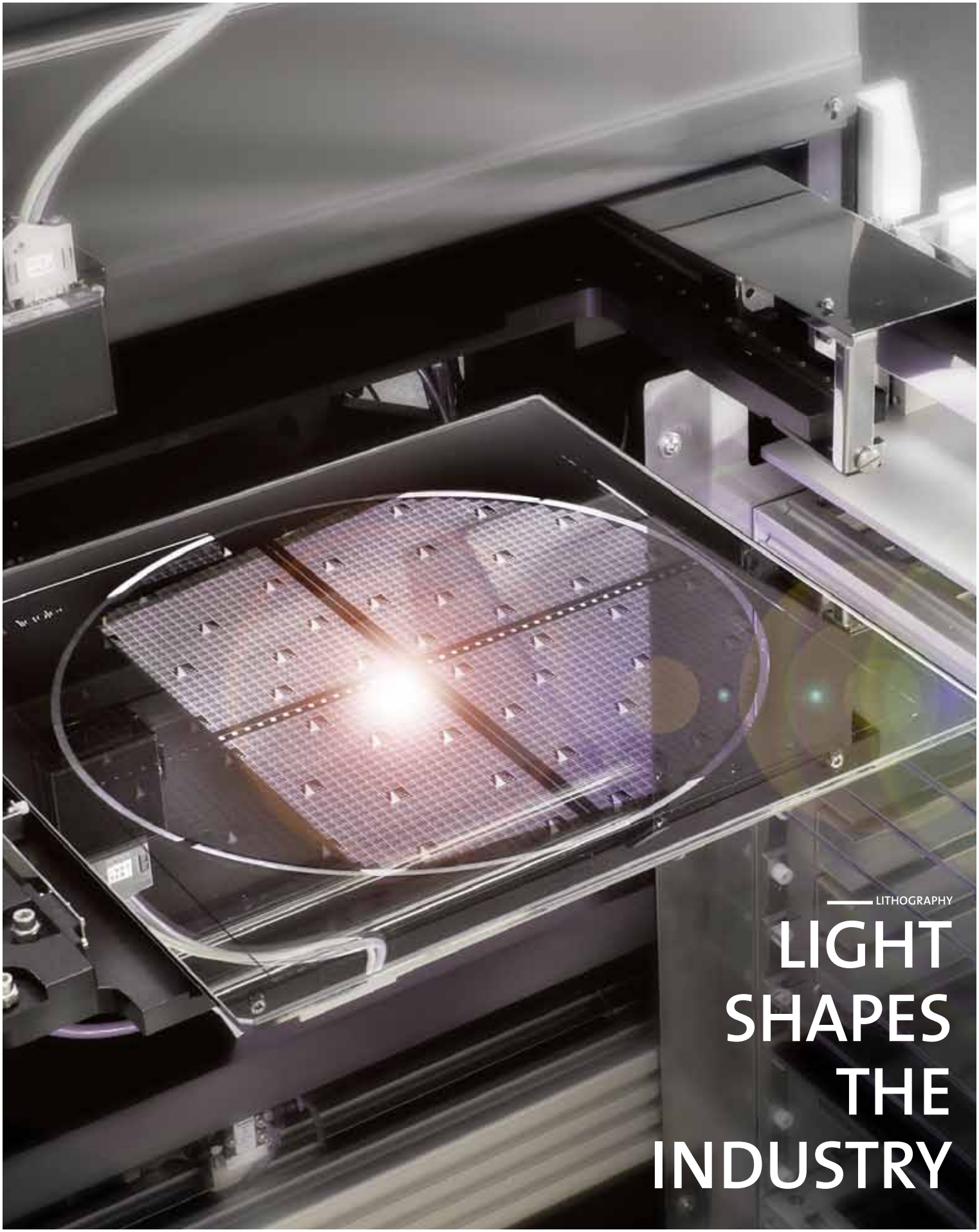
2012

ANNUAL REPORT

SÜSS MicroTec



LITHOGRAPHY

LIGHT SHAPES THE INDUSTRY

KEY FIGURES

in € million	2012	2011	Change 2012 / 2011
CONTINUING OPERATIONS			
Order entry	**157.2**	143.1	9.9 %
Order backlog as of 12/31	**86.5**	83.7	3.3 %
Total sales	**163.8**	175.4	-6.6 %
Sales margin	**4.6 %**	7.9 %	-3.3 %-points
Gross profit	**57.4**	66.4	-13.6 %
Gross margin	**35.0 %**	37.9 %	-2.9 %-points
Costs of sales	**106.4**	109.1	-2.5 %
R&D costs	**9.7**	12.9	-24.8 %
CONTINUING OPERATIONS			
EBITDA	**18.6**	24.9	-25.3 %
EBITDA margin	**11.4 %**	14.2 %	-2.8 %-points
EBIT	**11.7**	18.6	-37.1 %
EBIT margin	**7.1 %**	10.6 %	-3.5 %-points
Earnings after tax	**7.6**	13.8	-44.9 %
Earnings per share (in €)	**0.40**	0.72	-44.4 %
CONTINUING AND DISCONTINUED OPERATIONS			
Earnings after tax	**9.1**	13.8	-34.1 %
Earnings per share (in €)	**0.48**	0.72	-33.3 %
Balance sheet and cash flow			
Equity	**128.1**	120.4	6.4 %
Equity ratio	**71.1 %**	64.1 %	7.0 %-points
Return on equity	**5.9 %**	11.5 %	-5.6 %-points
Balance sheet total	**180.1**	187.7	-4.0 %
Net cash	**32.3**	42.0	-23.1 %
Free cash flow [1]	**-4.5**	3.5	◂-100.0 %
Further key figures			
Investments [2]	**4.2**	3.4	23.5 %
Investment ratio	**2.6 %**	1.9 %	0.7 %-points
Depreciation	**6.8**	6.4	6.3 %
Employees as of 12/31	**704**	624	12.8 %

[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] without consideration of acquisitions of subsidiaries

SEGMENT INFORMATION

PHOTOMASK EQUIPMENT

Sales 2012
€ 22.9 MILLION
EBIT 2012
€ 1.1 MILLION

PRODUCT LINES
Mask Track

TARGET MARKETS
Semiconductor Industry

LITHOGRAPHY

Sales 2012
€ 113.2 MILLION
EBIT 2012
€ 23.7 MILLION

PRODUCT LINES
Mask Aligner
UV pojection lithography systems
Laser processing tools
Developer
Spin and Spray Coater

TARGET MARKETS
Advanced Packaging
MEMS
Compound Semiconductors
3D Integration

SUBSTRATE BONDER

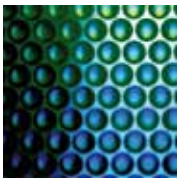
Sales 2012
€ 23.1 MILLION
EBIT 2012
€-12.0 MILLION

PRODUCT LINES
Substrate (Wafer) Bonder

TARGET MARKETS
3D Integration
MEMS
Semiconductor Industry

OTHERS

Sales 2012
€ 4.6 MILLION
EBIT 2012
€-1.0 MILLION



PRODUCT LINES
Micro-optics and Lenses
C4NP

TARGET MARKETS
Micro-optics
Semiconductor Industry
Advanced Packaging (C4NP)

CONTENTS

SUSS MICROTEC – A GLOBAL PLAYER

NORTH AMERICA

Employees	131
Sales	€ 30.3 million

EUROPE

Employees	444
Sales	€ 40.5 million

JAPAN

Employees	24
Sales	€ 16.5 million

REST OF ASIA

Employees	105
Sales	€ 76.5 million

editorial

Dear reader,

We look back at 2012 as a year that posed multiple challenges for the German industry. The weakened economy and sustained European debt crisis fundamentally influenced the markets in the past year. Although the economic and political measures that have been taken on the European level have temporarily eased the situation, the structural problems remain unresolved. The likelihood that the European debt crisis will continue to have an effect on the world economy is significant.

In 2012, the financial markets were once again heavily influenced by the ramifications of political decisions. This led to mood swings between hope and disillusionment over the course of the year. By the end of the year, all important indexes in Germany were able to record significant gains compared to the previous year. Despite the improved mood on the markets, caution – accompanied by high share price volatility – is still palpable. The European debt crisis is also expected to remain a dominant factor for the world economy in 2013.

If we consider the 2012 fiscal year from the perspective of SUSS MicroTec, we recall a business environment characterized by restraint. The entire semiconductor sector operated in a challenging environment. Despite these conditions, however, SUSS MicroTec saw robust business performance in 2012. The results did not match the extraordinarily good 2011 fiscal year, but they were very satisfactory in view of the tense macroeconomic situation. We achieved a sales level of EUR 163.8 million and earnings of EUR 11.7 million. Order entry for the entire year amounted to EUR 157.2 million, once again reaching a satisfying value.

In addition, we undertook further important measures to prepare for a successful future for the Company in 2012. We succeeded in expanding and strengthening our core Lithography business for the long term with the acquisition of Tamarack Scientific. With this step, we developed ourselves into a uniquely positioned provider of comprehensive products and solutions for mid- and backend lithography worldwide. In the area of exposure, no other company in this sector has a comparable spectrum of competencies or the associated diverse and customer-optimized product range. Exposure technology for semiconductor fabrication is one of the long-standing core competencies of SUSS MicroTec. In this context, we are celebrating a very special anniversary in 2013: 50 years ago, the Company – then called Karl Süss – developed, built and delivered the first Mask Aligner to customers. In this Annual Report, you will not only learn more about the history, present, and future of the Mask Aligner, but we will also report on the particular importance of lithography and lithographic processes for the semiconductor industry and for SUSS MicroTec.

THE YEAR IN FIGURES

Compared to 2011, the macroeconomic situation in 2012 hardly improved. The difficult situation in Europe maintained its grip on companies. However, it must be noted that the worst fears have – fortunately – so far not come true. Against this backdrop, our overall Company figures fell short compared to the very successful year in 2011. However, we have not experienced a massive drop in sales and were even able to increase order entry. Order entry for the full year 2012 amounted to EUR 157.2 million, representing a gain of 9.9 percent from the previous year (previous year: EUR 143.1 million). Sales fell slightly to EUR 163.8 million, a decrease of 6.6 percent compared to the previous year (previous year: EUR 175.4 million).

The gross profit margin for SUSS MicroTec Group decreased in the past year to 35.0 percent (previous year: 37.9 percent). This decline was primarily attributable to the lower margin in the Photomask Equipment division as well as the margin in the Lithography division, which returned to a normal level after an extremely strong year in 2011.

Earnings before interest and taxes (EBIT) of EUR 11.7 million were below the EUR 18.6 million of the previous year. EBIT included one-time currency effects of EUR -0.4 million. This resulted from the settlement of Company-internal foreign currency credits of SUSS MicroTec AG to SUSS MicroTec, Inc. in connection with the acquisition of Tamarack Scientific in March 2012. Also in the fourth quarter of 2012, an adjustment of the purchase price allocation occurred as well as a reevaluation of the earn-out provision in the net amount of EUR 1.8 million. The overall margin suffered from the higher share of sales for Substrate Bonder, the loss at Tamarack Scientific, and high research and development costs.

Earnings after taxes (EAT) for continuing operations amounted to EUR 7.6 million, compared to EUR 13.8 million in the previous year. Earnings after taxes (EAT) amounted to EUR 9.1 million for continuing and discontinued operations, compared to EUR 13.8 million in the previous year. This included a tax-free amount of EUR 1.5 million, which resulted from the sale of the Test Systems division in 2010. Basic earnings per share (EPS) from continuing operations amounts to EUR 0.40 (previous year: EUR 0.72).

Free cash flow before the inclusion of securities and extraordinary effects from M&A activities came to EUR -4.5 million at the end of the fiscal year, after EUR 3.5 million in the same period of the previous year. As of December 31, 2012, the SUSS MicroTec Group therefore had cash and interest-bearing securities of EUR 36.6 million. The net cash position decreased from EUR 42.0 million as of December 31, 2011, to EUR 32.3 million, primarily as a result of the acquisition of Tamarack Scientific.

Michael Knopp
Chief Financial Officer

Frank Averdung
Chief Executive Officer

MILESTONES 2012

Apart from the operational relocation activities and the strategic development of the Company, we continued to strengthen the foundation of our growth and success, namely innovative product developments. In the past fiscal year, important product launches were made strengthening our position as one of the technologically leading equipment providers in the markets we serve. These are the semiconductor mid- and backend sector as well as the semiconductor frontend for the photomask cleaning equipment. The released product innovations include XBC300 Gen2. In February 2012, SUSS MicroTec introduced this Bond Cluster, thereby bringing a new platform for 3D processes in high-volume manufacturing to the market. The most recent generation of bonding equipment can be configured for the permanent bonding of wafers or for the debonding and cleaning of 200mm and 300mm wafers. In addition, March 2012 saw the market launch of RCD8, a newly developed manual platform for the coating and developing of substrates. With the third generation of ACS200, a newly developed automated coating and developing platform for 200mm wafers, another innovative system concept was placed on the market. The configuration flexibility of the various modules and technologies not only makes it possible to facilitate use in research and development, but also to meet the requirements of high volume manufacturing in the advanced packaging, MEMS, and LED core markets.

Also in 2012, we focused on the area of collaborations. In February, we were able to announce a cooperative agreement with GenISys GmbH. Together with GenISys, the Lithography simulation software Layout LAB™ was optimized for use with the SUSS MicroTec Mask Aligner. In 2012, we began to collaborate with Dow Corning on temporary wafer bonding for 3D (TSV) integration.

As already mentioned, we reached another important Company milestone in the first quarter of 2012. Through the strategic acquisition of Tamarack Scientific, we meaningfully expanded our technology and product portfolio. The company develops, manufactures, and distributes UV projection lithography tools as well as laser-based microstructuring systems. We thereby became a leading provider of mid- and backend lithography equipment and process solutions and have earned a unique position on the world market.

The Management Board and Supervisory Board of SUSS MicroTec continue to strive to streamline the Company's organizational structure, while simultaneously maintaining and expanding core competencies within the Company. For this reason, we increased our shareholding in SUSS MicroOptics S.A., Neuchâtel, Switzerland, from 85 percent to 100 percent in 2012. SUSS MicroOptics is the leading supplier of high-quality refractive and diffractive micro-optics, which are used by both SUSS MicroTec as well as other companies beyond the semiconductor sector. The company operates in attractive and rapidly growing markets. The relocation to a new production facility was necessary to keep pace with the continuously growing business and to bring production facilities to a state-of-the-art level. The new purpose-built facility supports the company's strategic growth strategy in the micro-optics business.

Ladies and gentlemen, we would like to finish off by drawing your attention to our intensified activities regarding the topic of sustainability. Since August 2012, SUSS MicroTec has been an officially recognized partner of the "Blue Competence" sustainability initiative of the German Engineering Federation (VDMA). With the topic of sustainability becoming increasingly important in the industrial sector, we decided to join the VDMA initiative. As part of our social responsibility, we attach tremendous importance to environmental protection, social health and safety, and the well-being of each individual. Our business relationships do not only encompass economic and financial perspectives, but also take into account environmental and social considerations.

OUTLOOK

The forecasts from economic research institutes for the current year are rather subdued. From today's perspective, a sustained recovery in the global economy is not expected in 2013. The main reason for this is the unresolved debt crisis in Europe as well as a slower economic dynamic in the emerging countries and newly industrialized economies. The ifo Institute is assuming a weak half of the year during the 2012 / 13 winter period and anticipates growth for the global economy to take hold in the second half of 2013. Similar expectations also apply to the eurozone, where a slight decline of 0.2 percent in GDP is expected in 2013.

For the semiconductor sector, the Gartner market research institute expects an increase of 4.5 percent in demand for semiconductor products compared to 2012. The growth is primarily due to increasing demand for tablet computers and smartphones. For the semiconductor equipment market, Gartner is forecasting a slight decline in 2013 relative to 2012.

Given the order backlog as of the end of 2012, the weak economic outlook, and the subdued start in 2013, we are assuming total sales in the 2013 fiscal year of approximately EUR 150 million and EBIT in the low single-digit million euro range.

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

Garching, Germany, March 2013

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 2012 fiscal year.

Dear Shareholders,

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in the past fiscal year by advising the Management Board on directing the Company and monitoring its activities. 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 and 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 in detail and reviewed by us based on available documents and information. We discussed significant business events extensively with the Management Board and gave our consent to the transactions requiring our approval. During the 2012 fiscal year, the Supervisory Board held a total of seven ordinary meetings. All members of the Supervisory Board routinely participated in these meetings. When necessary, the Supervisory Board adopted its decisions by means of document circulation.

As in previous years, 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 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 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, liquidity, 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.

On February 9, 2012, the first ordinary Supervisory Board meeting was held. At that meeting, we held intensive discussions about the Management Board's report on the fourth quarter of 2011 and about the preliminary figures for the 2011 fiscal year. The plans presented for the 2012 fiscal year were approved after intense discussions. Furthermore, a new update was presented to the Supervisory Board on strategic projects. In this connection, the Supervisory Board authorized the Management Board to continue to pursue a project within a defined framework. In addition, the Supervisory Board approved the term sheet draft presented by the Management Board for the acquisition of Tamarack Scientific Co., Inc., Corona, USA, and agreed to conduct due diligence as well as to commence purchase contract negotiations. Finally, the targets for the performance-based remuneration of the Management Board were examined.

Representatives of our auditor participated in the second meeting on March 27, 2012. They informed the Supervisory Board about the key results of the audit of the separate and consolidated financial statements for the 2011 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 2011 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 prepared for the 2011 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 authorized the Management Board to complete the purchase of Tamarack Scientific Co., Inc. under the agreed upon conditions. The Supervisory Board and Management Board also discussed the status of another strategic project. In addition, the agenda and proposals for the Shareholders' Meeting on June 20, 2012 were discussed. The Supervisory Board approved a resolution about a bonus for the Management Board for the 2011 fiscal year as well as targets for the Management Board for the 2012 fiscal year.

Dr. Stefan Reineck
Chairman of the Supervisory Board

On May 3, 2012, the third ordinary Supervisory Board meeting was held. We addressed the current figures for the first quarter of 2012 and the forecast for the entire year. During this meeting, the Management Board delivered and discussed with the Supervisory Board an update on the status of ongoing strategic projects. Dr. Reinhard Völkel (Managing Director of SUSS MicroOptics SA) participated in a portion of this meeting. After he presented the SUSS MicroOptics company to us, we discussed the Management Board's proposal to increase the shareholding in SUSS MicroOptics to 100 percent. Following an extensive discussion, the Supervisory Board approved an increase in the stake in SUSS MicroOptics to 100 percent. The agenda and proposals for the Shareholders' Meeting on June 20, 2012 were approved.

On May 29, 2012, the Supervisory Board approved the Company's updated declaration of compliance.

In the meeting on June 20, 2012, 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. Following the ordinary Shareholders' Meeting, the newly elected Supervisory Board met for the first time. In its constituent meeting, the Supervisory Board elected Dr. Stefan Reineck Chairman and Mr. Jan Teichert as his Deputy.

On August 2, 2012, the fifth ordinary Supervisory Board meeting of the year was held. In this meeting, the Supervisory Board was given an update on ongoing business operations. In particular, the Management Board and Supervisory Board discussed progress with the integration of Tamarack Scientific into the SUSS MicroTec Group. The Management Board and Supervisory Board focused on the latest M&A transactions in the semiconductor equipment market and their significance for SUSS MicroTec AG. In addition, we discussed the results of the important semiconductor trade fair Semicon West in San Francisco, which took place in July 2012.

In the Supervisory Board's ordinary meeting on November 6, 2012, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year. At this meeting, we also received an initial estimate of the expected development of the most important sales markets in 2013. In addition, the Management Board provided information on the status of ongoing strategic projects. The Supervisory Board approved a resolution for the purchase of real estate at the Garching site under the agreed upon conditions. Furthermore, the Management Board and Supervisory Board deliberated on the issuance of stock options at the end of November 2012. The Supervisory Board did not approve the issuance of stock options.

The last meeting of the 2012 fiscal year, which was held on December 18, 2012, focused primarily on the current business situation and preliminary planning for the 2013 fiscal year. The Management Board also provided the Supervisory Board with another update on the status of strategic projects and the planned purchase of real estate at the Garching site. Furthermore, the Supervisory Board addressed corporate governance issues in depth. In particular, it focused on the topics of risk management, compliance, and the revised German Corporate Governance Code. It updated the targets and criteria for the composition of the Supervisory Board. Moreover, it set the annual calendar for 2013.

CORPORATE GOVERNANCE

The Supervisory Board again concerned itself during the 2012 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 the Remuneration Report of the Management Report on pages 56 et seq. On May 29, 2012, the Management and Supervisory Boards approved the annual 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

BDO AWT GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2012 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, 2012, 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 BDO AWT 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 26, 2013 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 acquisition of Tamarack Scientific Co., 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 combined management report of SUSS MicroTec. There were no objections. We noted with approval the reports of the auditor after a detailed examination of the reports.

The 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.

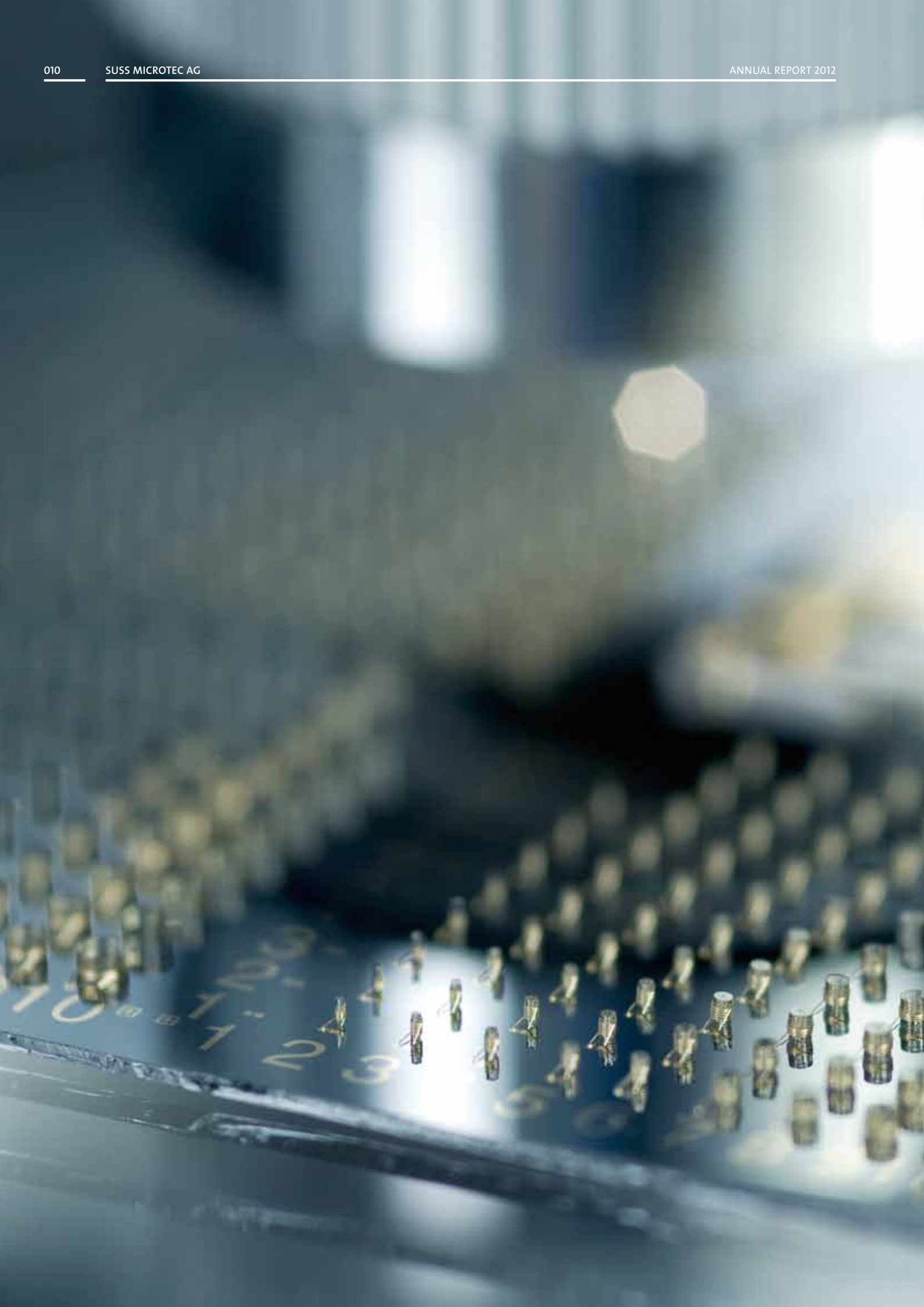
There were no changes in the composition of the Management Board in the 2012 fiscal year.

The Supervisory Board would like to express its tremendous gratitude and appreciation to the members of the Management Board and all employees for their hard work during the past fiscal year.

Garching, Germany, March 26, 2013

On behalf of the Supervisory Board,

Dr. Stefan Reineck
Chairman of the Supervisory Board



Today billions of transistors can fit on a few square millimeters.

INTEGRATED CIRCUITS – DRIVING INNOVATION ON A CONFINED SPACE

In the mid-20th century, a semiconductor component – the transistor – was used successfully for the first time to direct electricity using an electrical signal. A short time later, scientists combined various components such as capacitors, resistors, and transistors on a single substrate, creating the first integrated circuit. This was the beginning of the modern electronics industry. From then on, these circuits based on so-called semiconductors have experienced rapid development. According to the rule of thumb known as "Moore's Law," the number of transistors in integrated circuits has doubled approximately every 18 months since then. In other words, the increase in performance in semiconductor technology was achieved by miniaturizing the structure size of the components. Today billions of transistors can fit on a few square millimeters. They control computers, process and store data, or carry out complicated calculations in a fraction of a second.

With its very successful core product line – the Mask Aligner exposure systems – SUSS MicroTec has been active in the integrated circuit (IC) manufacturing industry since its beginnings in the 1960s. The Mask Aligner is celebrating its 50th birthday this year. In the following pages, you can learn more about SUSS MicroTec, the dynamics of the semiconductor industry, and the important role that lithography plays in it.

SEMICONDUCTORS

are solids whose conductivity lies between that of conductors and non-conductors. They involve a monocrystalline material whose electrical resistance can be altered by implanting foreign atoms in the crystal lattice. Silicon is the most important and most frequently used element in semiconductors. Integrated circuits made from this material are also often called semiconductors.

LITHOGRAPHY

The electrical circuits of an integrated circuit are produced through the patterning of individual layers, or strata, on a silicon wafer in a layered structure. In order 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 (e.g. in a Mask Aligner).

Lithography – The Core Competence of SUSS MicroTec

Hardly any industry in history has developed as rapidly, produced so many innovations, and thereby influenced daily life as fundamentally as the electronics industry. Especially remarkable is the semiconductor sector, which gave rise to the age of the internet, limitless mobile communications, and the digital lifestyle. When one looks into the future, it quickly becomes apparent that people will demand faster computers, more powerful cellular telephones, and more complex electronic devices in the years to come. Achieving higher performance in increasingly smaller space requires the steady refinement of fabrication technologies in the semiconductor and semiconductor-related industry. Future topics in the semiconductor sector include the introduction of extreme ultraviolet lithography to the mass market, the use of 450mm wafers in industrial production, and the stacking of thinned microchips – known as 3D integration. Engineers at SUSS MicroTec are working on all of these topics in their respective areas of specialization.

SPECIALTY TOOL MANUFACTURER AT THE MID AND BACKEND

In the semiconductor industry, electronic circuits, also known as microchips, are produced using lithographic processes. In microchip manufacturing, a distinction is made between the frontend, the midend, and the backend. At the frontend, the actual microchip is produced through the structuring of individual strata on the silicon wafer in a layered structure. In the process, structure sizes in the nanometer range are produced. Only after the individual microchips on the wafer have been completed do the mid- and backend processing steps begin. Midend steps include advanced packaging or wafer level packaging, where the entire wafer is taken through the process. These midend steps involve a modern form of packaging technology, which replaces traditional wire bonding (backend process) and enables a large number of bonds while also utilizing a smaller surface. This technology has gained in importance particularly through the increase in smartphones and tablet computers in recent years. Midend processing steps are also used in manufacturing in the area of sensor technology (microelectromechanical systems, MEMS). The microchip passes through the backend only after separation. Backend steps include for instance traditional wire bonding, in which the individual microchip is inserted into a package and encapsulated in a plastic housing, as well as the subsequent testing of individual microchips.

SUSS MicroTec has been active in this industry as a specialty tool manufacturer with Substrate Bonder, Photomask Equipment, and Lithography devices for decades. As a result, it is making a significant contribution to ensuring that today's networked and fully electronic world runs smoothly. The range of solutions at SUSS MicroTec encompasses all performance-related steps in wafer processing from coating, baking, and development to exposure and bonding of wafers. In addition, the product range includes tools for cleaning photomasks, which are used to manufacture semiconductor elements at the frontend. Additional products are highly specialized ancillary equipment such as lithography tools for nanoimprinting and optical lenses. The Company's expertise has developed over decades, making SUSS MicroTec an indispensable partner of the semiconductor industry.

With its specialized tools and solutions, SUSS MicroTec is positioned almost exclusively at the mid- and backend of semiconductor fabrication. The Company focuses on the markets of advanced packaging/wafer level packaging and MEMS. Different lithographic processes are used for advanced packaging and MEMS manufacturing. Mask Aligner, coaters, and developers produced by SUSS MicroTec are frequently used for this. With these products, the Company achieves worldwide market shares as high as 50 percent. Customers include large packaging companies, which are mostly located in Asia, but also integrated manufacturers of semiconductor chips and pioneering research institutes. An additional market served by SUSS MicroTec is the LED market, in which well-known LED manufacturers are among the Company's core customers. The LED market is currently characterized by overcapacities and correspondingly low demand. Over the medium-to-long term, however, the focus will return to the topic of energy-efficient illumination and the demand will increase for inexpensive and energy-saving lighting devices such as LEDs. »

PROXIMITY LITHOGRAPHY

This involves an exposure process in the semiconductor industry (primarily at the mid- and backend), in which a glass mask is placed very close to a wafer and is aligned with this wafer with sub-micrometer precision. The microscopic image on the glass mask is transferred to the photosensitive material by means of exposure. This procedure is carried out with a Mask Aligner.

Mask depot of
the MA300Gen2

TARGETED LITHOGRAPHY SOLUTIONS FOR ATTRACTIVE GROWTH MARKETS

An important application – advanced packaging – is based on a special mid-end manufacturing technology. Here the electric contacts of the microchip are established while it is still on the wafer. In place of the conducting wire used in wire bonding, so called micro-bumps, which later serve as connecting structures, are formed on the wafer with high precision. This packaging technology is primarily used in applications where a high packing and power density is required in a very small space. This includes microchips, such as Bluetooth, Wi-Fi, and GPS components, which are used in smartphones, tablet computers, and ultrabooks. In the future, these applications will generate robust growth, thereby driving SUSS MicroTec's business. In applications with few critical space requirements, such as televisions or desktop computers, conventional technologies will continue to be used.

The MEMS market is driven by end-use applications similar to those of the advanced packaging market. Today's smartphone or tablet computer contains up to nine MEMS components. According to market forecasts, not only will the

The know-how of many engineer generations is found in our tools.

number of smartphones and other mobile devices increase, the number of MEMS sensors per device will as well. The lithography solutions of SUSS MicroTec are used for the manufacturing of MEMS components and also advanced packaging. Aside from individual devices for coating, exposing, and developing, the Company offers complete lithographic system solutions integrating several processing steps. For the customer this has the advantage that a complete processing chain can be covered with tools from a single manufacturer. In cases of processing changes or questions about maintenance and service, the customer will find a direct point of contact for a large number of work procedures at SUSS MicroTec. Hardly any other company at the semiconductor backend can offer its customers this added-value service.

In MEMS and LED manufacturing, not only lithography tools but also Substrate Bonder from SUSS MicroTec are used. Typical processing steps in LED manufacturing include the lithographic structuring of touchdown surfaces, electrodes, and etch masks, as well as bonding to attach mirror surfaces or to bond different epitaxial layers. The Company developed the Mask Aligner MA100e Gen2 in response to the special requirements of the LED market. This is an exposure system with particularly high throughput due to the parallel processing of up to three wafers, while simultaneously achieving high yield. After two strong years in 2010 and 2011, the LED market is currently characterized by low demand for fabrication equipment. However, the outlook is for a sharp increase in the use of energy-efficient illumination devices.

EXPANSION OF EXPOSURE EXPERTISE

SUSS MicroTec has covered the essential processing steps for mid- and backend lithography for many years with its Mask Aligner technology. There are, however, application areas in which Mask Aligner technology reaches the limits of its potential. This is the case when the exposed wafer already displays a distinct topography and therefore a natural limit exists as to how close the mask can be brought to the wafer without touching it. Another example is with resolutions in the 2-5µm range. Here other exposure technologies can sometimes achieve finer results with more precision. Among the alternative technologies is UV projection lithography, a technology that the Company previously did not have in its product range. SUSS MicroTec closed this technological gap through the acquisition of Tamarack Scientific in March 2012 and became the world's sole provider of comprehensive mid- and backend exposure processes.

UV PROJECTION LITHOGRAPHY

While in shadow casting the exposure of the complete wafer is done in one step, with projection lithographic processes individual fields of the wafer are exposed using projection optics. As a result, the entire exposure of the wafer occurs either on a step-and-repeat or continuous basis (scan).

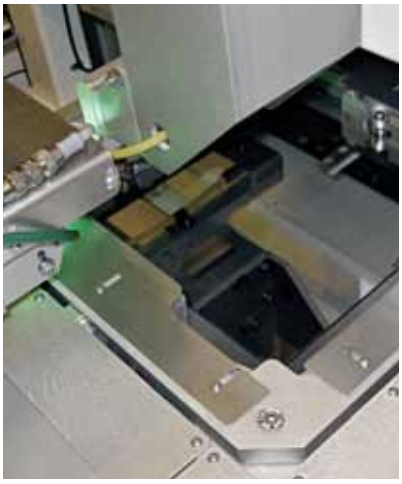
LASER PROCESSING

New developments in solid-state laser technology, such as high-performance UV lasers with high pulse rates, have expanded potential applications for lasers through microstructuring. Current application areas are thus found in 3D integration, e.g. in the production of through-silicon vias in interposers or in the area of redistribution layers.


SUSS Micro

ACCESS TO NEW MARKETS WITH CUTTING-EDGE PRODUCTS

On March 29, 2012, SUSS MicroTec acquired all of the shares of Tamarack Scientific Co., Inc. (Tamarack Scientific). The purchase price for all Tamarack Scientific shares amounted to US dollars 9.34 million. An additional variable purchase price was agreed upon, the amount of which depends on the sales performance and the generated contribution margin in the next three fiscal years. At the time of the acquisition, Tamarack Scientific generated annual sales of approximately EUR 10 million with approximately 60 employees; it produced negative earnings before interest and taxes. The target markets of the company are virtually identical to those of SUSS MicroTec, including advanced packaging, 3D integration, MEMS, and the LED market. Tamarack Scientific's tools are used in industrial manufacturing as well as research and development. Tamarack Scientific develops, manufactures, and distributes UV projection lithography devices (steppers and scanners) as well as laser-based microstructuring systems. With the acquisition of Tamarack Scientific, SUSS MicroTec is pursuing a consolidation strategy at the semiconductor backend and has meaningfully expanded its existing expertise in lithography with projection lithography and laser technology. »



With Tamarack Scientific's laser processing tools as well as its UV projection systems, SUSS MicroTec has enhanced its product portfolio meaningfully.

Tamarack Scientific was successful in its home market in the USA. However, it could not follow the migration of the semiconductor industry to Asia due to inadequate resources, which limited its growth prospects. With the acquisition by SUSS MicroTec, new and attractive markets are opening up for Tamarack Scientific outside the USA. The global sales and service structure of SUSS MicroTec can directly market and support the products of Tamarack Scientific. Extensive employee training was conducted after the acquisition for this purpose. In particular, the availability of service employees is an important criterion in order to be able to enter into business relationships with international manufacturing customers. The area of development and production also poses a new challenge. As a former specialized tool manufacturer and individual system producer, Tamarack Scientific is now taking on the role of a low-volume manufacturer. Access to new markets is not sufficient here. Instead, the company now must satisfy the high standards of manufacturing customers.

At the working level, collaborative projects across locations began last year already. Teams of developers from Garching, Sternenfels, and Corona have identified and exploited synergies between various product lines.

NEW TOOLS AND TECHNOLOGIES EXPAND THE PRODUCT RANGE

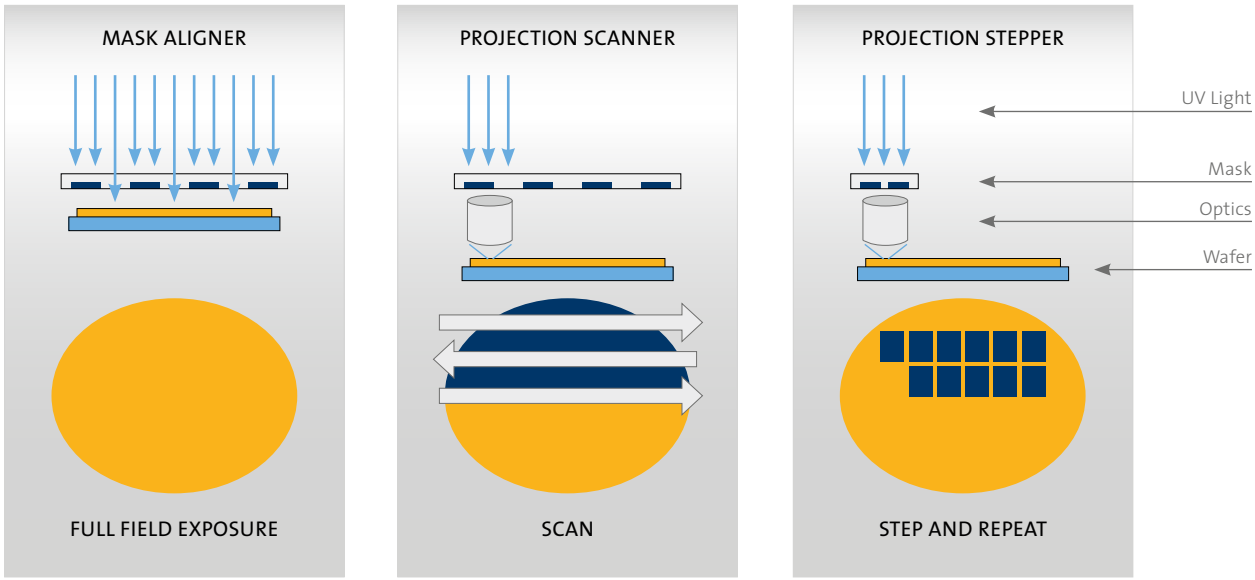
Tamarack Scientific's tools for projection lithography and laser processing are a logical extension of SUSS MicroTec's technological expertise with Mask Aligner. Comprehensive expertise in the area of exposure puts the Company in a stronger position compared to its competitors, who typically can offer only one exposure technology.

Laser processing is a technology that is still seldom used but promising at the midend of semiconductor fabrication. Aside from cost advantages in manufacturing, technological improvements can also be realized. Already prior to the acquisition, Tamarack Scientific received initial orders from leading industrial customers. Numerous innovations are being tested and optimized for these. Given the high level of complexity of the tools, delivery times still significantly exceed the average for conventional SUSS MicroTec tools. In the future, it will be possible to reduce delivery times significantly though serial production and align them with the standard fulfillment times of SUSS MicroTec.

Laser processing is a technology that is still seldom used but promising at the midend of semiconductor fabrication.

Through the acquisition of Tamarack Scientific, SUSS MicroTec has developed into a leading supplier of lithography solutions for the semiconductor mid- and backend. In exposure in particular, the Company offers such a comprehensive product range that no other company in the world can match it.

OVERVIEW OF THE VARIOUS EXPOSURE PROCESSES OFFERED BY SUSS MICROTEC



NOT ONE SIZE FITS ALL

As in all areas of life, the principle of "not 'one size fits all'" applies to the semiconductor sector as well.

A very good example is the acquisition of Tamarack Scientific and the consequent consolidation of exposure expertise at SUSS MicroTec. In the past, SUSS MicroTec was able to offer its customers special solutions revolving around Mask Aligner technology. There are, however, areas at the semiconductor mid- and backend in which other exposure technologies achieve similarly good or even better results. In the past, SUSS MicroTec had no technology in the product portfolio for these applications and therefore no access to these markets. With the acquisition of Tamarack Scientific, SUSS MicroTec has consolidated a comprehensive range of expertise in various exposure technologies under one roof.

At this stage, SUSS MicroTec is the only company in the world that is in a position to offer its customers a comprehensive spectrum of lithographic technologies and solutions. By choosing between various price-performance points, the customer obtains a high degree of flexibility in deciding on how to optimize the cost-benefit trade-off.

While the Mask Aligner, Scanner, and Stepper products have already been available in the market for a long time and are now mature, SUSS MicroTec is now embarking in a new and extremely promising direction with innovative laser processing.

IN-HOUSE MANUFACTURING OF KEY COMPONENTS

SUSS MicroTec has been active in the semiconductor market with the Mask Aligner product family for 50 years. Through continuous product development, SUSS MicroTec has been able to develop into a worldwide technology and market leader. A key to the further improvement of this technology lies in the innovative illumination system of SUSS MicroTec's Mask Aligner, MO Exposure Optics.

With MO Exposure Optics, highly precise micro-optics are placed in the illumination path. MO Exposure Optics reduces uniformity variations (self-calibrating), improves the parallelism of light (telecentricity), and enables a flexible adjustment of exposure to the respective lithographic task (customized illumination). For the user, this means cost savings through reduced maintenance expenses, an improvement in exposure uniformity, and thus increased yield.

The highly precise micro-optics for beam shaping are developed and manufactured by Suss MicroOptics, a Swiss subsidiary of SUSS MicroTec. In order to satisfy the growing demand for these key components, the company moved into new production facilities in 2012. In new cleanrooms (class 100/1,000), Suss MicroOptics in Neuchâtel, Switzerland, manufactures highly precise micro-optics for more than 200 customers worldwide.

MO Exposure Optics improves conventional shadow casting lithography and is also the basis technology for Advanced Mask Aligner Lithography (AMALITH). AMALITH enables SUSS MicroTec to produce micro-structures up to a range of several hundred nanometers for special applications in MEMS, bio-chips, LED, and solar cells.

However, MO Exposure Optics and AMALITH are not the only measures SUSS MicroTec is taking to equip itself for future lithographic tasks.

Photomask cleaning is an important part of the frontend litography infrastructure.

PHOTOMASK CLEANING

Frontend Lithography Drives Innovation

SUSS MicroTec is not only active at the mid- and backend of the semiconductor industry. In fact, the Company also serves the frontend of semiconductor fabrication with its cleaning tools for photomasks. This is where the microchips that shape our lives so fundamentally today are manufactured. Moore's Law has been valid for the semiconductor industry for many years. The law basically states that, approximately every 18 months, the structure sizes on microchips are reduced, while the costs per transistor function decline. This rule-of-thumb is now reaching its economic limits. While it is still possible to manufacture smaller and more powerful microchips, the manufacturing process is becoming increasingly expensive since ever more demanding processes are being introduced. Here the photomask plays a decisive role because it contains information that is transferred thousands of times using lithographic processes to the individual wafers and thus the microchips. Consequently, a defective or impure mask leads to many defective microchips and thus to significant losses in yield. For this reason, mask cleaning is an important aspect of lithography infrastructure at the frontend. SUSS MicroTec has a market share of approximately 80 percent in mask cleaning devices for the 193nm immersion lithography currently in use. In the extreme ultraviolet lithography (EUVL) of the future, SUSS MicroTec is the only provider of mask cleaning tools, which can satisfy the high standards of the EUVL environment.

Substrate Bonders enable "More than Moore".

3D INTEGRATION

More than Moore

Given that it is becoming increasingly expensive to maintain Moore's Law, many experts view 3D integration – the stacking of thinned microchips – as a turning point in producing complex electronic systems. SUSS MicroTec supports the topic of thin wafer handling, which plays a critical role in 3D integration, with tools and process solutions. This is where our Substrate Bonder comes in. SUSS MicroTec's strength is in the high flexibility of its systems, whose configurable and interchangeable modules can be adapted to specific customer development processes. The advantages of this for the customer are clear: process requirements and optimizations can be implemented on the same equipment.

Stacking thinned microchips is always useful when more complexity needs to be achieved in small spaces. An additional advantage of 3D integration is the fact that various components with different functions can be manufactured independently of each other in the optimum manner and then combined through 3D integration. Applications include memory chip components or the combination of memory chips and CPUs. High value sensor components (e.g. image sensors) are also addressed by this technology. The 3D packaging technology for systems is not yet used in high-volume production, though the industry is working intensively on introducing it to pre-serial production. After a successful trial of pre-serial production with small batches, high-volume production with high yields can begin. SUSS MicroTec has significantly increased research and development expenditure in this area in particular over the past several years in order to be able to play an important role in this very attractive growth market. Initial successes have already been achieved. At the end of 2011, an important international customer ordered a bondcluster for process refinement in an industrial environment.

PROF. KLAUS-DIETER LANG
Fraunhofer Institute for Reliability and Microintegration IZM, Berlin

Fraunhofer IZM stands for applied, industry-oriented research. It operates internationally and supports with its own projects international technology development in the area of electronic packaging. Members of the institute are active on national and international boards in the development of suitable conditions for innovative integration technologies. These include three-dimensional system integration, which is a core topic in today's electronic architecture and connection technology. Based on the vertical configuration of system components, the concept offers specific advantages in terms of the heterogeneous integration of various components such as sensors, processors, memory chips, or antenna components. Opening up the third spatial dimension not only results in more compact designs through reduced volumes, but also shorter electronic connecting paths. This can make a significant contribution to boosting system performance, for example by increasing transmission bandwidth.

INVESTOR RELATIONS

The successful issuance of bailout packages on the European and international levels as well as modest signs of an economic upturn have led to a certain easing in the financial markets at the beginning of 2012. In some cases, this has contributed to sharply higher share prices. In retrospect, we must conclude today that the fundamental situation has scarcely changed in comparison to 2011.

In the meantime, various bailout packages have been arranged and, in autumn of 2012, the permanent European Stability Mechanism (ESM) took effect. A lasting solution to the pan-European structural crisis is, however, still not in sight. The likelihood that the world economy will be affected remains significant. This development is also reflected in the capital markets, particularly in the performance of share prices. A high degree of uncertainty and volatility continues to drive the capital markets. You will find more information about share performance, ownership information, and investor relations activities at SUSS MicroTec in this chapter.

THE CAPITAL MARKETS CONTINUE TO BE CHARACTERIZED BY UNCERTAINTY

The positive mood in the financial and capital markets, which still prevailed in 2010 and caused enormous price gains, gave way already in 2011 to tremendous uncertainty about the economic outlook for the coming years and particularly for the future of the eurozone. Nothing about this has changed over the course of the 2012 fiscal year, although an improvement in sentiment was noted at the end of the year. Ultimately, all of the important indexes in Germany ended the stock market year with a solid gain. The DAX ended the stock market year of 2011 at 5,898.35 points and closed a year later in December 2012 at 7,612.39 points. This corresponds to a gain of approximately 29 percent. The MDAX even climbed by approximately 34 percent during the year. The TecDAX improved over the same period from 685.06 points in December 2011 to 828.11 points in December 2012, or by approximately 21 percent.

THE SUSS MICROTEC SHARE

After a volatile fourth quarter of 2011, the SUSS MicroTec share began the 2012 fiscal year at a XETRA closing price of EUR 5.83 on January 2. During the first quarter of 2012, the price of the share almost doubled and was able to surpass the EUR 10 threshold once again. Ultimately, the SUSS MicroTec share closed the first quarter of 2012 at a price of EUR 10.76, which corresponded to an increase of more than 90 percent from the beginning of 2012. This overall positive upward trend ended in April 2012. Prices in the TecDAX and Prime IG Semiconductor benchmark indexes displayed continuous losses in the second quarter. The SUSS MicroTec share was also unable to escape this trend and had to endure significant drops in price compared to the first quarter. At the beginning of the third quarter, the SUSS MicroTec share moved sideways, but with a high degree of daily share price volatility. Compared to the end of the second quarter, the share price fell further over the course of the third quarter, but was able to hold onto its gain since the beginning of the year, closing the third quarter with an overall gain of 28 percent since January 2, 2012. In the fourth quarter, the share, supported by additional equity research, reversed its trend and ended its downward trajectory. Overall our share closed the 2012 fiscal year at a price of EUR 8.44, representing an increase of approximately 50 percent since the end of 2011.

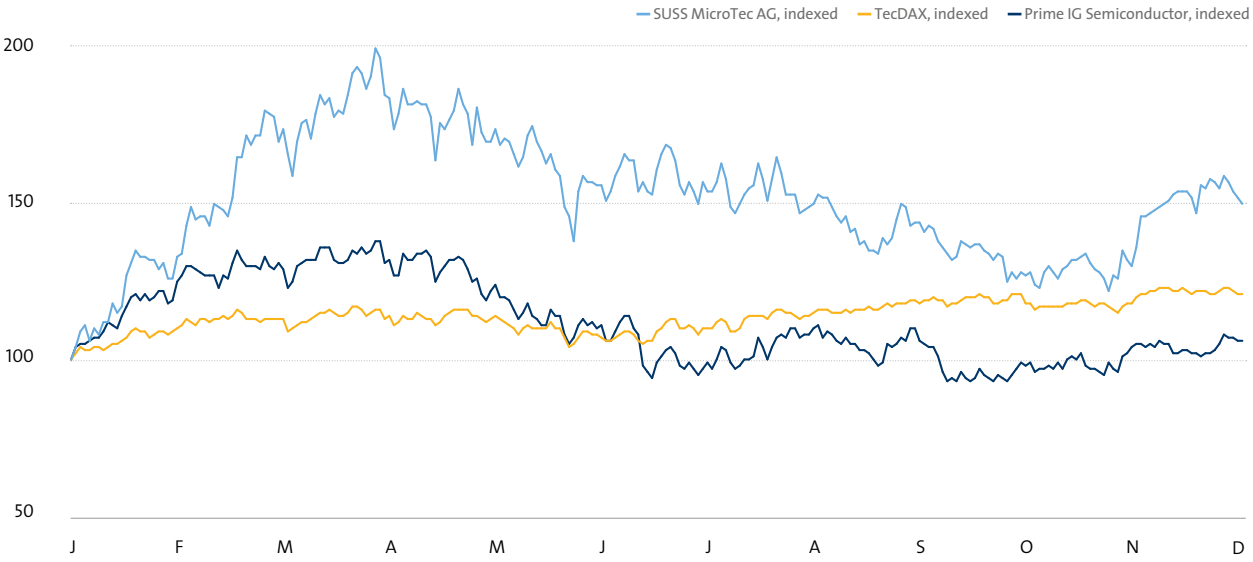
The two benchmark indexes TecDAX and Prime IG Semiconductor performed differently in 2012. The TecDAX ended the year with a gain of approximately 21 percent, whereas the Prime IG Semiconductor index recorded an overall gain of only approximately 6 percent. Thus, the SUSS MicroTec share significantly outperformed both benchmark indexes in 2012.

The average daily trading volume of SUSS MicroTec shares on all German stock exchanges declined in 2012 to 116,790 shares (2011: average daily trading volume of 261,090 shares). A consideration here, however, is that extraordinarily high trading volumes were recorded in the first quarter of 2011 prior to the share's inclusion in the TecDAX.

The following graphs and tables offer an overview of share price performance in 2012.

SUSS MICROTEC SHARE PERFORMANCE IN 2012

(SUSS MicroTec share price on January 2, 2011: € 5.83)



COMPARISON OF SUSS MICROTEC, TECDAX, AND PRIME IG SEMICONDUCTOR MARKET DEVELOPMENT IN THE 2012 FISCAL YEAR

	12/30/2011	12/30/2012	Change
TecDAX	685	828	+21%
Prime IG Semiconductor	115	122	+6%
SUSS MicroTec	5.63	8.44	+50%

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, 2012)	19,115,538
Description of securities	Registered shares
Designated sponsor	equinet Bank AG Close Brothers Seydler
Initial public offering	5/18/1999
Opening / closing price for the year in euros	€ 5.83 / 8.44
Yearly high / low in euros*	€ 11.23 / 5.83

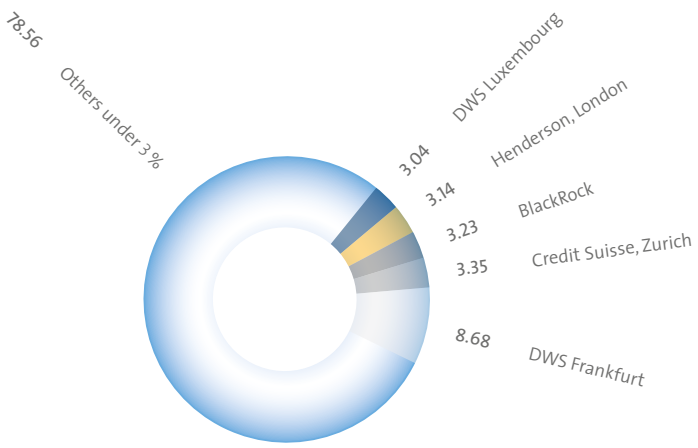
* XETRA closing price

REGISTERED SHARES STOOD THE TEST

On June 21, 2011, the Shareholders' Meeting of SUSS MicroTec had approved the conversion of no-par-value bearer shares to registered shares, which was then implemented on September 12, 2011. It is clear from today's perspective that the conversion to registered shares created more transparency in the analysis of ownership information. The invitation and registration process prior to the Shareholders' Meeting was significantly streamlined and expedited. You can find more information on the topic of registered shares on our web page at *www.suss.com* > Investor Relations.

OWNERSHIP INFORMATION AS OF DECEMBER 31, 2012

in %



INVESTOR RELATIONS ACTIVITIES CONTINUE TO HAVE AN INTERNATIONAL FOCUS

Investor relations activities encompass all measures that serve to maintain the relationships of an exchange-traded company with (potential) investors. In other words, the investor relations 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 2012, the Management Board and Investor Relations team attended a total of 10 capital market conferences, including six international conferences, and completed 11 road shows.

The capital market conferences were held in, for example, Munich, Frankfurt, Zurich, Paris, Las Vegas, 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 on the occasion of events such as the publication of quarterly results.

ANALYST RESEARCH EXPANDED

Five research firms – DZ Bank AG, Warburg Research GmbH, equinet Bank AG, Close Brothers Seydler Research AG and Hauck & Aufhäuser Institutional Research AG – have continued the previous year's coverage. In September and November 2012, additional coverage came from Baader Bank AG, Unterschleissheim, and Cheuvreux, Frankfurt. In addition, in December 2012, Deutsche Bank, Frankfurt took over coverage. In December 2012, six out of eight analysts recommended the SUSS MicroTec share as a buy. An overview of current research reports about the SUSS MicroTec share is available on the internet at *www.suss.com* > Investor Relations.

SHAREHOLDERS' MEETING

On June 20, 2012, the ordinary Shareholders' Meeting of SUSS MicroTec AG was held at the Haus der Bayerischen Wirtschaft (House of the Bavarian Economy) in Munich. The shareholders approved all of the resolution proposals presented by the Management Board and the Supervisory Board at the Shareholders' Meeting. 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 similar to that in the previous year. More than 29 percent of the Company's equity capital was present at the Shareholders' Meeting.

In addition to discharging the Management Board and Supervisory Board from liability for the 2011 fiscal year and appointing a new auditor for the individual and consolidated financial statements, the regular election of members of the Supervisory Board was on the agenda. The previous members of the Supervisory Board, Dr. Stefan Reineck, Jan Teichert, and Gerhard Pegam, were reappointed and elected to another term in the Supervisory Board.

CORPORATE GOVERNANCE

at SUSS MicroTec

The concept of corporate governance stands for a responsible management that is oriented toward long-term value creation. SUSS MicroTec is 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.

AN OVERVIEW OF CORPORATE GOVERNANCE

Given 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, corporate governance continues to be of great importance to the Company. The Management Board and the Supervisory Board of SUSS MicroTec have renewed their intensive interest in the topic of corporate governance in the 2012 fiscal year. In its entrepreneurial activity, SUSS MicroTec strives to reinforce the confidence that investors, financial markets, business partners, employees, and the public have put in us and to continuously enhance corporate governance within the Group. Additional information on this topic can be found on our website at *www.suss.com* > Corporate Governance.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

On May 29, 2012, the Management Board and Supervisory Board of SUSS MicroTec made the following declaration of compliance 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 declaration of compliance on 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

will not occur. After the conversion from bearer to registered shares, the Company examined the possibility of automatic electronic notification of the convening of the Shareholders' Meeting, including the convention documents, and decided not to do so despite the recommendation of the German Corporate Governance Code. The current ownership information of SUSS MicroTec indicates a very large share of private shareholders whose email addresses are not known to the Company. Therefore, a mailing cannot be completely avoided. We do not regard parallel notification by electronic means and by post to be expedient since the benefits do not justify the related costs.

POSTAL VOTING

The German Corporate Governance Code recommends in Section 2.3.3 Sentence 2 that a company should 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.

Deviations from postal voting and the performance-based remuneration of Supervisory Board members arose when the new version of the German Corporate Governance Code took effect as of May 15, 2012 by publication in the electronic Federal Gazette on June 15, 2012 since the corresponding recommendations are no longer included in the new version of the Code.

In view of the changes in Section 5.4.1 of the Code, the Supervisory Board revised the specific targets for the composition of the Supervisory Board in its meeting on December 18, 2012. Furthermore on January 15, 2013, the Management Board and Supervisory Board submitted a declaration of compliance based on the Code in the version as of May 15, 2012 and, in addition to the three material exceptions mentioned above – invitation to the Shareholders' Meeting; a deductible for D&O insurance; formation of committees – announced the following deviation from the Code in the version as of June 15, 2012:

„TARGETS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The German Corporate Governance Code recommends in Section 5.4.1 (2) and (3) the enumeration of specific targets for the composition of the Supervisory Board. In enumerating specific targets, account should be taken of the international activities of the company, potential conflicts of interest, an established age limit for Supervisory Board members, and diversity subject to the company's particular situation. In particular, the specific targets should provide for appropriate representation of women. Since the new version of the GCGC as of May 15, 2012, a specific indication of the targeted number of independent Supervisory Board members is recommended. Proposals by the Supervisory Board to the Shareholders' Meeting should take these targets into account. SUSS MicroTec is refraining from setting specific targets and quotas in the above-mentioned spirit. In the view of SUSS MicroTec, the qualifications of Supervisory Board candidates are the primary criteria for assuming a Supervisory Board position and therefore for the composition of the Supervisory Board. In proposals for the composition of the Supervisory Board, SUSS MicroTec supports and considers the criteria specified in Section 5.4.1 (2) and (3) GCGC, but it does not regard specific targets or quotas as expedient."

COMMUNICATION AND TRANSPARENCY

Corporate communications at SUSS MicroTec strives to inform all target groups in an equal and timely manner, while guaranteeing the greatest possible transparency and equal opportunities for all capital market participants. In addition to quarterly, semi-annual, and annual reports, the Company uses the possibility of telephone conversations, conferences, road shows, and the 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, you may view or download presentations at key events and Management Board interviews in video or audio format free of charge at *www.suss.com* > Investor Relations. We inform 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.

SHAREHOLDERS' MEETING

At the Shareholders' Meeting of SÜSS MicroTec AG, our shareholders can pose their questions about the Company and its business development directly to the Management Board and the Supervisory Board. We always prepare 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 appropriation of earnings, the discharge of liability for the Management Board and the Supervisory Board, and the selection of the auditor.

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 Investor Relations 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.

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). In the 2012 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 2012 fiscal year.

TARGETS AND CRITERIA FOR THE COMPOSITION OF THE SUPERVISORY BOARD OF SUSS MICROTEC

Since the German Corporate Governance Code was revised as of May 15, 2012, the Supervisory Board has adjusted the goals for its composition at its meeting on December 18, 2012 in view of Section 5.4.1 of the Code and reauthorized them as follows:

"The composition of SUSS MicroTec AG's Supervisory Board is designed to ensure that the Company develops positively with regard to sustainable profitability and to ensure the continuous adaptation to rapidly changing requirements through constructive consultation and monitoring of the Management Board on the basis of relevant expertise. Sufficient diversity of expertise among the members will generate a broad spectrum of experience and varying perspectives that can be used to the benefit of the Company.

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.

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 monitors the Company's situation and evaluates the composition of the board at regular intervals.

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. In view of the size of the Supervisory Board, the Management Board and Supervisory Board do not regard as expedient setting a minimum number of independent Supervisory Board members beyond the legal requirements in order not to restrict excessively future discretion in the selection of Supervisory Board members.

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 for the Supervisory Board and Management Board require that they be disclosed and handled appropriately by the full council of the Supervisory Board."

The following can be reported regarding the status of implementation: the Supervisory Board regards the composition of the Supervisory Board as appropriate in view of established targets and the current situation of the Company. In particular, the Supervisory Board has a sufficient number of independent members. Mr. Teichert in particular fulfills the requirements of Section 100 (5) of the German Stock Corporation Law (AktG) for an independent member of the Supervisory Board possessing professional expertise in the areas of accounting or the preparation of financial statements.

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)
- IMS Nanofabrication AG, Vienna (member of the Supervisory Board)

Michael Knopp

Dr. Stefan Reineck

- AttoCube Systems AG, Munich (member 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, Kirchardt, Germany

Jan Teichert

- Chief Financial Officer of Einhell Germany AG

Gerhard Pegam

- Managing Partner at GPA Consulting GmbH, Au near Bad Aibling
- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (member of the Administrative Board)

Mandates until January 31, 2012:

- EPCOS AG, Munich (Chief Executive Officer)
  TDK-EPC Corporation, Tokyo, Japan (member of the Board of Directors)
  as well as of the following subsidiaries of EPCOS AG (until January 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)

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

There were no changes in the composition of the Management Board or Supervisory Board of SÜSS MicroTec AG during the past fiscal year.

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

The members of the Management and Supervisory Boards of SUSS MicroTec in office in the 2012 fiscal year owned the following number of shares and subscription rights as of the end of the fiscal year on December 31, 2012:

OWNERSHIP OF SHARES AND SUBSCRIPTION RIGHTS

	Number of shares on 12/31/2012	Change from 12/31/2011	Number of stock options on 12/31/2012	Change from 12/31/2011
Supervisory Board				
Dr. Stefan Reineck	9,600	-	0	- 40,000
Jan Teichert	0	-	0	-
Gerhard Pegam	0	-	0	-
Management Board				
Frank Averdung	83,200	+ 1,200	0	-
Michael Knopp	22,500	- 12,500	0	-41,400

DIRECTORS' DEALINGS OF THE MANAGEMENT AND SUPERVISORY BOARDS SUBJECT TO MANDATORY REPORTING

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.

All dealings of the Management Board and Supervisory Board are published on the Company's website at *www.suss.com* > Investor Relations > Share > Directors' Dealings.

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 20, 2012, the Shareholders' Meeting appointed BDO AWT GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany, as auditors and Group auditors of SÜSS MicroTec AG for the 2012 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.

CORPORATE GOVERNANCE DECLARATION

The declaration regarding corporate governance in accordance with Section 289a of the German Commercial Code (HGB) is part of the management report and is made available on the Company's website at *http://ir.suss.com/websites/suess/English/2010/declaration-on-corporate-governance.html.*

REMUNERATION REPORT

The structure of the remuneration at SUSS MicroTec can be found in the remunertation report, which is part of the combined managament report.

COMBINED GROUP MANAGEMENT REPORT

of SUSS MicroTec AG for the 2012 Fiscal Year

Business and General Conditions

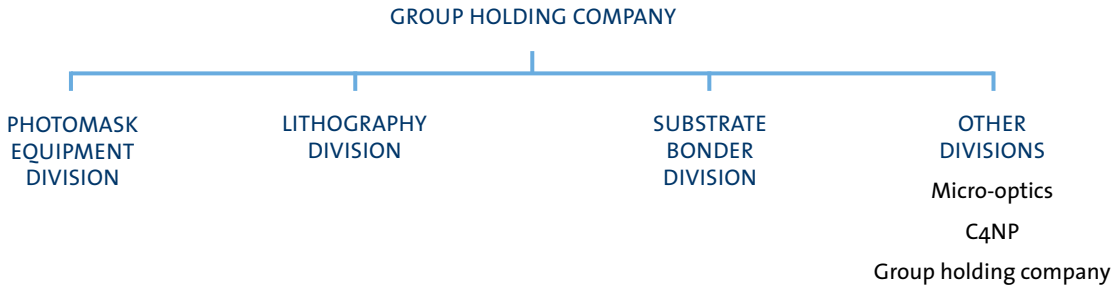
GROUP STRUCTURE AND BUSINESS ACTIVITIES

BUSINESS ACTIVITIES AND DIVISIONS

The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and microelectromechanical 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 Group creates and utilizes networks with internal and external partners in order to establish competitive advantages.

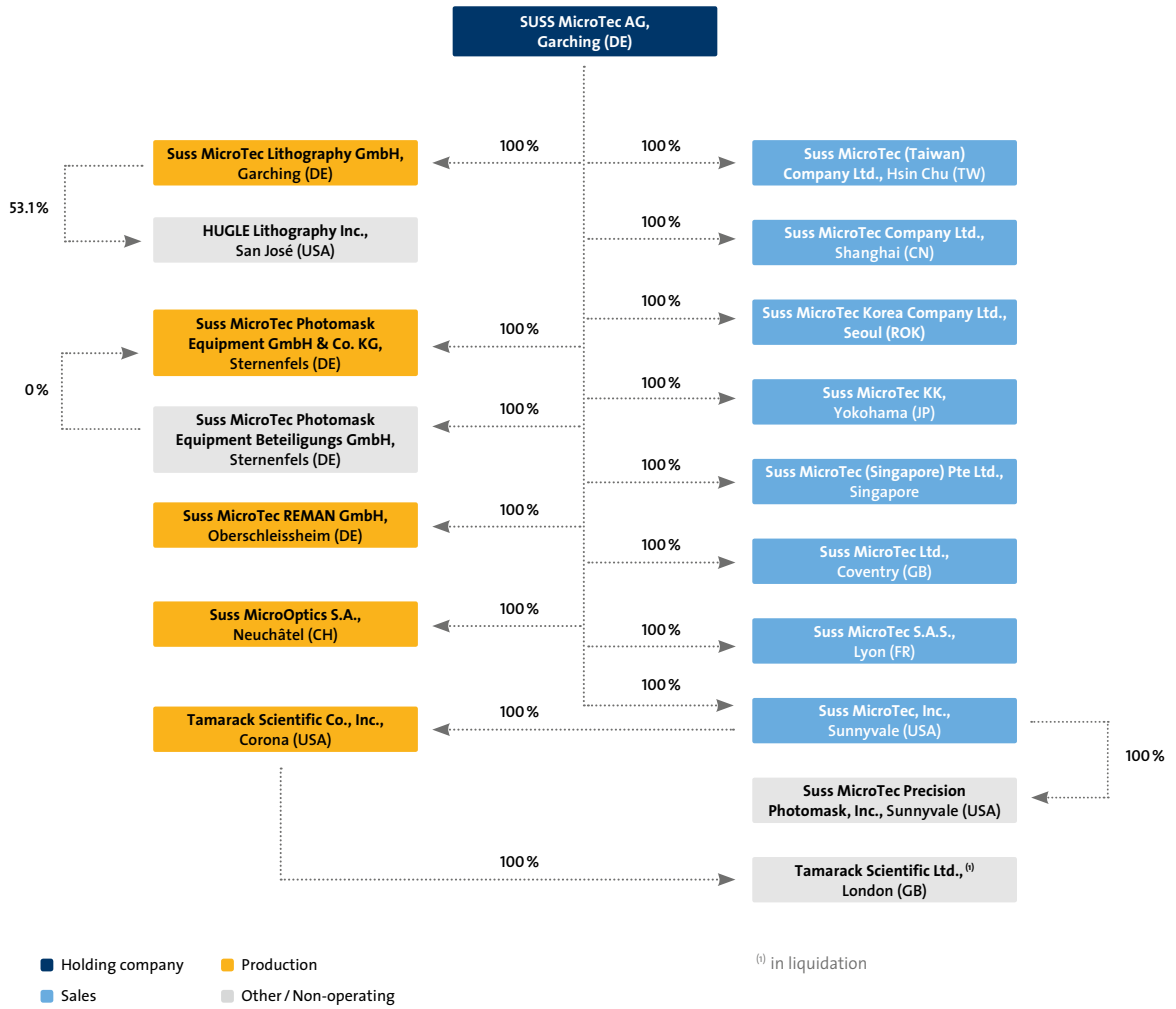
As of December 31, 2012, the Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. Through the acquisition of HamaTech APE GmbH & Co. KG (now named: Suss MicroTec Photomask Equipment GmbH & Co. KG), a new division – the Photomask Equipment division – was created in the 2010 fiscal year. Tamarack Scientific Co., Inc., which was acquired in March 2012, is assigned to the Lithography division.



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 and service 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.



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 an optional 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.

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 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

With each new product generation, the manufacturers of electronic devices such as smartphones or tablet computers increase the performance of their products while the price remains stable or even drops. The most important driver of this development is the semiconductor sector, which brings smaller and simultaneously better microchips to the market almost every year. Achieving higher performance in less and less space requires a steady refinement of fabrication technologies and thus a high level of investments and expense for research and development. Along with the steady reduction of structure sizes, important development topics in the semiconductor sector are the introduction of extreme ultraviolet lithography to the mass market, the use of 450mm wafers, and the stacking of thinned microchips (3D integration). In its application areas, SUSS MicroTec actively participates in the further development and refinement of tools and processes that support another increase in the performance of electronic devices. We have put together an overview of our research and development activities in 2012 by division below.

LITHOGRAPHY

The largest division, Lithography, combines the product lines Exposure (Mask Aligner, UV tool sets), Laser Processing, and Coater / Developers.

The Mask Aligner, which is SUSS MicroTec's most successful product, celebrates its 50th birthday this year. Despite the maturity of Mask Aligner technology, further developments are continuously being made in response to customer demands. A series of improvements was made to the MA150e in the past fiscal year in order, for example, to increase throughput or to improve image processing through the use of a new standard.

Within the framework of the European project JEMSIP3D, a prototype of an innovative 12" Mask Aligner was produced.

In the Coater / Developer area, SUSS MicroTec introduced ACS200 Gen3, the next generation 200mm platform for high-volume production. The system can be configured very flexibly and has the best cost of ownership to footprint ratio in its class. The four modules can be expanded to as many as 19 hotplates, whereas the predecessor model could only be expanded to a maximum of 7 hotplates. In addition, the ACS200 Gen3 contains a new Coater module, which is designed for a combination of high performance and short cleaning times and thus represents the systematic continuation of our focus on optimizing cost of ownership. The target markets are primarily advanced packaging in high-volume production but also the MEMS and LED market. The ACS200 Gen3 combines the two previous platforms ACS200Plus and GAMMA.

In addition, the ACS200 GEN3 platform was enhanced with Taiko wafer handling, which enables the processing of Taiko wafers on our automated 300mm Coater / Developer devices. These wafers are applied primarily in the area of power devices. Taiko wafers are thinned in the middle. The membrane formed in the middle can be up to 50µm thin. Since the wafer's edge retains its original thickness, the wafer still has very high stability. An additional advantage of this wafer is that no edge disruptions can emerge during handling.

With RCD8, SUSS MicroTec has developed a new manual device platform for the coating and developing of substrates. This new platform is characterized by a high degree of application area flexibility combined with lower investment costs. The RCD8 is the only tool on the market that offers the option to convert from a spin coater – with our patented GYRSET® technology – to a spray developer. In the past, dedicated Delta series tools were used for coating and developing in the areas of MEMS, LED, advanced packaging, and research and development. These different devices are now combined in the new RCD8 platform. It covers all necessary coating and development steps in the various application areas.

Finally, the development of a manual 300mm tape frame cleaner should be mentioned. The special feature here is a cleaning module in which solvents as well as acids and bases can be processed. This new product enables process evaluation in the area of temporary bonding.

SUBSTRATE BONDER

Lauches of products and processes as well as refinements are the foundation for the future growth of the Bonder division. In terms of technology, SUSS MicroTec relies on cutting-edge room temperature debonding processes for the temporary bonding and debonding systems used in 3D high-volume manufacturing applications. SUSS MicroTec is continually in discussions with existing and potential business partners about expanding its offerings of bonding and debonding processes meaningfully.

The latest development in bonding equipment, the XBC300 Gen2, can be configured for the permanent bonding of wafers or for the debonding and cleaning of 200mm and 300mm wafers. The new universal device platform is equipped with various process modules and can be used for all current permanent bonding processes and mechanical debonding processes at room temperature as well as the associated cleaning processes in 3D integration and 3D packaging. Using the XBC300 Gen2, permanent bonding processes can be carried out with high bonding force, for example Cu-Cu bonding, polymer and fusion bonding, and hybrid bonding processes. In addition, the XBC300 Gen2 can be configured as a debonder and cleaning device. In this case, it serves as a complementary device to the XBS300. In the XBS300, the wafers with active patterns are bonded onto a carrier wafer so that, after all processing steps

on the back side have been carried out, they can be separated (debonded) from the carrier wafer and cleaned.

For the CBC200 Bonder, which is primarily used for the MEMS and LED market, a completely closed fixture and a mechanical centering station have been developed. This enables alignment precision of <50µm without requiring a separate Bond Aligner and satisfies the need for optimized bonding designs with a 100% yield in LED bonds. The system offers an inexpensive and high-throughput solution for the LED market.

In addition, a project for process optimization for eutectic MEMS bonding was successfully completed on the CBC200 with a major Asian MEMS customer. The system is producing outstanding results in terms of yield and performance. The progressive miniaturization of MEMS components and the increasing requirements placed on them are stimulating the demand for metallic bonding processes in MEMS manufacturing.

PHOTOMASK EQUIPMENT

Innovations in the area of mask manufacturing and their use in the semiconductor frontend 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 structure sizes and ever higher integration density require the continual expansion of existing lithography technologies as well as the development of new lithography technologies. 193nm immersion lithography, which is based on the use of optical transmission masks, and EUV lithography, which uses highly sensitive reflecting masks, are the two technologies that drive developments in the market. Consequently, directly linked processing methods such as photomask cleaning, a core competence of SUSS MicroTec, needs to be adjusted. The expandability and flexibility of these process and equipment technologies are thus key requirements. Furthermore, they must be capable of covering several technology nodes.

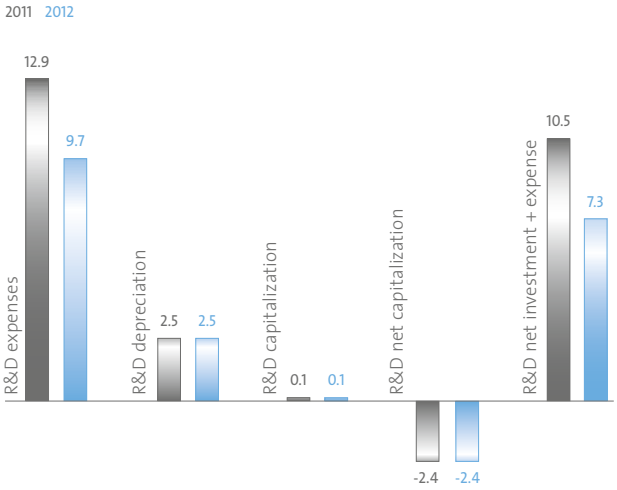
Given the new requirement in EUV lithography to protect the back side of the Photomask as well from any damage and contamination, MaskTrackPro InSync, an automation system compatible with the dual pod system, was introduced in 2011. In this pod system, the EUV mask is put back after cleaning before it is sent back to the EUV scanner. It is therefore necessary to verify that it is clean beforehand by inspecting the back. With the integration and complete qualification of the SPARK-RIM inspection system within MaskTrackPro InSync, another significant step has been taken toward supporting the entire range of EUVL infrastructure and logistics. Additional data analysis software developed in-house enables the optimal evaluation of defect data, including the assessment that another cleaning is necessary. Such software is not found even in much more expensive frontside inspection systems.

Through the introduction of new cleaning media in 2012, new processes were qualified both for EUV lithography and particularly for 193i for technology nodes < 22nm. Accordingly, another reduction in the impairment of optical properties and damage to patterns on the masks has been achieved.

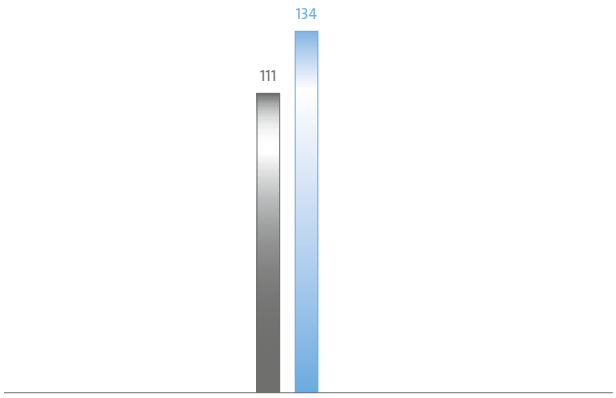
With this development, SUSS MicroTec is taking appropriate steps to maintain and expand its market leadership and to offer complete solutions for EUV lithography and 193i technology.

In order to provide a comprehensive picture of the financial impact of our research and development activities, the relevant items are listed 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: € 2.4 million).

R&D EXPENDITURE in € million



R&D EMPLOYEES



OVERVIEW OF BUSINESS DEVELOPMENT

OVERALL MACROECONOMIC CONDITIONS

Over the course of 2012, the German economy, which got off to a good start, progressively lost momentum so that a slight decline is expected to be recorded in the fourth quarter. Overall annual gross domestic product growth of 0.7% is anticipated. In addition, the global economy has increasingly slowed and lost a significant amount of dynamism since mid-2012. Overall, experts anticipate global economic growth of 2.4% in 2012, whereby the emerging countries should achieve growth of approximately 5.0%, much higher than the 1.2% growth for the advanced countries (Source: ifo Institut Munich).

INDUSTRY-SPECIFIC CONDITIONS

In December 2012, the Gartner market research institute forecasted a decline of approximately 3% compared to the previous year for the entire semiconductor sector, corresponding to a market volume of US$ 298 billion. According to the SEMI market research institute, the first half of 2012 was characterized by solid customer orders in the semiconductor equipment sector. However, customer orders were much slower in the second half of the year. The reason for this was renewed macroeconomic uncertainty on the part of many customers. For 2012, a total decline in demand for semiconductor equipment of around 15% is expected.

COMPANY DEVELOPMENT

Despite a challenging macroeconomic environment, the SUSS MicroTec Group concluded a successful fiscal year in 2012, generating sales of € 163.8 million (previous year: € 175.4 million). Order entry increased by approximately 9.9% compared with the previous year to € 157.2 million (previous year: € 143.1 million).

As a result of the reduction in sales and an unfavorable product mix, the Company recorded lower earnings before interest and taxes (EBIT) of € 11.7 million in the 2012 fiscal year. In the previous year, EBIT totaled € 18.6 million. Cash and interest-bearing securities amounted to € 36.6 million at the end of the 2012 fiscal year. Net liquidity came in at € 32.3 million as of the end of the year (December 31, 2011: € 42.0 million). Free cash flow before the inclusion of securities sales / purchases and extraordinary effects from M&A activities came to € -4.5 million for the full year (previous year: € 3.5 million).

Order backlog as of the reporting date totaled € 86.5 million, slightly higher than in the previous year (€ 83.7 million) due to improved order entry.

The ratio of newly received orders to realized sales (book-to-bill ratio) in 2012 was 0.96 after 0.82 in the previous year.

SALES AND ORDERS POSITION BY REGION

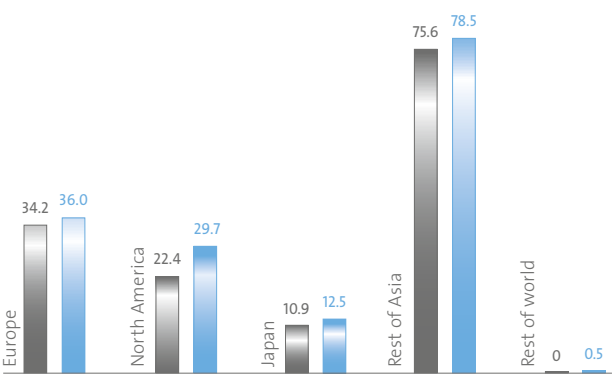
Europe, North America, and Asia are important regions of the world for SUSS MicroTec's business. Asia is divided into Japan and "Rest of Asia" in order to account for the fact that most of the Company's customers in the advanced packaging market are located outside of Japan, particularly in Taiwan. However,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

Order Entry by Region

Despite the weak macroeconomic situation, order entry performed well. However, uncertainty on the part of companies and consumers caused by the debt crisis in Europe led to renewed cautious ordering activity in 2012. According to VDMA, the economic expansion has also stalled in Asia. In China, weak export demand combined with the deliberate economic slowdown in 2011. Therefore, Chinese economic growth amounted to "only" 7.8 - 2.5 percentage points less than in 2011. Nevertheless, the products, which are specially designed for customer needs and rapidly growing markets, have stood the test in these challenging times, as SUSS MicroTec was able to report robust order entry over the course of the year.

Compared to the previous year, all regions were able to record rising order entry. In Europe, order entry rose by approximately 5% to € 36.0 million after € 34.2 million in the previous year. The region of North America also recorded an increase of 33% in order entry, achieving orders of € 29.7 million in the 2012 fiscal year (previous year: € 22.4 million). In 2012, the region of Japan recorded order entry of € 12.5 million, which represented an increase of 15% from the previous year. In its most important region, Rest of Asia (excluding Japan), SUSS MicroTec Group recorded a 4% rise in orders to € 78.5 million (previous year: € 75.6 million).

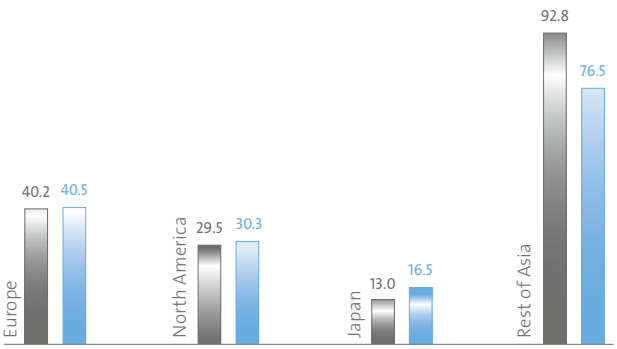
ORDER ENTRY BY REGION in € million



Sales by Region

All regions, except for the Rest of Asia region, were able to grow from the previous year. In Europe, sales rose by approximately 1% to € 40.5 million after € 40.2 million in the previous year. The region of North America recorded an increase of 2.7% compared to the previous year to € 30.3 million (previous year: € 29.5 million). Japan reached € 16.5 million, also much higher than in the previous year (€ 13.0 million). Japan is one of the few industrialized countries to pursue an expansionary fiscal policy, providing corresponding economic stimuli. Only the region of Rest of Asia experienced a decline in sales, which totaled € 76.5 million in 2012, 17.6% below the previous year's sales of € 92.8 million.

SALES BY REGION in € million



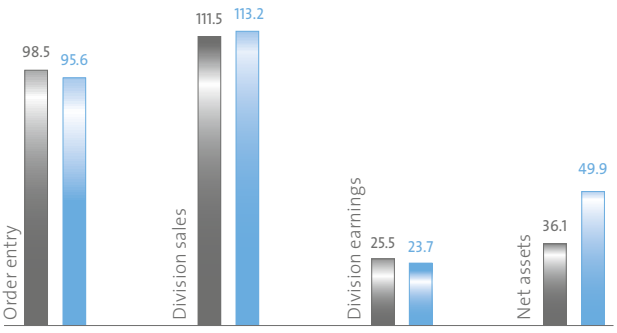
BUSINESS DEVELOPMENT IN THE INDIVIDUAL DIVISIONS

Lithography

The Lithography division includes the development, manufacture, and sale of the Mask Aligner, Developer, and Coater product lines. These product lines are manufactured in Germany at the locations in Garching near Munich and, since the beginning of 2010, in Sternenfels. The Lithography division was strengthened in the first quarter of 2012 by the acquisition of Tamarack Scientific Co., Inc. The company was founded in 1966 and has its headquarters in Corona in southern California (USA). Tamarack Scientific is a leading provider of UV projection lithography devices as well as laser-based microstructuring systems. With a contribution to sales of 69%, 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 (MEMS), compound semiconductors (LEDs), 3D integration, and advanced packaging.

In the 2012 fiscal year, the Lithography division generated order entry of € 95.6 million and sales of € 113.2 million, which corresponds to a slight decline of 3% in order entry and 1.5% higher sales from the previous year. Division earnings (EBIT) decreased slightly from € 25.5 million in the previous year to € 23.7 million in the past fiscal year, representing a decline of 7.3%. The gross margin of 40.7% (previous year: 43.7%) was below the previous year's level. 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 mid-year.

LITHOGRAPHY DIVISION OVERVIEW in € million

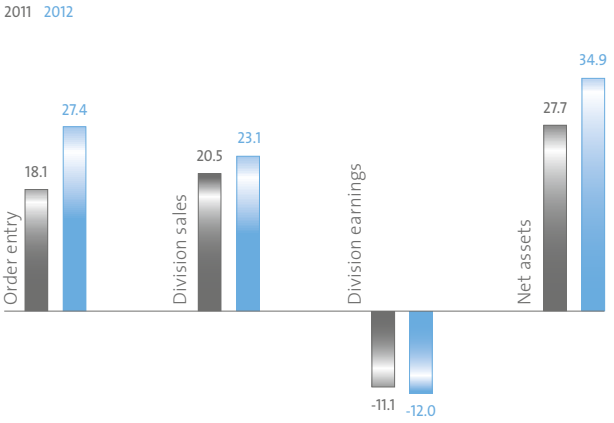


Substrate Bonder

The Substrate Bonder division comprises the development, production, and sale of the Substrate (Wafer) Bonders. 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 Bonders include MEMS, compound semiconductors, and 3D integration.

The Substrate Bonder division developed positively both in terms of order entry, at € 27.4 million (previous year: € 18.1 million), and sales, at € 23.1 million (previous year: € 20.5 million). The division earnings (EBIT) declined slightly from € -11.1 million to € -12.0 million. The gross margin fell from -2.6% to -10.1%.

SUBSTRATE BONDER DIVISION OVERVIEW in € million

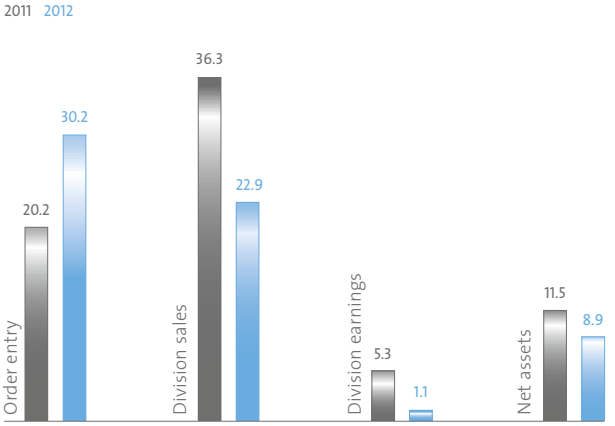


Photomask Equipment

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 frontend.

The Photomask Equipment division performed well again in the past fiscal year. At the end of December 2012, order entry totaled € 30.2 million (previous year: € 20.2 million). Division sales amounted to € 22.9 million after a strong € 36.3 million in 2011. Division earnings (EBIT) amounted to a profit of € 1.1 million in the past fiscal year (previous year: € 5.3 million). The gross margin was 27.6% after 34.2% in the previous year.

PHOTOMASK EQUIPMENT DIVISION OVERVIEW in € million

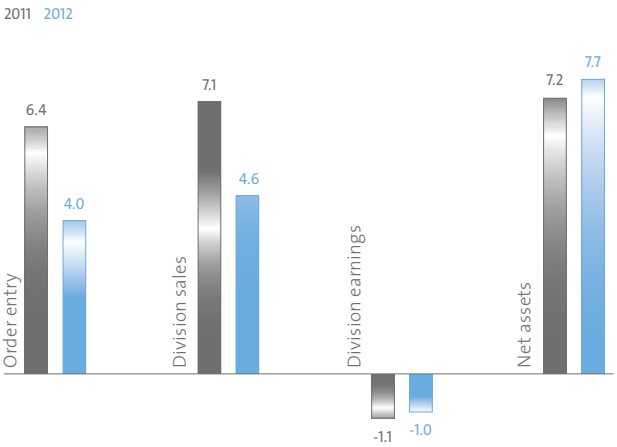


Others

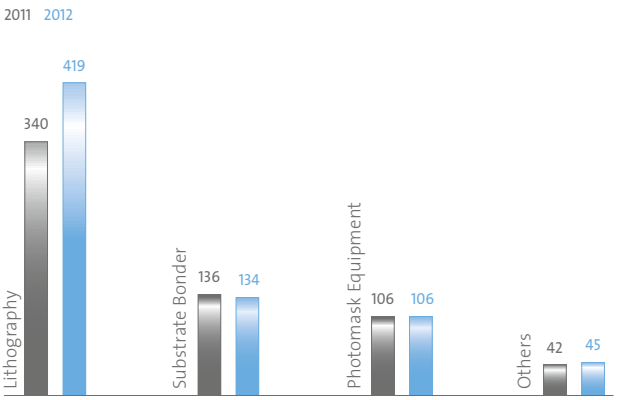
The Others division comprises Micro-optics activities at the Neuchâtel, Switzerland, location, the C4NP business, as well as the costs for central Group functions that generally cannot be attributed to the main divisions. At the end of 2011, the Mask business for the semiconductor industry in Palo Alto, USA, was sold. Ownership of the Micro-optics business was boosted from 85% to 100% in the first half of the year 2012. In this way, the company, which commands important enabling technologies, will be even more closely tied to SUSS MicroTec.

Order entry declined from € 6.4 million in 2011 to € 4.0 million in 2012. Division sales amounted to € 4.6 million after € 7.1 million in the corresponding period of the previous year (2011 includes the divested mask business). The Micro-optics business recorded a slight increase in order entry from € 3.8 million to € 3.9 million as well as a decline in sales from € 4.6 million to € 4.3 million. For the 2012 fiscal year, division earnings amounted to € -1.0 million, compared with € -1.1 million in the previous year.

OTHERS DIVISION OVERVIEW in € million



EMPLOYEES BY DIVISION



NON-FINANCIAL PERFORMANCE INDICATORS

SUSS MicroTec has more than sixty years of experience in the manufacture of equipment and the development of process solutions for micropattern applications. SUSS MicroTec has set standards here for the semiconductor industry in terms of precision and quality. Continuous innovation and the capacity to always provide new solutions in a rapidly changing environment have made SUSS MicroTec a technology leader in the industry.

Quality Management

SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-optics divisions is rooted in a strong commitment to complying with the highest quality standards. Our quality goals are based on sustainable customer trust, respect for our customers, partnerships, and motivated employees. SUSS MicroTec provides high-quality products and services as well as innovative solutions.

All SUSS MicroTec divisions share our commitment to the highest quality. Our processes are based on an effective quality management system, which is ISO 9001-certified for the production sites in Germany and Switzerland and is constantly being improved.

Environmental Responsibility and Sustainability

SUSS MicroTec is committed to the Electronic Industry Citizenship Coalition (EICC) and has adopted and implemented relevant parts of the ISO 14001 standard. In addition, we constantly strive to improve our processes and procedures as well as their monitoring. Our overall activities are geared toward sustainable corporate development in the global environment.

In addition, SUSS MicroTec has been a partner company of the Blue Competence Initiative of the German Engineering Federation (VDMA) since August 2012. Blue Competence stands for the innovation and technology leadership of the engineering industry in the area of sustainable solutions. Based on verifiable criteria, the label identifies members, participants, and partners of the initiative as providers of solutions that improve the quality of life, protect the environment, save energy and resources, and are in line with market requirements.

As part of our social responsibility, SUSS MicroTec attaches tremendous importance to environmental protection, social health and safety, and the well-being of each individual. Business relationships do not only encompass economic and financial perspectives. To the same extent, they also take environmental and social considerations into account.

The improvements of the ecological properties and environmental impact of our products are an important part of our development work. We are proud that our tools – particularly Mask Aligner – are used to manufacture ultra-high brightness LEDs and therefore indirectly contribute to the reduction of CO_2 emissions and to an increase in energy efficiency worldwide. In addition, many components (e.g. power devices or high-performance ICs) manufactured in part using our tools are used in industrial applications for renewable energy, such as wind and solar power. But the improvements of the ecological properties and environmental impact of our products are themselves an important part of our development work. Therefore, we are attaching increasing importance to minimizing the use of chemicals and hazardous processing materials as much as possible during the manufacturing process and the operation of our tools. For coating and developing devices as well as photomask equipment, innovative process management and sophisticated tool design make it possible to reduce the consumption of materials used. This saves our customers cash and spares the environment.

Global megaprojects to protect the environment are an outstanding means to promote environmental protection. However, we are firmly convinced that each individual employee can do his or her part in day-to-day work to save resources or prevent excess waste. This begins with prudent behavior, for instance with regard to printing out emails or turning off the lights when leaving the office. A corporate-wide example worth mentioning here is the introduction of an SAP-based invoice processing system in Germany in 2012, which enables the paperless processing and archiving of all supplier invoices. In addition, by retrofitting the climate management system for cleanrooms at the Garching site, an antiquated technology was replaced with an energy-efficient and modern system. Last but not least, taking these steps made it possible to reduce the use of electricity at the Garching site continuously in recent years.

Employees

SUSS MicroTec's business is characterized by internationality, global positioning, and cultural diversity. We have employees distributed around the globe in production, administration, sales, and service, who constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We owe our strong role in the world market to our employees. With their expertise, abilities, and dedication, our employees are paving the way for the further success of SUSS MicroTec. In order to maintain our competitiveness, we must ensure that we will continue to be able to attract highly qualified and capable employees for our Company in the future. We support and promote each individual employee. Qualification and continuing education programs, appropriate remuneration systems, and the establishment of a pleasant work environment enable us to maintain the long-term loyalty of our employees worldwide.

We are very interested in the safety and well-being of our employees. A safe and healthy work environment enhances both productivity as well as the work atmosphere in the Company. As our declaration on the environment, health, and safety (*www.suss.com* > Quality) states, there are special programs designed to meet the highest standards in terms of safety.

The collaboration of our employees worldwide and our interactions with customers and business partners are characterized by mutual respect, acting with integrity, and compliance with ethical guidelines and laws. In order to cope with the numerous legal and ethical challenges encountered in day-to-day work, create clarity, and thus strengthen trust in the performance and integrity of the SUSS MicroTec Group, we have adopted a Code of Conduct and compliance with it is mandatory for all employees.

Customer Relations

Our many years of experience and worldwide presence make SUSS MicroTec a reliable partner for high-volume production as well as research and development. With our global sales and service structure, we provide comprehensive support to our customers at all times. Our service offerings begin with the installation and commissioning of equipment as well as providing training to users. In addition, we ensure the rapid delivery of replacement parts and offer preventive maintenance and system upgrades worldwide.

Our customers include well-known integrated device manufacturers (IDM) from around the world and numerous customers in the area of outsourced assembly and test houses (OSAT). In addition, we have worked very successfully with leading universities and research institutes both in Germany and abroad for many years. In terms of the development of new and innovative technologies, tools, and solutions, we also enter into partnerships and collaborations with other industrial companies.

Earnings, Assets, and Financial Position

EARNINGS POSITION

In the 2012 fiscal year, the earnings position of the SUSS MicroTec Group reflected lower sales, but still significantly positive annual earnings. Sales fell compared to the previous year by approximately 7% to € 163.8 million, whereas € 175.4 million had been generated in the previous year. Earnings before interest and taxes (EBIT) from continuing operations declined from € 18.6 million in 2011 to € 11.7 million in the past fiscal year.

EBIT for the 2012 fiscal year included several extraordinary effects. Thus earnings were impaired by currency effects of € -0.4 million, which resulted from the settlement of Company-internal foreign currency credits of SUSS MicroTec AG to Suss MicroTec, Inc. The repayment of these Company-internal credits was in connection with the acquisition of Tamarack Scientific in March 2012. The initial consolidation and the related purchase price allocation of Tamarack Scientific led to additional extraordinary effects: In the fourth quarter, an adjustment of the purchase price allocation occurred as well as a reevaluation of the earn-out provision in the net amount of € 1.8 million. Without these extraordinary effects, EBIT in 2012 would have totaled € 10.3 million. In the previous year, EBIT adjusted for extraordinary effects was approximately € 20.0 million.

The decline in sales from continuing operations by € 11.6 million to € 163.8 million resulted primarily from lower sales in the Photomask Equipment division, which generated extraordinarily high sales in the previous year. As a result of a much lower order backlog at the beginning of the year, sales in 2012 in the Photomask Equipment division amounted to € 22.9 million (after € 36.3 million in 2011). In addition, in the previous year the mask business (the activities of Suss MicroTec Precision Photomask, Inc.) had reported sales of € 1.7 million. The mask business was sold in October 2011. Therefore, it did not contribute to sales in 2012. However, the Lithography division was able to record another slight sales increase: Sales rose from € 111.5 million in the previous year to € 113.2 million. This included sales of € 1.9 million from Tamarack Scientific, which was acquired in March 2012. The Substrate Bonder division also reported a sales increase: Sales climbed from the previous year by approximately 13% to € 23.1 million. Sales in the Micro-optics division declined slightly from € 4.6 million in the previous year to € 4.3 million.

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 2011, capitalized development costs similarly came to € 0.1 million, while write-downs (continuing operations) amounted to approximately € 2.5 million.

In the reporting year, continuing operations generated a gross profit of € 57.4 million, which corresponds to a gross profit margin of 35.0%. In the previous year, the gross profit totaled € 66.4 million; the gross profit margin in 2011 amounted to 37.9%. The absolute decline in gross profit resulted from lower sales in the Photomask Equipment and Micro-optics divisions. The gross profit in the Substrate Bonder division was negative once again. In part, write-downs on capitalized development costs remained high. In addition, the Company significantly boosted inventories of demonstration equipment in the past two years, with write-downs on this equipment reducing the gross margin. The gross profit in the Lithography division declined slightly in the past fiscal year, despite minor increases in sales. The primary reason for this is the current product mix: The Coater devices sold in 2012 achieved a somewhat lower gross profit margin than in previous years due to technical specifications.

Selling costs increased from € 19.0 million in the previous year to € 20.7 million, representing an expense ratio of 12.6% (2011: 10.8%) relative to sales generated. The increase in sales costs resulted primarily from the expansion of the sales force at Suss MicroTec Lithography GmbH and higher costs for acquiring new customers. In addition, sales costs included € 0.6 million related to Tamarack Scientific Co., Inc., which has belonged to the SUSS MicroTec Group since March 2012. Administration costs rose from € 15.7 million to € 17.0 million, corresponding to an expense ratio of 10.4% in 2012 (2011: 9.0%). The increase is explained primarily by administration costs at Tamarack Scientific Co., Inc., which also had to be taken into account at SUSS MicroTec in 2012 and which amounted to approximately € 1.1 million. Since Tamarack Scientific has its own manufacturing operations, an R&D department, and sales operations, significantly higher administration costs arise at this company than in the Group's other foreign companies, which only maintain a sales organization. Administration costs at the other Group companies performed differently: a significant increase in administration costs was recorded at SUSS MicroTec AG in 2012, primarily attributable to higher personnel expenses. In contrast, administration costs at Suss MicroTec, Inc. (Sunnyvale, USA) declined significantly since it has functioned exclusively as a sales company since mid-2011. Administration costs of € 0.6 million that arose in the previous year at Suss MicroTec Precision Photomask, Inc. (Sunnyvale, USA) also no longer applied. Its business operations were sold in October 2011.

Research and development costs fell from € 12.9 million to € 9.7 million. Of this amount, € 4.6 million related to the Lithography division and € 2.9 million related to Substrate Bonder. € 1.3 million was attributable to the Photomask Equipment division. The decline in research and development costs was primarily attributable to the fact that a large share of the costs was assigned directly to customer orders.

Other operating income amounted to € 6.1 million in the reporting year (after € 4.8 million in the previous year) and consisted primarily of income from foreign currency translation. Also included in other operating income in the past fiscal year was income of € 2.1 million from reducing the earn-out liability at Tamarack Scientific. The reversal of the corresponding liability resulted from a reevaluation of the expected results of operations at Tamarack Scientific, based on which the earn-out for the sellers and Tamarack Scientific employees had been determined.

Other operating expenses amounted to € 4.4 million in the reporting year (after € 4.9 million in the previous year) and consisted primarily of expenses from foreign currency translation. In the reporting year, this item also included expenses related to the passivation of an earn-out liability for Tamarack Scientific employees amounting to € 0.3 million.

The Lithography division contributed earnings of € 23.7 million (2011: € 25.5 million) to consolidated earnings before interest and taxes (EBIT) from continuing operations. This resulted in a sales margin of 20.9% for the Lithography division, slightly lower than in the previous year (2011: 22.9%). The decline in earnings and the sale margin in the Lithography division was primarily attributable to the initial recognition of the Tamarack Scientific business in this division. Tamarack Scientific contributed negative EBIT from the operational business of € -2.9 million to Group earnings. In addition, amortization of € 0.6 million accrued to hidden reserves identified in the course of the purchase price allocation. The addition of the earn-out liability to employees and the reversal of earn-out liabilities from the reevaluation as of 12 / 31 / 2012 netted out to income of € 1.8 million, which is also part of Lithography earnings. All in all, the earnings of the Lithography division were impaired by Tamarack Scientific by € -1.7 million.

The Substrate Bonder division generated EBIT of € -12.0 million after € -11.1 million in the previous year. Earnings were again burdened by high development costs in the area of thin wafer handling as well as write-downs on capitalized development costs. In addition, the Company boosted inventories of demonstration equipment in the past 18 months, resulting in much higher write-downs. Furthermore, the gross margin of Substrate Bonder sales remained in the low single-digits.

The Photomask Equipment division contributed € 1.1 million (2011: € 5.3 million) to Group EBIT. The sales margin was 4.8%, much lower than in the previous year (sales margin 2011: 14.6%). The primary reason for the diminished sales margin was the low sales volume achieved in 2012.

The financial result in 2012 amounted to € 11 thousand (after € 1.0 million in the previous year). The financial result in the previous year included the gain on the sale of 747,530 Cascade shares, which amounted to € 0.8 million.

Group earnings were burdened by income taxes of € 4.1 million, which corresponded to an average tax rate of approximately 35%. In the previous year, the tax burden of € 5.8 million for Group earnings was higher in absolute terms, but it reflected an average tax rate of approximately 30%. Tax expense in the past fiscal year included value adjustments on deferred tax assets for loss carryforwards of € 0.7 million, which relate to Suss MicroTec, Inc. (Sunnyvale, USA).

The Group's continuing operations generated a net profit after taxes of € 7.6 million. This compares to a profit of € 13.8 million in the previous year.

In the reporting year, the Group's discontinued operations generated earnings after taxes of € 1.5 million (previous year: € -21 thousand), which are exclusively attributable to the discontinued Test Systems division. This amount resulted from a retroactive payment of the purchase price for the sale of the Test business, which was released to SUSS MicroTec AG in February 2012.

Overall, the Group generated earnings after taxes of € 9.1 million (previous year: € 13.8 million) in the reporting year. Basic earnings per share from continuing and discontinued operations amounted to € 0.48 after € 0.72 in the previous year.

Sales per employee declined compared to the previous year by 17.0% from € 281 thousand to € 233 thousand (based on the respective number of employees as of the reporting date).

ASSETS AND FINANCIAL POSITION

The Group's net cash position – the balance of cash and cash equivalents, interest-bearing securities, and financial liabilities – declined from € 42.0 million in the previous year to € 32.3 million as of 12 / 31 / 2012. The amount of cash and interest-bearing securities decreased from € 56.4 million in the previous year to € 36.6 million at the end of the reporting year.

Cash flow from operating activities totaled € -0.6 million (2011: € 6.1 million). Noticeable here was primarily the further increase in consolidated inventories, which resulted in a cash outflow of € 4.7 million. Along with growth of materials and supplies of € 1.2 million, the inventories of unfinished tools and demonstration equipment grew by € 3.2 million and € 5.1 million, respectively. By contrast, the inventory of tools which had already been delivered to customers but for which final acceptance was still outstanding declined to € 12.6 million (after € 17.4 million in the previous year). The increase in trade receivables and the decrease in trade payables also resulted in cash outflows totaling € 4.5 million. The decline in customer down payments, which led to lower annual cash inflows of € 6.1 million, also contributed to the reduction in cash flow. Cash flow from operating activities included ancillary costs of € 0.3 million related to the acquisition of Tamarack Scientific.

Cash flow from investing activities totaled € -4.2 million, excluding investments in securities and the retroactive payment of the purchase price for the Test business and adjusted for the acquisition of Tamarack Scientific Co., Inc. Investments primarily involved tangible assets. In the previous year, cash flow from investing activities amounted to € 2.6 million, excluding investments in securities.

As a result, free cash flow – prior to consideration of securities purchases and sales and adjusted for the payment streams from the purchase of Tamarack Scientific and the sale of the Test business – amounted to € -4.5 million, after free cash flow of € 3.5 million was generated in the previous year (adjusted for the effects of securities purchases and sales).

Cash flow from financing activities reflected – exactly as in the previous year – 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 addition, in December 2012 the promissory note bond issued for € 9 million was due for repayment and was completely paid off from available cash. Furthermore, cash flow from financing activities included the outflow of € 1.2 million for the acquisition of 15% of the shares of Suss MicroOptics S.A. (Neuchâtel / Switzerland), which were held by minority shareholders until the time of acquisition.

Aside from cash and interest-bearing securities of € 36.6 million (previous year: € 56.4 million), the Group had domestic guarantee and credit lines of € 11.2 million (previous year: € 13.7 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 € 1.9 million.

With the agreements from March 15 and 26, 2012 and April 2, 2012, SUSS MicroTec AG and Suss MicroTec Lithography GmbH signed credit agreements with a bank consortium led by BayernLB, which made available a credit line totaling € 7.5 million. Deutsche Bank and DZ Bank AG also belong to the bank consortium. The credit line, whose term runs until March 31, 2013, was issued without covenants. Its primary purpose is to serve as backing for down payment guarantees.

A general credit agreement exists between Suss MicroTec Photomask Equipment 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 Suss MicroTec Photomask Equipment 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, the technologies obtained through corporate acquisitions (Suss MicroTec Photomask Equipment and Tamarack Scientific), and the business property in Sternenfels account for the bulk of noncurrent assets.

Goodwill amounts to € 15.4 million (2011: € 13.6 million). It increased by € 1.8 million through the initial consolidation of Tamarack Scientific. The Tamarack Scientific goodwill is denominated in US dollars; the original amount was US$ 2.4 million. This part of goodwill will be subject to currency fluctuations in the future. The entire amount of goodwill is attributable solely to the Lithography division.

Capitalized development costs declined in the reporting year. As of the reporting date, they totaled € 3.0 million, after € 5.4 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 € 1.3 million (previous year: € 2.0 million) for the Lithography division and € 1.7 million (previous year: € 3.4 million) for the Substrate Bonder division.

In addition, noncurrent assets encompass licenses and patents as well as capitalized leased items (SAP licenses) of € 2.7 million (previous year: € 2.8 million). The residual book value of € 2.7 million is composed of € 1.9 million (previous year: € 1.5 million) for the Lithography, Substrate Bonder, and Photomask Equipment divisions and € 0.8 million (previous year: € 1.3 million) for the Others division. Intangible assets in the Lithography division also include an amount of € 0.8 million, which the Group added through the initial consolidation of Tamarack Scientific and primarily relates to software. Furthermore, the technology obtained as part of the Tamarack Scientific acquisition, which carried a residual book value of € 1.7 million as of the reporting date, is recognized under intangible assets. The technology obtained as part of the HamaTech acquisition was almost completely written down at the end of the past fiscal year. As of the previous year's reporting date, it was carried at a residual book value of € 0.3 million.

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 € 4.8 million in the reporting year, as compared with € 2.8 million in the previous year. The largest investment to be mentioned was the installation of a cleanroom on the leased business premises of Suss MicroOptics S.A. (Neuchâtel / Switzerland), which led to outlays of approximately € 1.7 million. Capital expenditure also included the addition of Tamarack Scientific Co., Inc.'s tangible assets, which totaled € 1.3 million at the time of initial consolidation. In sum, tangible assets increased by € 2.5 million compared to the previous year.

Deferred tax assets decreased by a total of € 4.2 million, primarily as a result of the full utilization of loss carryforwards at SUSS MicroTec AG and write-downs on deferred tax assets at Suss MicroTec, Inc. as well as first time balancings, and amounted to € 1.2 million as of the reporting date. Deferred tax liabilities have decreased from € 2.8 million to € 66 thousand, mainly due to the effects of first time balancings.

Current assets declined by € 7.0 million to € 143.1 million. This decline resulted primarily from lower amounts of securities and cash.

Inventories increased from € 71.6 million as of the previous year's reporting date to € 82.2 million. The increase was partially attributable to higher inventories of demonstration equipment, which grew during the fiscal year from € 12.5 million to € 19.0 million. The inventories of materials and supplies increased during the fiscal year by € 3.1 million to € 27.5 million. Of this amount, € 2.0 million was attributable to the addition of materials and supplies of Tamarack Scientific Co., Inc. Inventories of unfinished goods rose in the fiscal year from € 23.1 million to € 34.0 million. Of the increase, € 7.5 million was due to the initial consolidation of Tamarack Scientific. However, inventories of tools which had already been delivered to customers but for which final acceptance was still outstanding declined from the previous year: they totaled € 12.6 million (after € 17.4 million in the previous year).

Trade receivables increased from € 17.8 million in the previous year to € 21.8 million. The increase was primarily 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 decreased in 2012 from € 19.4 million to € 11.4 million. The securities recognized consist of corporate and government bonds. The amount of cash and cash equivalents similarly declined from € 37.0 million to € 25.2 million.

The decline in other assets from € 2.8 million in the previous year to € 1.8 million as of the end of the year is primarily attributable to prepaid expenses resulting from the reporting date.

Noncurrent liabilities decreased from € 10.5 million to € 9.8 million. Financial liabilities, which totaled € 4.0 million in the fiscal year (previous year: € 4.3 million), accounted for the majority of noncurrent liabilities. Also recognized under other financial liabilities in the fiscal year were earn-out liabilities of € 2.0 million for the acquisition of Tamarack Scientific and the still outstanding purchase price liability of € 0.3 million for the acquisition of minority shares of Suss MicroOptics. The deferred tax liabilities have decreased from € 2.8 million to € 0.1 million due to the effects of first time netting with deferred tax assets.

Current liabilities, however, recorded a significant decline from € 56.9 million in the previous year to € 42.2 million as of the reporting date. The repayment of a promissory note bond worth € 9.0 million, which occurred on schedule in December 2012, accounted for most of this decline. In addition, the Group paid tax liabilities for 2010 and 2011 in the past fiscal year. As a result, tax liabilities fell by approximately € 4.6 million to € 1.1 million. Trade payables decreased from € 7.6 million to € 6.9 million due to the reporting date. Other liabilities declined by € 0.5 million to € 23.6 million. This reflected the much lower level of customer down payments: Through the initial consolidation of Tamarack Scientific, the Group acquired customer down payments of € 5.4 million, which grew by € 0.8 million by the end of the year. Nevertheless, the Group's total customer down payments amounted to only € 17.6 million (2011: € 18.6 million). However, provisions for personnel expenses and deferred charges rose by a total of € 0.5 million.

Shareholders' equity of the SUSS MicroTec Group climbed since December 31, 2011 by € 7.7 million to € 128.1 million. The equity ratio rose compared with the previous year from 64.1% to 71.1%.

Through the exercise of a total of 14,510 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 developed positively once again in the reporting year. The SUSS MicroTec Group was able to achieve EBIT of € 11.7 million (continuing operations) and an EBIT margin of 7.1%.

As a result of its net cash position of € 32.3 million (previous year: € 42.0 million), which continues to be at a high level, the Group has sufficient financial leeway to promote new product developments and finance other strategic activities. With the purchase contract dated January 23, 2013, SUSS MicroTec AG has also acquired the real estate at the corporate headquarters in Garching, which is expected to lead to a cash outflow of approximately € 8.7 million in October 2013. The intention is to pay for the purchase with available cash and cash equivalents.

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. In order to expand this area further, Suss MicroOptic S.A. (Neuchâtel / Switzerland) moved into newly leased business premises in the second half of 2012 and has installed a cleanroom for approximately € 1.7 million on these premises.

A portion of capital expenditure is to be allocated to intangible assets given the capitalization requirement for development costs under certain preconditions according to IFRS.

In the past fiscal year, the Group added intangible assets and tangible assets totaling approximately € 4.2 million through the Tamarack Scientific acquisition. Tamarack Scientific Co., Inc. is located in Corona (California, USA) in leased premises and manages its value chain similarly to the other production companies that already belong to the SUSS MicroTec Group. Thus no special equipment or tools are needed for the production of Tamarack Scientific tools, either.

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 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 provided loans only 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

Entity		SMT AG (HGB)		
in € thousand	2012	2011	Change	in %
Annual net profit / loss	7,595	9,762	-2,167	-22
Shareholder's equity	109,760	102,146	7,614	7
Total assets	127,264	134,577	-7,313	-5
Equity ratio in %	86	76		
Noncurrent assets	76,816	71,982	4,834	7
% of total assets	60	53		
Current assets	50,448	62,595	-12,147	-19
% of total assets	40	47		

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets decreased in the past fiscal year by € 0.6 million and amounted to € 1.5 million as of the reporting date. The decline was attributable exclusively to amortization.

Shares in affiliated companies amounted to € 57.2 million as of the reporting date and are thus € 1.5 million higher than in the previous year. The increase resulted from the acquisition of 15% of the shares of Suss MicroOptics S.A. Neuchâtel (Switzerland). In the process, SUSS MicroTec AG boosted its stake from 85% to 100%.

The increase in loans to affiliated companies resulted primarily from the payment of loan of € 4.2 million to Tamarack Scientific Co., Inc.

Current receivables from affiliated companies rose by € 8.6 million. The increase resulted primarily from cash pooling with Suss MicroTec Lithography GmbH.

During the reporting year, the liquidity position of SUSS MicroTec AG declined significantly. The reduction was primarily the result of the negative free cash flow of the subsidiaries associated with the corporation through the Group cash pooling, the settlement of a promissory note bond worth € 9.0 million, and the repayment of a loan of € 5.5 million granted to Suss MicroTec, Inc. The diminished liquidity position can be seen both in the decline of deposits with banks of € 12.4 million and in the portfolio of securities of € 7.9 million. The securities concerned are primarily corporate and government bonds with an investment grade rating.

Liabilities to affiliated companies declined by € 5.2 million in the reporting year. The decline related to Suss MicroTec, Inc.

Bank borrowings decreased over the course of 2012 by € 9.2 million. The decline resulted from the scheduled repayment of a loan to finance the business property in Sternenfels and the settlement of a promissory note bond of € 9 million in December of the fiscal year.

The increase in shareholders' equity (€ +7.6 million) resulted primarily from the net profit for the year (€ 7.6 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 € 7.6 million was generated in the 2012 fiscal year (previous year: € 9.8 million).

As a result of the profit and loss transfer agreement with Suss MicroTec Lithography GmbH, Garching (Germany), which remained in effect since January 1, 2011, income from a profit transfer of € 6.6 million (previous year: € 10.2 million) was recognized at the holding company. As a result of the profit and loss transfer agreement with Suss MicroTec REMAN GmbH, Oberschleissheim (Germany), which was concluded in the 2008 fiscal year, income from a profit transfer of € 0.5 million (previous year: € 1.1 million) was recognized at the holding company.

Other operating income primarily includes foreign currency gains of € 1.9 million (previous year: € 1.9 million), rental income of € 1.1 million (previous year: € 1.0 million), and a subsequent amount from the sale of Suss MicroTec Test Systems GmbH of € 1.5 million.

In addition to ongoing administrative expenses, other operating expenses included foreign currency losses of € 1.5 million (after € 3.4 million in the previous year).

Interest expense declined in the fiscal year by € 0.3 million, which was primarily attributable to a reversal of the provision for contingent losses for the interest swap tied to the promissory note bond.

SUSS MicroTec AG had an average of 20 employees in the 2012 fiscal year (previous year: 20).

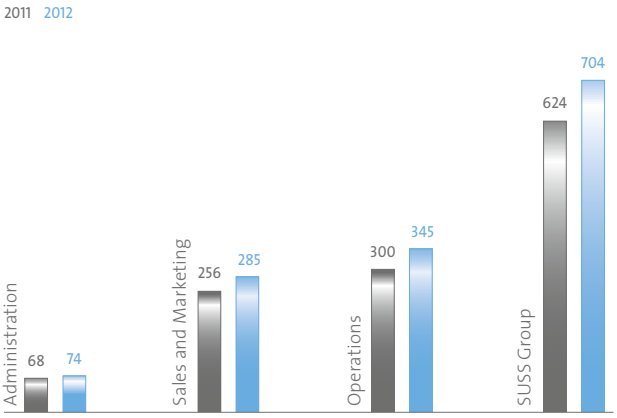
In addition to the development of the US dollar, the short and medium-term development of SUSS MicroTec AG above all depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing 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 2012 fiscal year, the Group had 704 employees (previous year: 624).

EMPLOYEE AREAS



Legal Information

INFORMATION IN ACCORDANCE WITH SECTION 289 (4) AND 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB

1. COMPOSITION OF SUBSCRIBED CAPITAL

As of December 31, 2012, the subscribed capital of the Company totaled € 19,115,538.00 (in the previous year: € 19,101,028.00). The equity capital is divided into 19,115,538 (in the previous year: 19.101.028) registered, no-par-value individual shares representing a pro rata amount of € 1.00 per share. The shares are fully paid in.

The same rights and obligations apply to all shares. Each share confers one vote at the Shareholders' Meeting and determines the shareholder's portion of the Company's profits. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Law (AktG), in particular by Sections 12, 53a et seq. 118 et seq. and 186.

In accordance with Section 67 (2) AktG, a shareholder in relation to the Company is only someone who is entered as such in the shares registry. Shareholders must provide the Company with the information necessary to be included in the share registry.

2. RESTRICTIONS WITH REGARD TO VOTING RIGHTS OR THE TRANSFER OF SHARES

There are no restrictions with regard to voting rights or the transfer of shares, as stipulated by the articles of incorporation. We are also not aware of the existence of such agreements between shareholders.

3. INVESTMENTS IN CAPITAL THAT EXCEED 10% OF THE VOTING RIGHTS

Direct or indirect investments in capital that reach or exceed 10% of the voting rights have not been reported to us and are also not known to us.

4. SHARES WITH EXTRAORDINARY RIGHTS THAT GRANT CONTROLLING AUTHORITY

Shares with extraordinary rights that grant controlling authority do not exist.

5. THE NATURE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES HAVE A STAKE IN THE COMPANY'S CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY

When SUSS MicroTec issues shares to its employees through the employee stock program, the shares are directly transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder directly in accordance with applicable laws and the articles of incorporation.

6. LEGAL PROVISIONS AND RULES IN THE ARTICLES OF INCORPORATION FOR APPOINTING MEMBERS TO THE MANAGEMENT BOARD AND ASKING THEM TO STEP DOWN AS WELL AS MAKING CHANGES TO THE ARTICLES OF INCORPORATION

The appointment and dismissal of members of the Management Board are stipulated in Sections 84 and 85 AktG. Accordingly, Management Board members may be appointed by the Supervisory Board for a maximum period of five years. A reappointment or extension of their terms is permitted for a maximum of five years. The Supervisory Board decides on the appointment and dismissal of Management Board members with a simple majority vote.

The Management Board consists of two persons, whereby the number of Management Board members is determined by the Supervisory Board, in accordance with Section 7 (1) of the articles of incorporation. The Supervisory Board may appoint a member of the Management Board as the Chairman or Spokesman of the Management Board as well as a Deputy Chairman or Spokesman of the Management Board, in accordance with Section 84 AktG and Section 7 (2) of the articles of incorporation.

If a required member of the Management Board is absent, in urgent cases the member can be legally summoned upon petition by a concerned party, in accordance with Section 85 AktG. The Supervisory Board may revoke the appointment of a Management Board member and the nomination of the Chairman of the Management Board for good cause, in accordance with Section 84 (3) AktG.

Changes to the articles of incorporation require a resolution by the Shareholders' Meeting, in accordance with Section 179 AktG. The authority to make changes which pertain to the wording only is delegated to the Supervisory Board, in accordance with Section 17 (3) of the German Stock Corporation Law (AktG).

Resolutions of the Shareholders' Meeting that change the articles of incorporation require a simple majority of the votes cast and a simple majority of the equity capital represented during the resolution, in accordance of Sections 133 and 179 AktG in conjunction with Section 26 (1) of the articles of incorporation, as long as the law does not prescribe a larger majority.

7. AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES

The Management Board is 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. Shares of common stock and / or non-voting preferred 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.

Furthermore, the Management Board is 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. The Management Board is also authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board and under certain conditions.

8. SIGNIFICANT AGREEMENTS ON THE PART OF THE COMPANY SUBJECT TO THE CONDITION OF A CHANGE OF CONTROL RESULTING FROM A CORPORATE TAKEOVER BID

With each of the three 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.

9. COMPENSATION AGREEMENTS OF THE COMPANY WITH MANAGEMENT BOARD MEMBERS OR EMPLOYEES IN THE EVENT OF 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.

Corporate Governance Declaration in Accordance with Section 289a of the German Commercial Code (HGB)

On March 8, 2013, 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* > Investor Relations > Corporate Governance > Declaration of Compliance.

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.

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 was restricted to a maximum of 100% of fixed remuneration at the beginning of this fiscal year. Effective January 1, 2012, variable remuneration may amount to a maximum of 150% of fixed remuneration at the beginning of the respective fiscal year. Of variable remuneration, 70% is determined according to quantitative criteria, while the remaining 30% 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% or fewer of these targets is achieved, this remuneration component is not received. The maximum amount is received when 130% of the target is achieved. If the achievement of a given target is between 70% and 130%, 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 2011 subscription year, the acquisition of Company shares occurred during the trading window after publication of the 2011 annual financial statements in April 2012.

VARIABLE REMUNERATION BASED ON QUALITATIVE TARGETS (VARIABLE REMUNERATION B)

Of the variable remuneration, 30% 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% and 130% 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% to 130%. 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.

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.

Remuneration of the members of the Management Board for the 2012 fiscal year:

REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

2012 in €	Base salary in	Variable remuneration	Other payments **	Expenses for retirement benefits
Management Board				
Frank Averdung	316,794.24	398,046.17	6,585.60	2,148.00
Michael Knopp	237,559.80	300,193.44	6,585.60	2,148.00

Remuneration of the members of the Management Board for the 2011 fiscal year:

2011 in €	Base salary	Variable remuneration	Other payments **	Expenses for retirement benefits
Management Board				
Frank Averdung	265,601.52	110,789.29	6,567.00	2,148.00
Michael Knopp	227,470.24	101,070.57	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.

PENSION PLANS

There is a pension provision of € 35 thousand (2011: € 7 thousand) for a former member of the Company's Management Board.

STOCK OPTION PLANS

In the past, SUSS MicroTec AG has repeatedly established stock option plans to enable employees to participate in the success of the Company and to ensure that the executives are committed to the Company over the long term. For this purpose, 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. Both of the stock option plans that were in place at the beginning of the fiscal year have expired over the course of the 2012 fiscal year. Currently, SUSS MicroTec does not have any stock option plan.

Stock Option Plan of 2005

At the beginning of the 2012 fiscal year, a total of 186,800 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 186,800 options from the Stock Option Plan of 2005 expired in the 2012 fiscal year. No options from this plan were exercised in the 2012 fiscal year. The number of options still outstanding at the end of the fiscal year amounted to 0. The issued options could be exercised upon expiration of a two-year waiting period, provided one of the performance goals described below was met: (i) the stock exchange price of the SUSS MicroTec share has increased by an average of 7.5% 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% per annum during the period between issuing and exercising the options.

Stock Option Plan of 2008

At the beginning of the 2012 fiscal year, there were a total of 14,510 options outstanding under the Stock Option Plan of 2008 passed by the Shareholders' Meeting on June 19, 2008, whereby the issuance of options under this plan was possible only until December 31, 2012. In the 2012 reporting year, a total of 0 options were issued to members of the Management Board. A total of 0 options from the 2008 stock option plan expired during the 2012 fiscal year and 14,510 options were exercised. At the end of the 2012 fiscal year, a total of 0 options from the Stock Option Plan of 2008 were still outstanding. The issued options could be exercised upon expiration of a two-year waiting period, provided that the following performance goals were met: (i) the stock exchange price of the SUSS MicroTec share has increased by at least 0.625% 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% 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 had to 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.

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 € 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 € 45,000.00, the Deputy Chairman receives € 40,000.00, and a regular member of the Supervisory Board receives € 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.

REMUNERATION OF THE SUPERVISORY BOARD

2012 in €	Remuneration	Meeting attendance payment	Deduction for pro rata D&O insurance premium
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	10,500.00	1,914.82
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	10,500.00	957.41
Gerhard Pegam	35,000.00	10,500.00	638.27

2011 in €	Remuneration	Meeting attendance payment	Deduction for pro rata D&O insurance premium
Supervisory Board			
Dr. Stefan Reineck (Chairman of the Supervisory Board)	45,000.00	10,500.00	2,174.45
Jan Teichert (Deputy Chairman of the Supervisory Board)	40,000.00	10,500.00	1,087.23
Gerhard Pegam	17,500.00	6,000.00	362.41
Sebastian Reppegather	17,500.00	4,500.00	362.41

In the 2012 fiscal year, neither former nor current members of the Supervisory Board received any remuneration or benefits for personal services, particularly consultation and placement services.

Subsequent Events

With the purchase agreement dated January 23, 2013, SUSS MicroTec AG acquired the real estate used by SUSS MicroTec AG and Suss MicroTec Lithography GmbH at the corporate headquarters in Garching. The legal transfer of the real estate is expected to take place on September 30, 2013. The purchase price for the real estate and the approximately 20,000m² property amounts to € 8.7 million and will be financed with available cash and cash equivalents.

On January 31, 2013, the sale-and-leaseback agreement for the Group's SAP system, which is used in Germany, USA, and Taiwan, expired. SUSS MicroTec AG exercised the purchase option stipulated in the agreement and acquired the SAP system for a purchase price of € 0.2 million on February 1, 2013.

VOTING RIGHTS ANNOUNCEMENTS AFTER THE REPORTING DATE

There were no voting rights announcements after the reporting date.

Report on Expected Development with its main Opportunities and Risks

OPPORTUNITIES AND 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, the risk management at SUSS MicroTec 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 early risk 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 are subject to the known risks of 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 have also become a precondition for most production clients 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. Like the determination of the maximum amount of damage, it is based on the knowledge and experience of the risk officers.It is, therefore, always in line with the most current 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 289 (5) and 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 responsibility of setting up and controlling the system of financial reporting lies with the management of SUSS MicroTec AG, which judges the adequacy and effectiveness of the control system at the end of every fiscal year. As of December 31, 2012, the management has ascertained the adequacy of the internal control measures with regard to financial reporting. Though, every control system contains certain restraints regarding its effectiveness.

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. In 2011, SAP was finally installed at Suss MicroTec Inc., Sunnyvale, California (USA). Reporting to the corporate headquarters is carried out with the assistance of "Infor PM Application Studio" management information software. The separate financial statements are ultimately combined 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. Global economic growth continued to lose momentum over the course of 2012. After a real increase of 3.8% in 2011, worldwide gross domestic product increased by only 3.2% in 2012.[1] Economic development was primarily held back by the ongoing government debt crisis and crisis of confidence in the eurozone. Sustained uncertainty until November about the outcome of the presidential election in the USA also put a damper on economic activity in North America during 2012. However, the fragile economic picture was not limited to industrialized countries in 2012, but also encompassed emerging economies like China. Nevertheless, the economic disparity that has existed between industrialized countries on the one hand and emerging economies on the other hand continued: In the industrialized countries, gross domestic product rose by an average of only 1.2%, whereas in the emerging economies it rose by an average of 5.0%.[2]

In December 2012, the Gartner market research institute forecast a decline for the entire semiconductor sector of approximately 3% for the past year compared to the previous year. According to the SEMI market research institute, a decline in demand for semiconductor equipment of about 15% is expected for all of 2012. In 2012, SUSS MicroTec recorded approximately 7% lower sales. Once again, the regions of China, Taiwan, and the rest of Asia generated the largest share of sales. However, sales in these regions declined significantly from the previous year. Instead, sales with Japanese customers increased by approximately 27%. Sales in Europe and North America were somewhat higher than in the previous year. In the third quarter, order entry reached a level of approximately € 37 million; in the fourth quarter, however, encouragingly high order entry of € 40 million was achieved.

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. The strong market cycles of the semiconductor industry also provide opportunities for the Company which can lead to strong increases in order entry and sales in the short term.

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 for 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.

Thanks to our long-term market experience and our technological competence, we were able to secure our market position as leading company in micro-structuring. We anticipate to benefit from the fast technological changes in the future as well and, because of our product developments and superior process solutions, we expect to improve our market position further.

Dependence on Individuals' Expertise

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

[1] Source: WEO Update January 2013 and IMF Database
[2] Source: ifo Institute Munich

OPERATING RISKS

Assets and Earnings Position

In view of the relatively high level 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 2012, actual sales generated remained significantly above the break-even point for sales.

In the past fiscal year, the Substrate Bonder division produced another loss. The result in the Substrate Bonder division continued to be impaired by high write-downs on capitalized development costs and much higher write-downs on demonstration equipment manufactured in 2011 and 2012. Furthermore, the gross margin of Substrate Bonder sales remained in the low single-digit percentage range and therefore well outside the range of 30% - 40% necessary for the successful development of the Substrate Bonder division over the medium to long term. The net assets of this division amounts to approximately € 35 million, representing approximately 1.5 times annual sales. We also expect a significantly negative result for the Substrate Bonder division in 2013. So far, the positive earnings position of the other divisions of the Group, particularly the Lithography division, has enabled the SUSS MicroTec Group to offset the losses accruing in the Substrate Bonder division. We expect positive earnings development in the Substrate Bonder division in the future so that the Group should be able to generate positive earnings on a consolidated basis even with a smaller earnings contribution from the other divisions.

Taking into account the available order backlog at the end of 2012 and the subdued outlook for the semiconductor equipment sector in 2013, we are assuming that we will generate sales slightly above the break-even level in 2013.

As of 12/31/2012, SUSS MicroTec recognized goodwill of approximately € 15.4 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 2013 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 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 given recovering markets. 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 March 2012, SUSS MicroTec acquired Tamarack Scientific Co., Inc., Corona (California, USA). With the acquisition, SUSS MicroTec is pursuing a consolidation strategy at the semiconductor backend, expanding its technological expertise in the area of lithography with projection lithography.

In May 2012, SUSS MicroTec AG acquired the remaining 15% of the shares of Suss MicroOptics S.A., Neuchâtel (Switzerland), thus boosting its stake to 100%. With the acquisition, SUSS MicroTec has further streamlined its organizational structure and bound Suss MicroOptics, which has expertise in gateway technologies that are critical to SUSS MicroTec, to the SUSS MicroTec Group.

Relocation of the Substrate Bonder Division to Germany – Future Development

In April 2011, the relocation of the Substrate Bonder division, which had been located in Waterbury, Vermont (USA), to Germany was completed. The functional areas of research and development, production, and product management of the Substrate Bonder division are now integrated into Suss MicroTec Lithography GmbH in Sternenfels (Germany). Although the move, the reestablishment of production, and the transfer of expertise went smoothly, SUSS MicroTec so far has not succeeded in producing positive earnings in the Substrate Bonder division. The Substrate Bonder division will also produce a loss in 2013. Positive earnings will presumably only be achievable through a combination of much higher order entry and higher quantities produced per tool type, enabling a significantly improved gross margin for Substrate Bonder sales. As long as there is no significant improvement in the orders position and the composition of orders received, this division will continue to produce a loss.

Tamarack Scientific Co., Inc.

With the acquisition of Tamarack Scientific, SUSS MicroTec has expanded its product range in the area of lithography by adding projection lithography. The integration of Tamarack Scientific in the SUSS MicroTec Group is nearly completed and went smoothly. In 2012, Tamarack Scientific contributed € 1.9 million in sales to Group sales and generated a negative EBIT from the operational business of € -2.9 million. In 2013 Tamarack Scientific will also generate negative operating income as a result of its low-margin order backlog. However, we expect significant sales increases in the coming years and to win new customers by expanding the lithography product portfolio.

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 € 22.4 million (previous year: € 18.3 million), € 15.5 million overall was neither overdue nor impaired as of the reporting date (previous year: € 13.4 million). As of December 31, 2012, 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):

in € thousand	2012	2011
Age structure of overdue receivables without impairment		
1–30 days	1,439	832
31–60 days	458	925
61–90 days	3,636	1,231
91–180 days	105	1,215
Overdue receivables without impairment	**5,638**	4,203

As of the reporting date, a total of € 1.3 million (previous year: € 0.8 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):

in € thousand	2012	2011
Age structure of overdue receivables without impairment		
91–180 Days	368	148
181–360 days	535	300
> 360 days	366	302
Overdue receivables without impairment	**1,269**	**750**

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 € 32.3 million (previous year: € 42.0 million). Free cash flow totaled € -4.5 million in the past fiscal year (previous year: € 3.5 million).

The promissory note bond issued in 2007 for € 9.0 million was due for repayment in December 2012 and was paid off from available cash.

Currently, a bank consortium consisting of three banks is issuing a credit and guarantee line of € 7.5 million with an initial term until March 31, 2013. An additional credit line of € 1.0 million is available to Suss MicroTec Photomask Equipment 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 beyond March 31, 2013, 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 individual customer orders and increase the likelihood of order cancellations. As of December 31, 2012, only € 1.9 million of these credit and guarantee lines are being utilized in the form of guarantees.

In 2013 the Company plans to extend the credit agreements with the three banks of the bank consortium led by BayernLB in order to continue to have the necessary credit lines at its disposal as backing for down payment guarantees. The negotiations are already at an advanced stage. The new agreements are expected to be completed at the end of March 2013. As a result, the Company is confident that it will be able to continue to provide all of the necessary down payment guarantees.

Minimizing the dependence, particularly on short-term borrowed 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. Incoming and outgoing payment flows, which result particularly from foreign currency orders of materials and supplies, are deducted from the foreign currency amount to be identified and hedged. Forward exchange transactions are used as hedging instruments. For further details, please refer to Note (30).

A favorable development of exchange rates can lead to higher margins of single orders and can generate additional exchange rate gains.

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 a reduction in the euro-equivalent value of € 217 thousand

as of the reporting date (previous year: increase of € 53 thousand) and a corresponding decrease (previous year: increase) 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	2012		
	USD	JPY	Total
Cash and cash equivalents	1,681	1,811	3,491
Trade receivables	2,635	544	3,179
Trade payables	-1,138	-138	-1,275
Customer down payments	-2,851	-156	-3,007
Net Exposure	**327**	**2,061**	**2,388**
Effect of a 10% appreciation of the euro on annual net income	-30	-187	-217

in € thousand	2011		
	USD	JPY	Total
Cash and cash equivalents	1,843	6	1,849
Trade receivables	1,671	0	1,671
Trade payables	-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

The Company's interest rate risk is limited, as the variable-rate loans used to finance the property in Sternenfels have been hedged by a term-congruent interest rate swap. The conditions, which were originally variable, have thereby been converted into fixed conditions.

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 2012 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

Forecast Report

According to an analysis of the ifo Institute in Munich, total economic production in Germany got off to a good start in 2012 despite the ongoing European debt crisis. This development was driven by high foreign demand for "Made in Germany" products. However, over the course of the year, the German economy progressively lost momentum so that it is actually expected to have shrunk slightly in the fourth quarter. Accordingly, overall GDP growth of 0.7% was expected in 2012, combined with nearly unchanged unemployment figures and an inflation rate of approximately 2%. The stock market enjoyed a positive performance in 2012 despite tangible uncertainty on the part of traders. The most important German stock market indexes – DAX, MDAX and TecDAX – concluded the year with significant price gains.

The economic output of the eurozone is expected to have declined in 2012 by approximately 0.5%, according to the ifo Institute, whereby major regional differences are evident. Stable countries such as Germany, Finland, or Austria will still be able to record positive growth despite noticeable weakness, whereas the economies of the crisis countries will shrink significantly. In addition, since mid-2012 the global economy has increasingly slowed and lost a significant amount of dynamism. Overall, experts anticipate global economic growth of 2.4% in 2012, whereby the emerging countries should achieve growth of approximately 5.0%, much higher than 1.2% growth for the advanced countries.

For the current year, economic forecasts at the beginning of 2013 appear to be much weaker than was the case in mid-2012. From today's perspective, a sustained recovery in the global economy is not expected in 2013. The main reason for this is the unresolved debt crisis in Europe as well as a slower economic dynamic in the emerging countries and newly industrialized economies. Companies are investing very cautiously and private consumption does not indicate any significant revival so far. The ifo Institute is assuming a weak half of the year during the 2012 / 13 winter period and anticipates growth for the global economy to take hold only as 2013 unfolds. However, it projects slight positive growth for the entire year. Similar expectations also apply to the eurozone, whereby the ifo Institute assumes a slight decline of 0.2% in overall GDP in 2013. However, VDMA is forecasting stagnant growth for the eurozone.

For Germany, experts expect an economic recovery in the second half of 2013 based on the assumption of overall GDP growth of another 0.7%.

SEMICONDUCTOR INDUSTRY

Compared to other sectors, the semiconductor industry has several special features. In the past, microchip manufacturers have increased the performance of their products every year while simultaneously reducing costs for consumers. The development is driven by Moore's Law, which states that approximately every 18 months the size of microchips is halved while the price increases by only 50%. However, since structure sizes cannot be shrunk indefinitely, the sector has been seeking alternatives for years in order to increase the complexity and performance of microchips even without reducing the pattern size while lowering the price per microchip. In this context, topics like the use of 450mm wafers or the stacking of thinned microchips are at the very top of the agenda. The technological themes of the past and the future are accompanied by major investment cycles. As a result, the semiconductor sector is a very volatile industry.

For this reason, scarcely any industry is as cyclical and subject to such extreme volatility as the semiconductor sector. The development of forecasts by research institutes in 2012 demonstrates how difficult it is to estimate this market's performance. In March 2012, the Gartner market research institute had raised its estimates for growth in the semiconductor sector for 2012 from approximately 2% to approximately 4%, which would have corresponded to a total market volume of US$ 316 billion. The increase was primarily expected in the second half of 2012. At the end of December 2012, Gartner significantly revised its estimates and raised the prospect of a decline of approximately 3% in the semiconductor sector in 2012, corresponding to a market volume of US$ 298 billion. In January 2013, the Semiconductor Industry Association forecast a decline of 2.7% in the semiconductor sector. Against this backdrop, the resulting discussions involve estimates made on the basis of information available at the current time, but these do not imply a guarantee that the forecasts will actually materialize.

For the 2013 fiscal year, Gartner expects a renewed increase in demand for semiconductor products. The market is expected to climb by 4.5% from 2012, thus possibly even reaching a total volume of approximately US$ 311 billion. The primary growth drivers will be continued growth in demand for tablet computers and smartphones, which should stimulate demand for NAND memory chips. The PC market and the market for DRAM chips will also face weakness in 2013, according to Gartner, although a renewed increase for DRAM is expected in the second half of 2013.

SEMICONDUCTOR EQUIPMENT INDUSTRY

According to the SEMI market research institute, the first half of 2012 was characterized by solid customer orders. However, customer orders were much slower in the second half of the year. The reason for this was renewed macroeconomic uncertainty on the part of many customers. For 2012, a total decline in demand of 15% is anticipated compared to 2011. For wafer processing equipment demand decreased by 18%, whereas for assembly and packaging the demand for equipment fell by 8% and total test equipment sales declined by 6%. Other frontend equipment sales grew by approximately 4%. Geographically all regions apart from Taiwan and Korea displayed a decline in sales.

For 2013, the SEMI institute projects negative growth of the frontend semiconductor equipment industry of -0.4%. Only in 2014 should demand pick up again, with the market growing by 24.0%.

EXPECTED DEVELOPMENT ON THE MAJOR MARKETS

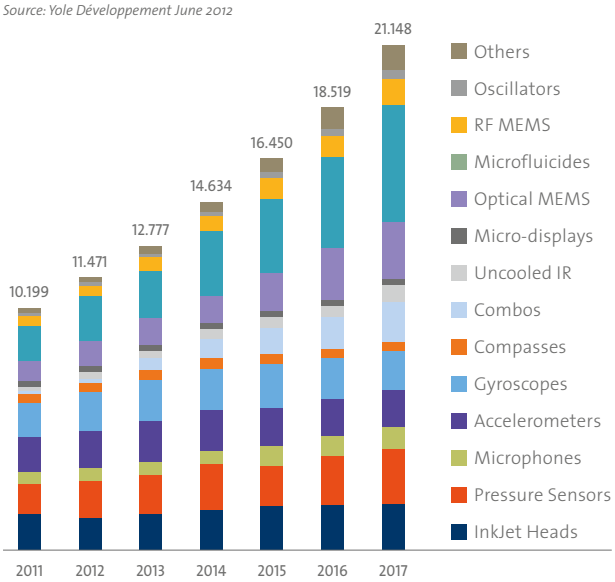
MICROELECTROMECHANICAL SYSTEMS MARKET (MEMS)

According to estimates by Yole Développement, the MEMS market will also exhibit double-digit growth in the coming years. This forecast is based on average unit growth of 20% per year and average market volume growth of 13% per year. 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 to be produced per tool.

The areas of motion sensors and microfluidics should experience particularly strong growth. MEMS components, which are used in mobile devices, will also benefit from this.

MEMS MARKET FORECAST in US$ million

Source: Yole Développement June 2012

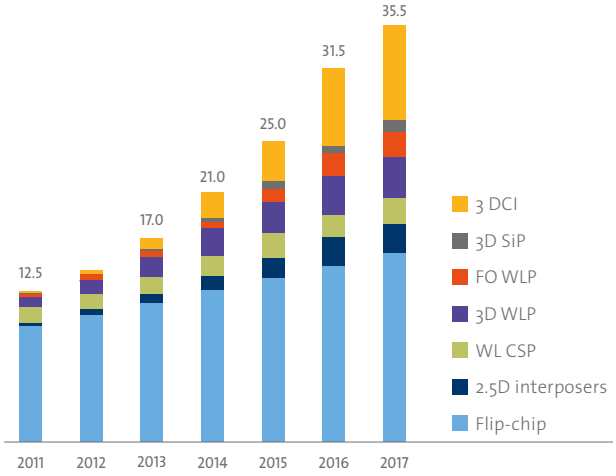


ADVANCED PACKAGING AND 3D INTEGRATION

For the advanced packaging market, researchers from Yole Développement are forecasting an average annual growth rate of approximately 18% for the period from 2011 to 2017. However, that is slightly lower than the estimate from 2010, which anticipated an average annual growth of 22%. Particularly, the midend of semiconductor fabrication, which SUSS MicroTec is also active in, will grow in significance in the future since the packaging density in mobile devices is steadily increasing and modern wafer level / advanced packaging technologies will continue to gain in importance.

GLOBAL WAFER LEVEL PACKAGING DEMAND
in millions of wafers (300mm)

Source: Yole Développement October 2012



3D integration is also a type of packaging at the wafer level. One could characterize it as a refinement of conventional advanced packaging technologies or also as "More than Moore." According to a study by the Yole Développement market research institute, the equipment market for wafer level packaging and 3D integration should achieve an average annual growth rate of 28% until 2017. SUSS MicroTec is active in this growth market with its temporary and permanent bonding solutions.

LED COMPOUND SEMICONDUCTORS (LIGHT-EMITTING DIODES)

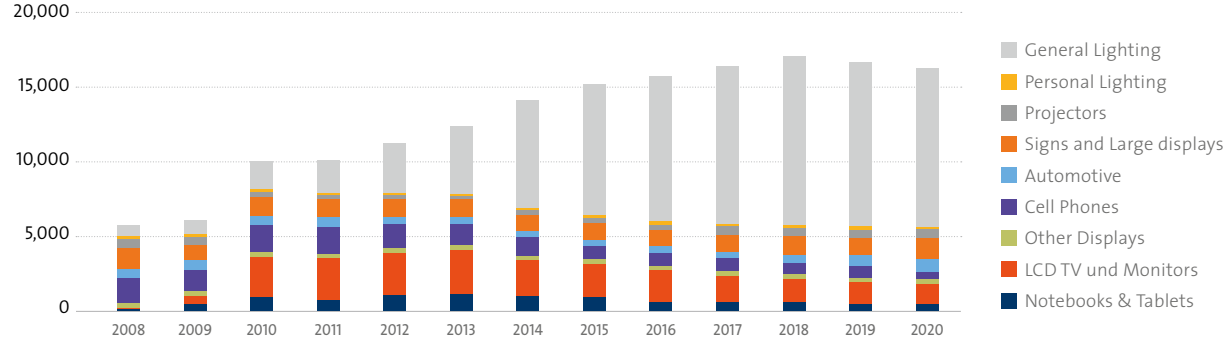
With its specialized product solutions, this market targets manufacturers of high-end light-emitting diodes, i.e. high brightness (HB) and ultra-high brightness (UHB) LEDs, in particular. The experts from IMS Research and Yole Dèveloppement expect noteworthy growth in the LED market beginning in 2013. According to forecasts, this growth phase – driven by general illumination, LED TVs, and mobile applications – should last until 2017 / 2018, whereupon a decline in market volume should start in 2018. Reasons for this are the anticipated saturation of the market, extended useful life, and the simultaneous drop in prices for LEDs in subsequent years.

ENDOGENOUS INDICATORS

Aside from market conditions, the innovation potential of our Company is also a critical factor for our success. In the first half of 2012, we consistently pursued activities in this regard. With XBC300 Gen2, we introduced a new device platform for 3D processes in volume production to the market. This latest

PACKAGED LED REVENUES in US$ million

Source: Yole Développement August 2012



generation of bonding equipment can be configured for the permanent bonding of wafers or for the debonding and cleaning of 200mm and 300mm wafers. The area of application for XBC300 Gen2 encompasses both production and process development. In addition, March 2012 saw the market launch of RCD8, a new manual tool for coating and developing of substrates. This new platform is characterized by a high degree of application area flexibility combined with lower investment costs.

In the second half of the year, SUSS MicroTec introduced the third generation of ACS200, a newly developed automated coating and developing platform, to the market. The device combines innovative technologies and production-proven components of the well-established ACS200Plus and Gamma platform.

With the acquisition of all shares in Suss MicroOptics S.A. and the relocation to a new modern site, we have achieved another important milestone in focusing on strategically important business fields. We have also firmly integrated the company, which has lithographic enabling technologies that are critical to us, into the SUSS MicroTec Group. We strengthened our position on the product and technology front with the acquisition of Tamarack Scientific Co., Inc., Corona, USA. Tamarack Scientific develops, manufactures, and distributes UV projection lithography devices as well as laser-based microstructuring systems. It focuses on the advanced packaging, 3D integration, MEMS, and LED markets. With the acquisition of Tamarack Scientific, SUSS MicroTec is pursuing a consolidation strategy at the semiconductor backend and is expanding its existing expertise in lithography with projection lithography, a complementary technology.

In 2012, we also entered into various cooperative agreements, notably including collaboration with GenISys and Dow Corning.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

Macroeconomic conditions such as the debt crisis in Europe, slower growth in emerging countries, and fiscal policy cutbacks aside, growth trends such as e-mobility, digital lifestyle, and energy efficiency remain intact in the long run.

Given the order backlog as of the end of 2012, the weak economic outlook, and the subdued start in 2013, we are assuming total sales in the 2013 fiscal year of around € 150 million and EBIT in the low single digit € million range. In 2013 our largest segment, the Lithography, will once again contribute the largest portion of the EBIT. Due to a declining sales level and additional burdens arising from the integration of Tamarack Scientific, the EBIT contribution will be smaller than in 2012. We expect rising sales in the Substrate Bonder division, but the segment's EBIT will remain negative. Sales for the Photomask Equipment division will remain on approximately the same level as in 2012, but the EBIT will improve. We remain committed to our goal of sustaining the organic growth of our core business without additional borrowing.

Driven by the semiconductor cycle, market studies expect growth for the mid- and backend markets addressed by SUSS MicroTec in 2014. We therefore expect a low double digit sales growth for SUSS MicroTec in 2014.

Forward-looking Statements

This 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 14, 2013
The Management Board

Frank Averdung
Chief Executive Officer

Michael Knopp
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

of SUSS MicroTec AG for 2012 fiscal year

CONSOLIDATED STATEMENT OF INCOME (IFRS)

in € thousand	Note	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Sales	(3)	163,827	175,427
Cost of sales	(4)	-106,437	-109,069
Gross profit		**57,390**	**66,358**
Selling costs		-20,673	-19,001
Research and development costs		-9,705	-12,936
Administration costs		-16,976	-15,719
Other operating income	(5)	6,069	4,767
Other operating expenses	(6)	-4,365	-4,894
Analysis of net income from operations (EBIT)			
EBITDA (Earnings before Interest and Taxes, Depreciation and Amortization)		18,581	24,926
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-6,841	-6,351
Net income from operations (EBIT)		**11,740**	**18,575**
Financial income		940	2,017
Financial expenses		-929	-996
Financial result	(7)	**11**	**1,021**
Profit from continuing operations before taxes		**11,751**	**19,596**
Income taxes	(8)	-4,131	-5,789
Profit from continuing operations		**7,620**	**13,807**
Net profit or loss from discontinued operations (after taxes)		**1,507**	**-21**
Net profit		**9,127**	**13,786**
Thereof equity holders of SUSS MicroTec		9,097	13,513
Thereof minority interests		30	273
Earnings per share (undiluted)	(9)		
Basic earnings per share from continuing operations in €		0.40	0.72
Basic earnings per share from discontinued operations in €		0.08	0.00
Earnings per share (diluted)	(9)		
Basic earnings per share from continuing operations in €		0.40	0.71
Basic earnings per share from discontinued operations in €		0.08	0.00

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Net profit or loss	**9,127**	**13,786**
Fair value fluctuations of available-for-sale securities	9	-30
Foreign currency adjustment	228	-146
Cash flow hedges	-189	-230
Deferred taxes	22	70
Total income and expenses recognized in equity	**70**	**-336**
Total income and expenses reported in the reporting period	**9,197**	**13,450**
Thereof equity holders of SUSS MicroTec	9,158	13,160
Thereof minority interests	39	290

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS in € thousand	Notes	12/31/2012	12/31/2011
Noncurrent Assets		**36,998**	**37,691**
Intangible assets	(11)	7,504	8,568
Goodwill	(12)	15,394	13,599
Tangible assets	(13)	12,068	9,462
Tax refund claims	(19)	80	87
Other assets	(14)	773	592
Deferred tax assets	(8)	1,179	5,383
Current Assets		**143,088**	**150,055**
Inventories	(15)	82,179	71,632
Trade receivables	(16)	21,758	17,790
Other financial assets	(17)	547	756
Securities	(18)	11,394	19,362
Tax refund claims	(19)	295	686
Cash and cash equivalents		25,192	37,036
Other assets	(20)	1,723	2,793
Total Assets		**180,086**	**187,746**

LIABILITIES & SHAREHOLDERS' EQUITY in € thousand	Note	12/31/2012	12/31/2011
Equity		**128,108**	**120,393**
Total equity attributable to shareholders of SUSS MicroTec AG		128,108	119,704
Subscribed capital	(21)	19,116	19,101
Reserves	(21)	109,944	101,616
Accumulated other comprehensive income	(21)	-952	-1,013
Minority interests		0	689
Noncurrent LIABILITIES		**9,797**	**10,500**
Pension plans and similar commitments	(22)	2,877	2,872
Provisions	(23)	296	348
Financial debt	(24)	3,981	4,279
Other financial liabilities	(25)	2,577	244
Deferred tax liabilities	(8)	66	2,757
CURRENT LIABILITIES		**42,181**	**56,853**
Provisions	(26)	3,602	3,322
Tax liabilities		1,050	5,734
Financial debt	(24)	288	10,131
Other financial liabilities	(27)	6,815	5,995
Trade payables		6,862	7,582
Other liabilities	(28)	23,564	24,089
Total Liabilities and Shareholder's Equity		**180,086**	**187,746**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Net profit or loss (after taxes)	9,127	13,786
Amortization of intangible assets	4,661	4,211
Depreciation of tangible assets	2,180	2,140
Internally produced and capitalized assets	0	-291
Profit or loss on disposal of intangible and tangible assets	0	-127
Profit on disposal of Cascade shares	0	-833
Change of reserves on inventories	2,729	189
Change of reserves for bad debts	70	-194
Non-cash stock based compensation	0	45
Non-cash income from the reversal of provisions	-480	0
Other non-cash effective income and expenses	-1,469	-566
Gain from subsequent purchase price payment Test business	-1,507	0
Change in inventories	-4,712	-7,682
Change in trade receivables	-3,910	-1,325
Change in other assets	1,808	335
Change in pension provisions	5	-47
Change in trade payables	-555	-2,441
Change in other liabilities and other provisions	-10,025	-4,565
Change of deferred taxes	1,513	3,506
Cash flow from operating activities	**-565**	**6,141**

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Disbursements for tangible assets	-3,377	-2,462
Disbursements for intangible assets	-801	-895
Purchases of current available-for-sale securities	-3,071	-9,067
Proceeds from redemption of available-for-sale securities	11,046	3,099
Proceeds from redemption of Cascade shares	0	3,333
Proceeds from disposal of intangible and tangible assets	0	732
Proceeds from subsequent selling price Test business	1,507	0
Payments for purchase of Tamarack Scientific	-5,184	0
Cash flow from investing activities	**120**	**-5,260**
Repayment of bank loans	-180	-180
Repayment of promissory notes	-9,000	0
Change in current bank liabilities	-118	28
Change in other financial debt	-843	-924
Payments for purchase of shares in Suss MicroOptics	-1.155	0
Proceeds from exercise of subscription rights	19	494
Cash flow from financing activities	**-11,277**	**-582**
Adjustments to funds caused by exchange-rate fluctuations	-122	212
Change in cash and cash equivalents	**-11,844**	**511**
Funds at beginning of the year	**37,036**	**36,525**
Funds at end of the period	**25,192**	**37,036**
Cash flow from operating activities includes:		
Interest paid during the period	816	420
Interest received during period	1,052	1,031
Tax paid during the period	6,801	2,170
Tax refunds during the period	0	16

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	
As of January 1, 2011	**18,721**	**98,225**	
Exercise of subscription rights	380	114	
Issuance of subscription rights		45	
Net loss			
Total income and expenses recognized in equity			
Total comprehensive income			
As of December 31, 2011	**19,101**	**98,384**	
As of January 1, 2012	**19,101**	**98,384**	
Exercise of subscription rights	15	4	
Issuance of subscription rights			
Net loss			
Total income and expenses recognized in equity			
Total comprehensive income			
Purchase of minority interest Suss MicroOptics		-773	
As of December 31, 2012	**19,116**	**97,615**	

	Earnings reserve	Retained Earnings	Accumulated other Comprehensive Income	Total equity attributable to shareholders of Suss MicroTec AG	Minority interests	Equity
	433	**-10,714**	**-659**	**106,006**	**398**	**106,404**
				494		494
				45		45
		13,513		13,513	273	13,786
			-354	-354	18	-336
		13,513	**-354**	**13,159**	**291**	**13,450**
	433	**2,799**	**-1,013**	**119,704**	**689**	**120,393**
	433	**2,799**	**-1,013**	**119,704**	**689**	**120,393**
				19		19
				0		0
		9,097		9,097	30	9,127
			61	61	9	70
		9,097	**61**	**9,158**	**39**	**9,197**
				-773	-728	-1,501
	433	**11,896**	**-952**	**128,108**	**0**	**128,108**

FIXED ASSETS
MOVEMENT SCHEDULE 2012

		ACQUISITION AND MANUFACTURING COSTS					
in € thousand	01/01/2012	Translation adjustment	Additions	Additions from purchase Tamarack Scientific	Reclassifications	Disposals	
I. Intangible assets							
1. Concessions, intellectual property rights and similar rights and assets as well as licenses to such rights and assets	15,568	-22	727	838	0	0	
2. Development costs	29,269	-14	74	0	0	0	
3. Capitalized leased property							
Software	3,197	-29	0	0	0	0	
4. Other intangible assets	960	0	0	1,962	0	0	
	48,994	**-65**	**801**	**2,800**	**0**	**0**	
II. Goodwill	**32,436**	**0**	**0**	**1,795**	**0**	**0**	
III. Tangible assets							
1. Land, buildings, fixtures	7,542	-111	396	25	0	0	
2. Technical equipment and machinery	4,078	17	1,851	1,334	0	0	
3. Other equipment, office and plant furnishings	9,680	-62	936	95	0	20	
4. Motor vehicles	373	-1	5	0	0	4	
5. Facilities under construction	16	0	191	0	0	0	
6. Capitalized leased property							
Technical equipment and machinery	771	-46	0	0	0	0	
Other equipment, office and plant furnishings	719	-5	0	0	0	0	
Fleet of cars	38	-5	0	0	0	0	
	23,217	**-213**	**3,379**	**1,454**	**0**	**24**	
IV. Financial assets							
Other investments	2,263	0	0	0	0	0	
	2,263	**0**	**0**	**0**	**0**	**0**	

		DEPRECIATION AND AMORTIZATION						NET BOOK VALUE	
	12/31/2012	01/01/2012	Translation adjustment	Additions*	Reclassifications	Disposals	12/31/2012	12/31/2011	12/31/2012
	17,111	13,706	-21	763	0	0	14,448	1,862	2,663
	29,329	23,823	-11	2,519	0	0	26,331	5,446	2,998
	3,168	2,236	-29	887	0	0	3,094	961	74
	2,922	661	0	492	0	0	1,153	299	1,769
	52,530	**40,426**	**-61**	**4,661**	**0**	**0**	**45,026**	**8,568**	**7,504**
	34.231	**18,837**	**0**	**0**	**0**	**0**	**18,837**	**13,599**	**15.394**
	7,852	1,592	-77	462	0	0	1,977	5,950	5,875
	7,280	3,004	16	722	0	0	3,742	1,074	3,538
	10,629	7,379	-55	943	0	19	8,248	2,301	2,381
	373	353	-1	4	0	4	352	20	21
	207	0	0	0	0	0	0	16	207
	725	712	-45	38	0	0	705	59	20
	714	714	-5	3	0	0	712	5	2
	33	1	0	8	0	0	9	37	24
	27,813	**13,755**	**-167**	**2,180**	**0**	**23**	**15,745**	**9,462**	**12,068**
	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 ASSET
MOVEMENT SCHEDULE 2011

	ACQUISITION AND MANUFACTURING COSTS					
in € thousand	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	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 BOOK VALUE	
	12/31/2011	01/01/2011	Translation adjustment	Additions*	Umbuchungen / Umgliederungen	Reclassifi-cations	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**

SEGMENT REPORTING (IFRS)

SEGMENT INFORMATION BY BUSINESS SEGMENT

in € thousand	Lithography		Substrat Bonder		Photomask Equipment	
	2012	2011	**2012**	2011	**2012**	2011
External sales	113,194	111,500	23,149	20,474	22,869	36,345
Internal sales	0	0	0	0	0	0
Total sales	**113,194**	111,500	**23,149**	20,474	**22,869**	36,345
Result per segment (EBIT)	23,689	25,541	-12,009	-11,085	1,104	5,264
Income before taxes	23,493	25,468	-12,009	-11,087	1,099	5,260
Significant non-cash items	1.980	-831	-2,335	-2,394	-190	-393
Segment assets	76.617	57,893	39,869	36,229	11,306	17,593
Thereof goodwill	15.394	13,599	0	0	0	0
Unallocated assets						
Total assets						
Segment liabilities	**-26,757**	-21,800	**-4,929**	-8,500	**-2,443**	-6,065
Unallocated liabilities						
Total liabilities						
Depreciation and amortization	2,264	1,621	2,174	2,098	604	629
thereof scheduled	2,264	1,621	2,174	2,098	604	629
thereof impairment loss	0	0	0	0	0	0
Capital expenditure	5,231	1,418	199	921	60	329
Workforce at December 31	419	340	134	136	106	106

SEGMENT INFORMATION BY REGION

in € thousand	Sales (continuing operations)		Capital expenditure		Assets (without Goodwill)	
	2012	2011	**2012**	2011	**2012**	2011
Europe	40,520	40,160	3,856	2,607	98,140	96,085
North America	30,276	29,461	4,536	880	20,425	7,707
Japan	16,518	12,983	3	41	3,689	3,945
Rest of Asia	76,513	92,775	37	120	1,544	1,447
Rest of world	0	48	0	0	0	0
Consolidation effects	0	0	0	0	-290	-1,731
Total	**163,827**	175,427	**8,432**	3,648	**123,508**	107,453

	Other		Continuing operations		Discontinued operations (Test business)		Consolidation effects		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	4,615	7,108	163,827	175,427	0	382	-	-	163,827	175,809
	8,387	6,973	8,387	6,973	0	0	-8,387	-6,973	0	0
	13,002	14,081	**172,214**	182,400	**0**	382	**-8,387**	-6,973	**163,827**	175,809
	-1,044	-1,145	11,740	18,575	1,507	-21	-	-	13,247	18,554
	-832	-45	11,751	19,596	1,507	-23	-	-	13,258	19,573
	22	-44	-523	-3,662	0	0	-	-	-523	-3,662
	11,110	9,337	138.902	121,052	0	0	-	-	138.902	121,052
	0	0	15.394	13,599	0	0	-	-	15.394	13,599
									41.184	66,694
									180.086	187,746
	-3,376	-2,126	**-37,505**	-38,491	**0**	0	**-**	-	**-37,505**	-38,491
									-14.473	-28,862
									-51.978	-67,353
	1,799	2,003	6,841	6,351	0	0	-	-	6,841	6,351
	1,799	2,003	6,841	6,351	0	0	-	-	6,841	6,351
	0	0	0	0	0	0	-	-	0	0
	2,942	980	8,432	3,648	0	0	-	-	8,432	3,648
	45	42	704	624	0	0	-	-	704	624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

According to IFRS for 2012

(1) Description of business activity

SUSS MicroTec AG (the "Group" or "Company"), domiciled at Schleissheimer Str. 90, in 85748 Garching, Germany, and its subsidiaries constitute an international Group that manufactures and distributes products using microsystems technology and microelectronics. Production is at facilities in Garching and Sternenfels in Germany, Corona in the USA (since March 2012), and Neuchâtel in Switzerland. The products are distributed by the production facilities directly 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 significant accounting policies

A) BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with the 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 (Handelsgesetzbuch - HGB), the Company is obliged to prepare consolidated financial statements in accordance with the accounting regulations of section 315a HGB as SUSS MicroTec AG is listed on a stock exchange. The Group management report has been prepared in accordance with section 315 HGB.

The consolidated financial statements and the Group management report for the year ending on December 31, 2012 will be submitted to and published in the electronic Federal Gazette.

B) STANDARDS AND INTERPRETATIONS THAT HAVE BEEN APPLIED FOR THE FIRST TIME

The IASB and the International Financial Reporting Interpretations Committee have revised the following standard; the revised standard is mandatory for consolidated financial statements as of December 31, 2012.

IFRS 7: "NOTES - TRANSFER OF FINANCIAL ASSETS"

In the Official Gazette of the European Union dated November 22, 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. These changes have no 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 standard, whose application is still awaiting endorsement in 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 requirements 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. its business model) and on the product features of the individual financial assets.

The standard is mandatory for fiscal 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.

The EU Commission has already adopted the following new and revised standards into EU law, but they are not mandatory for the fiscal year 2012. The new and revised standards have not been applied early.

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 thus also 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 applicable IAS 27 (2008) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities."

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 10 published by the IASB was adopted.

IFRS 10 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously 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 the initial application.

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 regulations hitherto applicable for questions of accounting for joint ventures.

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 11 published by the IASB was adopted.

IFRS 11 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously 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 the initial application.

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).

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 12 published by the IASB was adopted.

IFRS 12 is mandatory for fiscal years beginning on or after January 1, 2013; earlier application is only permitted if applied simultaneously 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 the initial application.

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 only contain regulations on the treatment of subsidiaries, joint ventures and associated entities in the IFRS separate financial statements in the future.

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendments to IAS 27 (2011) published by the IASB were adopted.

IAS 27 (2011) is mandatory for fiscal years beginning on or after January 1, 2013.

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

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.

Decree 1254 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendments to IAS 28 (2011) published by the IASB were adopted.

IAS 28 (2011) is mandatory for fiscal years beginning on or after January 1, 2013.

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

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.

Decree 1255 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, IFRS 13 published by the IASB was adopted.

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

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

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 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.

Decree 475 / 2012 was announced in the Official Gazette of the European Union dated June 6, 2012. With it, the amendments to IAS 19 published by the IASB were adopted.

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

Since SUSS MicroTec AG currently applies the corridor method, the change – when applied to the situation as of December 31, 2012 – would lead to an increase of € 1,358 thousand in the pension provision. With the change from the corridor method to the changed method, the statement of income of SUSS MicroTec AG will no longer be affected by 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 statement of income must formally be presented as a single component of the financial statements, namely the "Statement of Profit or Loss and Other Comprehensive Income." This formally combined statement of income must be divided into two sections nonetheless, with the first presenting profit and loss and 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 statement of income and items that will never be reclassified, but will remain under other comprehensive income.

Decree 475 / 2012 was announced in the Official Gazette of the European Union dated June 6, 2012. With it, the amendments to IAS 1 published by the IASB were adopted.

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

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

IAS 32: "FINANCIAL INSTRUMENTS: PRESENTATION"

On December 16, 2011, the IASB published an amendment to IAS 32 "Financial Instruments: Presentation," which clarified the preconditions for offsetting financial instruments. Together with these clarifications, the regulations on disclosures in the Notes under IFRS 7 were expanded.

Decree 1256 / 2012 was announced in the Official Gazette of the European Union dated December 29, 2012. With it, the amendment of IAS 32 published by the IASB was adopted.

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

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

D) SIGNIFICANT ACCOUNTING POLICIES

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 policies 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, which correspond to the divisions in the SUSS Group.

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 liquidity providing entities on the basis of its value in use. This value is generally based on valuations using discounted cash flow.

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 using 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 using the straight-line method from the commencement of production over the expected product life cycle, which is generally 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 to 40 years
Plant and machinery	4 to 5 years
Other plant, operating and office equipment	3 to 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 expenses 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 (divisions).

If the circumstances that led to the impairment cease to apply in later periods, 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

Inventories are measured at manufacturing or acquisition costs or, if lower, their net realizable value. The net realizable value is the sales proceeds that can probably be obtained less the costs likely to be incurred prior to sale. Inventory risks arising from decreased 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 overhead costs.

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 be applicable, a revaluation is made.

FINANCIAL INSTRUMENTS

Financial instruments are contractual relationships which lead to a financial asset for the one party and to a financial debt or an equity instrument for the other. 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 statement of financial position 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 value adjustments are made on doubtful receivables and receivables considered to be unrecoverable. In addition, value adjustments are made depending on the age structure of overdue receivables. These impairments are recorded in separate adjustment accounts.

SECURITIES

Securities are classified as financial assets available for sale, because they are not held for speculation purposes. 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 remaining term of less than three months. Cash and cash equivalents are measured at the cost of acquisition.

SHARE-BASED REMUNERATION

The Company reports 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 the vesting period into account. 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 calculated 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 statement of income when they fall outside a range of 10% of the scope of the commitment. In that case they are distributed over the average remaining service period 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 of the reporting 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.

TRADE PAYABLES

Trade payables are allocated to the category "Financial liabilities" and measured at adjusted acquisition costs.

LEASING

Whether an agreement constitutes a lease is determined on the basis of the economic substance of the agreement at the time it was concluded and involves estimating whether the fulfillment of the contractual agreement is dependent upon the use of a specific asset or assets and whether the agreement conveys the right to use the asset, even if this right is not explicitly stated in an agreement.

For leasing agreements that were concluded prior to January 1, 2005, the applicable date for the conclusion of the leasing agreement is January 1, 2005, in accordance with the transitional requirements of IFRIC 4.

Financing leases, according to which essentially all ownership-related opportunities and risks associated with the leased object are transferred to the Group, lead to the capitalization of the leased object at the beginning of the lease's term. The leased object is recognized at fair value or at the present value of minimum lease payments if this amount is lower. Lease payments are thus divided into financing expense and the repayment component of the remaining loan so that a constant interest rate applies to the remaining lease liability over the term of the leasing agreement. Financing expense is recognized in profit and loss.

Leased objects are depreciated over their useful life. However, if the transfer of ownership to the Group at the end of the lease's term is not sufficiently certain, the leased object is depreciated in full over the shorter of two possible time periods – the expected useful life or the term of the lease. Lease payments for operating leases are recorded under expense for operating leases in the statement of income using the straight-line method over the term of the lease.

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

Sales from the sale of tools are recorded in accordance with IAS 18 if the conditions are met for realizing them. Sales are realized at the time of transfer of the essential risks and opportunities associated with the property of the sold goods if it is sufficiently likely that the Company will benefit economically from the sale. The amount of the recorded sales is based on the fair value of the consideration to be received or claimed.

Customer orders of the Company usually include installation services that are necessary in order to put the sold machinery into a ready-to-operate condition. Due to the complexity of the installation steps, the Company assumes that significant property risks remain until the installation has been completed at the customer's location. Therefore, in contracts in which not only the delivery of machinery but also the installation and final acceptance by the customer are agreed upon, the sales are realized only if the setting up and assembly have been completed and final acceptance by the customer has occurred.

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. In addition to the directly allocatable materials and manufacturing costs, they also include overhead costs such as depreciation and amortization of production facilities and intangible assets as well as 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 statement of financial position 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 are 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 shares issued.

The diluted earnings per share are computed by dividing the adjusted net profit by the weighted average of the shares issued 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 in accordance with 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 statement of income or, in the case of a cash flow hedge, under accumulated other comprehensive income after deduction of deferred taxes.

CASH FLOW HEDGES

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

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 statement of income, generally in the periods in which the expenses are incurred that are to be met by the subsidies. Subsidies relating to capitalizable development costs are subtracted from the capitalization total.

TRANSACTIONS IN FOREIGN CURRENCY

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

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.

TRADE 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 of December 31, 2012, the total adjustment on accounts receivable was € 617 thousand (2011: € 546 thousand).

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 cash flow derived from the Group budget. For cash flow 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. For the five-year period, the Lithography division, which the goodwill that is accounted for is assigned to, calculates average annual growth of 13.0% (2011: 21.5%). The forecast net cash flow is discounted using a risk-adjusted interest rate of 10.0% (2011: 10.1%). These premises and the underlying method may have a considerable influence on the values in question 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 cash flow is determined for the next higher group of assets for which such a cash flow can be determined. For tangible and for other intangible assets, the determination of recoverable amount is also similarly associated with estimates from Management, which has a considerable influence on the values concerned and, in the final analysis, on the amount of any impairment.

PENSION PLANS AND SIMILAR COMMITMENTS

Commitments 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 assumed discount factors reflect the interest rates obtained as of the reporting 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 guarantees and warranty claims is associated to a considerable extent with estimates. Where the Company derives these provisions from historical guarantee and warranty cases, a decline in the sales volume decreases such provisions correspondingly, and vice versa.

OTHER FINANCIAL LIABILITIES

The other financial liabilities are passivized at settlement amount. They are derecognized if the contractual commitment is fulfilled, is cancelled or expires. Depending on contractual agreements, estimations are sometimes necessary to calculate the expected settlement amount.

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 financial statement 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 material companies over which, independent of the level of its participatory investment, the proprietary company can exercise control (i.e. the control principle). In cases where the the majority of voting rights are held, it is assumed that it exercises control.

Receivables and liabilities as well as income and expenses incurred between the companies included in the consolidated financial statements as well as intra-Group 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 use their local currency as their functional currency are (with the exception of equity, which is translated at historical rates) translated at the rate on the reporting date, and the items in the statement of income are translated at average rates.

in € thousand	2012		2011	
	Statement of Financial Position	**Statement of Income**	Statement of Financial Position	Statement of Income
1 EUR vs 1 USD	1,319	1,293	1,294	1,394
1 EUR vs 1 JPY	113,620	103,253	100,100	111,148
1 EUR vs 1 GBP	0,816	0,813	0,837	0,871
1 EUR vs 1 CHF	1,207	1,205	1,216	1,234
1 EUR vs 1 TWD	38,491	38,262	39,338	41,101
1 EUR vs 1 SGD	1,611	1,613	1,682	1,750
1 EUR vs 1 CNY	8,349	8,161	8,234	9,016
1 EUR vs 1 KRW	1.411,150	1.456,037	1.495,670	1.544,865
1 EUR vs 1 THB	40,333	40,300	40,775	42,850

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

DISCLOSURES ON THE SCOPE OF CONSOLIDATION

Compared with the consolidated financial statements as of December 31, 2011, the following changes were made to the scope of consolidation:

By purchase agreement dated March 29, 2012, SUSS MicroTec Group acquired 100% of the shares in Tamarack Scientific Co., Inc. (Corona, CA, USA).

With the purchase agreement dated May 14, 2012, SUSS MicroTec acquired 15% of the shares of Suss MicroOptics S.A., Neuchâtel (Switzerland), boosting its stake from 85% to 100% in the process.

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

Therefore the following subsidiaries and associates of SÜSS MicroTec AG (ultimate parent company) were included in the consolidated financial statements as of December 31, 2012 (figures on capital and net profit or loss of the individual companies according to local law and in local currency):

Company	Currency	Subscribed capital	Investment	Shareholders' equity	Annual earnings	Consolidation
SÜSS MicroTec AG, Garching [1]	EUR	19,115,538.00	Holding	102,530,790.14	365,578.62	full
Suss MicroTec Lithography GmbH, Garching [2]	EUR	2,000,100.00	100 %	47,282,634.75	6,556,158.50	full
Suss MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels	EUR	3,000,000.00	100 %	-42,663.42	1,592,145.18	full
Suss MicroTec Photomask Equipment Beteiligungs GmbH, Sternenfels	EUR	25,000.00	100 %	15,393.52	-2,238.12	full
Suss MicroTec Ltd., Coventry	GBP	10,000.00	100 %	1,135,388.25	-14,358.48	full
Suss MicroTec KK, Yokohama	JPY	30,000,000.00	100 %	-303,394,664.00	-46,861,317.00	full
Suss MicroTec S.A.S., Lyon	EUR	114,750.00	100 %	879,792.06	159,009.00	full
Suss MicroOptics S.A., Neuchatel	CHF	500,000.00	100 %	7,841,244.58	1,597,942.61	full
Suss MicroTec, Inc., Sunnyvale	USD	105,000.00	100 %	20,979,511.06	-20,818.79	full
Suss MicroTec (Taiwan) Company Ltd., Hsin Chu	TWD	5,000,000.00	100 %	158,218,323.00	27,946,007.00	full
Suss MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100 %	26,498,207.23	9,805,234.64	full
Suss MicroTec Precision Photomask Inc., Palo Alto	USD	24,287.00	100 %	838,700.36	33,858.36	full
HUGLE Lithography Inc., San Jose [3]	USD	1,190,442.00	53.1 %	-39,579.00	-1,827.00	at cost
Suss MicroTec REMAN GmbH, Oberschleissheim [2]	EUR	25,564.59	100 %	729,401.46	523,529.40	full
Suss MicroTec (Singapore) Pte Ltd., Singapur	SGD	25,000.00	100 %	1,082,390.69	-292,352.28	full
Suss MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100 %	962,657,657.00	375,190,648.00	full
Tamarack Scientific Co. Inc., Corona [4]	USD	10,400.00	100 %	1,236,063.27	-4,769,306.96	full
Tamarack Scientific Ltd., London [5]	USD	2,033.00	100 %	-51,251.00	2,677.00	full
ELECTRON MEC. S.R.L., Milan [6]	EUR	52,000.00	10 %	931,696.00	-128,105.00	at cost

[1] Equity and net income before profit and loss transfer agreement with Suss MicroTec Lithography GmbH and Suss MicroTec Reman GmbH

[2] Equity and net income before profit and loss transfer agreement with SUSS MicroTec AG

[3] Entity considered at cost due to immateriality

[4] Incomplete business year April 1 until Deceber 31, 2012

[5] In liquidation; figures for incomplete business year November 1, 2011 until June 30, 2012

[6] Figures according to financial statement from December 31, 2011

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

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

Suss MicroTec Photomask Equipment GmbH & Co. KG, which has the legal form of a partnership, fulfills the conditions for exemption pursuant to Section 264b HGB. Hence no disclosure is made of the financial statement documents.

COMPANY ACQUISITIONS

Acquisition of 100% of Tamarack Scientific Co., Inc.

By purchase agreement dated March 29, 2012, SUSS MicroTec Group acquired 100% of the shares in Tamarack Scientific Co., Inc. (Corona, CA, USA).

Tamarack develops, manufactures, and distributes UV projection lithography devices as well as laser-based microstructuring systems. It focuses on the advanced packaging, 3D integration, MEMS, and LED markets. The devices are used in industrial manufacturing as well as research and development. With the acquisition of Tamarack, SUSS MicroTec is pursuing a consolidation strategy at the semiconductor backend and is expanding its existing expertise in lithography with projection lithography.

The acquisition of the shares and assets or liabilities is recorded in the consolidated financial statements of SUSS MicroTec AG in accordance with the International Financial Reporting Standards as a business combination, as stipulated in IFRS 3 (rev. 2008). In this context, the acquired assets, liabilities, and contingent liabilities (with a few exceptions) are to be recognized at fair value at the time of acquisition (IFRS 3.18). In accordance with the guidelines of IFRS 3 in connection with IAS 38, not only assets appearing in the statement of financial position are to be taken into account, but also not yet recognized intangible assets.

In view of this, a purchase price allocation was conducted for the acquired assets and liabilities. The acquired assets and liabilities were recognized at the time of initial consolidation on March 31, 2012, as follows:

in USD thousands	Net book value according to IFRS as of 03/31/2012	Recognized upon acquisition (according to PPA)
Intangible assets	1,146	3,733
Tangible assets	1,728	1,938
Other noncurrent assets	300	300
Current assets	12,820	14,881
Total assets	**15,994**	**20,852**
Noncurrent liabilities	-	-
Current liabilities	9,181	9,181
Total liabilities	**9,181**	**9,181**
Net assets	6,813	11,671
Acquisition costs		9,340
Provision for earn-out		4,697
Goodwill		2,366

At the time of initial consolidation, previously unrecognized intangible assets of approximately US$ 2.6 million, which primarily related to the acquired technology, were capitalized. The measurement of the technology is based on planning for the years 2012 to 2020 and the resulting cash flows. In addition, hidden reserves within tangible assets of US$ 0.2 million were disclosed. Hidden reserves of approximately US$ 2.0 million, which related to tools and unfinished goods in inventory reserves, were recognized in current assets. Current assets also include trade receivables of US$ 0.4 million. Hidden reserves are not included here.

Aside from the fixed purchase price of approximately US$ 9.34 million, a variable purchase price component, which depends on the development of sales and margins in the next three years, has been agreed upon. The amount of the anticipated earn-out liability was estimated to be approximately US$ 6.8 million, based on existing corporate plans. Of this, approximately US$ 5.6 million accrues to the two previous shareholders of Tamarack Scientific Co., Inc., who sold their shares to SUSS MicroTec. The remaining US$ 1.2 million accrues to five employees to whom stock options were granted in the past and therefore were also treated as shareholders in the purchase agreement.

The earn-out, which accrues to the two previous shareholders, was treated in the purchase price allocation as the purchase price and recognized in the initial consolidation at a present value of approximately US$ 4.7 million. The variable purchase price, which accrues to the five employees, is viewed as compensation for work performance and prorated over a period of 24 months. In 2012, approximately US$ 0.4 million was recorded as expense for the variable purchase price accruing to the five employees.

On December 31, 2012, the earn-out liability was re-estimated and the amounts were adjusted accordingly. Based on the existing corporate plans for Tamarack, the amount of the total earn-out liability as of December 31, 2012 was estimated to be approximately US$ 3.43 million (nominal). Thus approximately US$ 2.7 million of the provisions formed for the variable purchase price were reversed with effect on net income as of December 31, 2012.

Tamarack Scientific Co., Inc.'s income and expenses in the months from April to December 2012 are recorded in the consolidated statement of income. During that period, Tamarack contributed sales of € 1.9 million and earnings after taxes of € -2.9 million to Group sales and earnings, respectively. Furthermore, an additional positive contribution to earnings (after taxes) of € 1.2 million resulted from the amortization of hidden reserves through the purchase price allocation, the addition of the earn-out liability to employees, and the reevaluation of earn-out liabilities at the end of the year. If SUSS MicroTec Group had already acquired Tamarack at the beginning of the reporting period, consolidated sales would have totaled € 167.0 million and consolidated earnings after taxes € 6.1 million (continuing operations).

Increasing the stake in Suss MicroOptics S.A., Neuchâtel (Switzerland) to 100%

With the purchase agreement dated May 14, 2012, SUSS MicroTec acquired 15% of the shares of Suss MicroOptics S.A., Neuchâtel (Switzerland), boosting its stake from 85% to 100% in the process. The fixed purchase price totaled CHF 1.35 million and was paid in May 2012. Aside from the fixed purchase price, a variable purchase price was agreed with the sellers. It will be paid between 2013 and 2015. The variable purchase price amounts to approximately CHF 0.45 million (nominal); corresponding provisions were recognized as liabilities.

In the consolidated financial statements of SUSS MicroTec AG, the share purchase was recorded as an equity transaction in accordance with IAS 27. The difference in amount between the total purchase price of CHF 1.8 million and the lower carrying value of the acquired minority shares came to approximately € 0.8 million and was recognized under consolidated capital surplus.

G) DISCONTINUED OPERATIONS

In 2010, SUSS MicroTec AG parted from its business with Test Systems and sold the Test Systems division 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 that were also allocated to the Test Systems operation were sold.

The purchase price for the Test Systems division consisted of a fixed amount and an amount placed in escrow. 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 escrow, the disbursement depending on certain conditions being met by the seller after the transaction and having led to an adjustment of the purchase price. As of December 31, 2011, € 0.8 million had been released from the escrow account to SUSS MicroTec AG. In addition, SUSS MicroTec AG received € 0.8 million in purchase price adjustments. In February 2012, the amounts remaining in escrow of € 1.5 million were paid to SUSS MicroTec AG. This resulted in positive earnings from discontinued operations of € 1,507 thousand in 2012.

In January 2010, Suss MicroTec Test Systems GmbH was deconsolidated.

The results of the Test Systems division, which were shown in the consolidated statement of income as a discontinued operation, were as follows:

in € thousand	2012	2011
Sales	0	382
Cost of sales	0	-403
Income from subsequent payment of the purchase price	1,507	0
Net profit or loss from discontinued operations before income taxes	**1,507**	**-21**
Income taxes	0	0
Net profit or loss from discontinued operations after income taxes	**1,507**	**-21**

COMMENTS ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

The following explanations to the consolidated statement of income relate exclusively to the Group's continuing operations. All statements – if not declared otherwise – are in € thousand.

(3) Sales

The sales are made up as follows:

in € thousand	2012	2011
Machines	133,083	147,846
Spare parts and upgrades	16,669	13,825
Services	9,751	7,438
Others	4,324	6,318
Sales	**163,827**	**175,427**

For information on the breakdown of the sales in terms of product lines and regions, please refer to the segment reporting. The other sales comprise revenue from the Micro-optics division. In the previous year, other sales comprised revenues from both the Micro-optics division and the mask business.

(4) Cost of sales

The cost of sales includes depreciation on capitalized development services of € 2,519 thousand (2011: € 2,518 thousand). The depreciation involves € 769 thousand (2011: € 768 thousand) for development projects in the Lithography division and € 1,750 thousand (2011: € 1,750 thousand) in the Substrate Bonder division. In addition, the cost of sales includes depreciation of the technology acquired from Suss MicroTec Photomask Equipment of € 256 thousand (2011: € 256 thousand) as well as technology acquired from Tamarack of € 182 thousand.

The cost of sales also includes impairments of inventories (demonstration equipment; raw materials, supplies and consumables as well as finished and semi-finished products) of € 5,170 thousand (2011: € 3,817 thousand). Of this amount, € 1,752 thousand (2011: € 1,071 thousand) accrues to inventory in the Lithography division and € 3,031 thousand (€ 2,371 thousand) accrues to inventory in the Substrate Bonder division. The inventory of the Photomask Equipment division was marked down by € 384 thousand (2011: € 375 thousand). Inventory in the Others division incurred markdowns of € 3 thousand (2011: € 0 thousand).

(5) Other operating income

Other operating income was made up as follows:

in € thousand	2012	2011
Foreign currency gains	2,135	3,562
Commissions	391	334
Income from the reversal of value adjustments for trade receivables	113	241
Company cars	264	197
Revenues from disposal of assets	0	127
Other subsidies	192	20
Income from the release of provisions	480	0
Reduction in the Earn-out Liability for Tamarack	2,107	0
Insurance reimbursements	145	0
Others	242	286
Other operating income	**6,069**	**4,767**

The foreign currency gains stemmed primarily from various business transactions in the operational area that were conducted in foreign currency (primarily in US dollars and Japanese yen) and from exchange rate changes during the year. The Company also realized currency gains from the hedging of foreign currency.

The commissions were obtained by our subsidiary in China.

Other subsidies essentially involve subsidies of the canton of Neuchâtel, which were granted by the SMO in 2012. In the previous year, other subsidies related to subsidies of the Arbeitsagentur (German government employment agency) for integration measures and part-time working prior to full retirement.

The amounts from the reduction of the earn-out liability for Tamarack result from the partial reversal of the earn-out liability, which was recognized as a liability during the initial consolidation of Tamarack Scientific Co., Inc. (€ 1,947 thousand). In addition, part of the earn-out liability for the employees was reversed (€ 160 thousand), which was recorded as an expense in 2012.

The amounts from the reversal of provisions result primarily from Suss MicroTec Lithography GmbH (€ 163 thousand) and Tamarack Scientific Co., Inc. (€ 296 thousand).

(6) Other operating expenses

The other operating expenses are made up as follows:

in € thousand	2012	2011
Foreign currency losses	3,423	3,856
Other taxes	395	283
Depreciation of technical equipment and tools	0	262
Additions to contract loss provision	19	125
License fees	12	101
Allowances for value adjustments for doubtful debts	70	50
Expenses for Tamarack earn-out	309	0
Others	137	217
Other operating expenses	**4,365**	**4,894**

The foreign currency losses arose mainly from changes in measurement of customer receivables in US dollars on account of changes in the exchange rates during the year as well as from measurement changes to intra-Group clearing accounts in foreign currency. € 574 thousand of the foreign currency losses resulted from the repayment of intra-Group foreign currency loans by SUSS MicroTec AG to Suss MicroTec, Inc., Sunnyvale. This amount was reported under other comprehensive income (OCI) until the repayment of the credits. Furthermore, the Group incurred exchange losses on currency hedging transactions.

The depreciation on plant and machinery in the previous year related to a machine owned by Suss MicroTec Precision Photomask, Inc. All assets and debts of Suss MicroTec Precision Photomask, Inc. were sold in the fourth quarter of 2011 under an asset deal.

The licensing fees in the current and previous years also applied to Suss MicroTec Precision Photomask, Inc.

In connection with the acquisition of Tamarack Scientific Co., Inc. individual employees of Tamarack were granted performance-based remuneration, which are set to be paid within the next three years. These earn-out liabilities to the employees were recorded as an expense, in contrast to the earn-out liabilities of the shareholders. In the 2012 fiscal year, out of a total of 24 monthly installments, 8 monthly installments were recorded as expense.

(7) Financial result

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

Financial income of € 940 thousand (previous year: € 2,017 thousand) resulted mainly from interest income for money market investments and securities. 2011 also includes gains on sale for the sale of Cascade shares of € 833 thousand.

The financial expenses are composed as follows:

in € thousand	2012	2011
Bank loans	745	749
Interest swaps	-161	-137
Accrued interest	55	186
Interest finance lease	20	49
Commissions on bank guarantees	48	67
Compounding of noncurrent liabilities	186	0
Other interest and financial expense	36	82
Financial expense	**929**	**996**

The level of total financial expense is slightly lower than in the previous year. The interest on bank borrowings mainly involved interest expenses for the promissory note bond (loan amount € 9 million) that was redeemed in December 2012 as well as interest expense for real estate financing in Sternenfels (loan status as of December 31, 2012: € 4.1 million). The interest swaps related to the promissory note bond had a positive effect in the reporting year, corresponding to a total of € 161 thousand. Interest expense for the compounding of noncurrent liabilities result from determining the present value of earn-out liabilities related to the acquisition of Tamarack Scientific Co., Inc.

(8) Income taxes

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

in € thousand	2012	2011
Current taxes	2,596	2,223
Deferred taxes	1,536	3,566
thereof on temporary differences	332	1,827
Total	**4,131**	**5,789**

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

in %	2012	2011
Expected tax rate		
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	2012	2011
Earnings before taxes	11,751	19,596
Expected income taxes	**3,320**	**5,536**
Different foreign tax rates	-946	-866
Remeasurement of German tax rates	19	44
Other non-deductible expenses	282	75
Income taxes from previous year	-73	49
Change of valuation allowance on deferred taxes	2,600	1,668
Use of loss carryforwards adjusted in full	-69	-359
Non-taxable income	-1,103	-270
Earnings from discontinued operations attributable to fiscal parent	0	-6
Others	101	-82
Effective income taxes	**4,131**	**5,789**

A comparison of the expected and effective income taxes from the continuing operations shows a deviation of € 811 thousand (2011: € 253 thousand). Instead of presenting tax expense of € 3,320 thousand, the Company booked tax expense of € 4,131 thousand in the reporting year.

In the reporting year, additional adjustments of € 2,600 thousand were made on deferred tax assets. The largest need for value adjustment arose at the U.S. companies Suss MicroTec, Inc., Sunnyvale (California / USA), and Tamarack Scientific Co., Inc., Corona (California / USA). The three US subsidiaries Suss MicroTec, Inc., Tamarack Scientific Co., Inc. and Suss MicroTec Precision Photomask, Inc. form a tax group. Their taxable income is subject to group taxation in the USA. Based on the current Group budget, negative earnings are expected for Tamarack in the next two years. The reason for the negative earnings is above all the low gross profit margin expected for the current order backlog. Earnings for Suss MicroTec, Inc. are expected to be slightly negative in the next two years. A reason for this, among other things, is the changed business model of Suss MicroTec, Inc., which will manage the sales of our products in North America as a representative in the future. Suss MicroTec, Inc. has previously been active as a reseller.

The positive tax effect from the generation of tax-exempt income is mainly attributable to income from the reversal of the earn-out liability, which was recorded as a result of the reevaluation at the end of the year.

The positive effect from the utilization of adjusted loss carryforwards results from positive annual earnings at Suss MicroTec Precision Photomask, Inc., Sunnyvale (USA) and Suss MicroTec S.A.S., Lyon (France).

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

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

in € thousand	Assets		Liabilities	
	2012	2011	**2012**	2011
Other current liabilities	37	284	40	0
Pension plans and similar commitments	612	630	0	0
Trade receivables	0	13	63	111
Other non-current provisions	39	20	66	62
Intangible assets	2,616	2,551	703	21
Other current assets	64	15	0	0
Financial debt	5	11	0	0
Goodwill	0	0	2,044	1,807
Adjustment item SMT Photomask Equipment	0	0	403	515
Inventories	182	698	68	0
Tangible assets	0	5	82	113
Others	142	57	0	128
Loss carryforwards	885	1,099	0	0
Balancing	-3,403	0	-3,403	0
Total	**1,179**	**5,383**	**66**	**2,757**

The Group has tax loss carryforwards of € 27,730 thousand (2011: € 21,054 thousand). Of this amount, a total of € 4,266 thousand will have lapsed by December 31, 2019. In the period from 2028 to 2032, a total of € 21,223 thousand will lapse. Loss carryforwards of € 2,240 thousand can be used indefinitely.

The increase in loss carryforwards compared to the previous year results mainly from the acquisition of Tamarack Scientific Co., Inc. whose loss carryforwards amounted to approximately € 9,076 thousand at the end of the year. The positive annual earnings of the tax entity of SUSS MicroTec AG (with the entities of Suss MicroTec Lithography GmbH und Suss MicroTec REMAN GmbH) has offset the existing loss carryforward of approximately € 1,577 thousand at SUSS MicroTec AG in the previous year.

No deferred tax assets were recognized on loss carryforwards of € 25,663 thousand (2011: € 17,906 thousand) and temporary differences of € 16,500 thousand (2011: € 3,409 thousand).

According to IAS 12.74 et seq, deferred tax assets and liabilities are offset if the possibility to do so exists according to civil law and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In the previous year, no offsetting of deferred tax assets and liabilities was exersised. If an offsetting of deferred tax assets and liabilities had been done in the previous year, it would have resulted in deferred tax assets of € 2,843 thousand and deferred tax liabilities of € 217 thousand as of December 31, 2011, taking into account an offset amount of € 2,540 thousand.

(9) Earnings per share

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

in € thousand	2012	2011
Profit from continuing operations	7,620	13,807
Less minority interests	-30	-273
Profit from continuing operations, which accrue to shareholders of SUSS MicroTec AG	7,590	13,534
Weighted average number of outstanding shares	19,108,700	18,908,799
Effect of the (potential) exercise of stock options (number of options)	6,838	14,510
Adjusted weighted average number of outstanding shares	19,115,538	18,923,309
Earnings per share in € from continuing operations – basic –	**0.40**	**0.72**
Earnings per share in € from continuing operations – diluted –	**0.40**	**0.71**

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

Additional information about the share option programs can be found in paragraph 21 of these Notes.

(10) Other disclosures on the IFRS consolidated statement of income

RESEARCH AND DEVELOPMENT EXPENSES

Besides the research and development expenses explicitly mentioned in the profit and loss account, there has been depreciation on capitalized research and development costs as well as a low amount of new capitalized research and development costs.

The net investment and the expenses for research and development are as follows:

in € thousand	2012	2011
R&D expense	**9,705**	12,936
R&D amortization	2,519	2,518
R&D capitalization	74	112
R&D net capitalization	**-2,445**	-2,406

PERSONNEL EXPENSES

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

in € thousand	2012	2011
Wages and salaries	46,001	39,826
Social security expenses	4,054	3,436
Pensions expenses	2,804	2,426
Personnel expenses	**52,859**	**45,688**

Salaries and wages include allocations to the earn-out liabilities for Tamarack employees of € 309 thousand.

The social security charges and expenses for benefits contain mainly the employer portions of social security insurance and contributions to the employer's liability insurance.

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 2012 came to € 62,895 thousand (2011: € 91,111 thousand).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are made up as follows:

in € thousand	2012	2011
Intangible assets	4,661	4,211
Tangible assets	2,180	2,140
Depreciation and amortization	**6,841**	**6,351**

Aside from capitalized development costs of € 2,519 thousand (2011: € 2,518 thousand), writedowns of € 763 thousand (2011: € 550 thousand) were recorded on concessions, industrial property rights and similar rights and assets as well as licenses in such rights and assets in the year under review. Additionally, amortization of € 887 thousand (2011: € 887 thousand) was taken on the SAP software that was sold to a leasing company on October 1, 2009, and leased back. Amortization of € 256 thousand (2011: € 256 thousand) was also taken on technology acquired with the acquisition of HamaTech (now named Suss MicroTec Photomask Equipment). The technology recognized with the initial consolidation of Tamarack Scientific and other acquired intangible assets were written down in the amount of € 236 thousand.

The amortization recorded on capitalized development costs was scheduled.

EXPLANATIONS ON THE ASSETS SIDE

The following explanations on the consolidated statement of financial position relate for the reporting year exclusively to the Group's continuing operations. All information – if not stated otherwise – are in € thousand.

(11) Intangible assets

Intangible assets disclosed as of the reporting date include patents, licenses and similar rights of € 4,507 thousand (2011: € 3,122 thousand) as well as development services of € 2,997 thousand (2011: € 5,446 thousand).

The "patents, licenses and similar rights" item contains the leased SAP system with a residual book value of € 74 thousand (2011: € 961 thousand).

The capitalized development costs relate mainly to the development of new machines in the Lithography and Substrate Bonder divisions.

With the initial consolidation of Tamarack Scientific Co., Inc., the Group acquired intangible assets totaling € 2,800 thousand. This includes the technology recognized through the purchase price allocation, whose acquisition value was approximately € 1,905 thousand.

(12) Goodwill

The goodwill disclosed as of the reporting date of € 15,394 thousand (2011: € 13,599 thousand) is allocated entirely to the Lithography division. It includes goodwill that is allocated to the acquisition of Tamarack Scientific Co., Inc. in the amount of € 1,795 thousand. This goodwill was recorded during initial consolidation with US$ 2,366 thousand and will continue to be denominated in US dollars in the coming years.

(13) Tangible assets

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

Tangible assets also include leased plant & machinery, leased operating & business equipment, and leased vehicles, which, on account of the design of their finance leases, are attributable to the Group as economic owner. These amount to a residual book value of € 46 thousand (2011: € 101 thousand).

With the initial consolidation of Tamarack Scientific Co., Inc., the Group acquired tangible assets totaling € 3,379 thousand.

(14) Other (non-current) assets

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

in € thousand	2012	2011
Reinsurance policies	346	380
Deposits	418	212
Others	9	0
Other noncurrent assets	**773**	**592**

(15) Inventories

The inventories may be broken down as follows:

in € thousand	2012	2011
Materials and supplies	27,527	24,382
Work in process	33,997	23,128
Finished goods	14,586	19,970
Demonstration equipment	18,960	12,469
Merchandise	371	211
Value adjustments	-13,262	-8,528
Inventory reserves	**82,179**	**71,632**

Of the total amount of inventories of € 82,179 thousand (2011: € 71,632 thousand) recognized as of December 31, 2012, € 33,960 thousand (2011: € 7,210 thousand) is accounted for at net realizable value.

With the initial consolidation of Tamarack Scientific Co., Inc., the Group acquired inventory reserves totaling € 8,956 thousand.

The amount of inventories that were recorded as expense in the 2012 fiscal year was approximately € 95,987 thousand (2011: € 105,540 thousand).

(16) Trade receivables

Trade receivables break down as follows:

in € thousand	2012	2011
Trade receivables – gross	22,375	18,336
Value adjustments	-617	-546
Trade receivables	**21,758**	**17,790**

The following table reproduces the changes in the adjustments on the stock of trade receivables.

in € thousand	2012	2011
Valuation allowance as of beginning of fiscal year	546	740
Derecognition of trade receivables	-19	-3
Payments received and recoveries of previously written-off receivables	-14	-241
Additions	104	50
Valuation allowance as of end of fiscal year	**617**	**546**

(17) Other financial assets

The following items are presented under other financial assets:

in € thousand	2012	2011
Capitalized interest	260	379
Subsidized projects	24	186
Supplier bonuses	37	54
Tender guarantees	89	57
Insurance compensation	68	0
Others	69	80
Other financial assets	**547**	**756**

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

(18) Securities

In the past fiscal 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 recognized in accumulated other comprehensive income and therefore do not affect profit and loss.

As of the reporting date, the Company held securities with a value of € 11,394 thousand (2011: € 19,362 thousand).

(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 € 80 thousand (2011: € 87 thousand) 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 2.54% p.a.

The current tax receivables consist of advance tax payments of € 295 thousand (2011: € 686 thousand).

(20) Other (current) assets

The following items are contained under other current assets.

in € thousand	2012	2011
Prepaid expenses	597	1.055
Deposits paid	651	671
VAT	352	379
Deposits	32	30
Receivables from funding projects	85	213
Others	6	445
Other current assets	**1,723**	**2,793**

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

EXPLANATIONS ON THE EQUITY & LIABILITIES SIDE

(21) Shareholders' equity

SUBSCRIBED CAPITAL

In the reporting year a total of 14,510 subscription rights were exercised from the 2008 stock option plan.

The equity capital of SUSS MicroTec AG of € 19,101,028.00 (divided into 19,101,028 registered no-par-value shares with an imputed face value of € 1.00 each) was increased by an amount of € 14,510.00, bringing the total as of the reporting date to € 19,115,538.00 (divided into 19,115,538 registered, no-par-value individual shares). We refer here to the presentation of the Statement of Changes in Equity.

Each individual share gives entitlement to one vote. The individual shares are not repayable and cannot be converted. Dividends may only be distributed from the distributable profits as recognized in the financial statements of SUSS MicroTec AG prepared in accordance with commercial law.

The approved capital as of the reporting date is € 9,053 thousand (2011: € 9,053 thousand).

As of December 31, 2012, the Company had a contingent capital totaling € 0 thousand (2011: € 1,270 thousand).

in € thousand	2012	2011
Subscribed capital	19,116	19,101
Authorized capital	9,053	9,053
Conditional capital	0	1,270

RESERVES

The Group's reserves are composed as follows:

in € thousand	2012	2011
Additional paid-in capital	97,615	98,384
Earnings reserve	433	433
Retained earnings	11,896	2,799
Reserves	**109,944**	**101,616**

With the acquisition of 15% of the shares in Suss MicroOptics S.A., Neuchâtel (Switzerland) in May 2012, SUSS MicroTec AG boosted its stake to 100%. The cost of acquiring the shares was € 1,501 thousand, while minority interests in shareholders' equity on the purchase date amounted to € 728 thousand. The purchase of minority interests was recorded as an equity transaction in accordance with IAS 27. The difference between the acquisition costs of the shares and minority interests in shareholders' equity was offset against additional paid-in capital.

From the exercise of the share options, € 4 thousand (2011: € 114 thousand) was allocated to additional paid-in capital. In the previous year, € 45 thousand was allocated to additional paid-in capital from the granting of subscription rights under the existing share option schemes, with effect on income.

The earnings reserve is unchanged over the previous year.

Retained earnings increased by the amount of net profit for the year of € 9,097 thousand to stand at a balance sheet profit of € 11,896 thousand before consideration of minority shares.

ACCUMULATED OTHER COMPREHENSIVE INCOME

The development of accumulated other comprehensive income is as follows:

in € thousand	2012	2011
Foreign currency adjustments	-988	-824
Cash flow hedges	-331	-101
Unrealized gains / losses from securities	277	307
Tax effects		
Unrealized gains / losses from securities	-90	-98
Cash flow hedges	119	57
Status at the beginning of the period	**-1,013**	**-659**
Pre-tax changes		
Foreign currency adjustments	200	-164
Cash flow hedges	-189	-230
Unrealized gains / losses from securities	9	-30
Tax effects		
Unrealized gains / losses from securities	-2	8
Cash flow hedges	24	62
Status at the end of the period	**-952**	**-1,013**

In 2010, 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 statement of income, 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 operating activities in the coming fiscal year. Independently of this, there is a danger that equity might decrease as a result of a net deficit for the year should goals not be met.

SHARE OPTION SCHEMES OF SUSS MICROTEC AG

2005 STOCK OPTION PLAN

The Shareholders' Meeting on June 21, 2005 approved the creation of contingent capital 2005 / I of € 750,000. This capital is earmarked for granting subscription rights to members of the Management Board or management members and other executives of the Group companies. Of this portion of contingent capital, a total of 749,800 subscription rights were issued. All of the issued subscription rights lapsed on December 31, 2012.

2008 STOCK OPTION PLAN

The Shareholders' Meeting on June 19, 2008 approved the creation of contingent capital 2008 / I of € 438,250. This capital is earmarked for granting subscription rights to members of the Management Board and management members and other executives of the Group companies. Of this portion of contingent capital, a total of 438,250 subscription rights were issued. Of that total, 379,990 subscription rights were exercised in the 2011 fiscal year and 14,510 subscription rights were exercised in the 2012 fiscal year. All of the other subscription rights lapsed on December 31, 2012.

In the reporting year, an amount of € 0 thousand (2011: € 45 thousand) was allocated for these schemes to the additional paid-in capital with effect on the statement of income.

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

As of December 31, 2012, there were no more negotiable subscription rights (2011: 461,750 negotiable subscription rights).

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

	Number of stock options	average weighted subscription price in €
01/01/2008	**668,950**	**7.26**
granted 2008	0	0.00
exercised 2008	0	0.00
expired 2008	81,300	7.30
12/31/2008	**587,650**	**7.26**
granted 2009	438,250	1.30
exercised 2009	0	0.00
expired 2009	170,700	7.04
12/31/2009	**855,200**	**4.25**
granted 2010	0	0.00
exercised 2010	0	0.00
expired 2010	158,400	4.59
12/31/2010	**696,800**	**4.18**
granted 2011	0	0.00
exercised 2011	379,990	1.30
expired 2011	115,500	7.21
12/31/2011	**201,310**	**7.88**
granted 2012	**0**	**0.00**
exercised 2012	14,510	1.30
expired 2012	186,800	8.39
12/31/2012	**0**	**0.00**
negotiable	0	

(22) Pension plans and similar commitments

The Company grants various benefits arrangements covering mainly old age, death and invalidity. The plans 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; no provisions are set up.

The pension obligations are made up as follows:

in € thousand	2012	2011
Domestic liabilities	1,663	1,683
Foreign liabilities	1,214	1,189
Total	**2,877**	**2,872**

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 take the form of fixed commitments. Selected members of the management are eligible for these benefits. The main actuarial assumptions are shown below:

in %	2012	2011
Discount factor	2.54	4.83 – 5.16
Return on plan assets	2.54	5.80
Salary increase	0.00	0.00
Pension increase	2.00	2.00

Life expectancy according to tables by Dr. Heubeck, 2005

There are no longer any active claimants waiting under the German plans and therefore salary-related increases have been included only for Switzerland.

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

The main actuarial assumptions are shown below:

in %	2012	2011
Discount factor	2.00	2.50
Return on plan assets	3.00	3.00
Salary increase	1.50	1.50
Pension increase	0.00	0.25

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 set computation method providing for a benefit of 80% of the monthly salary per year of employment for each qualifying employee. Every employee qualifies after belonging to the Company for at least three years.

The main actuarial assumptions are shown below:

in %	2012	2011
Discount factor	2.00	2.00
Return on plan assets	0.00	0.00
Salary increase	1.62	1.62
Pension increase	0.00	0.00

The present values of defined benefit obligations and the market values of the plan assets evolved in 2012 and 2011 as follows:

in € thousand	2012	2011
Defined benefit obligation as of January 1	5,405	5,610
Service cost	264	272
Interest cost	196	207
Pension payments	-341	-387
Actuarial (+) gain / (-) loss	775	-417
Foreign exchange fluctuations	-98	120
Defined benefit obligation as of December 31	**6,201**	**5,405**

in € thousand	2012	2011
Plan assets as of January 1	1,901	1,913
Expected return on plan assets	82	84
Fund allocations paid	-7	20
Actuarial (+) gain / (-) loss	-17	-141
Foreign exchange fluctuations	7	25
Plan assets as of December 31	**1,966**	**1,901**

The essential components of plan assets are reinsurance policies and fixed-rate securities. The expected total return on plan assets is calculated based on the market prices prevailing at the time for the period over which the obligation is to be fulfilled. These are reflected in the basic assumptions. The actual return on plan assets was € 12 thousand in the fiscal year (previous year: € 18 thousand). The expected return on plan assets is € 178 thousand.

The reconciliation of the coverage status with the amount shown in the consolidated statement of financial position produces the following:

in € thousand	2012	2011
Defined benefit obligation	6,201	5,405
Fair value of plan assets	-1,966	-1,901
Net pension obligation	**4,235**	**3,504**
Actuarial (+) gain / (-) loss not yet recognized	-1,358	-632
Provision	**2,877**	**2,872**

The present value of pension obligations amounts to € 3,677 thousand (2011: € 3,401 thousand) on pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2012	2011
Service cost	183	189
Personnel expenses component	**183**	**189**
Interest cost	196	207
Expected return on plan assets	-79	-84
Actuarial (+) gain / (-) loss	57	-14
Interest expenses component	**174**	**109**

The personnel expense components of the fiscal year are € 109 thousand (2011: € 133 thousand) for administrative costs and € 74 thousand (2011: € 56 thousand) for selling costs.

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

in € thousand	2012	2011	2010	2009	2008
Defined benefit obligation	6,201	5,405	5,610	5,014	4,819
Plan assets	1,966	1,901	1,913	1,645	1,664
Funded status	4,235	3,504	3,697	3,369	3,155

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

DEFINED CONTRIBUTION PLANS

The Group has set up a defined contribution plan for its employees in the USA. All employees of Tamarack Scientific Co., Inc. (Corona) and Suss MicroTec, Inc. (Sunnyvale) from the age of 18 or 21 and with a minimum of 1,000 working hours per year benefit from the plan. Both defined contribution plans include two components: a profit sharing scheme and a 401(k) plan.

At Suss MicroTec, Inc., the amounts flowing into the profit sharing scheme are revised annually. All contributions from the company 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 US$ 0.50 for each US$ 1.00 of the employee contribution up to a maximum employee contribution of US$ 3,000 (i.e. the maximum employer contribution is US$ 1,500). 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.

The 401(k) plan of Tamarack Scientific Co., Inc. offers employees the possibility of paying 25% of their annual remuneration into the 401(k) plan. The employer matches each US$ 1 of employee contribution up to a maximum amount of 3% of the salary. Qualifying employees obtain a non-forfeitable claim to benefits staggered into 20% steps over a period of six years.

In the 2012 fiscal year, the expenses to the Group for the 401(k) plan came to US$ 160 thousand (2011 US$ 141 thousand).

Furthermore, in the reporting year employer contributions were paid into the statutory pension scheme in the amount of € 2,621 thousand (2011: € 2,324 thousand).

(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 01/01/2012	Utilization	Additions	As of 12/31/2012
Pre-retirement arrangements	348	-52	0	296

The pre-retirement arrangement concluded under a company 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 salary reduced to 50%, the employee receives a supplementary 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 supplementary 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 of December 31, 2012, and the previous year's reporting date:

12/31/2012 in € thousand	remaining period to maturity up to one year	remaining period to maturity more than one year to five years	remaining period to maturity more than five years	total
Bank borrowings	182	720	3,240	4,142
Liabilities from promissory notes	0	0	0	0
Liabilities from finance leases	106	21	0	127
Total	**288**	**741**	**3,240**	**4,269**

12/31/2011 in € thousand	remaining period to maturity up to one year	remaining period to maturity more than one year to five years	remaining period to maturity more than five years	total
Bank borrowings	182	720	3,420	4,322
Liabilities from promissory notes	8,984	0	0	8,984
Liabilities from finance leases	965	139	0	1,104
Total	**10,131**	**859**	**3,420**	**14,410**

BANK BORROWINGS

Bank borrowings include liabilities from a long-term loan agreement of € 4,140 thousand (2011: € 4,320 thousand), which serves to finance the company property in Sternenfels. The loan agreement was concluded on May 25-28, 2010 between SUSS MicroTec AG and a local bank. The loan amounted to € 4.5 million and has a term until June 30, 2020. It was made available and disbursed on July 6, 2010.

The details of the status of various loans as of the end of the fiscal year are as follows:

in € thousand	2012	2011	interest rate	due date
Group company				
SUSS MicroTec AG	4,140	4,320	3.98 %	06/30/2020
Total	4,140	4,320		
thereof due current	180	180		
thereof due noncurrent	3,960	4,140		
due in 2013	180			
2014	180			
2015	180			
2016	180			
2017	180			
later	3,240			
	4,140			

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	2012	2011
Credit line	11,200	13,700
Utilization	1,913	2,894
Open credit line	**9,287**	10,806

The credit and guarantee line of € 8 million provided by a bank consortium led by BayernLB remained in effect until March 31, 2012. In addition, DZ Bank AG provided a credit and guarantee line of € 2 million, which also had a term until March 31, 2012.

Upon expiration of the previous credit agreements, the bank consortium was expanded to include not only BayernLB as the lead manager and Deutsche Bank, but also DZ Bank AG, as of April 1, 2012. SUSS MicroTec and Suss MicroTec Lithography GmbH concluded new credit agreements with the new bank consortium in March 2012. The new credit agreements resulted in credit and guarantee lines totaling € 7.5 million. The credit lines, whose term runs until March 31, 2013, were issued without covenants. Their primary purpose is to serve as backing for down payment guarantees. These lines are hedged by a global assignment of trade receivables for Suss MicroTec Lithography GmbH.

In May 2010, Suss MicroTec Photomask Equipment GmbH & Co. KG concluded a general credit agreement with 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 Suss MicroTec Photomask Equipment GmbH & Co. KG in order to secure the credit line.

There is an additional credit line of € 2.5 million with an insurance company to guarantee sureties of down payments.

As of the reporting date, the line of € 1,913 thousand (previous year: € 2,894 thousand) was utilized in the form of guarantees.

The average interest rate for the utilization of the credit facilities was 1.25% (2011: 1.20%).

LIABILITIES FROM PROMISSORY NOTES

The promissory note bond was repaid in December of the reporting year and carries a balance of € 0 as of the reporting date.

in € thousand	2012	2011	interest rate	due date
Group company				
SUSS MicroTec AG	0	2,995	6.00 %	12/18/2012
SUSS MicroTec AG	0	2,995	6.17 %	12/18/2012
SUSS MicroTec AG	0	2,994	6.06 %	12/21/2012
Total	0	8,984		
thereof due current	0	8,964		
thereof due noncurrent	0	0		
due in 2013	0			
2014	0			
2015	0			
2016	0			
2017	0			
later	0			
	0			

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 equipment, office, and plant furnishings, 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 2012	987	2,465	0
Depreciation / Expenses 2011	948	2,370	0
future liabilities due in 2013	107	2,272	0
2014	13	918	0
2015	8	258	0
2016		117	0
2017		35	0
later			0
Total future	**128**	**3,600**	**0**
thereof interest	1		
Liability as of 12/31/2012	**127**		
due current	106		
due noncurrent	21		

Leasing installments for the SAP system used in Germany, the USA, and Taiwan accounted for the largest share of finance lease expenses. The term of this leasing agreement lasts until January 31, 2013. The leasing agreement includes a purchase option, which can be exercised at the end of the contract. SUSS MicroTec AG exercised this purchase option and acquired the SAP system for a purchase price of € 228 thousand on February 1, 2013.

(25) Other (noncurrent) financial liabilities

Other noncurrent financial liabilities are made up as follows:

in € thousand	2012	2011
Purchase price liability of Suss MicroOptics	346	0
Earn-out liability of Tamarack (shareholders)	1,833	0
Earn-out liability of Tamarack (employees)	149	0
Others	249	244
Other (noncurrent) financial liabilities	**2,577**	244

(26) (Current) provisions

Current provisions are made up as follows

in € thousand	2012	2011
Warranty provisions	2,012	2,085
Miscellaneous provisions	1,590	1,237
Current provisions	**3,602**	**3,322**

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 other provisions include mainly provisions for trailing costs and personnel provisions.

Current provisions have developed as follows:

in € thousand	As of 01/01/2012	Utilization	Reversal	Additions	As of 12/31/2012
Warranty provisions	2,085	-1,412	-7	1,346	2,012
Miscellaneous provisions	1,237	-602	-325	1,280	1,590
Current provisions	**3,322**	**-2,014**	**-332**	**2,626**	**3,602**

(27) Other (current) financial liabilities

Other current financial liabilities break down as follows:

in € thousand	2012	2011
Premiums and commissions	3,182	2,943
External services	2,303	1,794
Supervisory Board remuneration	148	152
Negative market values from currency forwards	0	148
Negative market values from interest swaps	506	478
Others	676	480
Other (current) financial liabilities	**6,815**	**5,995**

Under other financial liabilities, the Company shows the negative market values from interest derivatives. Further details on interest hedges are provided in note 30 “Additional information on financial instruments.”

(28) Other (current) liabilities

Other current liabilities break down as follows:

in € thousand	2012	2011
Prepayments received	17,648	18,446
Accrued personnel expenses	4,443	3,621
Deferred income	135	1,444
VAT	418	0
Others	920	578
Other current liabilities	**23,564**	**24,089**

The prepayments received comprise deposit payments by customers for tools prior to their final acceptance. When delivery has been completed and the corresponding realization of sales has taken place, the deposit payments are offset against the receivables.

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

(29) Tax liabilities

The tax liabilities include domestic income taxes of € 716 thousand (2011: € 5,344 thousand) and foreign income taxes of € 334 thousand (2011: € 390 thousand).

OTHER DISCLOSURES

(30) Additional information on financial instruments

Under IAS 32, financial instruments generally comprise 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 also comprise 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. For the risk reporting in connection with financial instruments we refer to page 64 in the combined group management report.

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

in € thousand	2012	2011
Financial assets		
Cash and cash equivalents	25,192	37,036
Financial assets held for sale	11,394	19,362
Loans and receivables	22,305	18,546
Financial assets held for trading	0	0
	58,891	**74,944**
Financial liabilities		
Financial liabilities held for trading	506	627
Financial liabilities	20,017	27,604
	20,523	**28,231**

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

in € thousand	2012		2011	
	Book value	**Fair value**	Book value	Fair value
Financial assets				
Cash and cash equivalents	25,192	25,192	37,036	37,036
Trade receivables	21,758	21,758	17,790	17,790
Other financial assets	547	547	756	756
denominated at amortized costs	547	547	756	756
denominated at fair value	0	0	0	0
Securities, denominated at fair value	11,394	11,394	19,362	19,362
Financial liabilities				
Trade payables	6,862	6,862	7,582	7,582
Financial debt	4,269	5,061	14,410	15,251
Bank borrowings	4,142	4,933	4,322	4,713
Liabilities from promissory notes	0	0	8,984	9,415
Liabilities from finance leases	127	128	1,104	1,123
Other financial liabilities	9,392	9,392	6,239	6,239
denominated at amortized costs	8,886	8,886	5,612	5,612
denominated at fair value	506	506	627	627

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 receivables / trade payables: 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 note bonds: The market value of the financial liabilities with regard to promissory note bonds was calculated by discounting the expected outflow of funds at usual market interest rates for debt instruments with comparable conditions and residual terms.

Finance lease liabilities: 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	2012	2011
Loans and receivables	-71	196
Financial assets and liabilities held for traiding	121	-276
Financial assets held for sale	9	-154

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 € 23 thousand (2011: € -63) recorded under other comprehensive income – after accounting for deferred taxes – in the financial assets available for sale was reclassified from equity to the statement of income since these securities had matured in the mean time.

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

in € thousand	2012		2011	
	Positive market value	Negative market value	Positive market value	Negative market value
Currency forwards	0	0	0	148
Interest rate swaps	0	506	0	479

Intra-Group procurement and sales obligations in foreign currencies arise from cross-border supply relationships between the subsidiaries. This applies above all Group companies in countries using the US dollar and the Japanese yen that obtain products from affiliates in the eurozone. 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 the underlying transaction has not yet occurred at the time the forward currency transaction is concluded 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. Potential risks arise from the fluctuation of the currency exchange rates and in the creditworthiness of the contractual partners, which are exclusively German financial institutions with a 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 to 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. The interest swap relating to real estate financing runs until June 30, 2020.

(31) Related parties

IAS 24 requires the disclosure of poeple 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 management position.

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.

(32) Financial obligations and contingent liabilities

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

in € thousand	2012	2011
Purchase contingencies	11,020	24,493
Obligations from rental contracts	2,646	4,003
Total	**13,666**	28,496

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

(33) Explanations on the consolidated statement of cash flows

In the consolidated statement of cash flows of the SUSS Group, a distinction is made in accordance with IAS 7 ("Statement of Cash Flows") between payment flows from operating activity and from investing and financing activity.

The item cash and cash equivalents in the statement of cash flows comprises all of the liquid funds shown in the statement of financial position, i.e. cash in hand, checks and deposits with banks where available within three months without significant fluctuations in value. In the reporting year, an amount of € 350 thousand (2011: 350 thousand) of the liquid funds as of the reporting date served as collateral for a deposit insurance contract. This amount can be redeemed at any time by giving a back guarantee.

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 items. The changes in the relevant balance sheet items can, therefore, not be reconciled with the corresponding figures on the basis of the consolidated statement of financial position.

The other non-cash income and expenses in an amount of € -1,469 thousand (2011: € -566 thousand) include mainly currency effects. For the 2012 fiscal year, effects from the adjustment of the Tamarack earn-out component of € 1,798 are included.

Cash flow from investing activities includes payment inflows of € 1,507 thousand resulting from the sale of the Test Business on January 28, 2010. Twenty-four months after conclusion of the purchase agreement, the remaining purchase price component in escrow was paid to SUSS MicroTec AG and recognized in income.

The acquisition of Tamarack Scientific Co., Inc., Corona (USA) was presented as an investment in cash flow from investment activities. During the fiscal year, part of the agreed upon purchase price of € 7,005 thousand was paid out for the acquisition. Through the initial consolidation, funds of the acquired company amounting to € 1,821 thousand were assumed. Ancillary costs related to the acquisition of € 288 thousand reduce the operating cash flow.

The acquisition of the remaining 15% of Suss MicroOptics S.A., Neuchâtel (Switzerland), which were held by minority shareholders, was presented in the cash flow from financing activities. During the fiscal year, part of the agreed upon purchase price of € 1,126 thousand was paid out. In addition, ancillary acquisition costs of € 29 thousand were accrued that were similarly recognized in cash flow from financing activities because they were offset against capital surplus without effect on profit and loss.

(34) Segment reporting

INFORMATION ABOUT THE SEGMENTS

The activities of the SUSS Group are analyzed in the segment reporting in accordance with the rules of IFRS 8 "Operating Segments" by product line and by region. This analysis is aligned with the internal controlling and reporting system and takes the different risk and earnings structures of the divisions into consideration.

The activities of the SUSS Group are divided into the Lithography, Substrate Bonder, and Photomask Equipment divisions. Together with the Others division, these activities are shown in the division reporting under continuing activities. The Others division combines further activities of the Group and the non-allocatable costs of the Group functions. The Test Systems division is presented under discontinued activities.

In the Lithography division, the SUSS Group develops, produces, and sells the product lines Mask Aligner, Developer, and Coater as well as the newly added product lines UV Projection and Laser Processing from the acquisition of the Tamarack. The development and production activities are located in Germany in Garching near Munich and Sternenfels near Stuttgart. The development and production of Tamarack product lines are conducted in Corona (USA). Substantial parts of the distribution organizations in North America and Asia are active for the Lithography division. Lithography represents distinctly more than half of the entire business of the Group and is represented in the microsystems technology, compound semiconductors, and advanced packaging markets.

The Substrate Bonder division encompasses the development, production and distribution of the Substrate Bonder product line. Since March 2011, the activities of this division have been concentrated at Sternenfels near Stuttgart. In 2010 year, production, development and distribution in this division took place in Waterbury, Vermont, in the USA. Distribution for the Substrate Bonder division occurs from Sternenfels itself and worldwide in small units at locations in Europe, the USA and Asia. In this division, the XBC300, a production bonder for wafers up to 300mm, offers a launch platform for the three most important bonding techniques in the area of 3D integration (one of our future markets): temporary and permanent bonding and debonding. Among the gateway technologies presupposing 3D integration is the thinning of wafers and the further handling of these extremely fragile substrates ("thin wafer handling"). In addition, manual tools for 6 and 8 inch wafer applications are also primarily offered.

The Photomask Equipment division includes the development, manufacture, and sale of the HMx, ASx, MaskTrack, and MaskTrack Pro product lines of Suss MicroTec Photomask Equipment Gmbh & Co. KG (named HamaTech APE GmbH & Co. KG before), which was acquired on February 15, 2010. The development and production of specialized systems for the cleaning and processing of photomasks for the semiconductor industry are conducted at the Sternenfels site.

Besides covering non-allocatable costs of SUSS MicroTec AG, the Others division shows the operational activities that are not allocated to the other divisions in the areas Micro-optics and C4NP.

OTHER COMMENTS ON SEGMENT REPORTING

Division data was collated using the accounting and measurement methods applied in the consolidated financial statements. Due to the division of the Group by product line across companies, there are no material inter-division transactions. One exception is the reallocation of costs by SUSS MicroTec AG, recorded in the Others division, to the other divisions for the performance of certain Group functions such as financing and strategic matters. These charges also contained the expenses incurred by the holding company in connection with the introduction and operation of the SAP system.

In compliance with the requirements of IFRS 8 "Operating Segments", 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.

During the fiscal year, all sales of SUSS MicroTec with individual customers remained below 10% of total sales. In the previous year, SUSS MicroTec made sales with one customer that represented 11.2% of its total sales. These sales in the previous year related to the Photomask Equipment and Lithography divisions.

Among the principal non-cash expenses and income are adjustments on trade receivables, value adjustments on inventories, and the release of provisions.

Division assets represent the necessary operational assets of the individual divisions. These comprise the intangible assets (including goodwill), tangible assets, inventories, and trade receivables.

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

The investments are additions of both tangible and intangible assets. The 2012 segment reporting also discloses the addition to Group assets of tangible assets and intangible assets resulting from the initial consolidation of Tamarack under investments in the Lithography division.

For the geographical segment reporting, the sales revenues are segmented according to the location of the customers. In the past fiscal year, SUSS MicroTec generated sales of € 24,510 (previous year: € 19,131 thousand) in Germany.

The assets and investments were calculated on the basis of the location of the group entity concerned. The Group's noncurrent assets primarily consist of intangible assets, goodwill, and tangible assets. Of noncurrent assets, € 26,225 thousand (previous year: € 29,590 thousand) are attributable to companies in Germany; € 10,183 thousand (previous year: € 2,053 thousand) accrue to foreign companies. In the past fiscal year, SUSS MicroTec Group made investments of € 2,033 thousand (previous year: € 2,390 thousand) in Germany.

(35) Subsequent Events

With the purchase agreement dated January 23, 2013, SUSS MicroTec AG acquired the real estate used by SUSS MicroTec AG and Suss MicroTec Lithography GmbH at the corporate headquarters in Garching. The legal transfer of the real estate is expected to take place on September 30, 2013. The purchase price for the real estate and the approximately 20,000m² property amounts to € 8.7 million and will be financed with available cash and cash equivalents.

On January 31, 2013, the sale-and-leaseback agreement for the Group's SAP system, which is used in Germany, USA, and Taiwan, expired. SUSS MicroTec AG exercised the purchase option stipulated in the agreement and acquired the SAP system for a purchase price of € 0.2 million on February 1, 2013.

(36) Management Board and Supervisory Board

MANAGEMENT BOARD OF THE ULTIMATE PARENT COMPANY

THE MEMBERS OF THE MANAGEMENT BOARD OF SUSS MICROTEC AG IN 2012 WERE:

Frank Averdung academic title Diplom-Elektroingenieur (Electrical Engineer); resident of Feldkirchen; Chief Executive Officer

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

Additional appointments: VDMA Fachverband Productronic, Frankfurt am Main (Deputy Chairman of the Management Board)
IMS Nanofabrication AG, Vienna (Member of the Supervisory Board)

Michael Knopp academic title Diplomkaufmann (Business Administration); resident of Ratingen; Member of the Management Board

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

Additional appointments: none

SUPERVISORY BOARD

THE MEMBERS OF THE SUPERVISORY BOARD IN 2012 WERE:

Dr. Stefan Reineck resident of Kirchardt; managing shareholder of RMC Dr. Reineck Management & Consulting GmbH; Chairman of the Supervisory Board of SUSS MicroTec AG

Additional appointments: AttoCube Systems AG, Munich (Member of the Supervisory Board)
Bosch Solar CISTech GmbH, Brandenburg an der Havel (Member in 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 of Metten; Member of the Board of Einhell Germany AG, Landau (Isar); Deputy Chairman of the Supervisory Board of SUSS MicroTec AG

Additional appointments: none

Gerhard Pegam resident of Au bei Bad Aibling; managing shareholder of GPA Consulting GmbH, Au bei Bad Aibling; Member in the Supervisory Board of SUSS MicroTec AG

Additional appointments: Member of the Administrative Board of OC Oerlikon Corporation AG, Pfäffikon, Switzerland (additional mandates until January 31, 2012):
Chief Executive Officer of EPCOS AG, Munich
Member of the Board of Directors TDK-EPC Corporation, Tokyo, Japan
As well as of the following subsidiaries of EPCOS AG (until January 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)

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the management board receive a cash compensation of € 1,253 thousand (prior year: € 705 thousand). The remuneration of the supervisory board, including meeting attendance payment and payments for other expenses was € 161 thousand (prior year: € 165 thousand).

Individualized information about the remuneration of the Management Board and the Supervisory Board is presented in the Remuneration Report, which is part of the condensed Management Report.

Share and option holdings of the officers at year end:

	2012		2011	
	Shares	**Options**	Shares	Options
Michael Knopp	22,500	0	35,000	41,400
Frank Averdung	83,200	0	82,000	0
Dr. Stefan Reineck	9,600	0	9,600	40,000

(37) Employees

In the reporting year, the SUSS Group had an average of 695 employees (2011: 631 employees).

Status at the end of the year:

	2012	2011
Administration	74	68
Sales and Marketing	285	256
Operations	345	300
Total	**704**	**624**

(38) Auditor's fees

In the current fiscal year, SUSS MicroTec recorded a fee of € 265 thousand for the auditor of the consolidated financial statements, BDO AWT GmbH Wirtschaftsprüfungsgesellschaft, Munich, pursuant to Section 314 (1) No. 9 HGB. In the previous year, a fee of € 306 thousand was recorded for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, pursuant to Section 314 (1) No. 9 HGB. The fee in both the current and previous year is composed as follows:

in € thousand	2012 (BDO AWT GmbH)	2011 (KPMG AG)
Year-end audits	265	286
Tax advisory services	0	20
Total	**265**	**306**

The item 'Audit of the financial statements' includes the entire fee for the audit of the annual financial statements of SUSS MicroTec AG as well as the audit of the consolidated financial statements and annual financial statements of subsidiaries by BDO AWT GmbH Wirtschaftsprüfungsgesellschaft (previous year: KPMG AG Wirtschaftsprüfungsgesellschaft). Of this auditor's fee, € 222 thousand were paid directly to the auditor and € 43 thousand to network partners of the auditor.

The fee for tax consulting in 2011 related to advice on selected tax issues of SUSS MicroTec AG and ongoing tax consulting for Suss MicroTec Photomask Equipment GmbH & Co. KG.

(39) Corporate Governance

As in the previous years, in May 2012 the Management Board and the Supervisory Board submitted the declaration of compliance pursuant to Section 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 / a deductible for D&O insurance; formation of committees; and remuneration of members of the supervisory board.

In January 2013, the Management Board and the Supervisory Board submitted the declaration of compliance pursuant to Section 161 AktG and declared that they will comply with the recommendations of the German Corporate Governance Code in the version of May 15, 2012, with four exceptions – invitation to the Shareholders' Meeting / a deductible for D&O insurance / formation of committees / formulation of targets for the composition of the supervisory board. The Management Board and the Supervisory Board also declared that they have followed the corporate governance codex in its version from May 26, 2010, since their last declaration of compliance in May 2012, with the exceptions mentioned in this declaration.

The declaration of compliance has been made permanently available in the internet under *www.suss.com*.

(40) Disclosures pursuant to Section 160 No. 8 AktG

In the reporting year, the following notifications were made to the Company pursuant to Section 21 (1) of the German Securities Trading Law (WpHG) in conjunction with Section 32 (2) InvG (investment law):

On February 21, 2012, Universal Investment Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to Section 21 (1) and Section 22 (1)(1)(6) WpHG 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 Section 22 (1)(1)(6) German Securities Trading Law (WpHG), 2.28% (436,843 voting rights) are attributable to it.

On May 10, 2012, BlackRock Inc., New York, USA, notified us pursuant to Section 21 (1), WpHG (securities trading act) that on May 4, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.07 % (586,792 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.07% (586,792 voting rights) of the voting rights are attributable to it.

On May 10, 2012, BlackRock Holdco 2, Inc., Wilmington, USA, notified us pursuant to Section 21 (1), WpHG (German Securities Trading Law) that on May 4, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.07% (586,792 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.07% (586,792 voting rights) of the voting rights are attributable to it.

On May 10, 2012, BlackRock Financial Management Inc., New York, USA, notified us pursuant to Section 21 (1), WpHG that on May 4, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.07% (586,792 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.07% (586,792 voting rights) of the voting rights are attributable to it.

On May 15, 2012, BlackRock Advisors Holdings Inc., New York, USA, notified us pursuant to Section 21 (1), WpHG (German Securities Trading Law) that on May 9, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.02% (577,168 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.02% (577,168 voting rights) of the voting rights are attributable to it.

On May 15, 2012, BlackRock International Holdings Inc., New York, USA, notified us pursuant to Section 21 (1), WpHG (German Securities Trading Law) that on May 9, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.02% (577,168 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.02% (577,168 voting rights) of the voting rights are attributable to it.

On May 15, 2012, BlackRock Group Limited, London, Great Britain, notified us pursuant to Section 21 (1), WpHG (securities trading act) that on May 9, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.02% (577,168 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.02% (577,168 voting rights) of the voting rights are attributable to it.

On May 15, 2012, BR Jersey International Holdings L.P., St. Helier, Jersey, Channel Islands, notified us pursuant to Section 21 (1), WpHG that on May 9, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.02% (577,168 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.02% (577,168 voting rights) of the voting rights are attributable to it.

On June 11, 2012, BlackRock Advisors Holdings Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG (German Securities Trading Law) that on June 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.86% (545,569 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.86% (545,569 voting rights) of the voting rights are attributable to it.

On June 11, 2012, BlackRock International Holdings Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on June 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.86% (545,569 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.86% (545,569 voting rights) of the voting rights are attributable to it.

On June 11, 2012, BlackRock Group Limited, London, UK, notified us pursuant to Section 21 (1), WpHG (securities trading act) that on June 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.86% (545,569 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.86% (545,569 voting rights) of the voting rights are attributable to it.

On June 11, 2012, BR Jersey International Holdings L.P., St. Helier, Jersey, Channel Islands, notified us pursuant to Section 21 (1), WpHG that on June 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.86% (545,569 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.86% (545,569 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on July 3, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.23% (617,610 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.23% (617,610 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Holdco 2, Inc., Wilmington, DE, USA, notified us pursuant to Section 21 (1), WpHG that on July 3, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.23% (617,610 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.23% (617,610 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Financial Management Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on July 3, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.23% (617,610 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.23% (617,610 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on June 29, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.99% (570,217 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.99% (570,217 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Holdco 2, Inc., Wilmington, DE, USA, notified us pursuant to Section 21 (1), WpHG that on June 29, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.99% (570,217 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.99% (570,217 voting rights) of the voting rights are attributable to it.

On July 11, 2012, BlackRock Financial Management Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on June 29, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.99% (570,217 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.99% (570,217 voting rights) of the voting rights are attributable to it.

On July 17, 2012, BlackRock Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on July 11, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.97% (567,949 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.97% (567,949 voting rights) of the voting rights are attributable to it.

On July 17, 2012, BlackRock Holdco 2, Inc., Wilmington, DE, USA, notified us pursuant to Section 21 (1), WpHG that on July 11, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.97% (567,949 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.97% (567,949 voting rights) of the voting rights are attributable to it.

On July 17, 2012, BlackRock Financial Management Inc., New York, NY, USA, notified us pursuant to Section 21 (1), WpHG that on July 11, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% and amounted on this day to 2.97% (567,949 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 2.97% (567,949 voting rights) of the voting rights are attributable to it.

On October 9, 2012, Henderson Global Investors (holdings) Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on October 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.14% (601,056 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.14% (601,056 voting rights) of the voting rights are attributable to it.

On October 9, 2012, Henderson Group Plc, London, UK, notified us pursuant to Section 21 (1), WpHG that on October 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.14% (601,056 voting rights). Pursuant to Section 22 (1)(1)(6) WpHG in conjunction with Section 22 (1)(2) WpHG, 3.14% (601,056 voting rights) of the voting rights are attributable to it.

On October 9, 2012, Henderson Global Investors Limited, London, UK, notified us pursuant to Section 21 (1), WpHG that on October 5, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.14% (601,056 voting rights). Pursuant to Section 22 (1)(1)(6) German Securities Trading Law (WpHG), 3.14% (601,056 voting rights) are attributable to it.

On October 19, 2012, DWS Invest, Luxembourg, notified us pursuant to Section 21 (1), WpHG that on October 15, 2012, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.04% (580,394 voting rights).

(41) Approval of the financial statements

The Management Board of SUSS MicroTec AG approved the IFRS consolidated financial statements for passing on to the Supervisory Board on March 14, 2013. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

Garching, Germany, March 14, 2013

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 14, 2013

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 of the Company SUSS MicroTec AG 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 25, 2013

BDO AWT GmbH
Wirtschaftsprüfungsgesellschaft

ppa. S. Spitaler
Wirtschaftsprüfer
(German Public Auditor)

B. Erdt
Wirtschaftsprüfer
(German Public 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 manu-facturing 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 lithog-raphy 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 Front-end 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.

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.

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."

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 stands for 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 proc-ess 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.

LASER PROCESSING

New developments in solid-state laser technology, such as high-performance UV lasers with high pulse rates in picoseconds, have expanded potential applications for lasers through microstructuring. SUSS MicroTec offers two laser technologies:

- **Excimer Laser Ablation:** In microstructuring, the use of excimer lasers primarily offers options for material evaporation. Through bombardment with pulsed laser radiation material can be removed from a surface. In the process, a photochemical reaction sets off electron excitation, which results in a sudden rise in pressure and an explosive removal of material in the form of monomers and gases. The thermal effect here is minimal – the process technology protects materials that are sensitive to temperature. The systems use a Photomask that is exposed with a laser beam. Projection optics between the mask and the wafer project the mask patterns onto the wafer, similarly to a projection stepper in lithography. The material, however, is not exposed but rather removed directly. The entire wafer is patterned using a step and repeat process.
- **Processing with solid-state laser:** Solid-state laser technology promises all advantages of laser processing: It achieves high resolutions up to 2µm and ensures extremely precise results. Patterning processes are conducted without thermal side-effects. The systems do not require a mask and use a direct writing method.

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 (photo-resist) 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 micro-meters. In the Backend, structure sizes ranging from several microns to tens of microns are generated by photo-lithography 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.

MIKROMETER / MIKRON
A metric unit of length, symbol: µm. A micron is a millionth of a meter. The diameter of a human hair is approximately 60µm.

MIKROSYSTEM
A system made up of various components each less than 1 mm in size.

MIKROSYSTEMTECHNIK
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. nãnos = 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 – 9m) 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 nano-meter 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.

PROJECTION LITHOGRAPHY

While the complete wafer is exposed in one step during full-field lithography (Mask Aligner), during projection lithography processes only individual sections of the wafer are typically exposed using projection optics. The complete exposure of the wafer is then carried out in steps (step and repeat) or continuously (scan). SUSS MicroTec manufactures 1:1 projection scanners for the semiconductor mid- and back-end. Here a full-field mask is used and the wafer is exposed in one scanning step. There is no reduction in pattern sizes from the mask to the wafer. The projection scanner technology of SUSS MicroTec combines the advantages of full-field exposure and traditional projection lithography and offers an alternative to Mask Aligner and projection steppers.

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.

SILIZIUM

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 proc-essors, 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 port-able 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 2013

Annual Report 2012	Mar 28
Quarterly Report 2013	May 8
Commerzbank German Midcap Conference, Boston / New York	May 22 / 23
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, Munich	June 19
Interim Report 2013	August 8
Commerzbank TMT Conference, Frankfurt	August 28
UBS Best of Germany Conference, New York	September 16–18
UniCredit/Kepler Investment Conference, Munich	September 24–26
Baader Investment Conference, Munich	September 24–26
Nine-month Report 2013	November 7
German Equity Forum, Frankfurt/Main	November 11–13

HIGHLIGHTS 2012

FEBRUARY

LAUNCH OF THE XBC300 GEN2 BOND CLUSTERS

In February 2012, SUSS MicroTec introduced XBC300 Gen2, a new device platform for 3D processes in high-volume manufacturing, to the market. This latest generation of bonding equipment can be configured for the permanent bonding of wafers or for the debonding and cleaning of 200mm and 300mm wafers. The area of application for XBC300 Gen2 encompasses both production and process development. With the XBS300 introduced in December 2011 and the new XBC300 Gen2, SUSS MicroTec is now able to offer its customers a fully automated cutting-edge system for handling thinned wafers during 3D integration and 3D packaging.

COOPERATIVE AGREEMENT WITH GENISYS GMBH

In February 2012, SUSS MicroTec announced a cooperative agreement with GenISys GmbH. This agreement involves combining the GenlSys Lithography simulation software Layout LAB™ with the SUSS MicroTec Mask Aligner. As a result of this collaboration, the Layout LAB™ software was enhanced to model all available SUSS MicroTec Mask Aligner exposure optics. Both partners are joining forces to market the SUSS MicroTec Mask Aligner technology with the GenlGys simulation software Layout LAB™. The combination of lithography equipment and matching simulation software is another success factor for cost-effective process and product development for the end users.

MARCH

LAUNCH OF THE RCD8 COATER DEVELOPER PLATFORM

March 2012 saw the market launch of RCD8, a new manual device platform for the coating and developing of substrates. This new platform is characterized by a high degree of application area flexibility combined with lower investment costs. The RCD8 is the only tool on the market that offers the option to convert from a spin coater - with GYRSET® technology - to a spray developer within a matter of minutes.

ACQUISITION OF TAMARACK SCIENTIFIC CO. INC.

On March 29, 2012, SUSS MicroTec announced the acquisition of Tamarack Scientific Co., Inc. in Corona, California, USA. The purchase price for all Tamarack Scientific shares amounted to US$ 9.34 million. In addition an earn-out was agreed. Tamarack Scientific develops, manufactures, and distributes UV projection lithography devices as well as laser-based microstructuring systems. It focuses on the advanced packaging, 3D integration, MEMS, and LED markets. With the acquisition of Tamarack Scientific, SUSS MicroTec is pursuing a consolidation strategy at the semiconductor backend and is expanding its existing

expertise in lithography with projection lithography, a complementary technology. SUSS MicroTec has thereby become a leading provider of backend lithography equipment and process solutions.

MAY

INCREASE IN SHAREHOLDING IN SUSS MICROOPTICS S.A. TO 100 PERCENT

On May 14, 2012, SUSS MicroTec announced that it would increase its shareholding in SUSS MicroOptics S.A., Neuchâtel, from 85 percent to 100 percent. SUSS MicroOptics is a leading supplier of high-quality refractive and diffractive micro-optics. The company's expertise comprises optical design, microfabrication, and metrology. The company provides high-quality components produced using cutting-edge manufacturing techniques based on 200mm wafer technology in quartz and silicon, and its innovative technologies make it a leader in its segment.

JUNE

SUSS MICROTEC AG: 2012 SHAREHOLDERS' MEETING IN MUNICH

On June 20, 2012, the annual Shareholders' Meeting of SUSS MicroTec AG was held at the Haus der Bayrischen Wirtschaft (House of the Bavarian Economy) in Munich. The shareholders approved all of the resolution proposals presented by the Management Board and the Supervisory Board at this year's Shareholders' Meeting. In total, more than 100 shareholders, shareholder and bank representatives, and guests joined the Company at the meeting in Munich. More than 29 percent of the Company's equity capital was present. In addition to discharging the Management Board and Supervisory Board from liability for the 2011 fiscal year and appointing a new auditor for the individual and consolidated financial statements, the regular election of members of the Supervisory Board was on the agenda. The previous members of the Supervisory Board, Dr. Stefan Reineck, Jan Teichert, and Gerhard Pegam, were reappointed and elected to another term in the Supervisory Board.

DOW CORNING AND SUSS MICROTEC COLLABORATING ON THE DEVELOPMENT OF TEMPORARY BONDING SOLUTIONS FOR THE SEMICONDUCTOR INDUSTRY

On June 25, 2012, Dow Corning and SUSS MicroTec announced their collaboration in the area of temporary wafer bonding for 3D (TSV) integration. As part of this non-exclusive agreement, both companies are developing material and equipment solutions for temporary bonding in 3D integration for high-volume manufacturing. Dow Corning's silicon-based material solution consists of adhesive and release layers, both of which are attached by a spin-coating process. Subsequently, both wafers are temporarily bonded.

JULY

SUSS MICROTEC PRESENTS ACS200 GEN3: A NEW AUTOMATIC COATER AND DEVELOPER FOR MASS PRODUCTION

In July 2012, SUSS MicroTec introduced the third generation of ACS200, a newly developed automated coating and developing platform, to the market. It combines innovative technologies and proven components of the well-established ACS200Plus and Gamma platform. The configuration flexibility of the various modules and technologies not only makes it possible to meet the requirements of the advanced packaging, MEMS, and LED markets, but also facilitates use in both research and development and high-volume manufacturing.

SUSS MICROTEC PRESENTS AT SEMICON WEST IN SAN FRANCISCO

Semicon West 2012 was held from July 10-12 in the Moscone Center in San Francisco. SUSS MicroTec presented at this important semiconductor trade fair under its famous motto "Shrink, Stack, Integrate." The focus of the exhibition booth was on the Lithography Plus campaign, which highlighted the acquisition of Tamarack Scientific in March and the resulting expansion of SUSS MicroTec's technological expertise. As in previous years, a 3D workshop was also held with the motto "3D Integration Technology – Ready for Take Off?"

AUGUST

SUSS MICROTEC BECOMES A PARTNER OF VDMA'S "BLUES COMPETENCE" SUSTAINABILITY INITIATIVE

Since August 2012, SUSS MicroTec AG has been an officially recognized partner of the "Blues Competence" sustainability initiative put forth by the German Engineering Federation (VDMA). With the topic of sustainability becoming increasingly important in the industrial sector, SUSS MicroTec has decided to join the VDMA initiative. As part of its social responsibility, SUSS MicroTec attaches tremendous importance to environmental protection, social health and safety, and the wellbeing of each individual. Business relationships do not only encompass economic and financial perspectives, but also take into account environmental and social considerations.

SEPTEMBER

PRODUCTION OF THE HUNDREDTH LABSPIN6

In September 2012, the smallest device in the SUSS MicroTec family broke two records. This month saw not only the highest monthly sales figure since the introduction of the device with a total of nine LabSpin6 sold, but also the production of the hundredth LabSpin. The LabSpin series replaced its predecessor, the Delta6, in mid-2010. The design of the current generation of this compact coater/developer system was based on the requirements of laboratories and research and development departments.

NOVEMBER

SUSS MICROTEC'S ASIA TECHNOLOGY FORUM MEETS WITH GREAT POPULARITY

In November 2012, SUSS MicroTec enjoyed tremendous success in hosting a technology forum in Asia. The forum featured the latest developments in the area of advanced packaging, related materials and manufacturing processes, and market trends in 3DIC. The event took place on three separate dates at three main industry centers in Singapore, Hsinchu (Taiwan), and Shanghai (China). At the forum, leading industrial companies and well-known research institutes shared insights and exchanged experiences. Particularly because 2013 is expected to be a key turning point in 3D technology characterized by significant growth, the participants were very interested in learning about the latest developments.

SUSS MICROOPTICS S.A. MOVES INTO A NEW PRODUCTION FACILITY

In November 2012, this wholly owned subsidiary of SÜSS MicroTec AG moved into a new production facility in Neuchâtel. The relocation was necessary to keep pace with the continuously growing business and to bring production facilities to a state-of-the-art level. The new purpose-built facility supports the company's strategic growth strategy in the micro-optics business.

DECEMBER

EXCELLENCE IN ENGINEERING – BUILT TO LAST, SUSS MICROTEC REMAN

SUSS MicroTec's facilities are built with considerable care and are designed for long periods of use. A useful life of 20 or more years is not uncommon – and demonstrates outstanding efficiency. For some time, SUSS MicroTec has noted increased demand for refurbished used equipment. For this reason, the Company has decided to intensify its focus on this business segment and recently launched a campaign titled "Excellence in Engineering – Built to Last!" The purpose of the campaign is to enable SUSS MicroTec to market its used equipment business more actively in the future.

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