In its World Economic Survey of September 2011, the International Monetary Fund still anticipates growth of approximately 4 % in 2012, but it also states very clearly that the likelihood of real GDP growth being less than 2 % had increased significantly in the second half of 2011. The forecast is for growth of only 1.1 % for the Eurozone and 1.3 % for Germany. The slowdown in global growth could also have a negative effect on the performance of the stock and bond markets.

The recent negative mood in the global markets led to declining order figures in the third and fourth quarters of 2011 for semiconductor equipment on both the front and back ends. Given the overall uncertainty and the expectation of market and industry observers that the semiconductor sector will experience negative growth, SUSS MicroTec is assuming declining order entry, sales, and earnings development in 2012.

This forecast report provides a short explanation of the internal and external factors that both the Company and leading industry observers regard as essential for the further development of the Company.

SEMICONDUCTOR INDUSTRY

The first half of 2011 was characterized by robust growth in the semiconductor industry. However, it should be taken into account that the growth was partially due to the high order backlog at the end of the 2010 fiscal year. In the second half of 2011, worsening macroeconomic conditions had a demonstrable impact on order entry in the semiconductor industry. The Gartner market research institute expects worldwide growth in the semiconductor industry of 0.9 % in 2011. This would correspond to a total market volume of approximately US\$ 302 billion. For Europe, this translates into stagnating sales in the semiconductor area, according to the German Electrical and Electronic Manufacturers' Association (ZVEI).

At the end of the year, estimates for 2012 were adjusted downwards, and Gartner now expects growth of approximately 2.2 % in the coming fiscal year. This means that they moved their forecast, which still stood at 4.6 % growth as of the third quarter, significantly lower. Here again, the reason is worsening macroeconomic conditions, which are associated with general uncertainty among consumers and also companies.

SEMICONDUCTOR EQUIPMENT INDUSTRY

According to the Gartner market research institute, the semiconductor equipment industry recorded growth of just under 14% in 2011. By comparison, a decline of 19.5% is expected for semiconductor equipment manufacturers in 2012. Gartner cites the overall deterioration in macroeconomic conditions as the explanation, along with high inventories at various customers. However, demand should recover beginning at mid-year. Renewed growth in excess of 19% is expected in 2013.

Gartner expects an overall decline in sales for the specialty area of packaging and assembly in 2012, although equipment manufacturers should see a more modest decrease for advanced packaging applications. Following a slump of 12.5% in 2011 in the specialty area of packaging and assembly, the SEMI Industry Research and Statistics market research institute expects an additional fall of approximately 10% in 2012 and growth of just under 7% in 2013.

EXPECTED DEVELOPMENT ON THE MAJOR MARKETS

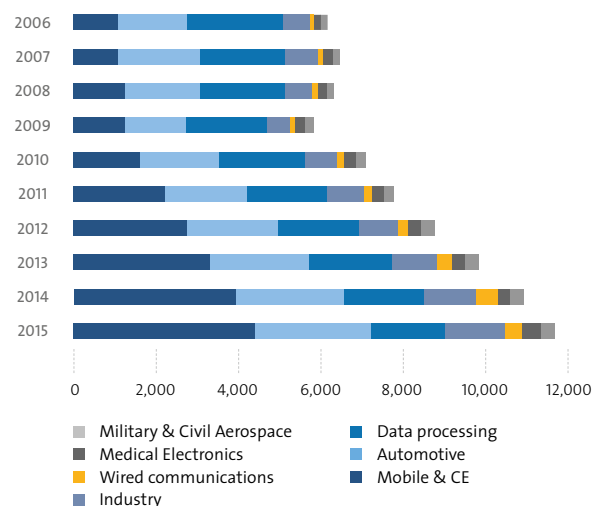
Microelectromechanical Systems Market

The market for microelectromechanical systems (MEMS) has experienced another growth year after a strong 2010. For the entire MEMS market, iSuppli expects growth in 2011 of approximately 10%. Yole Développement, a French market research institute, even expects growth of 16% for the same period. For the period until 2015, the expectations of the various market research institutes are very similar. Average annual growth in excess of 10% is being assumed. The primary reason for this are applications in the rapidly growing smartphone sector as well as in the consumer electronics and automotive sectors.

For example, the market for MEMS in the area of consumer electronics and mobile applications grew by 27% in 2010 and by 37% in the past fiscal year. An analyst from Techeye expects average annual growth in this area of more than 22% through 2015. Newer applications, for example in medical technology, are already achieving high growth rates, but the total volume here is still relatively small.

However, in interpreting market figures it should be noted that the equipment market in this segment is not growing as quickly as the MEMS market itself. This is due to the fact that the higher degree of productivity of the systems enables an ever-increasing number of MEMS components per tool to be produced.

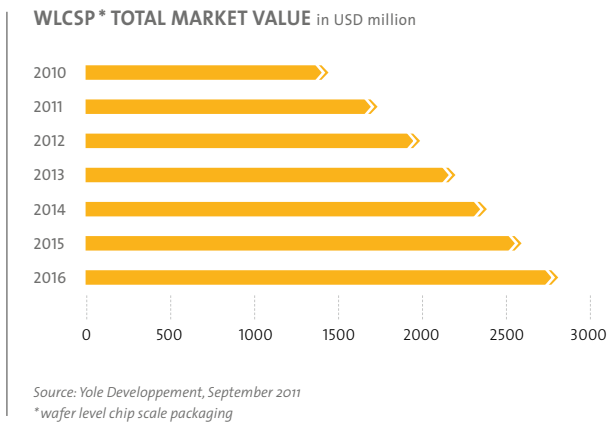
MEMS MARKET BY APPLICATION in USD million



Source: iSuppli MEMS Market Tracker, Q2 2011

Advanced Packaging and 3D Integration

For wafer-level packaging (advanced packaging), researchers from Yole Developpement are forecasting an average annual growth rate of approximately 12% for the period from 2010 to 2016. However, that is lower than the estimate from 2010, which still anticipated average annual growth of 22%.

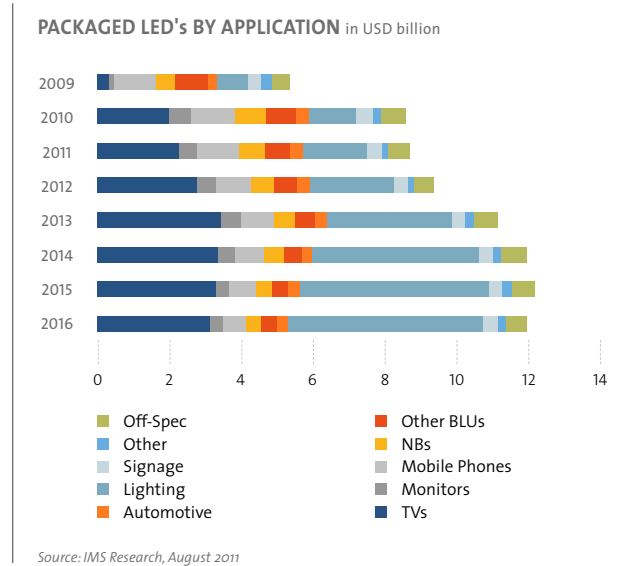


The expected growth rates for 3D integration are expected to be significantly higher. According to a study of the Yole Developpement market research institute, the equipment market for temporary wafer bonding is anticipated to reach a volume of approximately US\$ 300 million by 2016. Over the same period, the equipment market for permanent bonding is forecast to reach a volume of more than US\$ 500 million. Much of this growth will be driven by 3D integration.

Compound Semiconductors (LEDs)

In the market for compound semiconductors, SUSS MicroTec focuses on the growth segment of light emitting diodes (LEDs) and, with its product solutions, is targeting particularly manufacturers of high-end light emitting diodes, i.e. high brightness (HB) and ultra-high brightness (UHB) LEDs. SUSS MicroTec is actively involved in the latest generations of technology, which specifically require thin wafer handling.

According to estimates from IMS Research, the market for packaged LEDs shrank by approximately 6% in 2011. For 2012 renewed growth of 5% is expected, although the market will not regain its size from 2010. Positive growth is also expected in the upcoming years through 2015, particularly in 2013 and 2014, when growth of more than 10% is expected each year. The reason for this is stronger market penetration of the lighting sector with LEDs, which is anticipated as a result of falling sale prices. Analysts from IMS Research forecast an increase in general lighting's share of the overall LED market from 21% in 2011 to more than 49% in 2016. As a result, general lighting could significantly surpass the share of the currently largest industry sector – the TV business – as early as 2014.



ENDOGENOUS INDICATORS

Aside from the condition of the markets, the innovation potential of our product range is also a critical factor for our success. In the 2011 fiscal year, the Company entered into cooperative development agreements with well-known partners from industry and research. In January 2011, SUSS MicroTec announced a strategic collaboration with the Cornell NanoScale Science & Technology Facility (CNF) at Cornell University in the USA. As part of the cooperation, Cornell staff will perform research on already existing as well as new lithography systems from SUSS MicroTec, including innovative Mask Aligner toolkits and the Gamma-series Spray Coater. In addition, SUSS MicroTec entered into a strategic collaboration with the Centre for NanoHealth (CNH) of Swansea University (Wales), in order to develop and refine the technologies of the future. In December 2011, a collaboration with Brewer Science Inc. was announced in the area of thinned wafer handling and temporary wafer bonding. This collaboration is very significant, particularly in view of anticipated growth in the area of 3D integration.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

In the 2010 Annual Report, we reported here that volatility in the international financial markets would not have any negative impact on demand trends as of that time. This situation has changed perceptibly since the previous year. Uncertainty among consumers has led to a significant darkening of the economic outlook in the second half of 2011. In addition, so far politicians have not presented any practical solution to the intensifying debt crisis in Europe. Nevertheless, our forecast for 2012 is cautiously optimistic, for aside from the macroeconomic situation, we consider the trends driving SUSS MicroTec's business to be intact.

For the 2012 fiscal year overall, we are projecting sales of more than € 145 million and an EBIT margin between 5% and 10% of sales. From today's perspective, free cash flow could reach a mid-single digit million Euro amount.

Should the markets we target develop in the manner described above and the macroeconomic and political environment stabilize, we anticipate rising order entry and sales again in 2013. We reiterate our target of generating an EBIT margin of between 10% and 15%. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

FORWARD-LOOKING STATEMENTS

This Annual Report contains information and forecasts that refer to the future developments of the SUSS MicroTec Group and its companies. The forecasts are assessments that the Company has made based on all of the information available to it at the present time. Should the assumptions on which these forecasts are based not occur or the risks – as addressed in the risk report – arise, the actual results may deviate from those currently expected.

Garching, Germany, March 12, 2012

The Management Board



Frank Averdung
Chief Executive Officer



Michael Knopp
Chief Financial Officer

Consolidated Financial Statements

of SUSS MicroTec AG for 2011 fiscal year



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Consolidated Statement of Income (IFRS)

in € thousand	Note	01 / 01 / 2011 – 12 / 31 / 2011	01 / 01 / 2010 – 12 / 31 / 2010
Sales	(3)	175,427	139,085
Cost of sales	(4)	-109,069	-88,000
Gross profit		66,358	51,085
Selling costs		-19,001	-17,408
Research and development costs		-12,936	-6,824
Administration costs		-15,719	-17,826
Other operating income	(5)	4,767	9,996
Other operating expenses	(6)	-4,894	-4,709
Analysis of net income from operations (EBIT)			
EBITDA (earnings before interest and taxes, depreciation and amortization)		24,926	20,515
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-6,351	-6,201
Net income from operations (EBIT)		18,575	14,314
Financial income		2,017	654
Financial expenses		-996	-940
Financial result	(7)	1,021	-286
Profit from continuing operations before taxes		19,596	14,028
Income taxes	(8)	-5,789	-993
Profit from continuing operations		13,807	13,035
Net profit or loss from discontinued operations (after taxes)		-21	332
Net profit or loss		13,786	13,367
Thereof equity holders of SUSS MicroTec		13,513	13,230
Thereof minority interests		273	137
Earnings per share (undiluted) (9)			
Basic earnings per share from continuing operations in €		0.72	0.71
Basic earnings per share from discontinued operations in €		0.00	0.02
Earnings per share (diluted) (9)			
Basic earnings per share from continuing operations in €		0.71	0.70
Basic earnings per share from discontinued operations in €		0.00	0.02

Statement of Comprehensive Income (IFRS)

in € thousand	12 / 31 / 2011	12 / 31 / 2010
Net profit or loss	13,786	13,367
Fair value fluctuations of available-for-sale securities	-30	-19
Foreign currency adjustment	-146	320
Cash flow hedges	-230	101
Deconsolidation SUSS MicroTec Test Systems	0	-253
Deferred taxes	70	-5
Total income and expenses recognized in equity	-336	144
Total income and expenses reported in the reporting period	13,450	13,511
Thereof equity holders of SUSS MicroTec	13,160	13,314
Thereof minority interests	290	197

Consolidated Balance Sheet (IFRS)

ASSETS in € thousand	Note	12 / 31 / 2011	12 / 31 / 2010
NONCURRENT ASSETS		37,691	44,312
Intangible assets	(11)	8,568	11,891
Goodwill	(12)	13,599	13,599
Tangible assets	(13)	9,462	9,356
Current tax assets	(19)	87	108
Other assets	(14)	592	485
Deferred tax assets	(8)	5,383	8,873
CURRENT ASSETS		150,055	137,248
Inventories	(15)	71,632	64,431
Trade receivables	(16)	17,790	15,659
Other financial assets	(17)	756	640
Securities	(18)	19,362	15,977
Current tax assets	(19)	686	620
Cash and cash equivalents		37,036	36,525
Other assets	(20)	2,793	3,396
TOTAL ASSETS		187,746	181,560

LIABILITIES & SHAREHOLDERS' EQUITY in € thousand	Note	12 / 31 / 2011	12 / 31 / 2010
EQUITY		120,393	106,404
Total equity attributable to shareholders of SUSS MicroTec AG		119,704	106,006
Subscribed capital	(21)	19,101	18,721
Reserves	(21)	101,616	87,944
Accumulated other comprehensive income	(21)	-1,013	-659
Minority interests		689	398
NONCURRENT LIABILITIES		10,500	20,775
Pension plans and similar commitments	(22)	2,872	2,919
Provisions	(23)	348	508
Financial debt	(24)	4,279	14,367
Other financial liabilities		244	240
Deferred tax liabilities	(8)	2,757	2,741
CURRENT LIABILITIES		56,853	54,381
Provisions	(25)	3,322	4,613
Tax liabilities	(28)	5,734	5,412
Financial debt	(24)	10,131	1,119
Other financial liabilities	(26)	5,995	6,458
Trade payables		7,582	9,746
Other liabilities	(27)	24,089	27,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		187,746	181,560

Consolidated Statement of Cash Flows (IFRS)

in € thousand	01 / 01 / 2011 – 12 / 31 / 2011	01 / 01 / 2010 – 12 / 31 / 2010
Net profit or loss (after taxes)	13,786	13,367
Amortization of intangible assets	4,211	4,225
Depreciation of tangible assets	2,140	1,990
Internally produced and capitalized assets	-291	0
Profit or loss on disposal of intangible and tangible assets	-127	237
Profit on disposal of Cascade shares	-833	0
Change of reserves on inventories	189	-484
Change of reserves for bad debts	-194	301
Non-cash stock based compensation	45	187
Non-cash income from the reversal of provisions	0	-29
Other non-cash effective income and expenses	-566	-2,854
Negative goodwill arising from acquisition HamaTech	0	-2,678
Gain from deconsolidation of SMTTS	0	-1,641
Change in inventories	-7,682	-16,544
Change in accounts receivable	-1,325	2,039
Change in other assets	335	-2,230
Change in pension provisions	-47	31
Change in accounts payable	-2,441	3,446
Change in other liabilities and other provisions	-4,565	20,150
Change in deferred taxes	3,506	-3,419
Cash flow from operating activities	6,141	16,094

in € thousand	01 / 01 / 2011 – 12 / 31 / 2011	01 / 01 / 2010 – 12 / 31 / 2010
Disbursements for tangible assets	-2,462	-2,597
Disbursements for intangible assets	-895	-391
Purchases of current available-for-sale securities	-9,067	-6,059
Proceeds from redemption of available-for-sale securities	3,099	3,000
Proceeds from redemption of Cascade shares	3,333	0
Proceeds from disposal of intangible and tangible assets	732	201
Payments for purchase of HamaTech	0	-8,031
Proceeds from disposal of Test business	0	3,315
Cash flow from investing activities	-5,260	-10,562
Increase of bank loans	0	4,500
Repayment of bank loans	-180	0
Change in current bank liabilities	28	-808
Change in other financial debt	-924	-915
Proceeds from exercise of subscription rights	494	0
Proceeds from share capital contribution	0	6,808
Payments for expenses related to capital contribution	0	-227
Cash flow from financing activities	-582	9,358
Adjustments to funds caused by exchange rate fluctuations	212	836
Change in cash and cash equivalents	511	15,726
Funds at beginning of the year*	36,525	20,799
Funds at end of the period	37,036	36,525
Cash flow from operating activities includes:		
Interest paid during the period	420	742
Interest received during the period	1,031	588
Tax paid during the period	2,170	391
Tax refunds during the period	16	151

* Cash and cash equivalents as of January 1, 2010 also include liquid funds of €178 thousand attributable to assets held for sale and to discontinued activities.

Consolidated Statement of Changes in Shareholders' Equity (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	
As of January 1, 2010	17,019	93,094	
Capital increase	1,702	4,944	
Issuance of subscription rights		187	
Net loss			
Total income and expenses recognized in equity			
As of December 31, 2010	18,721	98,225	
As of January 1, 2011	18,721	98,225	
Exercise of stock options	380	114	
Issuance of subscription rights		45	
Net profit			
Total income and expenses recognized in equity			
As of December 31, 2011	19,101	98,384	

	Earnings reserve	Retained earnings	Accumulated other comprehensive income	Total equity attributable to shareholders of Suss MicroTec AG	Minority interests	Equity
	433	-23,944	-743	85,859	201	86,060
				6,646		6,646
				187		187
		13,230		13,230	137	13,367
			84	84	60	144
	433	-10,714	-659	106,006	398	106,404
	433	-10,714	-659	106,006	398	106,404
				494		494
				45		45
		13,513		13,513	273	13,786
			-354	-354	18	-336
	433	2,799	-1,013	119,704	689	120,393

Fixed Assets Movement Schedule (2011)

in € thousand	Acquisition and manufacturing costs				
	01/01/2011	Translation adjustment	Additions	Reclassifications	Disposals
I. Intangible assets					
1. Concessions, intellectual property rights, and similar rights and assets as well as licenses to such rights and assets	15,264	40	783	-353	166
2. Development costs	28,452	0	112	727	22
3. Capitalized leased property					
Software	3,178	19	0	0	0
4. Other intangible assets	960		0	0	0
	47,854	59	895	374	188
II. Goodwill	32,436	0	0	0	0
III. Tangible assets					
1. Land, buildings, fixtures	7,195	102	507	778	1,040
2. Technical equipment and machinery	12,082	380	510	-480	8,414
3. Other equipment, office and plant furnishings	10,447	104	920	140	1,931
4. Motor vehicles	477	6	19	0	129
5. Facilities under construction	67	2	759	-812	0
6. Capitalized leased property					
Technical equipment and machinery	845	42	0	0	116
Other equipment, office and plant furnishings	766	3	0	0	50
Fleet of cars	0	0	38	0	0
	31,879	639	2,753	-374	11,680
IV. Financial assets					
Other investments	2,263	0	0	0	0
	2,263	0	0	0	0

	Depreciation and amortization						Net carrying values		
	12 / 31 / 2011	01 / 01 / 2011	Translation adjustment	Additions	Reclassifications	Disposals	12 / 31 / 2011	12 / 31 / 2010	12 / 31 / 2011
	15,568	13,359	30	550	-76	157	13,706	1,905	1,862
	29,269	20,869	0	2,518	436	0	23,823	7,583	5,446
	3,197	1,330	19	887	0	0	2,236	1,848	961
	960	405	0	256	0	0	661	555	299
	48,994	35,963	49	4,211	360	157	40,426	11,891	8,568
	32,436	18,837	0	0	0	0	18,837	13,599	13,599
	7,542	2,144	84	376	0	1,012	1,592	5,051	5,950
	4,078	10,342	338	842	-480	8,038	3,004	1,740	1,074
	9,680	8,123	89	844	120	1,797	7,379	2,324	2,301
	373	427	4	27	0	105	353	50	20
	16	0	0	0	0	0	0	67	16
	771	729	40	47	0	104	712	116	59
	719	758	3	3	0	50	714	8	5
	38	0	0	1	0	0	1	0	37
	23,217	22,523	558	2,140	-360	11,106	13,755	9,356	9,462
	2,263	2,263	0	0	0	0	2,263	0	0
	2,263	2,263	0	0	0	0	2,263	0	0

Fixed Assets Movement Schedule (2010)

in € thousand	Acquisition and manufacturing costs					
	01/01/10	Translation adjustment	Additions	Additions due to HamaTech acquisition	Reclassifications	Disposals
I. Intangible assets						
1. Concessions, intellectual property rights, and similar rights and assets as well as licenses to such rights and assets	14,560	83	235	386	0	0
2. Development costs	31,370	914	157	0	0	3,989
3. Capitalized leased property						
Software	3,138	40	0	0	0	0
4. Other intangible assets	0	0	0	960	0	0
	49,068	1,037	392	1,346	0	3,989
II. Goodwill	32,436	0	0	0	0	0
III. Tangible assets						
1. Land, buildings, fixtures	3,749	290	301	4,469	68	1,682
2. Technical equipment and machinery	10,277	1,002	944	1	135	277
3. Other equipment, office and plant furnishings	9,743	333	1,269	377	-203	1,072
4. Motor vehicles	464	12	8	0	0	7
5. Facilities under construction	0	0	67	0	0	0
6. Capitalized leased property						
Land, buildings, fixtures	423	35	0	0	-458	0
Technical equipment and machinery	338	52	0	0	455	0
Other equipment, office and plant furnishings	759	7	0	0	0	0
	25,753	1,731	2,589	4,847	-3	3,038
IV. Financial assets						
Other investments	2,263	0	0	0	0	0
	2,263	0	0	0	0	0

Depreciation and amortization							Net carrying values		
12 / 31 / 10	01 / 01 / 10	Translation adjustment	Additions	Reclassifications	Disposals	12 / 31 / 10	12 / 31 / 09	12 / 31 / 10	
15,264	12,768	48	543	0	0	13,359	1,792	1,905	
28,452	22,060	425	2,383	0	3,999	20,869	9,310	7,583	
3,178	403	40	887	0	0	1,330	2,735	1,848	
960	0	0	405	0	0	405	0	555	
47,854	35,231	513	4,218	0	3,999	35,963	13,837	11,891	
32,436	18,837	0	0	0	0	18,837	13,599	13,599	
7,195	3,129	229	312	0	1,526	2,144	620	5,051	
12,082	8,780	843	892	0	173	10,342	1,497	1,740	
10,447	8,004	279	712	0	872	8,123	1,739	2,324	
477	415	8	9	0	5	427	49	50	
67	0	0	0	0	0	0	0	67	
0	330	27	0	-357	0	0	93	0	
845	267	53	54	355	0	729	71	116	
766	747	7	4	0	0	758	12	8	
31,879	21,672	1,446	1,983	-2	2,576	22,523	4,081	9,356	
2,263	2,263	0	0	0	0	2,263	0	0	
2,263	2,263	0	0	0	0	2,263	0	0	

Segment Reporting (IFRS)

Segment information by business segment

	Lithography		Substrate Bonder		Photomask Equipment	
in € thousand	2011	2010	2011	2010	2011	2010
External sales	111,500	88,932	20,474	24,722	36,345	18,429
Internal sales	0	0	0	0	0	0
Total sales	111,500	88,932	20,474	24,722	36,345	18,429
Result per segment (EBIT)	25,541	16,952	-11,085	-7,066	5,264	2,113
Income before taxes	25,468	16,896	-11,087	-7,072	5,260	2,106
Significant non-cash items	-831	-1,223	-2,394	-1,212	-393	-173
Segment assets	57,893	56,311	36,229	30,102	17,593	17,315
Thereof goodwill	13,599	13,599	0	0	0	0
Unallocated assets						
Total assets						
Segment liabilities	-21,800	-27,286	-8,500	-6,987	-6,065	-6,328
Unallocated liabilities						
Total liabilities						
Depreciation and amortization	1,621	1,675	2,098	2,239	629	760
thereof scheduled	1,621	1,600	2,098	2,124	629	760
thereof impairment loss	0	75	0	115	0	0
Capital expenditure	1,418	1,450	921	501	329	2,178
Workforce at December 31	340	324	136	141	106	91

Segment information by region

	Sales (continuing operations)		Capital expenditure		Assets	
in € thousand	2011	2010	2011	2010	2011	2010
Europe	40,160	36,687	2,607	8,369	107,201	83,839
North America	29,461	19,033	880	662	7,707	27,523
Japan	12,983	6,906	41	59	3,945	1,975
Rest of Asia	92,775	76,254	120	84	1,447	1,414
Rest of world	48	206	0	0	0	0
Consolidation effects	0	0	0	0	752	185
Total	175,427	139,086	3,648	9,174	121,052	114,936

	Other		Continuing operations		Discontinued operations (Test business)		Consolidation effects		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	7,108	7,003	175,427	139,086	382	1,774	0	0	175,809	140,860
	6,973	6,379	6,973	6,379	0	0	-6,973	-6,379	0	0
	14,081	13,382	182,400	145,465	382	1,774	-6,973	-6,379	175,809	140,860
	-1,145	2,315	18,575	14,314	-21	331	0	0	18,554	14,645
	-45	2,098	19,596	14,028	-23	330	0	0	19,573	14,358
	-44	-197	-3,662	-2,805	0	-29	0	0	-3,662	-2,834
	9,337	11,208	121,052	114,936	0	0	0	0	121,052	114,936
	0	0	13,599	13,599	0	0	0	0	13,599	13,599
									66,694	66,624
									187,746	181,560
	-2,126	-3,291	-38,491	-43,892	0	0	0	0	-38,491	-43,892
									-28,862	-31,265
									-67,353	-75,157
	2,003	1,527	6,351	6,201	0	14	0	0	6,351	6,215
	2,003	1,527	6,351	6,011	0	14	0	0	6,351	6,025
	0	0	0	190	0	0	0	0	0	190
	980	5,045	3,648	9,174	0	0	0	0	3,648	9,174
	42	60	624	616	0	0	0	0	624	616

Notes to the Consolidated Financial Statements

According to IFRS for 2011



(1) DESCRIPTION OF BUSINESS ACTIVITY

SUSS MicroTec AG (the "entity" or "Company"), domiciled at D-85748 Garching, Schleissheimer Str. 90, and its subsidiaries constitute an international entity that manufactures and distributes products using microsystems technology and microelectronics. Production is at facilities in Garching and Sternenfels in Germany, Waterbury (until March 2011) and Palo Alto (until October 2011) in the USA, and Neuchatel in Switzerland. The products are distributed by the production facilities themselves and through distribution companies in the USA, France, the United Kingdom, Japan, Singapore, Taiwan, China and Korea. In countries in which the Group does not have offices of its own, distribution is organized through trade representatives.

(2) SUMMARY OF THE PRINCIPAL ACCOUNTING PRINCIPLES

A) BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with those International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) approved and published by the International Accounting Standards Board (IASB) which are mandatory in the European Union. The requirements of the IFRS have been met in full and lead to the presentation of a true and fair view of the net assets, financial position and results of operations of the SUSS Group.

The Company is an Aktiengesellschaft, i.e. a public company limited by shares, governed by German law. Under the regulations of the German commercial code, the Company is obliged to prepare consolidated financial statements in accordance with the accounting regulations of § 315a HGB, since SUSS MicroTec AG is listed on a stock exchange. The Group management report has been prepared in accordance with § 315 HGB.

The consolidated financial statements and the Group management report for the year ended December 31, 2011, will be submitted to and published in the electronic Federal Gazette.

B) STANDARDS AND INTERPRETATIONS BEING APPLIED FOR THE FIRST TIME

The IASB and the International Financial Reporting Interpretations Committee have approved the following standard, that is mandatory in the consolidated financial statements at December 31, 2011, and impacts on the Company's consolidated financial statements:

Improvements to IFRS (2009)

The standard entitled "Improvements to IFRS (2009)" aggregates various minor amendments to existing standards, that result from a cycle of annual improvements to the IFRS. These changes do not have any material impact on the consolidated financial statements.

C) STANDARDS AND INTERPRETATIONS THAT HAVE NOT BEEN APPLIED PRIOR TO THE MANDATORY APPLICABLE DATE

The IASB has published the following standards, interpretations, and amendments to existing standards, which have yet to be endorsed by EU law:

IFRS 9: Financial Instruments

In November 2009 the IASB published the new standard IFRS 9 Financial Instruments on the classification and measurement of financial assets. This standard is the first part of a three-part project to completely replace IAS 39 "Financial Instruments: Recognition and Measurement". In October 2010 the IASB published rules on accounting for financial liabilities to supplement IFRS 9 "Financial Instruments" "completing the phase on classification and measurement of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement". Supplementing IFRS 9 (2009). IFRS 9 (2010) contains rules on the classification and measurement of financial liabilities as well as on the derecognition of financial assets and liabilities. On December 16, 2011, the IASB published amendments to IFRS 9 on mandatory effective date and transition disclosures.

According to the method of IFRS 9, financial assets must be measured either at adjusted acquisition cost or at fair value. Assignment to one of the two measurement categories depends on how the entity manages its financial instruments (i.e. on its so-called business model) and on the product features of the individual financial assets.

The standard is mandatory for financial years beginning on or after January 1, 2015; earlier application is permitted.

At present SUSS MicroTec AG cannot definitively judge what effects the initial application of the standard will have if the standard is adopted by the EU in this form.

IAS 12: Income Taxes

In December 2010 the IASB published amendments to IAS 12 Income Taxes. The amendments contain a partial clarification on the treatment of temporary tax differences in connection with the application of the fair value model of IAS 40.

IAS 12 is mandatory for financial years beginning on or after January 1, 2012; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IFRS 10: Consolidated Financial Statements

On May 12, 2011, the IASB published the new standard IFRS 10 Consolidated Financial Statements, with which a uniform definition for the concept of control and hence a uniform basis for the existence of a parent-subsidiary relationship and the associated definition of the scope of consolidation was created. The new standard replaces the previously relevant IAS 27 (2008) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities".

IFRS 10 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if simultaneous with IFRS 11 and IFRS 12 as well as IAS 27 and IAS 28 as amended in 2011.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IFRS 11: Joint Arrangements

On May 12, 2011, the IASB published the new standard IFRS 11 Joint Arrangements. The standard governs the accounting for situations in which one entity exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 "Interests in Joint Ventures" and "SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers" as the relevant regulations hitherto applicable for questions of accounting for joint ventures.

IFRS 11 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if simultaneous with IFRS 10 and IFRS 12 as well as IAS 27 and IAS 28 as amended in 2011.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IFRS 12: Disclosure of Interests in Other Entities

On May 12, 2011, the IASB published the new standard IFRS 12 Disclosure of Interests in Other Entities. The Standard indicates the disclosures on business combinations in the consolidated financial statements (new IFRS 10) and Joint Arrangements (new IFRS 11).

IFRS 12 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if simultaneous with IFRS 10 and IFRS 11 as well as IAS 27 and IAS 28 as amended in 2011.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IAS 27 (2011): Separate Financial Statements

On May 12, 2011, the IASB published the new standard IFRS 27 (2011) Separate Financial Statements. In connection with the approval of IFRS 10 Consolidated Financial Statements the regulations on the control principle and the requirements for the preparation of consolidated financial statements are taken out of IAS 27 and subsequently treated in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 will in future contain only regulations on the treatment of subsidiaries, joint ventures and associated entities in the IFRS separate financial statements.

Subject to adoption into EU law, IAS 27 (2011) is mandatory for financial years beginning on or after January 1, 2013.

IAS 28 (2011): Investments in Associates and Joint Ventures

On May 12, 2011, the IASB published the new standard IFRS 28 (2011) Investments in Associates and Joint Ventures. In connection with the approval of IFRS 11 Joint Arrangements, there were also adjustments to IAS 28, whose scope of application will be substantially expanded by the new IFRS 11.

Subject to adoption into EU law, IAS 28 (2011) is mandatory for financial years beginning on or after January 1, 2013.

IFRS 13: Fair Value Measurement

On May 12, 2011, the IASB published the new standard IFRS 13 Fair Value Measurement. The standard addresses the determination of fair value and the relevant disclosures in the Notes while pursuing the goal of a further approximation of the accounting principles of IFRS and US GAAP.

IAS 13 is mandatory for financial years beginning on or after January 1, 2013; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IAS 19: Employee benefits

On June 16, 2011, the IASB published amendments to IAS 19 Employee benefits. The amended standard stipulates that, in future, unexpected fluctuations in pension obligations and plan assets must be recorded directly in other comprehensive income. The previous option of immediate recognition under profit and loss, under other comprehensive income, or delayed recognition under the so-called corridor method, will be abolished. At present, the expected income from the plan assets is determined by the subjective expectations of management on the value development of the asset portfolio. With application of the amended IAS 19, only the current discount rate is permitted as the imputed interest rate for the plan assets.

The amended IFRS 19 is mandatory for financial years beginning on or after January 1, 2013.

Since SUSS MicroTec AG currently applies the corridor method, the change, on application to the situation as at December 31, 2011, would lead to an increase in the pension provision by T€ 632. With the change from the corridor to the changed method, the income statement of SUSS MicroTec AG will remain free from the effects of actuarial gains and losses (e.g. due to fluctuations in interest rates), since these must then be recorded in other comprehensive income.

IAS 1 Presentation of the financial statements

On June 16, 2011, the IASB published amendments to IAS 1 Presentation of the financial statements. Under the amended standard, the IFRS income statement must formally be presented as a single component of the financial statements, namely the Statement of Profit or Loss and Other Comprehensive Income. None the less, this formally combined income statement must be divided into two sections, one of them presenting profit and loss, the second presenting other comprehensive income. Moreover, the amended standard requires that the components of other comprehensive income be presented separately as items that will later be reclassified to the income statement and items that will never be reclassified, but will remain under other comprehensive income.

The amended IFRS 1 is mandatory for financial years beginning on or after July 1, 2012.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

IAS 32: Financial Instruments: Presentation

On December 16, 2011, the IASB published an amendment to IAS 32 Financial instruments: Presentation, that clarified the preconditions for the netting out of financial instruments. Together with these clarifications, the regulations on disclosures in the notes under IFRS 7 were expanded.

The amendment to IFRS 32 is mandatory retrospectively for financial years beginning on or after January 1, 2014. This amendment to IFRS 7 is to be applied for the first time for financial years beginning on or after January 1, 2013.

SUSS MicroTec AG does not expect any effects from initial application if the amended standard is endorsed by the EU in this form.

The EU commission has already adopted the following standard into EU law, but it is not mandatory for the financial year 2011. It has not been applied early.

IFRS 7: Disclosures – Transfers of financial assets

In the Official Gazette of the European Union dated November 23, 2011, decree 1205 / 2011 was announced with which the amendments published by the IASB on October 7, 2010, to IFRS 7 "Disclosure requirements for transfer transactions of financial assets" were adopted. The amendments to IFRS relate to more extensive disclosure obligations in the case of the transfer of financial assets and should enable the users of the financial statements to obtain a better understanding of the effects of the risks remaining with the entity.

The amended IFRS 7 is mandatory for financial years beginning on or after July 1, 2011; earlier application is permitted.

SUSS MicroTec AG does not expect any effects from the initial application.

D) PRINCIPAL ACCOUNTING AND MEASUREMENT METHODS

Taking into consideration the quality criteria of the accounting and the applicable IFRS, the consolidated financial statements fulfill the principle of true and fair view and of fair presentation. In preparing the IFRS consolidated financial statements, the following significant accounting and measurement principles were applied:

Goodwill

Under IFRS 3, derivative goodwill is not subject to regular amortization, but is instead examined once annually for impairment. An examination is also performed if there are triggering events that indicate possible impairment.

The recoverability of goodwill is examined at the level of cash generating units, these corresponding in the SUSS Group to the segments.

Impairment is recorded if the book values of the assets are no longer covered by the recoverable amount of the cash generating unit concerned. The recoverable amount is the higher of fair value less costs to sell and value in use. In the reporting year SUSS MicroTec AG computed the recoverable amount of a segment on the basis of its value in use. This value is based generally on valuations using discounted cash flows.

Other intangible assets

Purchased and internally generated intangible assets are capitalized pursuant to IAS 38 if it is probable that a future economic benefit will flow from the use of the asset and the costs of the asset can be determined reliably. They are recognized at acquisition or manufacturing costs and amortized normally on the straight-line method over their useful life, which is a maximum of ten years.

Development costs in connection with product development are capitalized as manufacturing costs, if the expense can be attributed clearly and if technical feasibility and successful marketing are assured. It must, moreover, be sufficiently probable that the development activity will indeed generate a future economic benefit. The capitalized development performances comprise all costs that are directly attributable to the development process, including overheads relating to development. Capitalized development costs are amortized normally straight-line from the commencement of production over the expected product life cycle of, as a rule, three to five years.

There are no other intangible assets with an indeterminate useful life in the SUSS Group.

Tangible assets

Tangible assets are recognized at acquisition or manufacturing cost and lessened on the basis of probable useful life by scheduled, straight-line depreciation. The depreciation periods for the principal categories of tangible assets are given below:

Buildings, fixtures	10 – 40 years
Plant and machinery	4 – 5 years
Other plant, operating and office equipment	3 – 5 years
Vehicles	5 years

When assets are disposed of, the pertinent historical acquisition costs and accumulated depreciation are derecognized and the difference to the revenue from the sale is recorded as other operating expense or income.

In the case of rented assets, a distinction is made between a "finance lease" and an "operating lease" as set out in IAS 17. Finance lease items are capitalized at the present value of all future minimum lease payments and the leasing debt is recorded on the liabilities side. The capitalized items are depreciated or amortized over their useful life, the lease debt being redeemed and interest paid in accordance with the terms and conditions of the lease agreement. In the case of an operating lease, there is no capitalization, and the lease payments are recorded as expense in the periods when incurred.

In compliance with the rules of IAS 16, there was no re-measurement of tangible assets.

Impairment of intangible assets and depreciation of tangible assets

Intangible assets, including goodwill, and tangible assets are subject to impairment if the book values of the assets would no longer be covered by the sales proceeds that may be expected or by the discounted net cash flow from further use. If it is not possible to determine the realizable amount for individual assets, the cash flow is determined for the next higher grouping of assets for which such a cash flow can be computed. Allocation of goodwill is on the basis of the reporting units (segments).

If in later periods the circumstances that led to the impairment cease to hold, revaluations are made. The revaluation is made at a maximum to the amount which would have resulted if the impairment had not been recorded. No revaluation is made on goodwill once it has been written down

Inventories

The inventories are measured at manufacturing or acquisition costs or, if lower, their net realizable value. The net realizable value is the selling proceeds that can probably be obtained less the costs likely to be incurred prior to sale. Inventory risks arising from lower marketability and technical risks are accommodated by appropriate adjustments.

The manufacturing costs of work in progress and finished goods include direct material and production costs as well as attributable material and production overheads.

For raw materials, supplies and consumables, the acquisition costs are computed on the basis of a weighted average.

If the reasons that led to an adjustment of the inventories cease to pertain, a corresponding revaluation is made.

Financial instruments

Financial instruments are contractual relationships which lead for the one party to a financial asset and for the other to a financial debt or an equity instrument. These are divided into the categories "measured at adjusted acquisition costs", "measured at market value" and "lease liabilities".

The Company records financial instruments in the balance sheet as soon as the SUSS Group becomes a contractual partner to a financial instrument. First-time recognition is at market value. Subsequent measurement of financial assets and liabilities is in line with the category they have been allocated to – financial assets available for sale, loans & receivables, financial liabilities, or financial assets & liabilities held for trading purposes.

The categories "Held to Maturity" and "Fair Value Option" are not used.

Receivables and other financial assets

Receivables and other financial assets, with the exception of derivative financial instruments, are allocated to the category loans & receivables and measured at adjusted costs of acquisition. Appropriate adjustments are made on doubtful receivables and receivables considered to be unrecoverable. Adjustments are also made depending on the age structure of overdue receivables. These impairments are recorded on separate adjustment accounts.

Securities

Securities are classified as financial assets available for sale. They are recognized at fair value whenever this can be determined reliably. Unrealized gains and losses are shown, after consideration of deferred taxes, under other comprehensive income.

Cash and cash equivalents

Cash equivalents include all nearly liquid assets that, at the time of acquisition or investment, have a residual term of less than three months. Cash and cash equivalents are measured at acquisition cost.

Share-based remuneration

The Company accounts for its obligations from existing share option schemes in accordance with IFRS 2. The fair value of the issued share options is recorded in equity, taking account of the service period. The fair value is calculated using the Black-Scholes model.

Pension plans and similar commitments

Provisions for pension plans and similar commitments are recognized pursuant to IAS 19 Employee Benefits. The obligations are computed using the projected unit credit method. Future salary increases and other increases in benefits are taken into consideration. The measurement of the pension obligations is on the basis of pension reports using the assets existing to cover these obligations (plan assets). Actuarial gains and losses are offset with effect on the income statement when they fall outside a corridor of 10% of the scope of the commitment. In this case they are distributed over the future average remaining service life of the workforce. The expenses from the compounding of pension obligations are shown as a part of the relevant function costs.

Provisions

Provisions are formed under IAS 37 when there is an obligation to outside parties whose fulfillment they are likely to demand and if the probable amount of the necessary provision can be estimated reliably. The measurement is at full cost. Long-term provisions are recognized on the basis of corresponding interest rates at their discounted settlement amount as at the balance sheet date.

Financial debt

Financial debt comprises bank borrowings, liabilities from promissory notes and liabilities from finance leases. Bank borrowings and liabilities from promissory notes are allocated to the category financial liabilities and measured at adjusted acquisition costs. The liabilities from finance leases are allocated to the category "lease liabilities" and are measured in accordance with IAS 17.

Other financial liabilities

With the exception of derivative financial instruments, other financial liabilities are allocated to the category financial liabilities and measured at adjusted acquisition cost.

Accounts payable

Accounts payable are allocated to the category financial liabilities and measured at adjusted acquisition costs.

Discontinued operations

Discontinued operations are shown as soon as a company part with business activities and cash flows that can be clearly distinguished from the remainder of the entity for accounting purposes is classified as being for sale or has already been disposed of, and the business area represents a separate and substantial business branch.

Sales realization

As provided for by IAS 18, revenues from sales of machines are recorded when the conditions for revenue realization are met. Sales revenues are realized at the time of transfer to the buyer of the main risks and opportunities associated with property of the merchandise subject to sale if it is sufficiently certain that the Company will obtain the economic benefit from the sale. The amount of the recognized sales revenues is based on the fair values of the consideration to be received or claimed.

The Company's customer orders usually contain installation performances that are necessary in order to render the machine being sold ready for operation. Because of the complexity of the installation processes, the Company assumes that, until installation has been completed, significant property risks remain with the Company. Hence in the case of contracts in which, besides the delivery of a machine, installation and final acceptance have been agreed with the customer, revenues are only realized when installation and assembly have been performed and the customer has conducted a final acceptance test.

Revenues from services are realized when the performance has been rendered or, in the case of service contracts, proportionately over time. In the case of sales of spare parts, the revenue is realized on delivery.

Cost of sales

The cost of sales comprises the manufacturing and procurement costs of the products and spare parts sold. Besides directly attributable material and production costs it also comprises overheads including depreciation on production equipment and intangible assets as well as markdowns on inventories.

Research and development costs

Expenses for research and expenses for development work that cannot be capitalized are recorded as expense when incurred.

Other operating expenses and income

The other operating expenses and income are classified under the operating result and allocated to the appropriate period. This also applies to expenses and income from foreign currency translation.

Deferred taxes

In accordance with IAS 12 Income Taxes, deferred tax assets and liabilities are formed on all temporary differences between the fiscal measurement bases of the assets & debts and their recognized values in the IFRS consolidated balance sheet as well as on tax loss carryforwards. The deferred taxes are computed on the basis of tax rates that apply or are expected to apply at the time of realization in the light of the present legal situation in the relevant countries. Deferred tax claims on temporary differences or on loss carryforwards are only recognized if it seems sufficiently certain that they can be realized in the near future.

Deferred taxes are only set up on temporary differences on goodwill if writedowns on the derivative goodwill is subject to recognition for tax purposes.

EPS – Earnings per Share

The Company computes earnings per share in accordance with IAS 33 Earnings per Share.

The undiluted earnings per share are computed by dividing the net profit by the weighted average of the issued shares.

The diluted earnings per share are computed by dividing the adjusted net profit by the weighted average of the issued shares plus the share equivalents leading to a dilution.

Derivative financial instruments

Derivative financial instruments are concluded in the SUSS Group for the purpose of hedging currency and interest risks.

Derivative financial instruments are accounted for pursuant to IAS 39. Derivative financial instruments are allocated to assets and liabilities held for trading purposes, are recognized at their market values, and are presented under other current financial assets or other current financial liabilities. They are first recognized on the day of transaction. Changes in market value are shown either in the income statement or, in the case of a cashflow hedge, under other comprehensive income after deduction of deferred taxes.

Cashflow Hedges

The effective portion of market value changes to derivative instruments that are designated as cashflow hedges are recognized under other comprehensive income after accounting for deferred taxes. The ineffective portion is recognized as profit or loss in the income statement.

Treatment of subsidies

Under IAS 20 (Accounting for Government Grants), public subsidies are only recorded if there is sufficient certainty that the attached conditions will be fulfilled and the subsidies granted. They are taken to the income statement, generally in the periods in which the expenses are incurred that are to be met by the subsidies. Subsidies relating to capitalisable development costs are subtracted from the capitalization total.

Transactions in foreign currency

Purchases and sales in foreign currency are translated at the daily rate in force at the time of delivery. Assets and debts in foreign currency are translated to the functional currency at the exchange rate in force at the balance sheet date. Foreign currency gains and losses arising from these translations are taken to the income statement.

E) USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires estimates and assumptions that effect the presentation of assets and debts, the disclosures of contingent liabilities at the balance sheet date, and the presentation of income and expenses. In individual cases the actual values may deviate from the assumptions and estimates made.

Accounts receivable

Adjustments on doubtful receivables involve in considerable measure estimates and judgments of individual receivables that are based on the creditworthiness of the individual customer, the current development of the economy and an analysis of historical defaults on portfolios of receivables. If the Company derives the adjustment from historical default rates on a portfolio basis, any decrease in the volume of receivables decreases such provisions correspondingly, and vice versa. As at December 31, 2011, the total adjustment on accounts receivable was € 000 546 (2010: € 000 740).

Impairments

SUSS MicroTec AG examines the goodwill for possible impairment at least once annually. The determination of the recoverable amount of a Cash Generating Unit that the goodwill is allocated to is associated with estimates by management. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use. The Company generally determines these figures using measurement methods based on discounted cash flows. These discounted cash flows are determined for a period of five years. The basis used for the immediate future is the cashflow derived from the Group budget. For cashflow forecasts beyond the period of detailed planning, suitable forecasts from the semi-conductor sub-supplier industry are used. On the basis of these forecasts, a growth rate is determined for each year of the period under consideration. Für den Fünf-Jahres-Zeitraum errechnet sich dabei ein durchschnittliches jährliches Wachstum von 19,0 % (2010: 18,9 %). The high growth rate is due in the first place to the extraordinarily high sales increases that are expected in the substrate bonder area. Secondly, high growth rates continue to be assumed for the lithography segment, too, this constituting the largest business segment of the SUSS MicroTec Group. The forecast net cash flow is discounted using a risk-adjusted interest rate of 10.1 % (2010: 10.4 %). These premises and the underlying method may have a considerable influence on the values concerned and, finally, on the amount of any possible impairment of goodwill.

If it is not possible to determine the recoverable amount for individual assets in the framework of an impairment test for tangible assets or other intangible assets, the cashflow is determined for the next higher group of assets for which such a cashflow can be determined. For tangible and for other intangible assets, too, the determination of recoverable amount is similarly associated with estimates by management, this having a considerable influence on the values concerned and, in the final analysis, on the amount of any impairment.

Pension plans and similar commitments

Obligations for pensions and associated expenses and income are determined in accordance with actuarial measurements. These measurements are based on key premises, including discount factors, the expected yield from plan assets, salary trends and life expectancies. The discount factors assumed reflect the interest rates obtained as at the balance sheet date for high-quality, fixed-interest investments with corresponding terms.

On account of fluctuations in the market and economic situation, the premises applied may deviate from the actual development, with material effects on the obligations for pensions.

Provisions

The determination of provisions for contractually agreed warranties is associated to a considerable extent with estimates. Where the Company derives these provisions from historical warranty cases, a decrease in the sales volume decreases such provisions correspondingly, and vice versa.

Purchase Price Allocation

On acquisition of entities, under IAS 27 (rev. 2008) and IFRS 3 (rev. 2008), the purchase price for the entity acquisition must be made on the identifiable assets, debts and contingent debts acquired on purchase. With some exceptions (e.g. tax debts, pension obligations and share-based remuneration) assets, debts and contingent debts must be recognized at fair value. Here consideration must be given not only to assets in the balance sheet but also to intangible assets that have not previously been recognized.

F) CONSOLIDATION

Consolidation principles

The consolidated financial statements include the financial statements of SUSS MicroTec AG and of all significant companies over which, independently of the level of its participatory investment, the parent company can exercise control (i.e. the control principle). In cases where the parent company holds the majority of voting rights, it is assumed that it exercises control.

Receivables & liabilities and income & expenses incurred between the companies included in the consolidated financial statements as well as intragroup profits and losses are eliminated.

Translation of financial statements in foreign currency

The reporting currency of the Group is the Euro, which is also the functional currency of the parent company. All figures are in thousand Euro, unless otherwise stated.

Balance sheet items of subsidiaries that have as their functional currency their local currency are (with the exception of equity, which is translated at historical rates) translated at the rate on the balance sheet date, and the items in the income statement are translated at average rates.

	2011		2010	
	Balance sheet	P&L	Balance sheet	P&L
1 EUR vs 1 USD	1.294	1.394	1.339	1.330
1 EUR vs 1 JPY	100.100	111.148	108.820	116.688
1 EUR vs 1 GBP	0.837	0.871	0.862	0.858
1 EUR vs 1 CHF	1.216	1.234	1.253	1.379
1 EUR vs 1 TWD	39.338	41.101	38.964	41.793
1 EUR vs 1 SGD	1.682	1.750	1.717	1.812
1 EUR vs 1 CNY	8.234	9.016	8.763	9.004
1 EUR vs 1 KRW	1,495.670	1,544.865	1,502.610	1,541.242
1 EUR vs 1 THB	40.775	42.850	40.525	42.563

The resulting translation differences are shown as a separate component of equity (i.e. under other comprehensive income).

Disclosures on the scope of consolidation

In comparison with the consolidated financial statements as at December 31, 2010 there was the following change in the scope of consolidation:

SUSS MicroTec Asia Company Ltd., Bangkok (Thailand) was liquidated in the third quarter of 2011 and de-consolidated to July 28, 2011. The business operation had already been closed down in 2009.

There were no other changes in the scope of consolidation in the past financial year.

Therefore, the following subsidiaries and associates of SUSS MicroTec AG (ultimate parent company) were included in the consolidated financial statements as at December 31, 2011 (figures on capital and net profit or loss of the individual companies according to local law and in local currency):

Entity	Currency	Subscribed capital	Investment	Equity total	Net income	Consolidation
SUSS MicroTec AG, Garching ⁽¹⁾	EUR	19,101,028.00	Holding	90,883,717.25	-1,500,351.76	full
Suss MicroTec Lithography GmbH, Garching ⁽²⁾	EUR	2,000,100.00	100 %	61,168,527.53	10,221,025.64	full
HamaTech APE GmbH & Co. KG, Sternenfels	EUR	3,000,000.00	100 %	-1,462,949.51	2,815,652.38	full
HamaTech APE Beteiligungs GmbH, Sternenfels	EUR	25,000.00	100 %	17,631.64	-911.52	full
Suss MicroTec Ltd., Coventry	GBP	10,000.00	100 %	1,140,788.07	-30,127.27	full
Suss MicroTec KK, Yokohama	JPY	30,000,000.00	100 %	-256,533,347.00	39,817,571.00	full
Suss MicroTec S.A.S., Lyon	EUR	114,750.00	100 %	720,783.00	265,345.00	full
Suss MicroOptics S.A., Neuchatel	CHF	500,000.00	85 %	6,243,301.97	2,311,059.88	full
Suss MicroTec Inc., Waterbury	USD	105,000.00	100 %	21,000,329.85	-16,018,305.78	full
Suss MicroTec (Taiwan) Company Ltd., Hsin Chu	TWD	5,000,000.00	100 %	130,272,316.00	39,873,949.00	full
Suss MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100 %	16,810,531.57	8,773,162.48	full
Suss MicroTec Precision Photomask Inc., Palo Alto	USD	24,287.00	100 %	792,207.26	-1,105,908.15	full
HUGLE Lithography Inc., San Jose ⁽³⁾	USD	1,190,442.00	53.1 %	-39,579.00	-1,800.00	at cost
Suss MicroTec REMAN GmbH, Oberschleissheim ⁽²⁾	EUR	25,564.59	100 %	1,247,477.69	1,041,605.63	full
Suss MicroTec (Singapore) Pte Ltd., Singapore	SGD	25,000.00	100 %	1,391,171.92	1,144,279.57	full
Suss MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100 %	587,675,273.00	281,098,347.00	full
ELECTRON MEC. S.R.L., Milano ⁽⁴⁾	EUR	52,000.00	10 %	1,059,803.00	-103,510.00	at cost

⁽¹⁾ Equity and net income before profit pooling agreement with Suss MicroTec Lithography GmbH and Suss MiroTec Reman GmbH

⁽²⁾ Equity and net income before profit pooling agreement with SUSS MicroTec AG

⁽³⁾ Entity considered at cost due to immateriality

⁽⁴⁾ Figures according to Financial Statements as at December 31, 2010

The closing date of the financial statements of all the companies included is 31 December of the relevant year.

Among the domestic subsidiaries with the legal form of a corporation, Suss MicroTec Lithography GmbH, Garching and Suss MicroTec REMAN GmbH, Oberschleissheim, fulfill the conditions for exemption pursuant to § 264 (3) HGB. Hence no disclosure is made of the financial statement documents.

HamaTech APE GmbH & Co. KG, which has the legal form of a partnership, fulfills the conditions for exemption pursuant to § 264b HGB. Hence no disclosure is made of the financial statement documents.

Company acquisitions

The Company did not make any acquisitions in the financial year 2011.

In the prior year, SUSS MicroTec AG acquired with effect at February 15, 2010, 100 % of the shares in HamaTech APE GmbH & Co. KG, Sternenfels, and in HamaTech APE Beteiligungs GmbH, Sternenfels, from Singulus Technologies AG. SUSS MicroTec AG also acquired the business land and the factory building at the Sternenfels location and a shareholder loan with a face value of about 10.1 million €.

The purchase price for the factory land and the company building was 4.5 million €. The purchase price for the shares in HamaTech APE GmbH & Co. KG and the shareholder loan comprised a fixed component of about 3.5 million € and an earn-out component of 1 million €. In addition, SUSS MicroTec AG took over intercompany receivables of Singulus Technologies AG in an amount of about 1.0 million € resulting from the current business activity of HamaTech APE GmbH & Co. KG since January 1, 2010. It paid the complete (fixed) purchase price of about 9.0 million € in the first quarter of 2010.

The acquisition of shares and assets or debts was modeled in the consolidated financial statements of SUSS MicroTec AG according to International Financial Reporting Standards as a business combination (merger) pursuant to IAS 27 (rev. 2008) and IFRS 3 (rev. 2008). In this connection, the purchased assets, debts and contingent debts (with individual exceptions) are to be stated at their fair value at the time of acquisition (IFRS 3.18). According to the regulations of IFRS 3 in conjunction with IAS 38, recognition must be given not only to assets recognized in the balance sheet but also to any intangible assets that were previously not stated.

In view of this, in the prior year a Purchase Price Allocation was undertaken for the assets and liabilities acquired. The acquired assets and liabilities were stated in the prior year at the initial consolidation date as follows:

in € million	Book value according to IFRS as of 02 / 28 / 2010	Recognized at time of acquisition (according to PPA)
Intangible assets	3.1	1.3
Tangible assets	0.3	0.4
Current assets	7.6	7.6
Total assets	11.0	9.3
Noncurrent liabilities	0.0	0.0
Current liabilities	2.6	2.6
Total liabilities	2.6	2.6
Net assets	8.4	6.7
Acquisition costs		4.5
Provision for earn-out		0.8
Bargain purchase		1.4

The development costs of 2.7 million € that were capitalized under intangible assets were measured at the time of acquisition with 0 €. Instead, intangible assets of 0.9 million € that had not previously been recognized were capitalized, that very largely related to the technology that was acquired. The valuation of the technology was based on planning for the years 2010 to 2013 and the resultant payments flows. In addition, dormant reserves of 0.1 million € were revealed in the tangible assets.

Since the total of the fair values of the recognized identified assets and debts exceeded the acquisition cost, there resulted from the business combination negative goodwill that, in accordance with IFRS 3, was charged to the income statement in the prior year.

In connection with the purchase of HamaTech APE GmbH & Co. KG, an equity guarantee of the seller, Singulus Technologies AG, was given in the sense that the equity of HamaTech APE GmbH & Co. KG as measured by commercial code (HGB) regulations will not fall below a certain amount at the time of closing. The equity guarantee was not fulfilled. Under a composition, the purchaser and seller agreed to settle in the form of a subsequent adjustment to the purchase price. First, Singulus Technologies AG refunded to SUSS MicroTec AG 0.7 million € of the purchase price it had already received. Secondly, the earn-out component of previously 1 million € was reduced to an amount of 0.3 million €.

On account of the composition concluded with Singulus Technologies AG, the provision for the earn-out component was reduced to 0.3 million €. The negative goodwill increased to 2.7 million €. The negative goodwill was presented in the prior year pursuant to IFRS 3.34 in the income statement under other operating income.

The sales objective on which the earn-out component of HamaTech APE GmbH & Co. KG was based was achieved in the financial year 2010. Hence SUSS MicroTec AG was obliged to pay to Singulus Technologies AG the agreed earn-out of 0.3 million €. A corresponding liability had been recognized in the prior year consolidated financial statements.

The consolidated income statement of the prior year included the income and expenses of HamaTech APE GmbH & Co. KG for the months March to December 2010. In this period, the Photomask Equipment division contributed to the Group result after taxes with sales of 18.4 million € and a result of 1.6 million. If SUSS MicroTec AG had acquired HamaTech right at the beginning of the prior year, Group sales would have come to 139.4 million € and the consolidated result after taxes 12.9 million €.

G) DISCONTINUED OPERATIONS

In the prior year, SUSS MicroTec AG parted from its business with Test Systems and sold the segment Test Systems on January 28, 2010. A key component of the transaction were the shares in Suss MicroTec Test Systems GmbH. Moreover, individual assets of foreign subsidiaries were sold that were also allocated to the Test Systems operation.

The purchase price for the Test Systems segment consisted of a fixed portion and a portion that was administered by a fiduciary. The fixed component was 4.5 million €, of which 2.0 million € was paid in cash and 2.5 million € with ordinary shares of the purchaser (Cascade Microtech Inc.). A further amount of 2.5 million € was placed in a fiduciary account, the disbursement depending on certain conditions being met by the seller after the transaction and having led to an adjustment of the purchase price. By December 31, 2011, SUSS MicroTec AG had received 0.8 million € from this fiduciary account. In addition, SUSS MicroTec AG had received 0.8 million € from purchase price adjustments. Of the total of 1.6 million €, 1.0 million € had been accounted for in connection with the measurement of the assets and debts held for sale in 2009. At the balance sheet date, the fiduciary accounts show 1.5 million € remaining, that was disbursed to SUSS MicroTec AG in February 2012.

Suss MicroTec Test Systems GmbH was deconsolidated on January 27, 2010. The profit / gain from the deconsolidation in the prior year ran to 1.6 million €. In total, the EBIT of the segment Test Systems (discontinued activities) came to 0.3 million € in the financial year 2010.

The results of the Test Systems segment, that was shown in the consolidated income statement as a discontinued operation, were as follows:

in € thousand	2011	2010
Sales	382	1,774
Cost of sales	-403	-3,085
Gain from consolidation	0	1,641
Profit / loss from discontinued operations before income taxes	-21	330
Income taxes	0	2
Profit / loss from discontinued operations after income taxes	-21	332

Risk reporting

Reference is made to the comments on risk reporting in the management report. These are to be considered as part of these notes.

COMMENTS ON THE IFRS CONSOLIDATED INCOME STATEMENT

The following explanations to the consolidated income statement relate exclusively to the Group's continuing operations.

(3) SALES REVENUES

The sales revenues are made up as follows:

in € thousand	2011	2010
Machines	147,846	111,966
Spare parts	13,825	13,460
Service	7,438	6,754
Miscellaneous	6,318	6,905
Total	175,427	139,085

For information on the breakdown of the sales revenues in terms of product lines and regions, we refer to the segment reporting. The other sales comprise revenues from the mask business and the micro-optics division.

(4) COST OF SALES

The cost of sales include scheduled amortization on capitalized internally generated performances of T€ 2,518 (2010: T€ 2,383). Of the amortization, T€ 768 (2010: T€ 809) relates to development projects in the lithography segment and T€ 1,750 (2010: T€ 1,574) to the substrate bonder segment. The cost of sales also include scheduled amortization on the acquired technology of HamaTech in the amount of T€ 256 (2010: T€ 213).

The cost of sales also includes impairments of inventories (demonstration equipment; raw materials, supplies & consumables as well as finished & semi-finished products) of T€ 3,817 (2010: T€ 2,278). Of this amount, T€ 1,071 (2010: T€ 1,085) relates to stocks of the lithography segment and T€ 2,371 (2010: T€ 1,056) to stocks of the substrate bonder division. The inventories of the photomasks equipment division were marked down by T€ 375 (2010: T€ 137).

(5) OTHER OPERATING INCOME

Other operating income was made up as follows:

in € thousand	2011	2010
Foreign currency gains	3,562	5,475
Commissions	334	231
Income from the release of doubtful debts	241	0
Company cars	197	190
Revenues from disposal of assets	127	0
Other subsidies	20	76
Income from the release of provisions	0	29
Negative goodwill consolidation HamaTech	0	2,678
Cancellation fee	0	718
Retirement of existing liabilities	0	464
Miscellaneous	286	135
Total	4,767	9,996

Foreign currency gains primarily came from various transactions in operating business which were effected in foreign currencies (primarily the US dollar and the Japanese yen) and which were affected by exchange rate fluctuations in the course of the year. The Company also realized currency gains from the hedging of foreign currency.

In the prior year, T€ 1,821 of the foreign currency gains resulted from the repayment of intragroup foreign currency loans by Suss MicroTec Inc., Waterbury, in connection with the transfer of intangible assets to Suss MicroTec Lithography GmbH that took place in December 2010.

The commissions were obtained by our subsidiary in China. In the prior year, our subsidiary in Taiwan obtained commission income also.

The other subsidies relate to subsidies of the Arbeitsagentur (German government employment agency) for integration measures and part-time working prior to full retirement. In the prior year, the Company received grants for expenses under assistance projects that were to be taken to income.

In the prior year, income arose from the release of provisions for impending losses from pending transactions.

In the prior year, the cancellation fees were taken to income by Suss MicroTec Inc., Waterbury.

In the prior year, income was realized from the derecognition of existing liabilities. These were connected with the elimination of clearing accounts between HamaTech APE GmbH & Co. KG and Singulus Technologies AG. In this connection, in the prior year receivables of T€ 306 were also derecognized (recorded under other operating expenses).

(6) OTHER OPERATING EXPENSES

The other operating expenses are made up as follows:

in € thousand	2011	2010
Foreign currency losses	3,856	2,731
Other taxes	283	522
Depreciation of technical equipment and machinery	262	0
Additions to contract loss provision	125	0
Licence fees	101	0
Allowances for doubtful debts	50	385
Expenses for waiver of receivables	0	306
Losses on asset disposal	0	263
Expenses for employee deployment	0	143
Miscellaneous	217	359
Total	4,894	4,709

The foreign currency losses arose mainly from changes in measurement of customer receivables in US Dollar on account of changes in the exchange rates during the year as well as measurement changes to intragroup clearing accounts in foreign currency. Furthermore, the Company incurred exchange losses on currency hedging transactions.

The depreciation on plant and machinery relates to a machine of Suss MicroTec Precision Photomask Inc. All assets and debts of Suss MicroTec Precision Photomask Inc. were sold in the fourth quarter under an asset deal.

The license fees, too, relate to Suss MicroTec Precision Photomask Inc.

In the prior year, the expenses for waiver of receivables were connected with the elimination of clearing accounts between HamaTech APE GmbH & Co. KG and Singulus Technologies AG. In this connection, in the prior year liabilities of T€ 464 were also derecognized (recorded under other operating income).

(7) FINANCIAL RESULT

The financial result is composed of interest expenses & interest income and other financial expenses & other financial income.

The financial expenses are composed as follows:

in € thousand	2011	2010
Bank loans	749	676
Interest swap contracts	-137	51
Accrued interest	186	14
Interest finance lease	49	78
Commission on bank guaranty	67	46
Other interest and financial expenses	82	75
Total	996	940

The level of total financial expense is slightly higher than in the prior year. Interest on bank borrowings rose by about T€ 73 while, with regard to the interest swaps connected with the promissory note loan, a positive effect was obtained in the reporting year leading to income totaling T€ 137. The increase in bank interest resulted mainly from additional interest expense for the financing of the Sternenfels real estate, since in the reporting year interest for a full 12 months was incurred for this loan.

The financial income includes interest income of T€ 1,184 (2010: T€ 654), resulting mainly from money market investments and securities. In 2011 gains are recorded here from the sale of the Cascade shares amounting to T€ 833.

(8) INCOME TAXES

The tax expense and its breakdown into current and deferred taxes are as follows:

in € thousand	2011	2010
Current taxes	2,223	4,802
Deferred taxes	3,566	-3,809
... thereof on temporary differences	1,827	-268
Total	5,789	993

The table below shows a reconciliation between the tax expense expected in each financial year and the tax expense presented.

Expected tax rate	2011	2010
Corporate income tax rate	15.00 %	15.00 %
Solidarity surcharge	5.50 %	5.50 %
Trade income tax rate	12.43 %	12.43 %
Composite tax rate	28.25 %	28.25 %

in € thousand	2011	2010
Earnings before taxes	19,596	14,028
Expected income taxes	5,536	3,963
Different foreign tax rates	-866	5
Remeasurement of German tax rates	44	62
Other non-tax deductible expenses	75	201
Income taxes from previous year	49	1,351
Change of feasibility of deferred income tax assets	0	-1,721
Change of valuation allowance on deferred tax assets	1,668	1,238
Use of loss carryforwards adjusted in full	-359	-3,541
Non taxable income	-270	-464
Earnings from discontinued operations attributable to fiscal unity parent	-6	94
Miscellaneous	-82	-195
Effective taxes	5,789	993

A comparison of the expected and effective income taxes from the continuing operations shows a deviation of T€ 253 (2010: T€ 2,970). Instead of presenting tax expense of T€ 5,536, the Company booked tax expense of T€ 5,789 in the reporting year.

In the reporting year, additional adjustments of T€ 1,668 were made on deferred tax assets. The largest adjustment requirement arose at Suss MicroTec Inc., Sunnyvale (California / USA), for which, on the basis of the present Group budget, a constantly positive, but lower result is expected for the coming years. The reason for the lower result is, inter alia, the changed business model of Suss MicroTec Inc., that as a representation will in future conduct the distribution of our products in North America. Previously, Suss MicroTec Inc. has been active as reseller.

The positive tax effect from the generation of tax-exempt income is mainly attributable to the sale of 747,530 Cascade shares, that produced a tax-exempt gain on sale of T€ 833 for SUSS MicroTec AG.

The positive effect from the utilization of adjusted loss carryforwards results from positive annual results by Suss MicroTec KK, Yokohama (Japan) and Suss MicroTec S.A.S., Lyon (France).

In the prior year, actual taxes were only T€ 993, whereas the expected taxes had been T€ 3,963. Hence, in the prior year, T€ 2,970 less tax was recorded than expected.

The positive effect resulted in the prior year mainly from the transfer of the Substrate Bonder division from the USA to Germany and the associated sale of the intangible assets of Suss MicroTec Inc., Waterbury / Vermont (USA) to Suss MicroTec Lithography GmbH, Sternenfels. In 2010, the sale revealed dormant reserves at Suss MicroTec Inc. (for the tax income statement) of about 22 million USD. The income thereby obtained in the USA was taken to income tax-free in full through the use of the loss carryforwards available there. Since in the years prior to 2010 the deferred tax assets on these loss carry-forwards had been adjusted in full, there was a positive deferred tax effect in the prior year of T€ 3,298. The deferred tax liabilities that had been set up on the capitalized development costs were derecognized in full and taken to income. Through the restructuring and transfer of the substrate bonder division from the USA to Germany, the estimate of the realisability of the deferred tax assets of Suss MicroTec Inc. in the USA was also changed. In the prior year, this gave rise overall to a further positive tax effect of T€ 1,721.

There was a contrary effect in 2010 from various prior year adjustments of the tax Net Operating Losses of Suss MicroTec Inc., leading to an additional deferred tax expenses of T€ 1,482. On the other hand, Suss MicroTec Precision Photomask Inc., Palo Alto / California (USA), realized in 2010 a positive tax effect of T€ 305 as a result of a loss carry-back.

The change in the adjustment to deferred tax assets in the prior year related mainly to Suss MicroTec KK, Yokohama (Japan). The losses incurred in 2010 increased the tax loss carryforwards. The deferred tax assets of T€ 1,026 to be formed on these were adjusted 100 %.

In the prior year, SUSS MicroTec AG realized from the deconsolidation of Suss MicroTec Test Systems GmbH a gain of T€ 1,641 that, as tax-exempt income, led to a positive deferred tax effect of T€ 464.

Until the completion of the transaction, the discontinued division Test Systems and Suss MicroTec Test Systems GmbH formed a tax unity for purposes of income tax with SUSS MicroTec AG. In the prior year, a positive result of T€ 332 resulted from the Test Systems segment; the corresponding tax expense was T€ 94.

No tax deferral was recorded on non-distributed profits of subsidiaries. It was decided to forgo a calculation of the possible tax effects because the time and effort would have been disproportional.

The deferred income and prepaid expenses items for deferred taxes are computed as follows:

in € thousand	Assets		Liabilities	
	2011	2010	2011	2010
Other current liabilities	284	1,173	0	98
Pension plans and other commitments	630	687	0	0
Accounts receivable	13	56	111	40
Other noncurrent provisions	20	376	62	0
Intangible assets	2,551	2,928	21	193
Other current assets	15	1	0	108
Financial debt	11	5	0	0
Goodwill	0	0	1,807	1,571
Adjustment item HamaTech	0	0	515	542
Inventories	698	809	0	58
Tangible assets	5	0	113	46
Miscellaneous	57	0	128	85
Loss carryforwards	1,099	2,838	0	0
Total	5,383	8,873	2,757	2,741

The Group has tax loss carryforwards of T€ 21,054 (2010: T€ 25,220). Of this amount, a total of T€ 6,106 will have lapsed by December 31, 2019. In the period from 2028 to 2031, a total of T€ 11,213 will lapse. Loss carryforwards of T€ 3,735 can be used indefinitely.

The fall in loss carryforwards compared with the prior year results mainly from Suss MicroTec Lithography GmbH and Suss MicroTec REMAN GmbH, whose positive annual results lead to a lowering of the loss carryforwards of SUSS MicroTec AG by virtue of the existing profit and loss adoption agreements.

No deferred tax assets were recognized on loss carryforwards of T€ 17,906 (2010: T€ 15,336) and temporary differences of T€ 3,409 (2010: T€ 1,588).

(9) EARNINGS PER SHARE

The following table shows the computation of the undiluted and diluted earnings per share.

in € thousand	2011	2010
Profit/loss from continuing operations	13,807	13,035
Less minority interests	-273	-137
Profit/loss from discontinued operations attributable to shareholders of SUSS MicroTec AG	13,534	12,898
Weighted average number of outstanding shares	18,908,799	18,072,913
Effect from (potential) exercise of options	14,510	402,000
Adjusted weighted average number of outstanding shares	18,923,309	18,474,913
Earnings per share (EUR) - basic	0.72	0.71
Earnings per share (EUR) - diluted -	0.71	0.70

The weighted average of 186,800 shares (2010: 390,214 shares) was not included in the computation of the result per share (diluted) since the exercise conditions were not met in the reporting year.

Further information on the share option programs are contained in paragraph 21 of these notes.

(10) OTHER DISCLOSURES ON THE IFRS CONSOLIDATED INCOME STATEMENT

PERSONNEL EXPENSES

The consolidated statement of income of the SUSS Group includes personnel expenses under the various postings as follows:

in € thousand	2011	2010
Wages and salaries	39,826	34,294
Social security expenses	3,436	3,904
Pensions expenses	2,426	2,339
Total	45,688	40,537

The social security charges and expenses for benefits contain mainly the employee portions of social security insurance and contributions to the employers liability insurance scheme.

The expenditures for pension provision include pension expenses from company pension schemes and employer contributions to the statutory pension system.

COST OF MATERIALS

The cost of materials in 2011 came to T€ 91,111 (2010: T€ 70,590).

AMORTIZATION & DEPRECIATION

Amortization & depreciation are made up as follows:

in € thousand	2011	2010
Intangible assets	4,211	4,218
Tangible assets	2,140	1,983
Depreciation	6,351	6,201

Apart from writedowns of capitalized development costs of T€ 2,518 (2010: T€ 2,383), in the year under review, writedowns of T€ 550 (2010: T€ 543) were recorded on concessions, industrial property rights and similar rights & assets as well as licenses in such rights and assets. Furthermore, amortization was recorded on the SAP software that was sold to a leasing company on October 1, 2009, and leased back, the amortization expense being T€ 887 (2010: T€ 887). There were writedowns on technology purchased under the business acquisition HamaTech and further intangible assets of T€ 256 (2010: T€ 405).

In the prior year, the depreciation charges included non-scheduled depreciation of T€ 190 related to tenants fixtures at Vaihingen and Waterbury, these locations having been discontinued.

The amortization recorded on capitalized development work was scheduled.

EXPLANATIONS ON THE ASSETS SIDE

The following explanations on the consolidated balance sheet relate for the reporting year exclusively to the Group's continuing operations.

(11) INTANGIBLE ASSETS

The intangible assets show as at the balance sheet date patents, licenses & similar rights of T€ 3,122 (2010: T€ 4,308), and development work of T€ 5,446 (2010: T€ 7,583).

The patents, licenses and similar rights item contains the leased SAP system with a residual book value of T€ 961 (2010: T€ 1,848).

The capitalized development performances relate mainly to the development of new machines in the lithography and substrate bonder segments.

(12) GOODWILL

The goodwill presented as at the balance sheet date in the amount of T€ 13,599 (2010: T€ 13,599) relates in full to the lithography segment; it does not include any foreign currency portion.

(13) TANGIBLE ASSETS

The breakdown of tangible assets that are combined in the balance sheet and their development in the reporting year are shown in the schedule of fixed assets, which is a component part of these notes.

The tangible assets also include, with a residual book value of T€ 101 (2010: T€ 124), leased plant & machinery, leased operating & business equipment, and leased vehicles, which, on account of the design of the lease agreements on which they are based ("finance leases"), are attributable to the Group as economic owner.

(14) OTHER (NON-CURRENT) ASSETS

Other non-current assets include mainly the asset values of reinsurance policies which fail to fulfill the criteria for offsetting against existing pension provisions; reinsurance policies to guarantee credits under the flexible hours scheme; and tenant's guarantee deposits for rented office buildings.

in € thousand	2011	2010
Reinsurance policies	380	305
Deposits	212	179
Miscellaneous	0	1
Total	592	485

(15) INVENTORIES

The inventories may be broken down as follows:

in € thousand	2011	2010
Materials and supplies	24,382	23,175
Work in process	23,128	23,802
Finished goods	19,970	17,842
Demonstration equipment	12,469	10,991
Merchandise	211	130
Inventory reserves	-8,528	-11,509
Total	71,632	64,431

Of the total inventories of T€ 71,632 (2010: T€ 64,431) recognized in the balance sheet as at December 31, 2011, T€ 7,210 (2010: T€ 13,469) is accounted for at net realizable value.

The amount of inventories recorded as expense in fiscal 2011 and 2010 corresponds substantially to the amount of the cost of sales in the relevant fiscal year

(16) TRADE RECEIVABLES

Trade receivables break down as follows:

in € thousand	2011	2010
Trade receivables – gross	18,336	16,399
Valuation allowance	-546	-740
Trade receivables	17,790	15,659

The following table reproduces the changes in the adjustments on the stock of accounts receivable.

in € thousand	2011	2010
Valuation allowance as of beginning of fiscal year	740	383
Derecognition of trade receivables	-3	-27
Recoveries of amounts previously written off	-241	-82
Increase in valuation allowances	50	466
Valuation allowance as of fiscal year-end	546	740

(17) OTHER FINANCIAL ASSETS

The following items are presented under other financial assets:

in € thousand	2011	2010
Capitalized interest	379	273
Currency forwards	0	150
Receivables out of funding projects	186	144
Suppliers discount	54	0
Bid bonds	57	0
Miscellaneous	80	73
Total	756	640

The capitalized interest refers to prepayments received on interest from purchased securities.

(18) SECURITIES

In the past financial year, SUSS MicroTec AG invested part of its liquidity in securities held for sale. These were mostly interest-bearing corporate and government bonds. The securities have been measured at market prices. Any fluctuations in the market price are recorded under equity in accumulated other comprehensive income and therefore do not affect profit and loss.

As at the balance sheet date, the Company held securities with a value of T€ 19,362 (2010: T€ 15,977).

(19) TAX REFUND CLAIMS

The non-current tax receivables result exclusively from the capitalization of the corporation tax credits of German Group companies in the amount of T€ 87 (2010: T€ 108) as a result of the SE introductory legislation (SEStEG) (this deals with tax measures in connection with the introduction of the European Company, or SE, and on amendments to other fiscal regulations). The credit will be disbursed in ten equal annual amounts in the years 2008 to 2017. Since the disbursement amount does not bear interest, a corresponding discount has been made. The average effective interest rate used for this was 4,37% p.a.

The current tax receivables consist of advance tax payments of T€ 686 (2010: T€ 620).

(20) OTHER (CURRENT) ASSETS

The following items are contained under other current assets.

in € thousand	2011	2010
Prepaid expenses	1,055	837
Deposits paid	671	404
VAT	379	1,272
Deposit	30	187
Receivables from funding projects	213	365
Miscellaneous	445	331
Total	2,793	3,396

The prepaid expenses item contains prepayments for future expenses, for example, insurance premiums and advance payments of rent.

EXPLANATIONS ON EQUITY AND LIABILITIES

(21) STOCKHOLDERS' EQUITY

SUBSCRIBED CAPITAL

In the reporting year a total of 379,990 subscription rights were exercised from the share option program 2008.

The nominal capital of SUSS MicroTec AG was increased by 18,721,038 € (divided into 18,721,038 registered no-par-value shares with an imputed face value of 1.00 € each), totaling 19,101,028.00 € at the reporting date. We refer here to the Statement of Changes in Equity.

Each no-par share gives entitlement to one vote. The no-par shares are not repayable and cannot be converted. Dividends may only be distributed from the distributable profits as recognized in the commercial law financial statements of SUSS MicroTec AG.

The approved capital as at the balance sheet date is T€ 9,053 (2010: T€ 2,553).

As at December 31, 2011, the Company had a contingent capital totaling T€ 1,270 (2010: T€ 1,695). This capital is earmarked for granting subscription rights to members of the board, management and other managerial staff of the Group. Here T€ 750 relates to the share option plan 2005 and T€ 520 to the share option plan 2008.

in € thousand	2011	2010
Subscribed capital	19,101	18,721
Authorized capital	9,053	2,553
Conditional capital	1,270	1,695

RESERVES

The Group's reserves are composed as follows:

in € thousand	2011	2010
Additional paid-in capital	98,384	98,225
Earnings reserve	433	433
Retained earnings	2,799	-10,714
Total	101,616	87,944

T€ 45 (2010: T€ 187) was allocated to additional paid-in capital from the granting of subscription rights under the existing share option schemes, with effect on income. From the exercise of the share options, T€ 114 (2010: T€ 0) was allocated to additional paid-in capital.

The revenue reserves are unchanged over the prior year.

The previous accumulated loss changed by the amount of the net profit for the year of T€ 13,513, prior to accounting for minority shares, to stand at a balance sheet profit of T€ 2,799.

OTHER COMPREHENSIVE INCOME

The development of other comprehensive income is as follows:

in € thousand	2011	2010
Foreign currency conversions	-824	-833
Hedging	-101	-202
Unrealized loss from securities	307	326
Tax effects		
Unrealized loss from securities	-98	-91
Hedging	57	57
January 1	-659	-743
Pre-tax changes		
Foreign currency conversions	-164	262
Hedging	-230	101
Unrealized gain from securities	-30	-19
Adjm Other Comprehensive Income "Test" (Consolidation)	0	-253
Tax effects		
Unrealized gain from securities	8	-7
Hedging	62	0
December 31	-1,013	-659

In the prior year, SUSS MicroTec AG concluded an interest swap as a hedging instrument for the variable interest loan serving to finance the newly acquired real estate in Sternenfels. Hedge accounting was used for this interest swap: Instead of being recognized in the income statement, changes in market value are shown under other comprehensive income.

Management of equity

The Company's board assumes on the basis of its current planning that a positive cash flow will be generated from the operating business in the coming financial year. Independently of this, there is a danger that, should the budget not be met, the equity might fall as a result of a net deficit for the year.

SHARE OPTION SCHEMES OF SUSS MICROTEC AG

Stock option scheme 2005

At the shareholders' meeting held on June 21, 2005, it was resolved to increase the nominal capital by up to T€ 750 through issue of up to 750,000 new bearer shares in order to grant subscription rights to members of the management board, of management and to further managerial personnel in the group companies. The subscription price for the shares corresponds to their market value on the day when granted. The subscription rights can be exercised only after a waiting period of about two years.

The subscription rights can only be exercised by the holders of the rights if, either

>> the listed rate of the SUSS MicroTec share in the period between issue day and the first day of the exercise period, in which the share option is exercised, has increased by at least 0.625% per full calendar month and the listed rate of the SUSS MicroTec share has developed in percentage terms the same as or better than the TecDax.

or

>> the listed rate of the SUSS MicroTec share in the period between issue day and first day of the exercise period, in which the share option is exercised, has risen by at least 0.8333% per full calendar month.

The subscription rights lapse on termination of the employment relationship within the waiting period or at the end of the term. The term of the share options begins on the issue day and ends after five years.

Stock option scheme 2008

At the shareholders' meeting held on June 19, 2008, it was resolved to increase the nominal capital by up to T€ 900 through issue of up to 900,000 new bearer shares in order to grant subscription rights to members of the management board, of management and to further managerial personnel in the group companies. The subscription price for the shares corresponds to their market value on the day when granted. The subscription rights can be exercised only after a waiting period of about two years.

The subscription rights can only be exercised by the holders of the rights if, either

>> the listed rate of the SUSS MicroTec share in the period between issue day and the first day of the exercise period, in which the share option is exercised, has increased by at least 0.625% per full calendar month and the listed rate of the SUSS MicroTec share has developed in percentage terms the same as or better than the TecDax.

or

>> the listed rate of the SUSS MicroTec share in the period between issue day and first day of the exercise period, in which the share option is exercised, has risen by at least 0.8333% per full calendar month.

In addition to these targets, the listed rate of the SUSS MicroTec share for exercise periods within the first 36 months of the term of the share options must have reached € 5.00 at least once during the term before the first day of the exercise period; in the case of exercise periods between the 37th and the 48th month the listed rate must have reached € 5.75 at least once during the term; and for exercise periods between the 49th month and 60th month it must have reached € 6.60 at least once during the term.

In the reporting year, an amount of T€ 45 (2010: T€ 187) was allocated for these schemes to the additional paid-in capital with effect on the income statement.

As in the prior year, no subscription rights were issued during the year under review.

At 31 December 2011, there were in total 461,750 negotiable subscription rights outstanding (2010: 461,750 subscription rights).

The subscription rights granted by the Company for purchase of shares have developed as follows:

	Number of stock options	Weighted average subscription price in €
01/01/08	668,950	7.26
Granted in 2008	0	0.00
Exercised in 2008	0	0.00
Expired in 2008	81,300	7.30
12/31/08	587,650	7.26
Granted in 2009	438,250	1.30
Exercised in 2009	0	0.00
Expired in 2009	170,700	7.04
12/31/09	855,200	4.25
Granted in 2010	0	0.00
Exercised in 2010	0	0.00
Expired in 2010	158,400	4.59
12/31/10	696,800	4.18
Granted in 2011	0	0.00
Exercised in 2011	379,990	1.30
Expired in 2011	115,500	7.21
12/31/11	201,310	7.88
Negotiable	461,750	

The following table summarizes the above information on all the subscription rights issued by the Company:

Subscription price level	Number of stock options	weighted average subscription price in €	weighted average term of maturity month
under € 2.50	14,510	1.30	28
€ 2.50 – € 4.99	0.00	0.00	0
€ 5.00 – € 7.49	0.00	0.00	0
€ 7.50 – € 9.99	186,800	8.39	5
	201,310	7.88	7

(22) PENSION PLANS AND SIMILAR COMMITMENTS

The Company grants various benefits arrangements covering mainly old age, death and invalidity. The schemes vary depending on the legal, fiscal and economic conditions in the various countries. As a rule, the benefits are calculated on the basis of the salaries of the insured employees.

A distinction is made between a defined benefit system and a defined contribution system. In the case of defined benefit commitments, the obligation of the Group consists in fulfilling the promised benefits to former employees, for which corresponding provisions are set up.

In the case of defined contribution plans, the Group does not enter into any further obligation apart from making contributions to special purpose funds. The contribution payments are charged against income, and no provisions are set up.

The pension obligations are composed as follows:

in € thousand	2011	2010
Domestic liabilities	1,683	1,823
Foreign liabilities	1,189	1,096
Total	2,872	2,919

DEFINED BENEFIT PLANS

The Group maintains defined benefit pension plans in Germany, Japan and Switzerland.

The existing pension commitments in Germany comprise claims to old age, invalidity and surviving dependents' pensions and are linked to annual salary or else take the form of fixed commitments. The persons with entitlement are selected members of the management. The main actuarial assumptions are shown below:

	2011	2010
Discount factor	4.83 % – 5.16 %	4.50 %
Return on plan assets	5.80 %	3.90 % – 5.20 %
Salary increase	0.00 %	0.00 %
Pension increase	2.00 %	2.00 %
Life expectancy according to tables of Dr. Heubeck 2005		

There are no longer any active claimants waiting under the German plans and therefore rises have been included with respect to salary only for Switzerland.

The subsidiary in Japan has a noncontributory unfunded defined benefit plan, under which certain employees receive a pension payment after leaving the Company. The level of the pension payment is determined by a specified computation method providing for a benefit of 80% of the monthly salary per year of employment for each qualifying employer. Every employee qualifies after belonging to the Company for at least three years.

The pension commitments of the subsidiary in Switzerland cover claims for retirement, invalidity and surviving dependents' pensions, depending on the basic salary. All employees and members of management of the subsidiary have entitlements.

The main actuarial assumptions are shown below:

	2011	2010
Discount factor	2.50 %	2.75 %
Return on plan assets	2.50 %	2.75 %
Salary increase	1.50 %	1.50 %
Pension increase	0.25 %	0.50 %

The present values of defined benefit obligations and the market values of the plan assets evolved in 2011 and 2010 as follows:

in € thousand	2011	2010
Defined benefit obligation as of January 1	5,610	5,014
Service cost	272	283
Interest cost	207	209
Pension payments	-387	-819
Actuarial (-) gain / (+) loss	-417	573
Foreign exchange fluctuations	120	350
Defined benefit obligation as of December 31	5,405	5,610

in € thousand	2011	2010
Plan assets as of January 1	1,913	1,645
Expected return on plan assets	84	76
Net contributions	20	-65
Actuarial (+) gain / (-) loss	-141	179
Foreign exchange fluctuations	25	78
Plan assets as of December 31	1,901	1,913

The reconciliation of the coverage status with the amount shown in the consolidated balance sheet produces the following:

in € thousand	2011	2010
Defined benefit obligation	5,405	5,610
Plan assets	-1,901	-1,913
Net obligation	3,504	3,697
Actuarial (+) gain / (-) loss not yet recognized	-632	-778
Balance sheet amount as of December 31	2,872	2,919

Of the present value of the pension obligations, T€ 3,401 (2010: T€ 3,538) relates to pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2011	2010
Service costs	189	339
Personnel expenses component	189	339
Interest expenses component	207	209
Expected income from plan assets	-84	-76
Interest expenses component	123	133

The personnel expense component of the reporting year relates in the amount of T€ 133 (2010: T€ 201) to administrative costs and in the amount of T€ 56 (2010: T€ 138) to selling expenses.

The development of the present value of the defined benefit obligations and of the plan assets is shown in the following table:

in € thousand	2011	2010	2009	2008	2007
Defined benefit obligation	5,405	5,610	5,014	4,819	4,174
Plan assets	1,901	1,913	1,645	1,664	1,640
Funded status	3,504	3,697	3,369	3,155	2,534

No adjustments on the basis of experience pursuant to IAS 19.120 A(p) were necessary in the reporting period.

DEFINED CONTRIBUTION PLANS

For its employees in the USA who are 21 years old or older and who work a minimum of 1,000 hours per annum, the Group has set up a defined contribution plan. The plan has two components: a profit participation scheme and a 401 (k) plan.

The amounts flowing into the profit participation plan are revised annually. All contributions by the entity are held in a trust fund. Qualifying employees obtain a non-forfeitable claim to benefits over a period of six years.

Under the 401 (k) plan, the employer contribution is \$ 0.50 for each \$ 1.00 of the employee contribution up to a maximum employee contribution of \$ 2,000 (i.e. the maximum employer contribution is \$ 1,000). The employees have entitlement to the full employer contribution only after completing their third year of employment. Prior to this, they do not have any claim to employer contributions.

In the financial year 2011, the expenses to the Group for the 401 (k) plan came to T\$ 141 (2010 T\$ 148).

Furthermore, in the reporting year employer contributions were paid into the statutory pension scheme in the amount of T€ 2,324 (2010: T€ 2,227).

(23) (NON-CURRENT) PROVISIONS

The non-current provisions comprise obligations of the Group arising from agreements under the pre-retirement part-time scheme. The provisions have developed as follows:

in € thousand	As of Jan. 1, 2011	Utilization	Additions	As of Dec. 31, 2011
Pre-retirement arrangements	508	-200	40	348

The pre-retirement arrangement concluded under a works agreement applies to employees of Suss MicroTec Lithography GmbH and of SUSS MicroTec AG, who have reached the age of 57 and were employed full-time or part-time in their present job for at least three years in the five years preceding the pre-retirement period.

During the pre-retirement period the previous regular working time is reduced to 50%. The working time to be performed during the entire pre-retirement period is generally distributed such that it is performed in full in the first half of the pre-retirement period (work phase) and the employee is released from work duties in the second half (release phase).

In addition to the gross compensation reduced to 50%, the employee receives a topping-up amount, which is measured such that the net monthly salary under the pre-retirement scheme equals at least 82% of the monthly full-time net salary. The topping-up amount is paid free of tax and social security charges.

(24) FINANCIAL DEBT

The table below shows the maturity structure of the bank borrowings, liabilities from promissory notes, and liabilities from finance leases as at December 31, 2011, and the prior year balance sheet date:

December 31, 2011	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
Bank borrowings	182	720	3,420	4,322
Liabilities from promissory notes	8,984	0	0	8,984
Liabilities from finance lease	965	139	0	1,104
Total	10,131	859	3,420	14,410

December 31, 2010	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
Bank borrowings	203	720	3,600	4,523
Liabilities from promissory notes	0	8,964	0	8,964
Liabilities from finance lease	916	1,083	0	1,999
Total	1,119	10,767	3,600	15,486

BANK BORROWINGS

Bank borrowings include liabilities from a long-term loan of T€ 4,320 (2010: T€ 4,500) that serves to finance the real estate at Sternenfels. The loan contract was agreed on May 25 / 28, 2010, between SUSS MicroTec AG and a local bank. The loan, which runs until June 30, 2020, is for 4.5 million €. It was dated and disbursed on July 6, 2010.

Outstanding loans as at the end of the financial year were made up as follows:

ENTITY

in € thousand	2011	2010	Interest rate	Due date
SUSS MicroTec AG	4,320	4,500	3.98%	06/30/2020
Suss MicroTec Precision Photomask Inc.	0	23	9.27%	03/26/2011
Total	4,320	4,523		
thereof due in the short term	180	203		
thereof due in the long term	4,140	4,320		
... due in 2012	180			
2013	180			
2014	180			
2015	180			
2016	180			
... later on	3,420			
	4,320			

The Company has various credit facilities with national and international banks and insurance companies. The credit facilities and their utilization have developed as follows:

in € thousand	2011	2010
Credit line	13,700	9,700
Utilization	2,894	5,649
Open credit line	10,806	4,051

The credit line of 6 million €, that had been provided by a banking syndicate under the lead of BayernLB, ran until March 31, 2011. New credit contracts were concluded with the same banking syndicate on March 30 / 31, 2011. These increased the credit line to a total of 8 million €. The new credit line runs until March 31, 2012, and has been approved without covenants. Its primary purpose is to finance downpayment sureties.

On April 1/5, 2011, SUSS MicroTec AG and SUSS MicroTec Lithography GmbH concluded a framework contract with DZ BANK AG arranging a credit line of 2 million EUR. The credit line runs until March 31, 2012, and has been approved without covenants. Its primary purpose is to finance downpayment sureties.

For 2012 it is planned to conclude credit contracts with a syndicate of three banks under the lead of BayernLB in order to continue to have credit lines available to back downpayment sureties. The negotiations are already well advanced. The new contracts will probably be concluded at the end of March 2012.

In May 2010, HamaTech APE GmbH & Co. KG concluded a framework loan contract with BW Bank Mannheim arranging a credit line of €1 million. The term of the credit line is indefinite and it has been made available without covenants. SUSS MicroTec AG has issued a hard letter of comfort on behalf of HamaTech APE GmbH & Co. KG as collateral for the credit line.

There is a further credit line of € 2.5 million with an insurance company to guarantee sureties of downpayments.

As at the balance sheet date the line was utilized in an amount of T€ 2,894 (2010: T€ 5,649) in the form of guarantees.

The average interest rate for the utilization of the credit facilities was 1.2% (2010: 1.1%).

LIABILITIES FROM PROMISSORY NOTES

The liabilities from promissory notes relate exclusively to SUSS MicroTec AG; they are composed as follows:

ENTITY

in € thousand	2011	2010	interest rate	due date
SUSS MicroTec AG	2,995	2,988	6.00%	12/18/2012
SUSS MicroTec AG	2,995	2,988	6.17%	12/18/2012
SUSS MicroTec AG	2,994	2,988	6.06%	12/21/2012
Total	8,984	8,964		
thereof due current	8,984	0		
thereof due non-current	0	8,964		
... due in 2012	8,984			
2013	0			
2014	0			
2015	0			
2016	0			
... later	0			
	8,984			

LIABILITIES FROM FINANCE LEASES

The Company currently has operating leases for various furnishings and items of equipment in the production and administrative areas. In addition, there are finance leases for software, buildings, land and fixtures, plant and machinery as well as for other plant, operating and office equipment, the underlying assets of which are capitalized and subject to normal depreciation.

The terms of the lease liabilities and the future financial obligations from operating leases are as follows:

in € thousand	Finance lease	Operating lease	thereof operating lease with related parties
Depreciation/Expenses 2011	948	2,370	0
Depreciation/Expenses 2010	945	2,286	0
... due in 2012	985	2,011	0
2013	109	1,689	0
2014	14	298	0
2015	9	196	0
2016	0	8	0
... later	0	0	0
Total	1,117	4,202	0
thereof interest	13		
Liability as at 12/31/2011	1,104		
... due in the short term	965		
... due in the long term	139		

(25) (CURRENT) PROVISIONS

The current provisions are made up as follows:

in € thousand	2011	2010
Warranty provisions	2,085	1,941
Restructuring provision	54	1,457
Miscellaneous provisions	1,183	1,215
Total	3,322	4,613

The warranty provisions were set up in the amount of their probable utilization for statutory and contractually agreed guarantees and warranty claims of customers arising from deliveries of machines.

The transfer of the Substrate Bonder segment, that had been located at Waterbury in Vermont, USA, to Germany, was concluded in April 2011. Under the restructuring, the functional areas research & development, production and the product management of the bonder product lines were transferred to the location at Sternenfels. The North American service and distribution organization and the applications centre were transferred from Waterbury to "Silicon Valley" in California.

The restructuring expenses ran to about 5.3 million €, of which 3.9 million € were recognized in the prior year. In August 2011, the Waterbury location was finally closed and the rented building returned to the landlord. By the end of the third quarter 2011, the "Restructuring USA" project had been completed. No further expenses are expected. The restructuring provision at December 31, 2011, was T€ 54.

Current provisions have developed as follows:

in € thousand	As of Jan. 1, 2011	Utilization	Reversal	Additions	As of Dec. 31, 2011
Warranty provisions	1,941	-1,916	0	2,060	2,085
Restructuring provision	1,457	-1,403	0	0	54
Miscellaneous provisions	1,215	-957	0	925	1,183
Total	4,613	-4,276	0	2,985	3,322

(26) OTHER (CURRENT) FINANCIAL LIABILITIES

The other current financial liabilities break down as follows:

in € thousand	2011	2010
Bonuses and commissions	2,943	2,781
Third-party services	1,794	2,392
Compensation of Supervisory Board	152	161
Currency forwards	148	111
Interest forwards	478	390
Miscellaneous	480	623
Total	5,995	6,458

Under other financial liabilities, the Company shows the negative market values from the forward currency transactions and interest derivatives. Further details on the forward currency transactions and interest hedges are provided in paragraph 29 "Additional information on financial instruments".

(27) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

in € thousand	2011	2010
Customer deposits	18,446	23,580
Accrued personnel expenses	3,621	2,795
Deferred income	1,444	480
VAT	0	53
Miscellaneous	578	125
Total	24,089	27,033

The prepayments received comprise advance payments by customers for machines prior to their final acceptance. When the acceptance has gone ahead and with corresponding realization of sales, the advance payments are offset against the receivables.

The accrued personnel expenses contain mainly obligations for vacation arrears and credit accounts under the flexible hours scheme.

(28) TAX LIABILITIES

The tax liabilities are made up of domestic income taxes of T€ 5,344 (2010: T€ 4,917) and foreign income taxes of T€ 390 (2010: T€ 495).

OTHER DISCLOSURES

(29) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Under IAS 32, financial instruments comprise generally all economic occurrences performed on a contractual basis that include a claim for cash. They include original financial instruments such as trade receivables and payables as well as financial receivables and liabilities. The financial instruments comprise also derivative instruments that are used to hedge currency and interest rate risks. The estimated market values of the financial instruments do not necessarily represent the values that the Company would realize in an actual transaction under present market conditions. The following section provides a comprehensive overview of the significance of financial instruments for the Company and supplies additional information on balance sheet items containing financial instruments.

The following table shows the book values of all categories of financial assets and liabilities:

in € thousand	2011	2010
Financial assets		
Financial assets held for sale	19,362	15,977
Loans and receivables	18,546	16,149
Financial assets held for trading	0	150
	37,908	32,276
Financial liabilities		
Financial liabilities held for trading	627	501
Financial debt	27,371	31,189
	27,998	31,690

The table below presents the market values and the book values of the financial assets and liabilities.

in € thousand	2011		2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	37,036	37,036	36,525	36,525
Trade receivables	17,790	17,790	15,659	15,659
Other financial assets	756	756	640	640
denominated at amortized costs	756	756	490	490
denominated at fair value	0	0	150	150
Securities, denominated at fair value	19,362	19,362	15,977	15,977
Financial liabilities				
Trade payables	7,582	7,582	9,746	9,746
Financial debt	14,410	15,251	15,486	16,527
Bank borrowings	4,322	4,713	4,523	4,691
Liabilities from promissory notes	8,984	9,415	8,964	9,810
Liabilities from finance lease	1,104	1,123	1,999	2,026
Other financial liabilities	5,995	5,995	6,458	6,458
denominated at amortized costs	5,368	5,368	5,957	5,957
denominated at fair value	627	627	501	501

The following methods and assumptions apply in determining the market values:

Cash and cash equivalents: On account of the short-term nature of the investments, the book values correspond to the market values of the instruments.

Trade accounts receivable / payable: On account of the short-term nature of the receivables and payables, the book values correspond approximately to the market values of the instruments.

Other financial assets / liabilities: Because of the short-term nature of the assets and liabilities, the book values of the other financial assets and liabilities, which are measured at adjusted acquisition costs, correspond roughly to their market value.

The measurement of other financial assets and liabilities that are measured at market value depends on their category. The market value of forward currency transactions is determined by the rates for forward currency transactions. The market value of interest derivatives is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the interest structure graph.

Securities: The market value of the financial assets available for sale corresponds to their prices in an active market.

Bank borrowings: The market value of the financial liabilities with regard to bank borrowings was calculated by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

Liabilities from promissory notes: The market value of the financial liabilities from promissory notes was calculated by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

Liabilities from finance leases: The market value of the liabilities from finance leases was determined by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

The net gains and losses on financial instruments have developed as follows:

in € thousand	2011	2010
Loans and receivables	196	-342
Financial assets and liabilities held for trading	-276	65
Financial assets held for sale	-154	-31

Net gains or losses from loans and receivables contain changes in the adjustments, gains and losses from retirements and receipts of payments for loans and receivables that had been written off.

Net gains and losses on financial assets and financial liabilities held for trading purposes contain market value changes of the derivative financial instruments.

In the reporting year, the market value change of T€ -63 (2010: T€ -31) recorded under comprehensive income – after accounting for deferred taxes – in the financial assets available for sale was reclassified from equity to the income statement since these securities had meanwhile matured.

Derivative financial instruments

For purposes of risk management, derivative financial instruments are used to limit the effects of fluctuations in exchange rates and interest rates.

The market values of the different kinds of derivative financial instruments have developed as follows:

in € thousand	2011		2010	
	Positive market value	Negative market value	Positive market value	Negative market value
Currency forwards	0	148	150	111
Interest forwards	0	478	0	390

Intragroup procurement and sales obligations in foreign currencies arise from cross-border supply relationships between the subsidiaries. This applies above all to the group companies in the currency areas of the US Dollar and the Japanese Yen, that obtain products from affiliates in the Euro currency area. At the time an order is placed, forward currency transactions are concluded in order to hedge against currency changes during the period until payment is made. Since at the time the forward currency transaction is concluded, the underlying transaction has not yet occurred and will only come into being on realization of the sale, the purpose here is the hedging of planned transactions. The change in market values is shown under other operating income or other operating expenses. The potential risks arise from the fluctuation of the currency exchange rates and in the creditworthiness of the contractual partners, these being exclusively German financial institutions with first rate credit standing.

The Company seeks to limit interest risks arising from the sensitivity of financial debt to fluctuations in the level of market interest rates by deploying interest derivatives such as interest swaps. The Company hedged the variable part of the promissory note loans issued in 2007 with swap contracts with matching terms. The loan, that was taken up in 2010 and serves the finance the real estate at Sternenfels, bears variable interest; it has been hedged with a swap with a matching term. The interest swaps even out the effect of future changes in the interest rates on the cash flows of the underlying investments with variable interest. In order to model the market value fluctuations of the interest swap for the real estate loan under other comprehensive income, the Company has used hedge accounting for this interest swap. The market value fluctuations of the interest swap for the variable portion of the promissory note were recorded under interest income and expenses.

(30) RELATED PARTIES

Under IAS 24, disclosure is required of persons that control or are controlled by SUSS MicroTec AG unless already included in the consolidated financial statements.

Control exists if a shareholder has more than half of the voting shares of SUSS MicroTec AG or has the possibility, on the strength of the articles of incorporation or contractual agreement, to control the financial and business policies of SUSS MicroTec AG.

Furthermore, the obligation of disclosure set out in IAS 24 also covers transactions with joint ventures and transactions with persons that exercise a substantial influence on the financial and business policies of SUSS MicroTec AG, including close family members or intermediate entities. A substantial influence on the financial and business policy of the Group may rest on a shareholding in SUSS MicroTec AG of 20 % or more, a seat on the management board or supervisory board of SUSS MicroTec AG or another key position in management.

With the exception of disclosures on the remuneration of the corporate bodies, the Group was not affected by the disclosure obligations set out under IAS 24 Related Parties in the reporting year.

(31) FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The other financial obligations and contingent liabilities are made up as follows:

in € thousand	2011	2010
Purchase contingencies	24,493	17,171
Obligations from rental contracts	4,003	4,677
Total	28,496	21,848

The order obligation commits the Company to purchase services from third parties or materials.

(32) EXPLANATIONS ON THE CONSOLIDATED CASH FLOW STATEMENT

In the consolidated cash flow statement of the SUSS Group, a distinction is made in accordance with IAS 7 (Cash Flow Statements) between payments flows from operating activity and from investing and financing activity.

The item cash and cash equivalents in the cash flow statement comprises all of the liquid funds shown in the balance sheet, i.e. cash in hand, checks and deposits with banks where available within three months without significant fluctuations in value. In the reporting year, part of the liquid funds, T€ 350 (2010: T€ 350) as at the balance sheet date, served as collateral for a deposit insurance contract.

The cash flows from investing and financing activities are computed on the basis of payments. On the other hand, the cash flow from operating activity is derived indirectly from the net result for the year.

Under the indirect computation, effects due to currency translation are eliminated from the relevant changes in balance sheet postings. The changes in the relevant balance sheet postings can, therefore, not be reconciled with the corresponding figures on the basis of the consolidated balance sheets.

The other non-cash income and expenses in an amount of T€ minus 594 (2010: minus T€ 2,854) contain mainly currency effects.

The acquisition of HamaTech APE, together with the acquisition of the Sternenfels real estate, was shown in the prior year as investment under cash flow from investing activity. The sale of the Test segment in the prior year was presented as divestment in the cash flow from investing activity.

Through the sale and the de-consolidation of Suss MicroTec Test Systems GmbH, funds of this company of T€ 2,834 left the Group in the prior year (on January 27, 2010). With the acquisition and first-time consolidation of HamaTech APE GmbH & Co. KG and HamaTech Beteiligungs GmbH, the Group assumed in the prior year (on February 15, 2010) funds of these companies amounting to T€ 220.

(33) SEGMENT REPORTING

INFORMATION ABOUT THE SEGMENTS

The activities of the SUSS Group are analyzed in the segment reporting in accordance with the rules of IAS 8 (Operating Segments) by product line as the primary reporting format and by region as the secondary reporting format. This analysis is aligned with the internal control and reporting system, and takes into consideration the different risk and earnings structures of the segments.

The activities of the SUSS Group are divided into the segments lithography, substrate bonder, and photo masks equipment. Together with the segment Sundry, these activities are shown in the segment reporting under continuing activities. The segment Sundry combines further activities of the Group and the non-allocatable costs of the Group functions. The segment Test Systems is presented under discontinued activities.

In the segment lithography, the SUSS Group develops, produces and distributes the product lines Mask Aligner and Coater. The development and production activities are located in Germany at Garching near Munich and Sternenfels near Stuttgart. Substantial parts of the distribution organizations in North America and Asia are active for this segment. Lithography represents distinctly more than half of the entire business of the Group and is represented in the microsystems technology, compound semi-conductors, and advanced packaging markets.

The segment substrate bonder encompasses the development, production and distribution of the product line substrate bonder. Since March 2011 the activities of this segment have been concentrated at Sternenfels, which is close to Stuttgart. In the prior year, this segment was located at Waterbury, Vermont, in the USA, with production, development and distribution. At the beginning of 2011, the Company transferred this business in its entirety to Germany (Sternenfels) and closed the Waterbury location. Apart from through Sternenfels itself, distribution for the segment Substrate Bonder is worldwide in small units at locations in Europe, the USA and Asia. In this segment, the XBC300, a production bonder for wafers up to 300 mm, constitutes the initial platform for the three most important bond techniques in the area of 3D integration (one of our future markets): temporary and permanent bonding, and de-bonding. Among the gateway technologies presupposing 3D integration is the thinning of wafers and the further handling of these extremely fragile substrates ("Thin Wafer Handling"). A further cornerstone is the supply of manual machines for 6 and 8 inch wafers applications.

The segment Photomasks Equipment comprises the development, production and distribution of the product lines HMx, ASx, MaskTrack and MaskTrack Pro of HamaTech APE GmbH & Co. KG, which was acquired on February 15, 2010. The development and production of the systems that are specialized in the cleaning and processing of photomasks for the semi-conductor industry is located at Sternenfels.

The Test Systems segment, that was located at Sacka near Dresden, was sold on January 27, 2010. The transactions that occurred sporadically in the reporting year are presented in the segment reporting as discontinued activities. The Test Systems segment comprised development, production and distribution in Europe of test equipment. The test systems are mainly for laboratory applications, in particular for error analysis, but also for applications in the production environment (microsystems technology, LED testing systems).

Besides covering non-allocatable costs of SUSS MicroTec AG, the segment Sundry shows the operational activities in the mask area that are not allocated to the other segments, as well as activities in the areas micro-optics and C4NP.

OTHER COMMENTS ON SEGMENT REPORTING

The segment data were collated using the accounting and measurement methods applied in the consolidated financial statements. Due to the segmenting of the Group by product line, independently of entities, there are no material intersegment transactions. An exception is the charging-on of costs by SUSS MicroTec AG, recorded in the segment Sundry, to the other segments for the performance of certain group functions such as financing and strategy matters. These charges also contained the expenses incurred by the Holding in connection with the introduction and operation of the SAP system.

In compliance with the requirements of IFRS 8 Segment Reporting, the segment reporting contains disclosure of the pre-tax result per segment. This enables the sum of the segment results to be reconciled with the overall consolidated result before tax.

In the reporting year, SUSS MicroTec made sales with one customer that represented 11,2 % of its total sales. These related to the segments photomask equipment and lithography. In the prior year, no sales with a single customer exceeded 10% of the total.

Among the principal non-cash expenses and income are adjustments on trade accounts receivable, markdowns on inventories, personnel expenses from the share option schemes, and the release of provisions.

The segment assets represents the necessary operational assets of the individual segments. It comprises the intangible assets (including goodwill), tangible assets, inventories, and trade accounts receivable.

The segment debts include the operating debts and provisions of the individual segments.

The investments are additions of both tangible and intangible assets.

For the geographical segment reporting, the sales revenues are segmented according to the location of the customers. Group reporting does not require this information to be collected for the domestic operations. The assets and investments were calculated on the basis of the location of the group entity concerned.

(34) MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD OF THE ULTIMATE PARENT COMPANY

The members of the management board of SUSS MicroTec AG in 2011 were:

Frank Averdung academic title Diplom-Elektroingenieur, resident at Feldkirchen, chairman of the management board

Responsible for the areas: Distribution, marketing, production, research & development, investor relations, work safety, quality management, environmental protection, patents, and Group strategy

Michael Knopp academic title Diplomkaufmann, resident in Ratingen, member of the board of management

Responsible for the areas: Finance & accounts, information technology, law, tax & insurance, human resources, materials management, logistics, facility management

The remuneration of the management board contains both fixed and variable components. The management board members received as fixed remuneration monthly salaries, allowances for social security, and a company car that may be used for private purposes.

As variable remuneration, the board members receive an annual bonus which is linked to individually specified objectives.

The total cash remuneration of the management board in the reporting year was T€ 657. Besides their fixed salaries (including the social security contributions and the monetary value of private use of the company vehicles), Mr. Averdung was paid T€ 190 and Mr. Knopp T€ 152 from the provision formed at the prior year balance sheet date for the variable salary component.

In the reporting year a provision of T€ 151 was formed for the bonuses for the year 2011 of Mr. Averdung and Mr. Knopp.

This remuneration is distributed among the different members of the board as follows:

2011 in € thousand	Frank Averdung	Michael Knopp
Compensation		
Fixed	272	234
Variable	82	69
Total	354	303

2010 in € thousand	Frank Averdung	Michael Knopp
Compensation		
Fixed	267	223
Variable	188	150
Total	455	373

On account of the options granted to board members, T€ 16 (2008: T€ 64) was recognized as personnel expense in the Holding.

There is a pension provision of T€ 7 (2010: T€ 7) for one former member of the management board.

Supervisory board

The members of the supervisory board in 2011 were:

Dr. Stefan Reineck resident in Kirchartd, managing shareholder of RMC Dr. Reineck Management & Consulting GmbH, chairman of the supervisory board

Further appointments: AttoCube Systems AG, Munich (chairman of the supervisory board)
 NanoScape AG, Munich (chairman of the supervisory board)
 Bosch Solar CISTech GmbH, Brandenburg an der Havel (member of the advisory council)
 Phoseon Technology Inc., Hillsboro, Oregon, USA (member of the Board of Directors)
 Wittenstein AG, Igersheim (member in the supervisory board)

Jan Teichert resident in Metten, member of the board of Einhell Germany AG, Landau (Isar), vice-chairman of the supervisory board

Further appointments: None

Gerhard Pegam resident at Au bei Bad Aibling, chairman of the executive board of EPCOS AG, Munich (until 31.1.2012); in the supervisory board since June 21, 2011)

Further appointments: TDK-EPC Corporation, Tokyo, Japan (member of the board of directors until 31.1.2012)
 OC Oerlikon Corporation AG, Pfäffikon, Switzerland (member of the Administrative Board)
 Following subsidiaries of EPCOS AG:
 EPCOS (China) Investment Ltd., Shanghai, People's Republic of China
 (Chairman of the Board of Directors until 31.1.2012)
 EPCOS Limited, Hong Kong, People's Republic of China
 (Chairman of the Board of Directors until 31.1.2012)
 EPCOS Inc., Iselin, New Jersey, USA (Chairman of the Board of Directors until 31.1.2012)
 Becromal S.p.A., Milan, Italy (Chairman of the Board of Directors until 31.1.2012)
 Becromal Iceland ehf, Akureyri, Iceland (Chairman of the Board of Directors until 31.1.2012)

Sebastian Reppegather Zürich, investment director at Fidinam S.A., Lugano, Switzerland, until June 21, 2011

Further appointments: Sterling Strategic Value Limited, Tortola, British Virgin Islands (member of the Board of Directors)
 International Equity Development S.L., Barcelona, Spain (member of management)

Apart from the reimbursement of expenses incurred in exercising his office, each member of the supervisory board receives a fixed remuneration for each fiscal year. Pursuant to the change in the corporate by-laws resolved on June 23, 2010, the chairman of the supervisory board receives € 45,000 p.a., his deputy € 40,000 p.a. and each further member of the supervisory board € 35,000 p.a. If an officer of the supervisory board is a member for only part of the financial year, the remuneration is awarded in proportion to the time of membership. In addition, the members of the supervisory board receive an amount of € 1,500 for attendance at a session of the supervisory board or one of its committees.

The details of the remuneration of the supervisory board for the past financial year are as follows:

2011 in € thousand	Membership in 2011	Fixed remuneration	Attendance fee	Out of pocket expenses	Total
Dr. Stefan Reineck	all year	45,000.00	10,500.00	7,352.44	62,852.44
Gerhard Pegam	from 06/21/2011	17,500.00	4,500.00	83.00	22,083.00
Sebastian Repegather	to 06/21/2011	17,500.00	6,000.00	5,292.66	28,792.66
Jan Teichert	all year	40,000.00	10,500.00	295.65	50,795.65

In the prior year, the remuneration of the supervisory board was composed as follows:

2010 in € thousand	Membership in 2010	Fixed remuneration	Attendance fee	Out of pocket expenses	Total
Sebastian Repegather	all year	35,000.00	13,500.00	4,910.76	53,410.76
Dr. Stefan Reineck	all year	45,000.00	13,500.00	6,756.14	65,256.14
Jan Teichert	all year	40,000.00	13,500.00	201.75	53,701.75

Share and option holdings of the members of the corporate bodies at year end:

	2011		2010	
	Shares	Options	Shares	Options
Michael Knopp	35,000	41,400	37,500	97,500
Frank Averdung	82,000	0	42,500	67,500
Dr. Stefan Reineck	9,600	40,000	9,600	40,000

(35) EMPLOYEES

In the reporting year, an average of 631 employees (2010: 591) were employed in the SUSS Group.

Status at the end of the year:

	2011	2010
Administration	68	74
Sales and marketing	256	234
Operations	300	308
Total	624	616

(36) AUDITOR'S FEES

The fee recorded in the reporting year for the auditor of the consolidated financial statements, KPMG AG, Wirtschaftsprüfungsgesellschaft, pursuant to § 314 (1) No. 9 HGB, was T€ 306 (2010: T€ 320) and was composed as follows:

in € thousand	2011	2010
Year-end audits	286	284
Tax advisory services	20	36
Miscellaneous	0	0
Total	306	320

The item "Audit of the financial statements" includes the entire fee for the audit of the annual financial statements of SUSS MicroTec AG and the audit of the consolidated financial statements as well as the annual financial statements of subsidiaries audited by KPMG AG Wirtschaftsprüfungsgesellschaft. The prior year figure includes the fee for support of the audit conducted at the beginning of 2010 by the the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung).

For 2011, only the fee for the legally independent unit of the auditor is given. In the prior year, in addition, the fee for a further entity in the KPMG group was included.

The fee for tax consultancy relates to advice on selected tax issues of SUSS MicroTec AG and the ongoing tax consultancy for HamaTech APE GmbH & Co. KG.

(37) CORPORATE GOVERNANCE

As in the prior years, the management board and the supervisory board submitted the declaration of compliance pursuant to § 161 AktG and declared that they have complied and will comply with the recommendations of the German Corporate Governance Code in the version of May 26, 2010, with five exceptions – invitation to the shareholders meeting / proxy voting / postal ballots; policytaker retention (i.e. first loss portion) in D&O insurance; formation of committees; and remuneration of members of the supervisory board.

The declaration of compliance has been made permanently available in the internet under www.suss.com.

(38) DISCLOSURES PURSUANT TO § 160 NO. 8 AKTG

In the reporting year, the following notifications were made to the Company pursuant to § 21 (1) WpHG in conjunction with § 32 (2) InvG. (investment law):

On January 13, 2011, Süssvest SCS, Strassen, Luxembourg, notified us pursuant to § 21 (1), WpHG (securities trading act) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.3078 % (432,049 voting rights).

On January 13, 2011, Stichting Vest, Amsterdam, Netherlands, notified us pursuant to § 21 (1), WpHG (securities trading act) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.3078 % (432,049 voting rights). Pursuant to § 22 (1) sentence 1 number 1 WpHG (securities trading act), 2.3078 % (432,049 voting rights) thereof is attributable to Stichting Vest.

On January 13, 2011, Crest Capital S.A., Strassen, Luxembourg, notified us pursuant to § 21 (1) WpHG (securities trading act) that on January 11, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.3078 % (432,049 voting rights). Pursuant to § 22 (1) sentence 1 number 1 WpHG (securities trading act), 2.3078 % (432,049 voting rights) thereof are attributable to Crest Capital S.A.

On February 1, 2011, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany, notified us pursuant to § 21 (1) sentence 1 WpHG (securities trading act) that on February 1, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.94 % (550,000 voting rights).

On March 4, 2011, Credit Suisse Fund Management S.A, Luxembourg, Luxembourg, notified us pursuant to § 21 (1) sentence 1 WpHG (securities trading act) that on February 18, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3 % and amounted on this day to 3.35 % (627,435 voting rights). Pursuant to § 22 (1) sentence 1 number 6 WpHG (securities trading act), 0.99 % (185,380 voting rights) thereof are attributable to it.

On March 7, 2011, Capital Group International, Inc., Los Angeles, USA, notified us pursuant to § 21 (1), WpHG (securities trading act) that on March 18, 2003, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5 % and amounted on this day to 4.85 % (724,695 voting rights). Pursuant to § 22 (1) sentence 1 number 6 WpHG (securities trading act) in conjunction with § 22 (1) sentences 2 and 3 WpHG, 4.85 % (724,695 voting rights) are attributable to it.

On March 14, 2011, Capital Guardian Trust Company, Los Angeles, USA, notified us pursuant to § 21 (1), WpHG (securities trading act) that on March 18, 2003, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5 % and amounted on this day to 4.68 % (698,495 voting rights). Pursuant to § 22 (1) sentence 1 number 6 WpHG (securities trading act), 4.68 % (698,495 voting rights) are attributable to it.

On October 25, 2011, Universal Investment Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to § 21 (1) and § 22 (1) sentence 1 number 6 WpHG (securities trading act) that on October 24, 2011, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3 % and amounted on this day to 3.08 % (587,056 voting rights). Pursuant to § 22 (6) sentence 1 number 6 WpHG (securities trading act), 2.66 % (507,356 voting rights) thereof are attributable to it.

On February 21, 2012, Universal Investment Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to § 21 (1) and § 22 (1) sentence 1 number 6 WpHG (securities trading act) that on February 20, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3 % and amounted on this day to 2.54 % (486,093 voting rights). Pursuant to § 22 (6) sentence 1 number 6 WpHG (securities trading act), 2.28% (436,843 voting rights) thereof are attributable to it.

(39) RELEASE OF THE FINANCIAL STATEMENTS

The management board of SUSS MicroTec AG released the IFRS consolidated financial statements for passing on to the supervisory board on March 12, 2012. The supervisory board has the task of examining the consolidated financial statements and declaring whether it approves them.

Garching, March 12, 2012

The Management Board



Frank Averdung



Michael Knopp

RESPONSIBILITY STATEMENT

By the Management Board



To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, along with a description of the principal opportunities and risks associated with the expected development of the Group.


Garching, Germany, March 12, 2012

SUSS MicroTec AG

Frank Averdung

Michael Knopp

AUDITOR'S REPORT



We have audited the annual financial statements, comprising the balance sheet, the statement of income and the notes to the financial statements, together with the bookkeeping system, of the Company SUSS MicroTec AG as well as the consolidated financial statements, comprising the balance sheet, the statement of income, consolidated statement of changes in shareholders' equity, statement of cash flows and the notes to the consolidated financial statements, and its report on the position of the Company and the Group prepared by the Company for the business year from January 1 to December 31, 2011. The preparation of these documents in accordance with German commercial law (and supplementary provisions in the articles of incorporation / partnership agreement) is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, as well as on the consolidated financial statements and the report on the position of the Company and the Group based on our audit.

We conducted our audit of the annual and consolidated financial statements in accordance with Section 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the annual and the consolidated financial statements in accordance with [German] principles of proper accounting and in the report on the position of the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual and consolidated financial statements, and the report on the position of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual and the consolidated financial statements and the report on the position of the Company and the Group. 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 annual and the consolidated financial statements comply with the legal requirements (and supplementary provisions of the shareholder agreement/articles of incorporation) and give a true and fair view of the net assets, financial position, and results of operations of the Company and the Group in accordance with these requirements. The management report of the Company and the Group is consistent with the annual and the consolidated financial statements and as a whole provides a suitable view of the Company's and the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 12, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Renner
Auditor

Dr. Rüttler
Auditor

Glossary



>> 3D INTEGRATION

3D integration is divided into two main categories: 3D packaging and 3D interconnect. 3D packaging is used to describe components stacked on a wafer-level packaging strata without being connected using through-silicon vias (TSVs). 3D packaging is comprised of technologies such as SOC (system-on-chip) and other processes for which the connection is normally based on wire bonding. 3D interconnect on the other hand includes components joined by TSVs. This refers to vertical vias through the massive silicon which, as a general rule, is heavily thinned.

>> 300MM TECHNOLOGY

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manufacturing microchips. The largest number of silicon wafers by far (~42%) used around the world today is 300mm in diameter. The larger the wafer diameter, the more chips can be made on one wafer. The more chips that can be manufactured on a wafer, the lower the production costs per individual chip.

>> ADVANCED PACKAGING

This term describes modern technologies to “package” microchips in their housing. All microchip contacts must be guided individually to the outside of the housing to ensure a connection to the printed circuit board. Advanced packaging involves packaging processes that generally employ methods previously used only in the Frontend manufacturing of microchips themselves, such as lithography and photoresist technologies.

>> BACKEND

This term is used to describe the second (rear) link in the microchip production chain. The Backend process begins once the wafer has passed through all Frontend process steps in the manufacture of the microchip itself. In this process, microchips are tested on the wafer and, if required, prepared for bonding. The wafers are then sawed into individual microchips that are packaged in their housing. For cost reasons, Backend process work is primarily done in Asia, where semiconductor manufacturers have Backend facilities of their own or allow foundries to handle testing and packaging.

>> BONDING

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer's silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

>> BUMP

A metallic (solder, gold, or similar) three-dimensional contact on a chip. In simple terms, it is described as a ball of solder on a single microchip contact.

>> C4NP

IBM paved the way for flip chip bonding in the late 1960s. This technology was used for the first time in 1973 in IBM System 3. Since then, billions of chips have made contact with the outside world via this process under the name IBM C4. C4 stands for “controlled collapse chip connection” and is sometimes also used as a synonym for flip chip bonding. C4NP is the next generation technology, which IBM developed in conjunction with SUSS MicroTec on the basis of the proven C4 process. “NP” stands for “new process.”

>> CHIP

General term used for semiconductor components. In electronics, a chip or microchip is understood to mean an integrated circuit embedded in housing. From the outside, all one generally sees is the black housing and the connection point that links the chip and printed circuit board (by wire or flip chip bonding). The piece of silicon in the housing is frequently also referred to as the chip or microchip.

>> CLUSTER

A group of individual process modules (e.g. Coater, Aligner) which is fed wafers for processing by a central robot.

>> COATER

A Coater is a special machine for the production of semiconductors. It disperses photosensitive resist to the wafer by way of rotational power.

>> COMPOUND SEMICONDUCTOR

Semiconductor composed of several elements, such as gallium arsenide, indium phosphide, silicon germanium, etc. Advantages over simple semiconductors include: speed, high temperature compatibility, and lower energy consumption.

>> COST OF OWNERSHIP (COO)

This assesses acquisition and operating costs as well as the costs of cleanroom space and wear and tear and maintenance of the machines. These costs are then calculated in relation to the proportion of functioning components at the end of the production process. The higher the output of perfect chips, the better the cost of ownership of the machines for the customers. An outstanding CoO is of major significance, especially in mass production.

>> DIE

Die, IC (integrated circuit), and chip are terms often used synonymously. Integrated circuits are known as dies until the point at which they are integrated into housing. Wafers are referred to as dies long as they are going through the individual process steps. The term “chips” is only used after the dies are isolated and packaged.

>> DRAM

DRAM = dynamic random access memory. Electronic memory chip components primarily used in computers. This is the world’s most widely used memory chip.

>> **FAB**

This is a manufacturing facility which specializes in the production of ICs on wafers (chips). Today, building a large, modern fab complete with the required cleanrooms and equipment costs approximately US\$ 1.5 billion to US\$ 4 billion.

>> **FLIP CHIP BONDING**

An advanced bonding technique between chip and housing that makes higher clock frequencies possible in signal transmission. The active side of the chip is face down and, therefore, has to be “flipped” before assembly.

>> **FOUNDRY**

A chip factory where microchips are manufactured to a circuit design that is specified by the customer. Making goods to order in this way, the foundry operators have no chip design or product sales/marketing costs and can, therefore, focus their R&D resources entirely on the process technology. The globally leading foundries are located in Taiwan and Singapore.

>> **FRONTEND**

Frontend processes are the production steps carried out on the wafer as a whole. This is where the chip itself is made. Back-end processes in which chips are tested on the wafer follow. There, the wafer is cut into individual chips that are then inserted into housing.

>> **IC**

An integrated circuit (IC) consists of electronic components such as transistors, resistors, and capacitors that are integrated on a tiny microchip. Today, tens of millions of this type of cells are housed in circuits on a single chip. This high integration density has led to a high degree of chip performance.

>> **LED**

Light-emitting diode. LEDs are semiconductor components that can generate light. They emit a very bright light, yet, at the same time, consume very little energy. Moreover, their life span is over ten times that of a conventional light bulb.

>> **LITHOGRAPHY**

The electrical circuits of ICs are created by structuring individual strata on a silicon wafer in a type of layer structure. To create very small structures in the individual strata, the wafer is coated with a light-sensitive material (photoresist) and then exposed using a mask. The structures on the mask are, thus, superimposed on the wafer by means of casting a shadow. Where the mask blocks the light, the photoresist on the wafer is not exposed. Where it is transparent, light falls onto the wafer and the photoresist is exposed. During development after exposure, the exposed photoresist areas are cleared above the strata and can be accessed by the following process step. Nowadays, typical structure sizes for Frontend lithography applications are between 32nm (0.032 micrometers) and 0.6 micrometers. In the Backend, structure sizes ranging from several microns to tens of microns are generated by photolithography to create, for example, bumps for flip chip bonding.

>> **MASK**

A plate of glass or quartz glass on which the patterns needed to manufacture an IC are mapped. These patterns consist of transparent and opaque areas that correspond in size and shape to the circuits required.

>> MASK ALIGNER

Mask Aligners align a glass mask to a wafer (covered with photosensitive material previously spun or sprayed on by a coater) with sub-micrometer accuracy. The glass mask is patterned with the structures which need to be transferred onto the wafer. These structures will then build electrical circuits, grooves, and bridges – all the various things that the chip needs in order to function. The pattern is transferred onto the wafer by means of exposure not un-similar to a photographic procedure.

>> MEMS

Microelectromechanical systems (MEMS) is the term used primarily in North America for microsystems technology (MST), a term more common in Europe. Semiconductor production technologies and processes are used to manufacture mechanical and other non-electrical elements. MEMS products are used, for example, in the automobile industry, telecommunications, optoelectronics, and medical technology.

>> MICROMETER / MICRON

A metric unit of length, symbol: μm . A micron is a millionth of a meter. The diameter of a human hair is approximately $60\mu\text{m}$.

>> MICROSYSTEM

A system made up of various components each less than 1 mm in size.

>> MICROSYSTEMS TECHNOLOGY

This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1 mm. In the United States and Asia, in contrast, microsystems technology or the more frequently used microelectromechanical systems (MEMS) means the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

>> NANOIMPRINTING / NANOIMPRINT LITHOGRAPHY (NIL)

A mechanical method to create two or three-dimensional structures in the nanometer range with a casting or stamping tool. In contrast to photolithographic production of devices on semiconductor wafers, the structures are formed by stamping patterns in soft polymers. The future importance of nanoimprinting will be in cost savings. Classical photolithography equipment will, if extended to extremely short wavelengths of light (EUV, x-ray), become too expensive.

>> NANOTECHNOLOGY

(Greek. *nānos* = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter (10^{-9}m) and defines a border range where the typical dimensions of a single molecule are found. Nanotechnology is a stringent continuation and expansion of microtechnology with mostly unconventional, new approaches. The tasks of nanotechnology include creating materials and structures in the nanometer range.

>> OPTOELECTRONICS

By deliberately combining semiconductor electronics technologies and III-V materials such as gallium arsenide, light can be generated or detected (semiconductor lasers, LEDs, photodiodes, etc). This technology is primarily used in telecommunications to transmit very large quantities of data (fiber-optic networks). LEDs are also being used increasingly in automotives and domestically due to their many advantages, such as low energy requirement, extreme brightness, and very long lifespan.

>> PACKAGING FOUNDRIES

See Backend.

>> PHOTORESIST

A light-sensitive material that is first applied as a layer to the wafer and then exposed through a mask using ultraviolet light. In exposed areas, the ultraviolet light brings about chemical changes. These areas are dissolved from the layer during development, leaving a relief-like structure in the photoresist coating. This process is highly similar to photography.

>> PROBER

The Prober carries out individual analytical microchip tests. With the help of probe heads, electronic signals from microscopically small structures within the chip are detected and analyzed. Another possibility is the endurance test, which uses pressure, electricity, force, heat, and refrigeration to see if the chips satisfy requirements; errors are thus detected early on. The modular construction of our Prober systems makes them extremely flexible, which is highly valued, particularly in development projects.

>> SEMICONDUCTOR

A monocrystalline material of which the electrical resistance can be changed by implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

>> SENSOR

A component used to record and convert measurements such as temperature, pressure, and acceleration. These measurements are converted into electrical signals and relayed to a signal evaluation unit.

>> SILICON

A material with the structure of a crystal lattice with semiconducting properties. Semiconducting means that the material can be used as a conductor or non-conductor depending on the inclusion of certain foreign atoms. In the semiconductor industry, the most common base material used is silicon in monocrystalline disk form.

>> SPIN / SPRAY COATERS

Coaters spread a photosensitive resist on the wafer. The SUSS MicroTec Spin Coater specializes in thick photo resists, which are applied to the wafers. The Spray Coater sprays a substrate and can thus also coat three-dimensional structures evenly.

>> SUBSTRATE BONDER

The Substrate Bonder connects two or more substrates (primarily wafers) aligned to one another in an extremely precise manner. This is done using soldering, adhesion, or another physical-chemical process. Many MEMS components require this processing step, as it is the only way to ensure that airbags, tire pressure sensors, GPS sensors, ink-jet printers, etc. work.

>> SYSTEM ON A CHIP

Highly complex ICs incorporating many different functions. Until recently, these functions had to be accommodated on several ICs. The enormous innovative momentum in process technology that has made it possible to manufacture ICs with ever smaller structure widths now means that different kinds of memory, digital signal processors, and analog functions can be accommodated on one chip. The advantage is that instead of many chips, only a handful or even a single one is needed, thereby reducing the space needed, the assembly requirements (and, therefore, the cost of the finished product), and, very importantly, the power consumption. This prolongs the battery life in battery-powered equipment such as laptops and cellular telephones. The trend towards ever smaller and more portable devices that should also be less and less expensive makes system on a chip increasingly important.

>> THROUGH-SILICON VIAS (TSVS)

Individual chip components are stacked on top of one another and joined with this technology. This shortens the path of the data stream between the individual chip components and allows for significantly less capacity loss. As such, through-silicon vias contribute to lowering the overall size of chips combined with a simultaneous rise in performance.

>> TOOL

Machines, instruments, robots, etc. Tools are all individual systems that comprise a production line in a semiconductor factory.

>> WAFERS

Slices of the purest silicon, for example, or compound semiconductors (gallium arsenide, indium phosphide, etc.) on which chips are produced. Over the past ten years, their diameter has increased from 150mm to 200mm and today to even 300mm. Twice as many chips fit onto the surface area of the latest 300mm wafers than onto a 200mm wafer, cutting production costs by approximately 30%.

>> WIRE BONDING

A common contact process that connects chips with housing via metal wires.

>> YIELD

One of the key parameters in semiconductor production. It measures the output of functioning microchips in relation to the total number of microchips on a wafer. The higher the yield, the more efficient and cost-effective the chip production for the customer.

Financial Calendar 2012



Annual Report 2011	March 30
Quarterly Report 2012	May 8
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, Munich	June 20
Interim Report 2012	August 7
German Equity Forum, Frankfurt/Main	November 12 - 14
Nine-month Report 2012	November 8

Highlights 2011



JANUARY

COLLABORATION IN NANO RESEARCH WITH CORNELL UNIVERSITY

In January 2011, SUSS MicroTec announced a strategic collaboration with the Cornell NanoScale Science & Technology Facility (CNF) at the North American Cornell University. As part of the cooperation, Cornell staff will perform research on already existing as well as new lithography systems from SUSS MicroTec, including innovative Mask Aligner toolkits and the Gamma-series Spray Coater.

MARCH

SUSS MICROTEC AT SEMICON CHINA

Semicon China was held at the Shanghai New International Expo Center from May 15–17, 2011. SUSS MicroTec China presented itself to international customers and business partners at an 18 square meter exhibition stand. This year, SUSS MicroTec China emphasized the rapidly growing MEMS, advanced packaging, and LED markets. A total of

approximately 400 guests visited the exhibition stand, making the trade fair a big success.

RETURN TO THE TECDAX

As of March 21, 2011, the shares of SUSS MicroTec AG are once again being traded on the TecDAX, the technology index of the Deutsche Börse (German Stock Exchange). The TecDAX includes the 30 largest technology companies listed in the General Standard DAX index, ranked by market capitalization and trading volume. Membership in the TecDAX provides the SUSS MicroTec share with added attractiveness, and the share should once again receive significantly more interest, particularly among international investors.

APRIL**COMPLETION OF RELOCATION OF WAFER BONDING DIVISION**

At the beginning of the second quarter of 2011, the relocation of the Substrate Bonder division from Waterbury, USA, to Sternenfels, Germany, was successfully completed. The goal of consolidating the Substrate Bonder, Coater/Developer, and Photomask Equipment product lines was to leverage synergies in the area of research and development, manufacturing, and procurement as well as to simplify the corporate structure. In addition, the move of the North American service and sales organization and applications center from Waterbury, Vermont, to Silicon Valley in California was completed.

JUNE**2011 SHAREHOLDERS' MEETING**

Our shareholders approved all of the resolution proposals presented by the Management Board and the Supervisory Board at the ordinary Shareholders' Meeting on June 21, 2011. In total, approximately 100 shareholders, shareholder and bank representatives, and guests joined the Company at this year's meeting in Munich. Around 23 percent of the Company's equity capital was present.

**JULY****SUSS MICROTEC PRESENTS AT SEMICON WEST IN SAN FRANCISCO**

This year's Semicon West was held from July 12–14, 2011 in San Francisco. SUSS MicroTec presented at this important semiconductor trade fair under its famous motto "Shrink, Stack, Integrate." The focus of the exhibition stand was on the topic of 3D integration, for which a workshop was organized with various customers and partners. Representatives of the IMEC research institute and SUSS MicroTec's partner company Brewer Science attended as spokespersons. SUSS MicroTec gave a presentation on the topic of new tools and processes for temporary bonding. In addition, the issue of HB LED was further illuminated at the trade fair.

SUSS MICROTEC PRESENTS MASKTRACK PRO INSYNC

On July 13, 2011, SUSS MicroTec presented MaskTrack Pro InSync (MTP), a newly developed system for holistic, automated mask management. MTP InSync, which is offered both as stand-alone equipment and as a clustered module, enables the seamless synchronization of processing steps from mask cleaning to transport, inspection, and storage. MTP InSync creates a zero-particle environment, thus ensuring the highest possible level of cleanliness for the mask when entering the vacuum environment of the EUVL scanner. MaskTrack Pro InSync is the only mask management system available on the market that can interface with the so-called EUV dual pod in a completely secure and clean atmosphere. Mask cleaning, transport, and storage of the inner "pod" occur in a super-clean environment. Particle detection and inner pod cleaning can also be integrated if desired. MTP InSync's design allows the direct transfer of the dual pod from the scanner to the mask cleaning system.

SEPTEMBER**INTERNATIONAL SUPPLIER DAY IN STERNENFELS**

In September 2011, a SUSS MicroTec supplier day was held for the first time in Sternenfels. The motto of the event was "Increasing Supply Chain Efficiency." The purpose of the meeting was to get to know decision-makers on various sides and to make new contacts with engineers and designers.

OCTOBER

A WORLD LEADING IDM SELECTS EQUIPMENT FROM SUSS MICROTEC AND TMAT FOR THE 300MM HIGH-VOLUME PRODUCTION OF 3D LOGIC AND MEMORY APPLICATIONS

In October, SUSS MicroTec received an order from a world-leading IDM for the latest generation of production bond clusters from SUSS MicroTec for use in high-volume manufacturing. The bonder system was configured to temporarily bond 300mm wafers for 3D integration processes for logic and memory applications using TMAT materials and the TMAT process for temporary bonding. SUSS MicroTec's platform was chosen over competitors' offerings because of the high throughput capability resulting in a superior cost-of-ownership and sophisticated process control for high production volume temporary bonding.

SALE OF SUSS MICROTEC PRECISION PHOTOMASK INC.

On October 14, 2011, SUSS MicroTec sold its mask business – SUSS MicroTec Precision Photomask Inc. – in Palo Alto, California. This step supports SUSS MicroTec's Photomask Equipment business by eliminating potential competition conflicts with customers. Hardly any synergies existed with the core business areas. Deconsolidation was therefore carried out without difficulties.

ANALYSTS' DAY IN STERNENFELS

On October 20, 2011, SUSS MicroTec invited analysts to attend a conference at the Sternenfels site. The invitation was directed at financial analysts who cover us on the capital markets side and routinely write reports about SUSS MicroTec. After a brief introduction, CEO Frank Averdung presented our four product lines to the analysts and responded to numerous questions. Dr. Arendt subsequently led the group, which consisted of eight analysts, on a tour of manufacturing operations at Sternenfels.

DECEMBER

SUSS MICROTEC PRESENTS XBS300

In December, SUSS MicroTec introduced XBS300, the latest generation of temporary bonding for high-volume production, on the market. This Bond Cluster was developed for the temporary bonding of 200mm and 300mm wafers in 3D integration. The XBS300 is also suitable for other processes requiring the handling of thinned wafers. The XBS300 supports all of the temporary bonding processes currently in use. The versatility of the XBS300 facilitates very low force bonding processes, such as the Thin Materials (TMAT) process or the 3M™ Wafer Support System (WSS). In addition, the Bond Cluster can also be used in thermal compression processes with higher force bonding, such as the Brewer Science® ZoneBOND™ process. With XBS300, SUSS MicroTec has rounded out its product range so that it optimally satisfies customer requirements.



Credits & Contact



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