

ANNUAL REPORT 2008



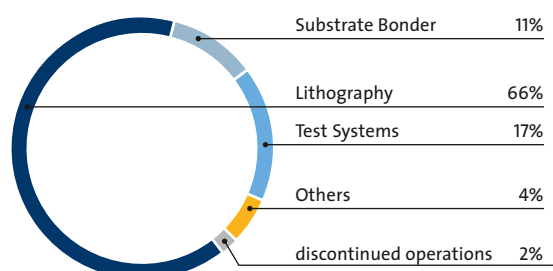
SUSS MICROTEC AT A GLANCE

in € million	2008	2007	Change
Statement of income			
Order entry	139.0	149.7	-7.1%
Order backlog as of 12/31	69.7	77.5	-10.1%
Total sales	149.3	145.6	2.5%
<i>Sales europe</i>	50.2	48.2	4.1%
<i>Sales North America</i>	39.3	41.2	-4.6%
<i>Sales Japan</i>	15.4	17.9	-14.0%
<i>Sales Rest of Asia</i>	44.4	38.3	15.9%
<i>Sales Rest of the world</i>	0.0	0.0	0.0%
Sales margin	-9.3%	3.1%	-12.4%-points
Cross profit	46.6	60.9	-23.5%
Cross margin	31.2%	41.8 %	-10.6%-points
Costs of sales	102.7	84.7	21.3%
R & D costs	10.0	12.1	-17.4%
EBITDA	7.3	10.6	-31.1%
EBITDA margin	4.9%	7.3%	-2.4%-points
EBIT	-11.0	6.0	-183.3%
EBIT margin	-7.4%	4.1 %	-11.5%-points
Earnings after tax	-13.9	4.5	-308.9%
Earnings per share	-0.82	0.26	-315.4%
Balance sheet			
Equity	90.6	102.6	-11.7%
Equity ratio	59.0%	62.9%	-3.9%-points
Return on equity	-15.3%	4.4 %	-19.7%-points
Balance sheet total	153.6	163.1	-5.8%
Net Cash	9.4	7.6	23.7%
Free cash flow	1.9	-7.7	124.7%
Further key figures			
Investments	9.4	11.1	-15.3%
Investment ratio	6.3%	7.6%	-1.3%-points
Depreciation	18.4	4.7	291.5%
Employees as of 12/31	674	709	-4.9%

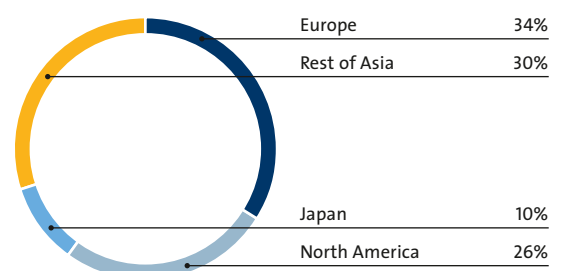
SUSS MICROTEC SEGMENTS

Segments	Product Lines	Target Markets
Lithography Sales: € 98.8 million Result: € 18.6 million	Mask Aligner Developer Spin- and Spray-Coater	Advanced Packaging MEMS Compound Semiconductors 3D Integration
Substrate Bonder Sales: € 16.1 million Result: € -6.8 million	Substrate (Wafer) Bonder	MEMS Compound Semiconductors 3D-Integration
Test Systems Sales: € 25.0 million Result: € -2.4 million	Test Systems	MEMS Semiconductor Industry
Others Sales: € 6.5 million Result: € -20.5 million	Masks Microoptics and lenses C4NP	Micro Optics Semiconductor Industry Advanced Packaging (C4NP)

SALES BY SEGMENTS
in %



SALES BY REGIONS
in %



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KEY FIGURES
SEGMENTS

Our Solutions Set Standards

SUSS MICROTEC – A GLOBAL PLAYER

- Holding
- Production
- Sales

■ Palo Alto, US

■ Waterbury, US

■ Garching, DE

■ Vaihingen, DE

■ Oberschleissheim, DE

■ Sacka, DE

■ Neuchâtel, CH

■ Lyon, FR

■ Coventry, UK

■ Yokohama, JP

■ Seoul, ROK

■ Shanghai, CN

■ Hsin Chu, TW

■ Bangkok, TH

■ Singapore, SG

North America

Employees 2008: 153

Sales 2008: € 39.3 million

Europe

Employees 2008: 418

Sales 2008: € 50.2 million

Japan

Employees 2008: 44

Sales 2008: € 15.4 million

Rest of Asia

Employees 2008: 59

Sales 2008: € 44.4 million

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

2008 was not an easy year for the SÜSS MicroTec Group. The crisis on the financial markets that started as a subprime mortgage crisis in the summer of 2007 grew into a global financial crisis in the course of 2008 and, particularly in the second half year, also spilled over into the real economy. The massive effects were initially seen in the automotive industry, but other industry segments were also impacted by the global uncertainty. In 2008, the global semiconductor industry showed the first sales decline in a yearly comparison since the crisis it faced in 2001. The SIA (Semiconductor Industry Association) states that all segments, but especially memory chip manufacturers, were affected by the weak demand.

The Fiscal Year in Figures

In this difficult environment, we were able to lift both our sales and EBIT before extraordinary expenses in 2008. The Company generated sales of EUR 149.3 million overall, thus exceeding the previous year's figure of EUR 145.6 million by 2.5 percent. Earnings before interest and taxes (EBIT) were characterized by extraordinary expenses of EUR 18.3 million in 2008, particularly in intangible assets. These one-off write-downs, however, did not have an impact on liquidity, with the exception of EUR 0.8 million. Before consideration of these extraordinary expenses, EBIT increased over the previous year by 21 percent to EUR 7.3 million (previous year: EUR 6.0 million). Including these extraordinary expenses, however, the SÜSS MicroTec Group generated EBIT of EUR -11.0 million. While sales and earnings in the 2008 fiscal year were still unaffected by the consequences of the financial crisis, the increasing reluctance to invest on the part of our customers in the semiconductor industry had already begun to show through in the second half of the year in significantly lowered order entry. Altogether, the Company achieved an order entry of EUR 139.0 million in the lapsed fiscal year after EUR 149.7 million in the prior year. Order backlog amounted to EUR 69.7 million as of December 31, 2008.

Restructuring and Cost Reduction Measures

After a strong first half of 2008 in terms of orders, we had already anticipated significantly lower order entries as of mid-2008. Unfortunately, our forecast has been more than confirmed. Given the intensification of the financial crisis in September 2008 and the rising fears of a recession, we therefore began implementing the restructuring and cost reduction measures at an early stage. These measures included a Company-wide hiring freeze, general limits on travel, highly restrictive budgeting of expenses for external service providers, and the reanalysis and approval of all investment projects. In addition, the number of Group employees was reduced from previously 709 to 674 as of the end of the year. The contracts with approximately 50 temporary workers around the world were terminated as of December 31, 2008.

We paid particular attention to improving liquidity and, thus, particularly the management of our working capital in 2008. This was supported by the SAP-based ERP system, which went live in July 2008. The positive development of our net cash among other things shows that we are on a good path in this regard. This had already improved significantly to EUR 9.4 million as of the end of the year and, as a comparison, had amounted to just EUR 1.5 million on September 30, 2008. From this, we can see that our measures are already showing a significant effect. All in all, we were able to lower our breakeven point to less than EUR 120 million as of the end of the fiscal year.

Milestones in 2008

There were also numerous other improvements within the organization. In addition to the successful introduction of the SAP system at the first three German locations, the production sites in Garching and Vaihingen (Germany) as well as Waterbury (VT, USA) received ISO 9001 certification from TÜV SÜD in the lapsed year. Moreover, the structure of the Supervisory Board was made leaner and younger with its reelection.

The Company is using its innovative solutions to focus on the heavy-growth markets of MEMS, advanced packaging, 3D integration, and compound semiconductors. Based on our technologically leading product range of specialized equipment, we rejuvenated our product portfolio in 2008 and further expanded our global market position.

In the lapsed fiscal year, a total of five new products and four new models were successfully launched on the market. The next generation of the established Mask and Bond Aligner systems has been positioned on the market with the MA300 Gen2 and the MA/BA8 Gen3, respectively. The Lithography division's product portfolio has been expanded to include nanoimprint solutions for structures <100 nm. These solutions are based on the in-house development of NIL technology (nanoimprint lithography) as well as the SCIL (substrate conformal imprint lithography) nanoimprint solution developed in conjunction with Philips Research and MiPlaza.

The two new developments in the Substrate Bonder division, the CBC200 and the XBC300, are targeted for the growth markets of advanced packaging and 3D integration and are forward-looking technologies for our customers' production fields. In addition, the second generation of Windows-based software was introduced with the completely revised test systems control ProberBench™. When expanded to include various automation technologies, this makes a significant contribution to increasing our customers' productivity.

Outlook

In addition to enhancing our product portfolio, we will take steps to reduce costs further and strengthen net cash in 2009 in particular. At the same time, we will continue to expand our global customer service program. The goal is to gain customer loyalty with cost-efficient solutions and outstanding support for all of our innovative products.

However, 2009 will be a challenge for us and our sector. At the moment, we are making solid assumptions that we will have to deal with a considerable sales decline in the current fiscal year based on the economy and the industry. This will also be reflected in the 2009 earnings. However, we are currently unable to provide a valid, quantifiable forecast given the uncertainty on the financial and real markets. We will, therefore, provide more concrete statements on the current fiscal year in the scope of the quarterly reports.

Finally, we would like to thank all of our employees around the world for their extraordinary dedication in the past year. Special thanks also go out to you, our shareholders, for your commitment to and trust in our Company.

We are happy that you continue to accompany us on our journey.

Garching, Germany, March 2009



Frank Averdung
President and
Chief Executive Officer



Michael Knopp
Member of the
Executive Board



Christian Schubert
Member of the
Executive Board



from left: Michael Knopp, Christian Schubert, Frank Averdung

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

in the 2008 fiscal year, the Supervisory Board intensively addressed and attended to the Company's position and outlook, thus fulfilling the duties and responsibilities incumbent upon it by law and the Articles of Incorporation. We regularly advised the Management Board on directing the Company and monitored management activities. We were directly involved early on in all decisions that were of vital importance to the Company.

The Management Board regularly and promptly provided us with extensive information regarding the Company's position. This information was furnished in both written and verbal form and most notably pertained to the development of the business and its financial position (including risk position and risk management), the personnel situation, and fundamental issues of corporate planning and strategy. In cases in which the current business development was not consistent with planned targets and objectives, the discrepancies were explained to us in detail and reviewed by us based on the documents received. Beyond the Supervisory Board meetings, I maintained constant contact with the Management Board in my function as Chairman of the Supervisory Board, and I was informed about major developments in the Company on an ongoing basis.

Following the resolution passed at the Shareholders' Meeting which henceforth reduced the number of members of the Supervisory Board to three, the frequency of the plenum meetings has increased. Moreover, the dialog between the Supervisory and Management Boards has intensified once again, both quantitatively and qualitatively. The close communication between the Management and Supervisory Boards as well as the Supervisory Board's consulting and monitoring activities pragmatically reflect the increased challenges faced by the Company as a result of the global competition and the worldwide economic development in the 2008 fiscal year.

In a total of nine regular meetings and one extraordinary meeting during the 2008 fiscal year, the Supervisory Board extensively addressed the economic situation and the operative and strategic development of the Company and its business segments. All members of the Supervisory Board were present at all Supervisory Board meetings.

Conflicts of interest of members of the Management and Supervisory Boards, which must immediately be disclosed to the Supervisory Board and be made known at the Shareholders' Meeting, did not occur in the reporting year.



Dr. Franz Richter
Chairman of the Supervisory Board

Work of the Committees

Up to the end of the Shareholders' Meeting on June 19, 2008, the Supervisory Board had five committees: Audit, Personnel, Technology, Finance, and Nomination. The Nomination Committee was comprised of the Technology Committee consists at four members of the Supervisory Board. All other committees consisted of three Supervisory Board members each. The names of the individual members of these committees are listed in the Corporate Governance Report on page 38 of this Annual Report.

The Personnel Committee held two meetings during the reporting year, one on February 15, 2008 (conference call) and the other on March 26, 2008. In preparation for the upcoming election of new Supervisory Board members, the Nomination Committee met a total of six times prior to the Shareholders' Meeting (February 15, February 22, March 7, March 11, March 12, and April 15, 2008). The Audit Committee was in session on March 26 of the reporting year and largely attended to reviewing the annual and consolidated financial statements of SUSS MicroTec AG for the 2007 fiscal year. The committees regularly reported to the plenum.

A resolution passed at the Shareholders' Meeting on June 19, 2008 reduced the Supervisory Board to three members. The pertinent amendment of the Articles of Incorporation was recorded in the Commercial Register on July 10, 2008. After deliberating on the matter in the Supervisory Board plenum, we came to the conviction that establishing committees is no longer necessary due to the now reduced number of members. With regard to this, the deviation from the recommendation of the German Corporate Governance Code was disclosed by us in the Declaration of Compliance, which we jointly prepared with the Management Board on November 7, 2008. This information was also made publicly accessible on the Company's website.

Supervisory Board Meetings and Main Topics of Discussion

Supervisory Board Meetings and Main Topics of Discussion

At the meeting on March 26, 2008, following an in-depth examination, the Supervisory Board approved the annual financial statements and consolidated financial statements of SUSS MicroTec AG prepared for the 2007 fiscal year by the Management Board. The auditor participated in this meeting and informed the Supervisory Board about the key results of the audit. Furthermore, agenda items and the proposed resolutions for the Ordinary Shareholders' Meeting on June 19, 2008 were discussed. Tax optimization of the Group structure was also among the topics of deliberation in the plenum. This primarily dealt with the introduction of shares of the subsidiary Image Technology Inc., Palo Alto, California, USA into Suss MicroTec Inc., Waterbury, Vermont, USA.

On June 19, 2008, prior to the Ordinary Shareholders' Meeting, the Supervisory Board studied the Management Board's report on the first quarter of the 2008 fiscal year and gave its approval for entering into the reformulated rental agreement with Süß Grundstücksverwaltungs GbR for the Garching near Munich production location.

On June 19, 2008, following the Ordinary Shareholders' Meeting, the newly elected Supervisory Board convened for the first time. During its inaugural meeting, the Supervisory Board elected Dr. Franz Richter as its Chairman and Dr. Stefan Reineck as its Deputy Chairman.

The discussion of strategic projects, particularly the sustainability of individual business areas within the Group as well as the planned sale of the Test Systems division as part of a portfolio optimization were among the topics of the meeting held June 25, 2008.

At the meeting on July 25, 2008, we attended to the Management Board's report on the second quarter of the 2008 fiscal year. In addition, we were given detailed explanations about the developments concerning C4NP as well as the initiatives on the restructuring of Suss MicroTec Inc., Waterbury, Vermont, USA and the sales companies in Asia. Furthermore, we approved the planned sale of the Test Systems division after thorough deliberations on the matter.

Restructuring and cost reduction measures were also among the topics discussed at the Supervisory Board meeting on September 5, 2008. During this session, we approved the sale of the 50% interest of Suss MicroTec Test systems GmbH, held by Suss MicroTec Inc., to SUSS MicroTec AG for reasons of simplifying the Group structure. Moreover, strategic cooperative projects as well as the current forecast for the 2008 fiscal year were also discussed at this meeting.

The main item on the agenda of the Supervisory Board meeting held October 2, 2008 was the Management Board's report on the status of the SAP implementation after going live on July 1, 2008 at three of the Group's companies. Furthermore, we addressed the business development of the SUSS MicroTec Group in the third quarter of 2008 as well as the potential extraordinary expenses of the SUSS MicroTec Group. In this context, we also discussed the effects of the worldwide financial crisis on SUSS MicroTec AG. Additionally, the Supervisory Board decided during this session to ask Dr. Stefan Schneidewind to step down from the Management Board of SUSS MicroTec AG and also to immediately appoint Mr. Christian Schubert to the Management Board of the Company.

At the meeting of November 7, 2008, the Management Board provided us with information about the final financial figures for the third quarter and the updated forecast for 2008. Subsequent items on the agenda included deliberations on the financing of the SUSS MicroTec Group and on the revised version of the Declaration of Compliance with the German Corporate Governance Code. Moreover, we approved the extension of the rental agreement for a small warehouse located at the Company headquarters in Garching, Germany.

An extraordinary meeting was held on November 21, 2008 in the form of a conference call. The meeting centered on deliberations regarding the planned appointment of a Chief Executive Officer.

The main topics on the agenda of the meeting held December 12, 2008 were the business performance in the fourth quarter of the 2008 fiscal year and the planning for the year 2009. In this context, the Management Board explained in detail the status of the restructuring and cost reduction measures within the Group as well as the progress regarding the optimization of the purchasing and inventory management. Likewise, deliberations on the strategy for the year 2009 and the discussion of the effects of the global economic crisis on the business operations of SUSS MicroTec AG were also among the topics addressed at this meeting.

Corporate Governance and Declaration of Compliance

The Supervisory Board has concerned itself with the implementation of the German Corporate Governance Code. The Management and Supervisory Boards jointly report about Corporate Governance at SUSS MicroTec in the Corporate Governance Report, which can be found on pages 32 through 42 of this Annual Report.

The Supervisory Board believes that all members of the Supervisory Board are sufficiently independent.

Audit of the Annual and Consolidated Financial Statements

At the Shareholders' Meeting on June 19, 2008, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, was the appointed auditor and Group auditor for the 2008 fiscal year. The commissioning by the Supervisory Board took place on December 4, 2008. The auditor has audited the annual financial statements of SUSS MicroTec AG prepared in accordance with the German Commercial Code, the consolidated financial statements prepared in accordance with IFRS, and the combined management report of the Corporation and the Group, including the bookkeeping system, and issued an unqualified audit opinion. Regarding the existing early risk detection system, the auditor determined that the Management Board implemented the measures required as per Section 91 (2) of the German Stock Corporation Law (AktG) and that the monitoring system can perform its intended function.

The annual and consolidated financial statements, along with the management reports, were given to each Supervisory Board member after being compiled by the Management Board. The reports of the auditor and Group auditor were forwarded to us in due time.

The auditor participated in the financial statements meetings of the Audit Committee and the Supervisory Board on March 24, 2009 and gave a report of the key results of the audit. In particular, the auditor provided explanations on the earnings, assets, and financial position of the Company and the Group and was available to us for additional information.

The Company's annual financial statements, the consolidated financial statements, and the combined management report were carefully reviewed by us. There were no objections. We noted with approval the reports of the auditor and Group auditor after an in-depth examination of the reports.

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

New Appointments

Due to differences in opinion regarding the further strategic orientation of the Company, the Supervisory Board asked Chief Executive Officer Dr. Stefan Schneidewind to step down, effective as of October 2, 2008. At the same time, we appointed Mr. Christian Schubert as a new member of the Management Board of SUSS MicroTec AG.

The term of office for all Supervisory Board members ended at the conclusion of the Ordinary Shareholders' Meeting on June 19, 2008. Dr. Winfried Süss, Mr. Gerhard Rauter, Prof. Dr. Anton Heuberger, Mr. Peter Heinz, and Mr. Heinz-Peter Verspay retired from the Supervisory Board of SUSS MicroTec AG. Dr. Stefan Reineck, already a member of the Company's Supervisory Board since October 2007, was reelected to the Supervisory Board. Mr. Jan Teichert and Dr. Franz Richter joined the Supervisory Board of SUSS MicroTec AG as newly elected members. The newly established Supervisory Board then elected Dr. Franz Richter as its Chairman and Dr. Stefan Reineck as its Deputy Chairman.

We would like to express our personal thanks to the former members of the Management and Supervisory Boards for their valuable contributions to the Company's success. In addition, we thank the Management Board, the employees, and the workers' representatives for their extraordinary commitment in the difficult past fiscal year.

Garching, Germany, March 24, 2009

On behalf of the Supervisory Board



Dr. Franz Richter
Chairman of the Supervisory Board



GROWTH MARKET

LED +18%

A high degree of luminance, low energy consumption, a long lifespan, and a broad color spectrum make LEDs attractive for more than just street lighting and advertising displays. Use of LED technology today is on the rise, particularly in new flat screens and LCD televisions. The LED market should grow by an average of approximately 18% worldwide over the next four years.



THE COMPOUND SEMICONDUCTORS MARKET

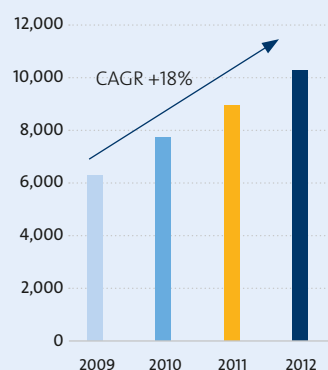
LEDs – COMPACT, DURABLE, AND COLORFAST.

Approximately 130 years ago, Edison's light bulb revolutionized our everyday lives and remained without competition in the lighting market for many years. It was not until the year 1962 that General Electric introduced a technology which had the potential to become the successor of the light bulb: the light emitting diode (LED). However, the high manufacturing costs and the limited color variety in the beginning hampered early success in the market. Finally, ten years after the invention of the first "red" light emitting diode, yellow, green, and orange LEDs could be successfully produced as well. Yet, it was not until the nineties that the manufacture of blue and white LEDs became possible. The expansion of the color spectrum and, most notably, the improved efficiency in the manufacturing processes, which resulted in a more economical manufacture of the semiconductors on which the LED technology is based, were the prerequisites for the technology's subsequent success in the market. The light bulb's successor is based on the optoelectronic properties of compound semiconductors, which convert electric current into light in a highly efficient manner.

Today, the light emitting diode has already led to drastic changes in the world of lighting. Low-maintenance LEDs are no longer just used in traffic lights, exterior lighting, and billboards. Thanks to their low weight, high capacity, as well as their ability to withstand shocks and vibrations, they are particularly suitable for use in small portable electronics such as PDAs, MP3 players, and cellular telephones as well as in vehicle lighting. Moreover, due to their considerably higher light efficiency and their wide color spectrum that can be precisely calibrated, LEDs are used more and more, especially in the market of state-of-the-art flat screens and laptop displays. However, the "prettier" light is increasingly taking hold in public and private buildings as well thanks to new aesthetic lamp types and lighting forms (for example as showcase lighting in museums and galleries). Last but not least, this trend is aided by the ongoing environmental debate. At the same level of brightness, light emitting diodes use approximately 80 percent less electricity than conventional halogen bulbs, and their life span is 50 times that of incandescent bulbs and 6 times that of fluorescent tubes.

THE LED-MARKET

in million USD



Source: Yole Développement, January 2009

The passage of the EU Regulation of December 8, 2008 gives the market for LEDs an additional boost. According to the new EU Regulation, incandescent bulbs are to be gradually replaced by the more efficient energy-saving bulbs beginning in 2009. As of September 1, 2009, frosted and clear incandescent bulbs of 100 watts or more can no longer be sold. The same will apply to smaller clear incandescent bulbs by 2012 at the latest. As of September 2016, all household lamps will have to meet the efficiency requirements of the efficiency class B, which by then probably cannot even be satisfied by many conventional halogen lamps. As a result of this Europe-wide regulation, existing manufacturing capacities worldwide soon will no longer suffice.

The market research firm iSuppli Corporation therefore estimates that, contrary to the trend in the semiconductor market, the market for LEDs will still grow by approximately 3 percent in the economically weak year of 2009. According to iSuppli, the LCD TV market will be the major driving force for growth. Yole Développement, a French market research firm, predicts average annual growth of approximately 18 percent in the global LED market for the next four years, with worldwide sales in 2012 amounting to approximately USD 10 billion.

By developing and producing equipment that allows for the economical manufacture of superior and intense LEDs (known as ultra high brightness LEDs = UHB LEDs) in different colors, SUSS MicroTec has contributed to the future of the new light for many years. In all of its product lines – Mask Aligner, Coater, Developer, Bonder, and Test Systems – SUSS MicroTec has special handling solutions for the extremely delicate compound semiconductors that are used. When it comes to the manufacture of the actual LED chips for which several layers of material are stacked on top of one another, Wafer Bonder systems from SUSS MicroTec lead the field. Thanks to the patented multi-bond process, Bonder systems from SUSS MicroTec can bond up to eight simultaneously in one single production step. This represents a truly unique selling point for SUSS MicroTec that contributes to an increase in efficiency and helps keep the production costs low.



For further information please visit:
www.suss.com > markets >
 compound semiconductors

When it comes to high-volume manufacture of LEDs, manufacturing customers rely the integrated lithography solutions of SUSS MicroTec. The LithoFab200, for example, a combined Coater, Developer, and Mask Aligner, has been used for years to manufacture high brightness and ultra brightness LEDs in large-volume production. Thanks to the efficient interplay between Coater, Developer, and Mask Aligner systems, process steps are minimized, processing times are accelerated, and production costs are reduced for our customers.



GROWTH MARKET

MEMS +25%

They monitor and control our wireless devices, offer additional safety for cars, and are built into modern game consoles for added fun: MEMS components. The sensitive sensors open up an increasing number of applications thanks to their reliable functionality and cost-effective production. Average growth of approximately 25% is forecast for the MEMS market in the next four years.



THE MEMS MARKET

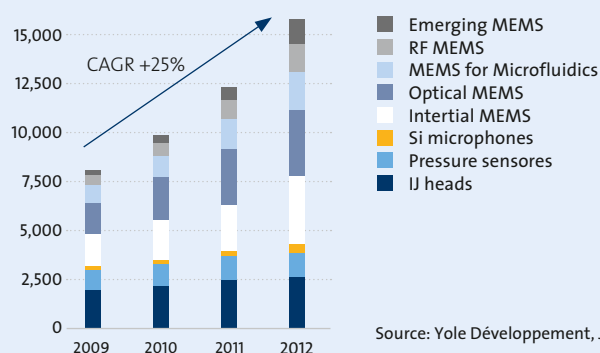
MEMS – COMPACT, SENSITIVE, AND COST-EFFECTIVE.

The market for MicroElectroMechanicalSystems (MEMS) ranks among the most important markets for the SUSS MicroTec Group. MEMS components integrate both mechanical and electronic components on an ordinary silicon wafer. Thanks to their reliable functionality, compactness, and economical manufacture, they have become part of our daily lives in many different ways. In cars, MEMS in the form of tire pressure and airbag sensors ensure more safety; as rain sensors, they provide additional convenience. Integrated in blood glucose monitors for diabetics or in endoscope systems and other instruments used in minimally invasive surgery, modern microsystems technology can even save lives. However, the tiny components are also increasingly used at home where they function as antennas in cellular telephones or as image stabilizers in cameras, for example. As of late, they even serve as accelerometers in modern game consoles such as the Nintendo Wii. The sensitive inertial sensors allow system designers to add more and more new features to their products, thus continuously conquering new application areas. However, microelectronic components remain practically invisible to the human eye. Their size of just a few micrometers (a micrometer is equivalent to one thousandth of a millimeter) makes the components difficult to see with the naked eye.

While the human eye cannot even detect structures smaller than 5 micrometers, the manufacture of these tiny components takes place on increasingly smaller areas. A wafer surface of 1 cm² can currently contain up to approximately 100 million electronic components. In order to understand the principle of operation of each one of these numerous microchips (also referred to as ICs – integrated circuits), one could picture it as a switch point or perhaps even as the brain of a system. The micromechanical or microelectronic components, on the other hand, represent the sensory organs that perceive the stimuli from their surroundings and pass them on to the “brain.” Depending on the design, MEMS components pick up mechanical, thermal, biological, chemical, optical, or even magnetic phenomena from their surroundings and relay these to the IC. The IC then processes the information and triggers the desired action (for example inflation of the airbag).

THE MEMS-MARKET

in million USD



Source: Yole Développement, January 2009

Thanks to the wide range of applications, the market for MEMS has seen continuous growth for many years. While ink-jet print heads and pressure sensors, in particular, strongly propelled growth in the MEMS market in recent years, new technologies such as silicon microphones, micro fuel cells, and energy storage chips will significantly drive growth in the coming years, according to market research firm Yole Développement. Yole Développement therefore predicts average annual growth of approximately 25% in the MEMS market for the next four years.

SUSS MicroTec provides tools specifically designed for MEMS production such as Spin Coater, Mask Aligner, Substrate Bonder, and Test Systems, which help our customers achieve high-volume and cost-effective production due to highest mechanical precision and exact process control. Newly introduced in the 2008 fiscal year, the fully automated Wafer (Substrate) Bonder CBC200 was specifically designed for MEMS production, and its ability to withstand extreme force and temperature conditions of 90 kN and up to 600°C makes it particularly well-suited for the manufacture of MEMS for the automotive and electronics industry.

The manual Mask Aligner MA/BA8 Gen3 is new to the product line as well. In addition to innovative applications such as the embossing of micro-lenses or nanotechnology, it is also used highly successfully in the area of MEMS. Besides high precision, efficiency, and highly expanded functionality, the third manual Mask Aligner generation from SUSS MicroTec stands out for its ability to still achieve exceptional exposure results even in the case of very thick film applications such as trenches or steep angles. This represents one of the core competencies of SUSS MicroTec in the area of MEMS, where it is all about producing extremely deep structures in the wafer.

Furthermore, new substances and materials are often employed in microsystems technology. These must initially go through a pilot stage in research before they can be used in volume production. The new MA/BA8 was specifically developed for this field, also known as applied research. Since manual and production systems from SUSS MicroTec are generally based on the same technologies, processes used in the research laboratory can be directly applied to mass production without a problem. This allows SUSS MicroTec to provide high-quality equipment to its MEMS customers from the development of a process to serial production.



For further information please visit:
www.suss.com > markets > mems



GROWTH MARKET

ADVANCED PACKAGING +20%

Smaller, lighter, more powerful – we are not letting go of the new multifunction cellular telephones. Modern production processes such as advanced packaging have made it possible for chip manufacturers to place an increasing degree of output on an ever-declining area. Over the next four years, the market for advanced packaging applications should grow by an average of 20%.



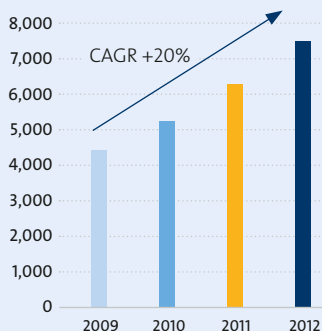
THE MARKET FOR ADVANCED PACKAGING

ADVANCED PACKAGING – MARKET AND PRODUCTION TECHNOLOGY TOGETHER

In this day and age, it is hard to imagine leaving the house without a cellular telephone. The cell phone has come a long way from once a pure “mobile phone” to now a practical multimedia and business tool. It also serves more and more functions accompanied by a constant reduction in size. Modern cellular phones are not only replacing cameras and camcorders; they can also synchronize appointments and contacts with a PC, play MP3s, navigate us through city traffic, and receive emails, as well as enable access to the internet. For the semiconductor manufacturer, however, the high performance requirements are presenting a real challenge for chip design: converting higher performance into an ever-decreasing size requires constant enhancement of production technologies.

One of these new technologies, advanced packaging, in the field of chip packaging, is one of the two most important markets for SUSS MicroTec. Advanced packaging is an alternative packaging technology to classic wire bonding. Here, the integrated circuits (ICs) are joined directly to the respective substrate, conserving space and enabling a high degree of contact density. While microprocessors are initially sawed out of the wafer, wired with their housing, and tested in the case of classic wire bonding, advanced packaging entails the semiconductor chip contacting the substrate (also called the printed circuit board) on the level of the wafer and, thus, prior to separation. Instead of the usual conductors, advanced packaging entails bumps with sizes in the sub-micrometers being precisely superimposed on the completed microprocessors. These bumps then serve as electrical contacts. The advantages of this technology are the higher packing density reached, the space saved, and the improved electrical conduction, as well as the optimized heat transmission. Advanced packaging processes are used especially in the production of high-performance microprocessors, graphic chips, image sensors, and wireless applications, which in turn make their way into modern computers, cellular telephones, PDAs, and game consoles such as the Sony PlayStation and the Microsoft Xbox.

MARKET FOR (ADVANCED) PACKAGING

in thousands
200 mm Wafers

Source: TechSearch International, September 2008

Up to the point of “packaging,” a wafer usually requires several weeks for processing and up to 250 production steps. As a result of this high added value already achieved, a wafer can be as valuable as an average home. The requirements of the “packaging” equipment used are extremely high as a result. Utmost precision and reliability are sought to achieve the lowest possible error rates and, therefore, the highest possible output.

The Lithography systems developed by SUSS MicroTec, especially for advanced packaging processes, have already been applied successfully in the market for a decade and are constantly enhanced. Within the Mask Aligner, Coater, and Developer product lines, SUSS MicroTec supplies both individual systems and entire system solutions. The latter are the Cluster systems, into which several process steps are integrated. Compared to the exposure systems of the competing stepper technology, SUSS MicroTec’s Mask Aligner offers a higher degree of efficiency with simultaneously lower acquisition costs. Given its innovative, high-resolution optics, and high degree of alignment precision, the SUSS MicroTec Mask Aligner is now in a position to transfer smaller and smaller structures into the sub-micrometer range. This is a major requirement for the Company’s ability to meet the rising demands of the industry for ever-smaller and more efficient components – also in the future. The exposure systems are optimally supplemented by the SUSS MicroTec Spin Coater. This is one of the most effective and flexible production systems in the wafer level packaging segment. Thanks to its ability to process wafers of different sizes simultaneously, without cost-intensive retrofitting wasting time, they increase efficiency, particularly with customers that carry out different processes on their systems.

The pressure on the scaling, weight, reliability, costs, and speed of electronic components has risen sharply in the last few years as a result of advanced packaging. In addition, there are new demands in terms of materials being environmentally compatible. This has led to a gradual shift from traditional wire bonding to advanced packaging as a preferred method for bonding semiconductor chips with a chip carrier or a printed circuit board. According to the market research institute TechSearch, this trend will continue in the years to come, even if the forecasts remain difficult due to the current developments in the global economy.







GROWTH MARKET

3D INTEGRATION +82%

When space is limited, things are built in the third dimension. Room for memory chips in light, modern mobile devices is an increasingly rare commodity. The three-dimensional integration of many different components is regarded as trendsetting for the chip industry. According to estimates, this young market should show average growth of 82% in the next four years.

THE 3D INTEGRATION MARKET

3D INTEGRATION – MORE PERFORMANCE VIA STACKING INSTEAD OF SCALING

In 1965, Gordon Moore made the case that the complexity of integrated circuitry should double every two years. His assumption has proven to be correct thus far. The constant demand for ever more efficient and, simultaneously, leaner and lighter wireless devices continues to raise the bar for semiconductor manufacturers and has led to a constant rise in scaling. Ultimately, applying an increasing number of functions to an ever-declining supply of space is imperative. This trend has continued through to today without interruption. With a current structure size of 32 nm (nanometers), however, the sector has reached a point at which additional increases in complexity are much more difficult to implement and are mostly only possible at disproportionately high cost. The migration from 32 nm to 16 nm could, therefore, be delayed until 2019. In the search for alternative production technologies, three-dimensional chip designs have emerged as an alternative to conventional 2D designs.

In 3D integration, individual components are stacked on top of one another and joined together electrically. A distinction is made here between two different processes: 3D packaging and 3D interconnect. With the former, the respective components are stacked during the wafer level packaging and joined together using wire bonding. As for 3D interconnect on the other hand, the vertically aligned components are joined together by way of through silicon vias typically using highly thinned out silicon.

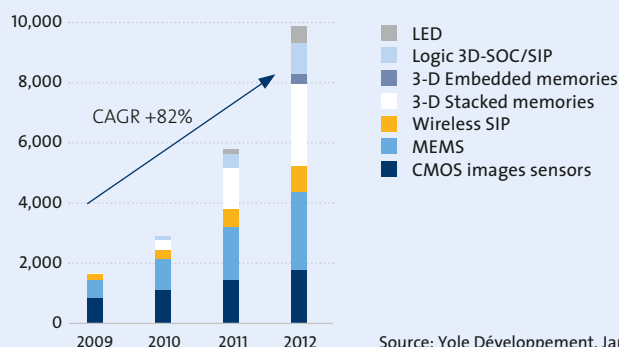
The advantages of this 3D technology, especially 3D interconnect, are in the higher efficiency per base unit, the reduced energy consumption, and the lower packaging expense. Furthermore, 3D interconnect offers a greater degree of flexibility with regard to the integrating components. This could be used in the future to integrate various components such as memory chips, logic chips, and image sensors in one network.

However, while heterogeneous integration is still a far-off prospect, CMOS image sensors such as flash memory chips are already being produced today using 3D technology.

This new technology is above all driven by the constantly growing market for modern consumer electronics. Cellular telephones are a classic example. The first cell phones were not much more than pure telephones,

THE 3D INTEGRATION MARKET

in million devices



Source: Yole Développement, January 2009

yet today approximately 80% of all cellular phones are equipped with a camera and even video functionality. Contrary to the first camera phones, today's models offer nearly the same resolution and picture quality as traditional cameras. Moreover, functions such as autofocus, optical zoom, image stabilizers, and an integrated xenon flash bulb come standard in the models. In technological terms, the rising complexity is only possible with the help of 3D integration. This puts manufacturers of CMOS image sensors among the first companies already producing with 3D technology.

The global count of components produced using 3D technology was still negligible in 2008, at approximately 850 million units. This is due, among other things, to the fact that at the moment, a production standard for 3D integration still has yet to be developed. However, the French market research institute Yole Développement believes the availability of 300 mm 3D production facilities for volume production is only a matter of time. On the other hand, the market research institute has forecast average annual growth of 82% until 2012 to approximately 9.8 billion units. According to estimates by analysts, the technology could make up some 6% of the entire semiconductor market and a good quarter of the memory chip market as early as 2015.

SUSS MicroTec already offers solutions for 3D integration. The production of through silicon vias (TSVs) entails the etching and subsequent filling of the connected via area. However, before the vias can be etched, the etching mask is made using coating, alignment, and exposure. More and more, SUSS MicroTec's high-precision Mask Aligner and Coater systems are being successfully employed for these process steps.

In the 2008 fiscal year, SUSS MicroTec also introduced two generations of its MA300 production Mask Aligner to the market. The Mask Aligner was optimized especially for 3D applications. This system already enables processing larger 300 mm wafers in the field of 3D integration. The new MA 300 has also been equipped with additional back side alignment, which allows it to process bilaterally structured wafers. At the same time, an additional infrared (IR) alignment function also enables it to handle intransparent, yet IR-penetrable materials. This is an important function, above all when processing thinned wafers. The product portfolio for 3D applications has, furthermore, been expanded to include the new 300 mm Wafer Bonder product series. The XBC300, designed especially for the production of CMOS image sensors, is characterized by its high level of output and the ability to execute a series of bond processes on what is currently the market's smallest footprint.



For further information please visit:
www.suss.com > markets >
 3d integration

INVESTOR RELATIONS

The SUSS MicroTec Share

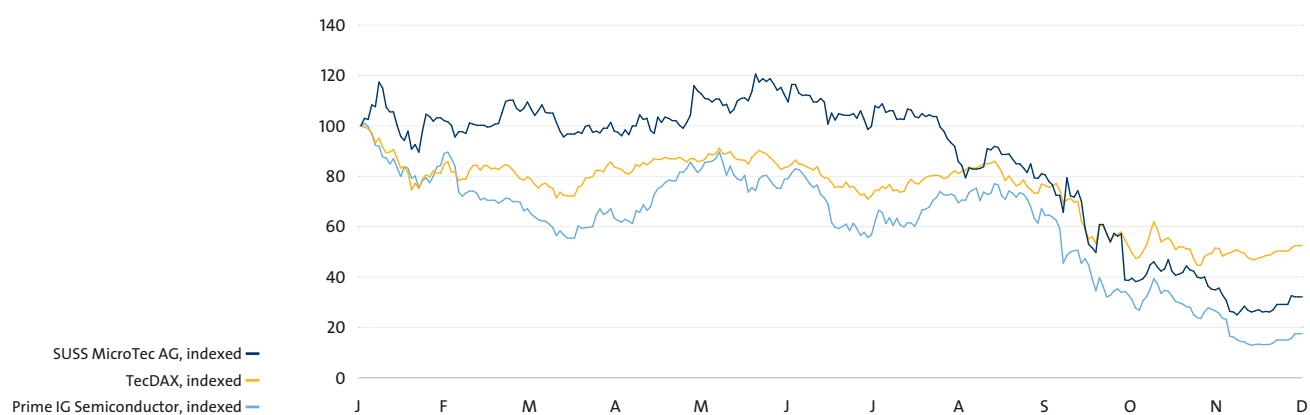
2008 was an exciting year, albeit a year of heavy losses on the stock markets. The DAX lost a good 40% of its value between January 1 and December 31, 2008. The MDAX and TecDAX even lost approximately 43% and 48% of their values, respectively, as a result of the international financial crisis and the rising fears of a recession. The SUSS MicroTec share went into the 2008 fiscal year with a price of € 4.29 and initially performed well in what was already a difficult market environment. In the first six months of the year, the share even performed better than the TecDAX, the German index for technology stocks, and the Prime IG Semiconductor sector index. Starting in August, however, the Company was no longer able to elude the general downward trend of the markets. An adjustment to the forecast for net income in the 2008 fiscal year was announced in connection with the publication of the preliminary nine-month figures on October 22, 2008. This brought about a loss of confidence and, as a result, significant price markdowns. As of the end of the fiscal year on December 31, 2008, the SUSS MicroTec share was listed at € 1.36, which was some 68% below the comparable figure as of the previous year's balance sheet date. In contrast, the two comparable indexes TecDax and IG Prime Semiconductor posted declines of approximately 48% and 83%, respectively, in the same timeframe.

The liquidity of the SUSS MicroTec share on all German stock exchanges fell far short of the previous year's figure (2007: 110,882 units per day) with average sales of 46,325 units per day. The average share price in the period January 1 to December 31, 2008 came to € 3.70.

Further details on the performance of the share can be found in the following graphs and tables.

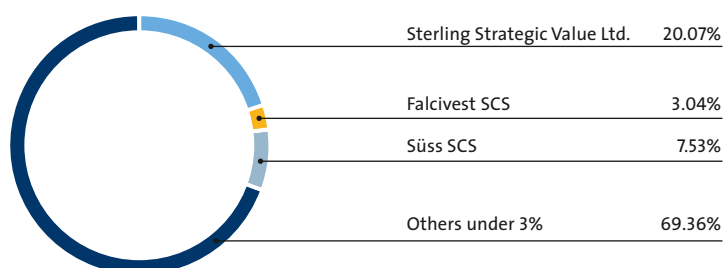
SUSS MICROTEC SHARE DEVELOPMENT IN 2008

SUSS MicroTec Share price on January 2, 2008: € 4.29



COMPARISON OF SUSS MICROTEC, TECDAX, AND PRIME IG SEMICONDUCTOR MARKET DEVELOPMENT in the 2008 fiscal year

	01/01/2008	12/31/2008	Change
SUSS MicroTec	€ 4.29	€ 1.36	-68%
TecDAX	€ 974.19	€ 508.31	-47.8%
Prime IG Semiconductor	€ 124.17	€ 21.06	-83.0%

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2008
in %

AN OVERVIEW OF THE SUSS MICROTEC SHARE

Security identification number	722670
ISIN	DE0007226706
Reuters code	SMHG.F
Bloomberg code	SMH GR
Stock exchange segment	Prime Standard
Number of shares issued (as of December 31, 2008)	17,019,126
Description of securities	No-par value bearer shares
Designated sponsor	HSBC Trinkaus & Burkhardt
Initial public offering	05/18/1999
Opening/closing price for the year in €	4.29 €/1.36 €
Yearly high/low in €*	5.18 €/1.05 €
Annual development in %	-68.3%
Capital measures in 2008	—

* XETRA closing price

A Dialogue with the Capital Market

SUSS MicroTec continued to optimize its investor relations activities in 2008. The focus here was on goal-oriented measures as well as improving the Company's website. In order to guarantee the greatest extent of transparency possible and equal opportunities for all, our corporate communication strives to inform all target groups in an equal and timely manner. Shareholders and potential investors are able to obtain information on current developments within the Group at any time online. All press releases and ad hoc announcements from SUSS MicroTec AG are published on the Company's website in both German and English. The Company's articles of incorporation as well as the consolidated financial statements and interim reports can be downloaded there as well. We regularly inform our shareholders, investors, analysts, and any interested members of the public about any recurring events, for example the date of the Shareholders' Meeting and the publication dates of the quarterly reports. This information is found in the financial calendar published in the annual report and interim reports as well as on our Company's website.

Moreover, the Management Board took the opportunity at the three capital market conferences as well as in more than fifty one-on-one meetings and road shows to inform institutional investors and analysts about the Company's economic development. In addition to the annual analyst and investor conference about the annual financial statements, there are also telephone conferences for analysts and investors upon publication of the quarterly reports. Presentations on major events and event recordings in video or audio format (if available) can be easily accessed on the Company's website.

Despite the difficult year for the stock markets and the negative performance of the SUSS MicroTec share, SUSS MicroTec AG, as in previous years, was able to bank on a high degree of coverage in the 2008 fiscal year. The seven organizations that regularly publish studies on SUSS MicroTec AG are Deutsche Bank AG, DZ Bank AG, Credit Suisse AG, Crédit Agricole Cheuvreux AG, Close Brothers Seydler Research AG, Fairresearch GmbH & Co. KG, and SES Research GmbH.

Shareholders' Meeting

In the year under review, the Ordinary Shareholders' Meeting took place at the Haus der Bayerischen Wirtschaft (House of the Bavarian Economy) on June 19, 2008. All in all, some 100 shareholders, bank representatives, and guests accepted the invitation to Munich and personally received information about the business performance in the lapsed fiscal year as well as the future prospects at SUSS MicroTec AG. The Management Board's statement of accounts focused on the reasons for the adjustment to the sales and earnings forecast for the 2007 fiscal year published in October 2007 as well as the successful market launch of new products.

The questions from shareholders representatives and shareholders in the discussion that followed focused primarily on the performance in the past fiscal year as well as the strategic alignment and Company prospects against the backdrop of the Supervisory Board elections. The Management Board as well as departing and proposed candidates of the Supervisory Board provided detailed answers to the questions posed.

For the first time in the corporate history of SUSS MicroTec as a listed company, shareholders introduced motions during the 2008 Shareholders' Meeting that sought to table agenda items 8 and 9 as well as to postpone a by-election for the Supervisory Board. All of these motions were defeated in early special votes of the Shareholders' Meeting.

There was also a historically significant moment for the Munich-based Company at the 2008 Shareholders' Meeting: In the course of the new elections, Dr. Winfried Süß, son of the Company's founder Karl Süß, surrendered his seat as the Chairman of the Supervisory Board after giving more than 50 years of service and commitment to SUSS MicroTec (previously Karl SUSS) as a result of old age. The proposed candidates Dr. Franz Richter, Dr. Stefan Reineck, and Jan Teichert were appointed to the Supervisory Board by a large majority at the Shareholders' Meeting in the respective individual votes.

CORPORATE GOVERNANCE REPORT

SUSS MicroTec's corporate governance is geared towards the German Corporate Governance Code, which has been a proven standard of good corporate governance in Germany.

There is no legal obligation to comply with these standards. However, listed companies are obligated to submit an annual "comply or explain" Declaration of Compliance with the current code recommendations.

Responsible and transparent corporate governance which creates value in the long term is always of great importance to SUSS MicroTec. Our goal is to reinforce the trust that investors, financial markets, business partners, employees, and the public have put in us and to continuously enhance the corporate governance within the Group. For this reason, the Management and Supervisory Boards of SUSS MicroTec AG fundamentally welcome all initiatives and recommendations on the topic of the Corporate Governance Code.

Declaration of Compliance

For years, SUSS MicroTec has complied with the German Corporate Governance Code with only a few exceptions. In the reporting year, the Management and Supervisory Boards also dealt intensively with meeting the guidelines of the Code, particularly the new requirements from June 6, 2008. Based on these proceedings, the Management and Supervisory Board issued the Declaration of Compliance on November 7, 2008 in accordance with Section 161 of the German Stock Corporation Law (AktG). Pursuant to this, SUSS MicroTec AG complied with the recommendations of the German Corporate Governance Code in its version from June 14, 2007, noting two exceptions – the deductible for the directors' and officers' liability insurance (D&O insurance) and the results-oriented remuneration of the Supervisory Board. The Boards also pledged to comply with the updated version of June 6, 2008 in the future with the following three exceptions:

+ Deductible for D&O Insurance

The German Corporate Governance Code recommends in 3.8 an agreement on an adequate deductible for the bodies of the corporation upon concluding a Directors' and Officers' Liability Insurance policy. SUSS MicroTec AG has had D & O insurance without any body-specific deductible for several years. In SUSS MicroTec's opinion, Responsible actions of all managerial bodies are not additionally promoted through the agreement of a corresponding deductible.

+ Creation of Committees

The German Corporate Governance Code recommends in 5.3 creating 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 AG has consisted of three members since mid-2008, it does not believe it necessary to create the respective committees. The Supervisory Board is especially of the opinion that creating committees would unnecessarily make the body's work more difficult given the number of members.

+ Remuneration of Supervisory Board Members

In 5.4.6, the German Corporate Governance Code recommends a performance-based remuneration of Supervisory Board members as well as remuneration for serving on and chairing committees. The remuneration of Supervisory Board members is stipulated in Section 13 of the articles of incorporation. SUSS MicroTec AG's articles of incorporation currently do not call for a performance-based compensation of the Supervisory Board.

The wording of the current Declaration of Compliance as well as of all previous declarations in accordance with Section 161 of the German Stock Corporation Law AktG is published on the SUSS MicroTec AG website at www.suss.com > Investor Relations > Corporate Governance > Declaration of Compliance.

Moreover, the following restrictions apply for SUSS MicroTec AG with regard to the suggestions contained within the Code, from which a company can also deviate without being obligated to make a statement:

- + A Notwithstanding 2.3.3 of the German Corporate Governance Code, the proxy cannot be reached during the Shareholders' Meeting, since this cannot be guaranteed with the legally required level of security at a justifiable financial expense.
- + 2.3.4 of the Code suggests that the shareholders of the Company be able to follow the Shareholders' Meeting via modern communication methods (e.g. the internet). Considering the additional costs that might arise from the use of this technology, a decision was made not to implement such measures at this time.
- + Since the Supervisory Board of SUSS MicroTec AG does not take part in the decision-making, there is no separate prearrangement of the Supervisory Board meetings, notwithstanding 3.6 (1) of the German Corporate Governance Code.

Communication and Transparency

In order to guarantee the greatest extent of transparency possible and equal opportunities for all, our corporate communication strives to inform all target groups in an equal and timely manner. Shareholders and potential investors are able to obtain information on current developments within the Group at any time online. All press releases and ad hoc announcements by SUSS MicroTec AG are published on the Company's website in both German and English. The Company's articles of incorporation as well as the consolidated financial statements and interim reports can be downloaded there as well. We regularly inform shareholders, analysts, members of the media, and any interested members of the public on 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 the annual report and interim reports as well as on our Company's website. Moreover, the investor relations activities are used to carry out regular discussions with analysts and investors. The annual Shareholders' Meeting at SUSS MicroTec is prepared with the goal of informing all shareholders before, during, and after the meeting in a rapid, extensive, and effective manner. Another aim is to make it easier for participants to register for the Shareholders' Meeting and exercise their rights. As such, 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. Instructions for exercising voting rights can be issued prior to the Shareholders' Meeting or at the meeting directly on site. The invitation to the Shareholders' Meeting also provides a detailed explanation of the upcoming agenda items and the conditions for participation. All documents and information on the Shareholders' Meeting can be downloaded from the Company's website. A paper copy can also be requested from the IR department.

Cooperation of the Management and Supervisory Boards

The two-stage system called for by the German Stock Corporation Act (AktG) earmarks a strict separation of management and control in companies. The responsibilities of both bodies, the Management Board and Supervisory Board, are clearly defined by law. The Management Board manages the Company on its own authority, develops the Company's strategy, coordinates this with the Supervisory Board, and ensures that it is carried out. The Supervisory Board monitors and consults the Management Board in the Company management and appoints the members of the Management Board. Any basic Company decisions require its approval.

The Company management of SUSS MicroTec AG is defined by a close and trustful cooperation of the Management and Supervisory Boards. Both Company bodies work together closely in the interest of the Company and with the common goal of increasing the enterprise value in the long run.

The Management Board of SUSS MicroTec AG informs the Supervisory Board on all relevant issues of planning, business development, risk position, and risk management on a regular, prompt, and comprehensive basis. Deviations of the business development from the established plans and targets are thus explained and reasons for these are provided. As is stipulated in the German Corporate Governance Code, no more than two former

members of the Management Board may belong to the Supervisory Board of SUSS MicroTec AG (these being Dr. Franz Richter and Dr. Stefan Reineck). This guarantees the impartial consultation and monitoring of the Management Board.

In the current fiscal year, there were no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company whatsoever. No conflicts of interest among Management and Supervisory Board members to be immediately disclosed to the Supervisory Board occurred in the 2008 fiscal year.

Changes in the Management and Supervisory Boards

Effective October 2, Christian Schubert was appointed to the Management Board of SUSS MicroTec AG. The Master of Business Administration (Diplom-Kaufmann) thus succeeded Dr. Stefan Schneidewind, who after serving on the Management Board of SUSS MicroTec for four years was asked to step down from the Supervisory Board as a result of differing opinions on the further strategic alignment of the Company. Mr. Schubert took over the position on the Management Board on an interim basis. He will remain on the Board until the end of his appointment on May 31, 2009 and will thereby dedicate himself to continuously optimizing the purchasing and procurement function as well as materials management.

Effective February 1, 2009, Mr. Frank P. Averdung was appointed to the Management Board and as the Chairman of the Management Board of SUSS MicroTec AG. The former managing director of Carl Zeiss SMS GmbH (SMS – Semiconductor Metrology Systems) in Jena, Germany, takes on the functions of sales, marketing, production, and Group strategy.

The rotational reelection of the Supervisory Board of SUSS MicroTec AG took place in the 2008 fiscal year. Here, the Board was reduced from six to three future members. Upon conclusion of the ordinary Shareholders' Meeting on June 19, 2008, Dr. Winfried Süß, Gerhard Rauter, Peter Heinz, Prof. Dr. Anton Heuberger, Dr. Stefan Reineck, and Heinz-Peter Verspay left the Supervisory Board upon expiration of their terms in office. The proposed candidates, Dr. Franz Richter, Dr. Stefan Reineck, and Jan Teichert, were each appointed to the Company's Supervisory Board by the Shareholders' Meeting with a large majority.

Remuneration Report

Transparent and comprehensible representation of the Management Board remuneration has been a major element of good corporate governance at SUSS MicroTec for years. The overall compensation of members of the Management Board consists of remuneration components both independent of performance and based on performance. The 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 old-age insurance. The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. In addition, employer pension commitments (old-age, disability, and widow's pension) in the form of direct insurance have been made to the members of the Management Board (endowment insurance). No other benefits of monetary value were granted.

The performance-based remuneration components of the Management Board are split into a variable remuneration, which is based on goals set individually, and a stock-based compensation geared towards the long-term success of the Company consisting of stock options. The Supervisory Board is responsible for setting the individual remuneration of Management Board members. The Supervisory Board plenum determines and monitors the compensation system for the Management Board on a regular basis and finalizes the Management Board contracts.

In the course of these consultations, the Supervisory Board agreed in the reporting year to earmark a compensation payment in Management Board contracts concluded after November 7, 2008 in the event that a member of the Management Board steps down prematurely and without significant cause. This is limited to no more than two years of compensation including fringe benefits (severance package cap) and compensates for no more than the remaining term of the employment contract. The Management Board contracts do not include approval for benefits arising from the premature termination of the Management Board function as a result of a change of control.

SUSS MicroTec AG paid the following remunerations to the members of the Management Board in the 2008 fiscal year:

Management Board	Base salary in €*	Variable remuneration for 2007 in €	Stock options	Other payments in €**	Expenses for retirement benefits in €
Dr. Stefan Schneidewind ^a	214,705.50	141,360.77	–	4,746.15	1,611.00
Michael Knopp	206,925.00	28,752.72	–	6,328.20	2,148.00
Christian Schubert ^b	62,242.05	0.00	–	–	–

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

** Allowance for voluntary retirement fund

a Member of the Management Board until October 2, 2008

b Member of the Management Board since October 2, 2008

The remuneration of the Supervisory Board is governed in Section 13 of the SUSS MicroTec AG articles of incorporation.

A new agreement in this regard was made at the Shareholders' Meeting on June 19, 2008. The changes to the articles of incorporation were entered into the Company register on July 10, 2008.

The following compensation guidelines applied until June 19, 2008. Each of the six members of the Supervisory Board receives a fixed remuneration of € 15,000.00 per fiscal year plus meeting attendance compensation in addition to the reimbursement of expenses, whereby the Chairman of the Supervisory Board receives three-times that of a single member and the Deputy Chairman receives one and a half times that of a single member. Since that time, the members of the Supervisory Board have received the following remuneration in accordance with Section 13 of the articles of incorporation:

In addition to the reimbursement of expenses and meeting attendance compensation of € 1,500.00 per meeting, every member of the Supervisory Board receives a fixed remuneration geared towards his/her responsibilities and the extent of the member's activities. According to this, the Chairman of the Supervisory Board receives € 45,000.00, the Deputy Chairman receives € 40,000.00, and a single member of the Supervisory Board receives € 35,000.00 as a fixed remuneration per fiscal year.

SUSS MicroTec AG paid the following remunerations to the members of the Supervisory Board active in 2008 for that fiscal year:

Supervisory Board until June 19, 2008	Remuneration acc. to Section 13 (2)(1) and (3) of the articles of incorporation in €	Meeting attendance payment acc. to Section 13 (2)(3) and (3) of the articles of incorporation in €	Reimbursement of expenses plus 19% VAT less 30% etc. (Section 13 (4) of the articles of incorporation) in €
Dr. Winfried Süß (Chairman of the Supervisory Board)	22,500.00	10,500.00	0.00 minus 840.00 D&O- Insurance = -840.00
Gerhard Rauter (Deputy Chairman of the Supervisory Board)	11,250.00	3,000.00	412.00 minus 420.00 D&O- Insurance = 8.00
Peter Heinz, MBA	7,500.00	4,500.00	4,338.08 minus 3,798.00 VAT minus 280.00 D&O- Insurance = 260.08
Prof. Dr. Anton Heuberger	7,500.00	3,000.00	1,390.00 plus 1,995.00 VAT minus 280.00 D&O- Insurance = 3,105.00
Dr. Stefan Reineck	7,500.00	10,500.00	3.666,28 plus 3420.00 VAT minus 280.00 D&O- Insurance = 6.806,28
Heinz-Peter Verspay	7,500.00	3,000.00	161.25 plus 1,995.00 VAT minus 280.00 D&O- Insurance = 1,836.25

Supervisory Board since June 19, 2008	Remuneration acc. to Section 13 (1) of the articles of incorporation in €	Meeting attendance payment acc. to Section 13 (2) of the articles of incorporation in €	Reimbursement of expenses plus 19% VAT less 30% etc. (Section 13 (3) of the articles of incorporation) in €
Dr. Franz Richter (Chairman of the Supervisory Board since June 19, 2008)	22,500.00	9,000.00	19,431.83 plus 5,985.00 VAT minus 1,298.00 D&O- Insurance = 24,118.83
Dr. Stefan Reineck (Deputy Chairman of the Supervisory Board since June 19, 2008)	20,000.00	9,000.00	7,925.18 plus 5,510.00 VAT minus 649.00 D&O- Insurance = 12,786.18
Jan Teichert (Member of the Supervisory Board since June 19, 2008)	17,500.00	9,000.00	51.00 plus 5,035.00 VAT minus 433.00 D&O- Insurance = 4,653.00

In the 2008 fiscal year, neither the previous nor the current members of the Supervisory Board received any remuneration or benefits for personal services, particularly consultation and placement services.

COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES AS WELL AS FUNCTIONS OF THE INDIVIDUAL MEMBERS

(until June 19, 2008)

	Supervisory Board	Audit Committee	Nomination	Personnel	Technology	Finance
Dr. Winfried Süß	Chairman	Member	Chairman	Chairman	Chairman	Member
Gerhard Rauter	Deputy Chairman			Member	Member	
Peter Heinz	Member	Chairman			Member	Chairman
Prof. Dr. Anton Heuberger	Member				Member	
Dr. Stefan Reineck	Member		Member	Member		
Heinz-Peter Verspay	Member	Member				Member

Directors' Dealings and Shareholdings

In accordance with Section 15a of the Securities Trading Act, the members of the Management and Supervisory Boards are legally obligated to disclose the acquisition and sale of SUSS MicroTec AG shares or their corresponding financial instruments provided that 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 € 5,000. This requirement also applies to the same degree for certain employees with managerial functions and those in close relation to such employees. In the 2008 fiscal year, SUSS MicroTec AG received the following notifications regarding transactions by officers and persons closely associated with them, which have also been published on the Company's website:

- + Michael Knopp (Chief Financial Officer):
Purchase of 7,500 SUSS MicroTec shares at a total price of € 7,875.00 on December 5, 2008
- + Michael Knopp (Chief Financial Officer):
Purchase of 10,000 SUSS MicroTec shares at a total price of € 17,372.71 on October 30, 2008
- + Dr. Stefan Reineck (member of the Supervisory Board since the beginning of the fiscal year and Deputy Chairman of the Supervisory Board since June 19, 2008):
Purchase of 5,000 SUSS MicroTec shares at a total price of € 8,150.00 on October 28, 2008
- + Heinz-Peter Verspay (member of the Supervisory Board until June 19, 2008):
Purchase of 2,000 SUSS MicroTec shares at a total price of € 8,740.00 on March 31, 2008

Stock Option Plans

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

Stock Option Plan of 2002

From the Stock Option Plan of 2002 passed during the Shareholders' Meeting of June 14, 2002, 26,150 options were issued at the beginning of the 2008 fiscal year (of which 0 were issued to members of the Management Board).

In the 2008 fiscal year, a total of 0 subscription rights were exercised. In the year under review, 6,100 options from the Stock Option Plan of 2002 expired. At the end of the fiscal year, a total of 20,050 options from the Stock Option Plan of 2002 were still outstanding. Of those, 4,500 options can be exercised up to the exercise period of May 2009 at an exercise price of € 1.11 and 15,550 options at an exercise price of € 3.44 up to an exercise period of August 2010, if one of the performance goals described below is reached: (i) if the stock market price of the SUSS MicroTec share has increased by an average of 7.5% per annum between the time of issuing and exercising the options and the stock market price of the Company has developed the same as or better than the Nemax or its success index TecDAX during this time period or (ii) if the stock market 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 2005

At the beginning of the 2008 fiscal year, there were a total of 642,800 options outstanding under the Stock Option Plan of 2005 passed by the Shareholders' Meeting on June 21, 2005. In the 2008 reporting year, a total of 0 options were issued to members of the Management Board. A total of 75,200 options of the Stock Option Plan of 2005 expired in the 2008 fiscal year. No options from this plan were exercised in the 2008 fiscal year. The number of options still outstanding at the end of the fiscal year amounted to 567,600, of which 220,000 overall were held by members of the Management Board. The issued options can be exercised upon expiration of a two-year waiting period, provided one of the performance goals described below is met: (i) the stock exchange price of the SUSS MicroTec share has increased by an average of 7.5% 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. The exercise and/or subscription prices amount to € 4.95 for 136,500 on August 31, 2005 issued options, € 7.35 for 159,000 on June 8, 2006 issued options, and € 8.39 for 317,300 on May 23, 2007 and € 8.42 for 30,000 on August 22, 2007 exercised options.

Stock Option Plan of 2008

The Stock Option Plan for 2008 agreed upon by the Shareholders' Meeting on June 19, 2008 earmarks that the options can be exercised upon expiration of a two-year waiting period, provided that the following performance goals are met: (i) the stock exchange price of the SUSS MicroTec share has increased by at least 0.625% 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.

Up to the balance sheet date on December 31, 2008, 0 options were issued from the Stock Option Plan of 2008 (of which 0 to members of the Management Board).

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 individual financial statements of SUSS MicroTec AG are prepared according to the provisions of the German Commercial Code (HGB).

On June 19, 2008 the Shareholders' Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft from Munich, Germany (formerly KPMG Deutsche Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, Germany) as auditors and Group auditors of SUSS MicroTec AG for the 2008 fiscal year. The auditor has demonstrated its impartiality to the Supervisory Board in a declaration of impartiality.

Ownership of Shares and Subscription Rights

As of the end of the fiscal year on December 31, 2008, the members of the Management and Supervisory Boards of SUSS MicroTec in office in the 2008 fiscal year own the following number of shares and subscription rights:

	Number of shares on 12/31/2008	Change from 12/31/2007	Number of stock options on 12/31/2008	Change from 12/31/2007
Supervisory Board				
Dr. Franz Richter [*]	101,040	+101,040	–	–
Dr. Stefan Reineck [*]	6,600	+5,000	40,000	–
Jan Teichert [*]	–	–	–	–
Dr. Winfried Süß ^{**}	–	-1,131,000	–	–
Gerhard Rauter ^{**}	–	–	–	–
Peter Heinz ^{**}	–	-1,338	–	–
Prof. Dr. Anton Heuberger ^{**}	–	–	–	–
Heinz-Peter Verspay ^{**}	–	–	–	–
Management Board				
Michael Knopp	22,500	+17,500	30,000	–
Christian Schubert ^{***}	–	–	–	–
Dr. Stefan Schneidewind ^{****}	18,278	–	150,000	–

^{*} Supervisory Board member since June 19, 2008

^{**} Supervisory Board member until June 19, 2008

^{***} Management Board member since October 2, 2008

^{****} Management Board member until October 2, 2008

Company Bodies

Members of the Management and Supervisory Board of Suss MicroTec AG and their mandates:

Michael Knopp –

Christian Schubert –

Dr. Stefan Schneidewind –

Dr. Franz Richter Replisaurus Technologies, Inc., Kista, Sweden (Chairman of the Board of Directors)
Siltronic AG, Munich, Germany (Member of the Supervisory Board)
EpiSpeed AG, Zug, Switzerland (Member of the Advisory Board)
SEMI, San Jose, California, USA (Member of the International Board of Directors)
and Management Board member of Thin Materials AG, Munich, Germany

Dr. Stefan Reineck AttoCube Systems AG, Munich, Germany (Chairman of the Supervisory Board)
NanoScape AG, Munich, Germany (Chairman of the Supervisory Board)
Aleo solar Aktiengesellschaft, Prenzlau, Germany (Member of the Supervisory Board)
TF Instruments Inc. Monmouth Junction, New Jersey, USA (Member of the Board)
Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board)
Joanna Solar Technology GmbH, Brandenburg an der Havel (Chairman of the advisory board)
and career board representative and partner of RMC
Dr. Reineck Management & Consulting GmbH, Kirchardt

Jan Teichert Member of the Board of Directors of Einhell Germany AG

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MANAGEMENT REPORT

Report for the Group and SUSS MicroTec AG for the 2008 Fiscal Year

BUSINESS AND GENERAL CONDITIONS

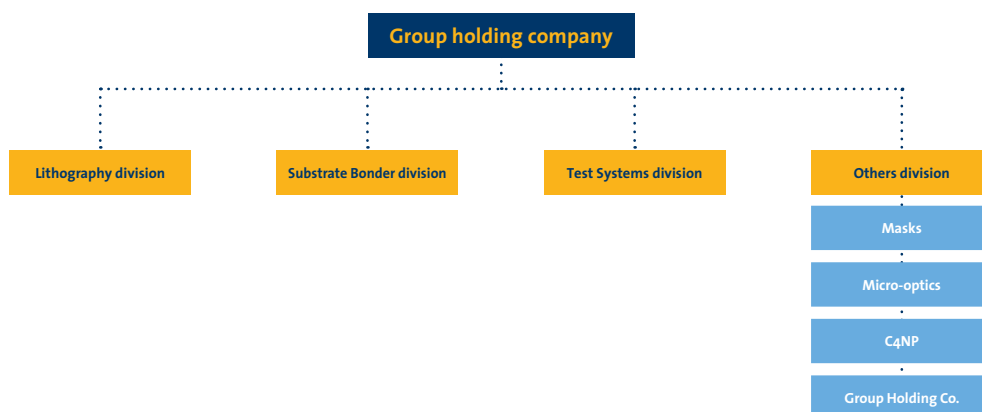
Group Structure and Business Activities

Business Activities and Divisions

The SUSS MicroTec Group manufactures and markets equipment and testing systems for the production of microelectronics and microsystems technology. 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.

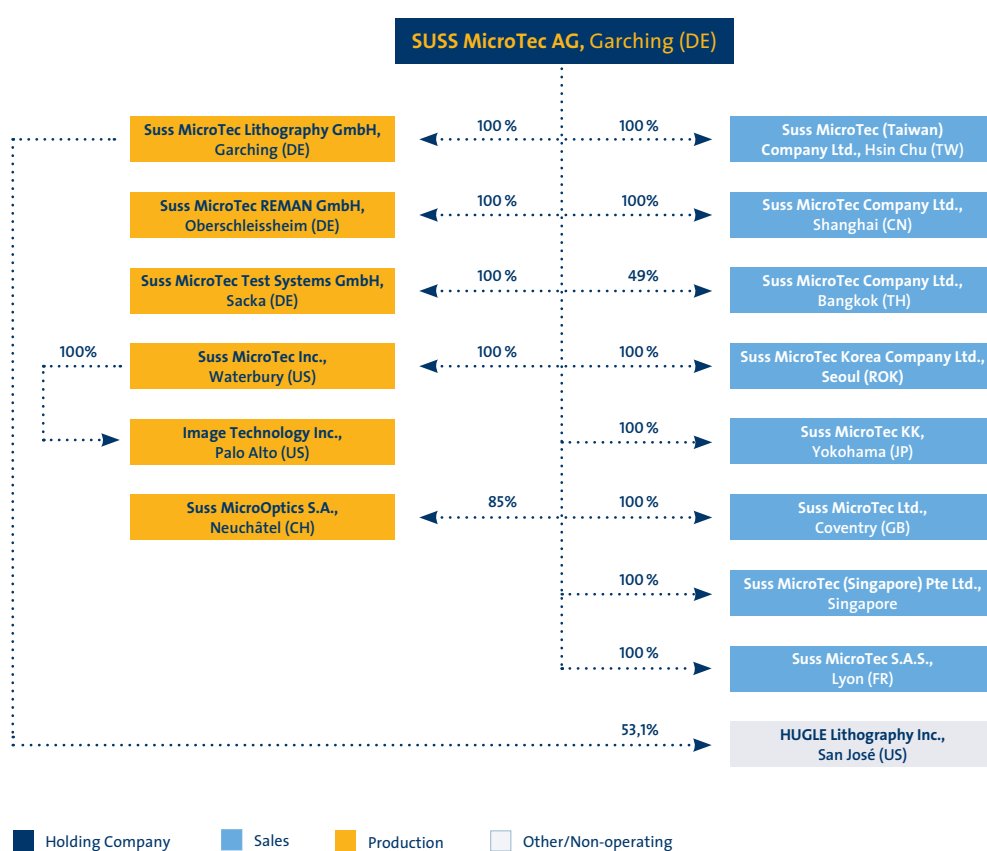
The Group is comprised of four divisions, with the Others division composed of several smaller sub-units each managed separately. The following management report incorporates both the continuing and discontinued activities of the Group in the analysis. The discontinued activities of the 2008 fiscal year include the Device Bonder division, which SUSS MicroTec AG divested in 2007. The significant assets and liabilities of the Device Bonder business of Suss MicroTec S.A.S. were sold in the course of an asset deal. In the deal, the parties of the purchase contract agreed that the Device Bonder order backlog at hand as of the transfer date (July 16, 2007) was to be processed by Suss MicroTec S.A.S. The remainder of the order backlog took until the 4th quarter of the 2008 fiscal year to be processed.



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 and also the local sales activities for the Group are each organized within the subsidiaries. The Group has locations in Germany, the United States, England, France, Switzerland, Japan, China, Singapore, Thailand, and Taiwan. In the year under review, a subsidiary was founded in Korea, in which SUSS MicroTec AG has a 100% holding. Suss MicroTec Korea Co. Ltd. is a pure sales company intended to strengthen the Group's presence in Korea.

In the course of simplifying the Group's shareholding structure, the two companies in the MFI Technologies Group, MFI Technologies Inc., Vancouver, BC, Canada and MFI Technologies Corporation, San Jose, CA, USA, which for years have neither had active business operations nor held assets of value, were phased out.



In addition, minority interests in the following companies still exist:

- 10% Zentrum für Technologiestrukturentwicklung, Glaubitz (Germany)
- 10% ELECTRON MEC S.R.L., Milan (Italy)

These minority interests are insignificant for the operating activities as well as the earnings, assets, and financial position of the Group.

Management and Control

Personnel Changes to the Management and Supervisory Boards

Effective October 2, Christian Schubert was appointed to the Management Board of SUSS MicroTec AG. The Master of Business Administration (Diplom-Kaufmann) thus succeeds Dr. Stefan Schneidewind, who was asked to step down by the Company's Supervisory Board after four years on the Management Board of SUSS MicroTec due to differing opinions on the further strategic alignment of the Company. Mr. Schubert assumed his position on the Management Board on an interim basis and will remain on the Board until the conclusion of his appointment on May 31, 2009. Until that time, he will dedicate his efforts particularly to the further optimization of purchasing and procurement as well as materials handling.

On November 25, 2008, Frank Averdung was appointed by the Company's Supervisory Board to the Management Board and as the new Chief Executive Officer of SUSS MicroTec AG. Mr. Averdung assumed his office as of February 1, 2009. He is responsible for the areas of sales, marketing, production, and Group strategy.

Furthermore, in the 2008 fiscal year, regular SUSS MicroTec AG Supervisory Board reelections were due. During these elections, the Supervisory Board was reduced from six to now three members. Upon conclusion of the ordinary Shareholders' Meeting on June 19, 2008, Dr. Winfried Süß, Gerhard Rauter, Peter Heinz, Prof. Dr. Anton Heuberger, and Heinz-Peter Verspay surrendered their appointments. They were succeeded by Dr. Franz Richter, Dr. Stefan Reineck, and Jan Teichert, each of whom was selected to the Company's Supervisory Board by the Shareholders' Meeting by a large majority.

Remuneration structure

The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance as well as for a voluntary pension fund. 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. In addition to these fixed and variable remuneration components, the members of the Management Board also receive a third stock-based remuneration depending on the long-term success of the Company. This consists of stock options in accordance with the respective stock option plan in effect.

The remuneration of the Supervisory Board is set out in Section 13 of the articles of incorporation of SUSS MicroTec AG.

A new resolution was made at the Shareholders' Meeting on June 19, 2008. Until that date, the following remuneration arrangement had been in place. Each of the total six members of the Supervisory Board was to receive, in addition to the reimbursement of expenses, a fixed remuneration of € 15,000.00 per fiscal year plus meeting attendance compensation, with the Chairman of the Supervisory Board receiving three times the amount and the Deputy Chairman receiving one-and-a-half times the compensation of a single member. Since June 19, 2008, the members of the Supervisory Board receive the following remuneration in accordance with Section 13 of the articles of incorporation.

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.

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 result. In the year under review, a change was made to how the division result is determined. This now also includes income and expenses from foreign currency translation and asset disposals. Altogether, the results of the divisions are now in line with the Group's operating profit (EBIT).

Another key control figure is the net cash position (cash 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 3 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 sensible complementary products.

Research and Development

The significant new products and developments of the respective divisions and sub-units are presented and explained in the following.

Lithography

In the 2008 fiscal year, a total of two new Aligner platforms and two new technologies for applications in the field of nanoimprint lithography were introduced to the market.

The second generation of the MA300 production Mask Aligner was drafted in volume production, especially for applications such as 3D packaging, wafer bumping, and wafer level packaging. Furthermore, this is also suitable for all other lithography applications for which structures between 3 and 100 µm need to be exposed. The 300 mm system, which has a higher degree of performance, has been equipped with high-precision front side alignment. In addition, it has a back side and infrared (IR) alignment unit that enables it to process double-side structured wafers and IR-penetrable materials such as adhesives.

Furthermore, the third generation of the MA/BA8 manual Aligner platform was unveiled. The new Mask and Bond Aligner was developed for industrial research and operator-supported production, and is suitable for the processing of nearly all types of wafer and substrate materials. The system, which can be applied flexibly, can also be retrofitted quickly and easily to meet the demands of new technologies such as UV nanoimprint lithography, microlens imprinting, UV bonding, and extended bonding alignment.

Another new technology that SUSS MicroTec incorporated into the product portfolio in the lapsed fiscal year is the first nanoimprint lithography tool (NIL). The new NIL tool, which can be easily retrofitted to all of SUSS MicroTec's manual Mask Aligner systems, enables particularly private and public research institutes to enter into nanostructuring in a cost-effective manner, and to imprint structures smaller than 100 nm (nanometers).

Yet another technology for imprinting nanostructures was introduced to the market under the name SCIL (substrate conformal imprint lithography). This technology, developed in the Dutch town of Eindhoven in conjunction with Philips Research and MiPlaza, enables structures in the sub-50 nm segment to be imprinted on a large-scale and reproducible basis by way of soft stamping for the first time. The equipment was designed for industrial and academic research as well as for operator-supported production. It can be retrofitted to any manual Mask Aligner from SUSS MicroTec and is sold exclusively through the Company. A corresponding license agreement between Philips Research and SUSS MicroTec has been concluded.

Substrate Bonder

Development for the CBC200, a 200 mm production Wafer Bonder, was successfully concluded in the 2008 fiscal year. The fully-automated Bonder system produced especially for the microsystems technology (MEMS) market and 3D-wafer stacking is geared toward applications of metal bonding in particular, as it can withstand extreme pressure and temperatures of up to 90 kN and up to 600°C.

SUSS also introduced its new 300 mm Wafer Bonder series, which was developed especially for the integration and packaging of CMOS image sensors. The new XBC300 Bonder system is characterized by a high degree of output as well as its ability to execute a series of bonding processes using the market's smallest footprint at the moment. Both criteria guarantee the customer optimum productivity with the lowest operating costs.

In 2008, the last production location at the time yet to be ISO certified, Suss MicroTec Inc., Waterbury, Vermont, US, was recognized by TÜV SÜD for the successful introduction of its quality management system in accordance with ISO 9001.

Test Systems

The development projects in the 2008 fiscal year included the further development of the Test Systems PA300 ProbeShield among others. On one hand, the thermal stability of the device was increased, while on the other hand the suitability for measuring noise (1/f measurements) was improved significantly. These measurements are used more and more for device and wafer characterization (DWC). Applications have been filed for additional patents in this area and in the field of modeling in order to secure the market position.

Moreover, the chucks of the PA200 Blue Ray product line used for testing optoelectronic components were further developed in order to incorporate new types of substrates.

The Cryo and Vacuum Prober range has been supplemented by two additional systems, the PLV 50 and the PLC 50. Both systems were designed especially for laboratory use at universities and research institutes and enable cost-effective use in test applications for a wafer level of up to 100 mm.

Furthermore, a completely revised software system for Test Systems control was unveiled under the name ProberBench™ Operating Environment. The Windows-based software was expanded to include, among other things, various automation options that, for example, enable the installation of unsupervised test procedures overnight or on weekends. This contributes significantly to increasing productivity. The new SPECTRUM™ Vision System, which offers up to four different live-video views for the operator during the test procedure and, thus, makes a significant contribution to eliminating test card and wafer damage, was also integrated.

C4NP

The development of the high-volume production tools for partner IBM was concluded in July 2008. Of the total three systems outstanding, one was delivered to IBM in the 4th quarter of 2008. The other two systems, in contrast, have been delayed and will be delivered in the 2009 fiscal year.

The total expenditure for research and development rose slightly compared with the previous year from €7.1 million to €7.3 million. Write-downs on capitalized development costs in the year under review include impairments of €8.8 million. The majority of these impairments totaling €8.0 million pertain to the C4NP project. In addition, the capitalized development services worth €0.7 million and €0.1 million had to be impaired in the Substrate Bonder and Test Systems divisions, respectively. The impairment on the C4NP project were necessary, as the Group did not manage to win over another customer for C4NP technology aside from the initial installation at IBM in the year under review. This made it no longer possible to compile a resilient sales scenario for the C4NP equipment. This resulted in the capitalized development costs of €8.0 million overall having to be written off based on an impairment test carried out in the third quarter.

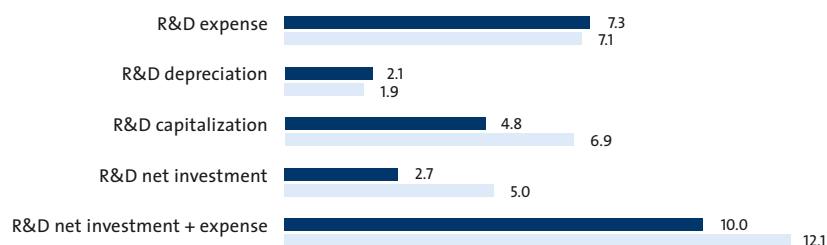
The following table does not include any impairments.

R&D EXPENSES COMPARED WITH THE PREVIOUS YEAR

in € million

■ 2008

■ 2007



R&D EMPLOYEES IN ANNUAL AVERAGE

■ 2008

■ 2007



Overview of the Business Development

Overall Macroeconomic Conditions

The crisis on the financial markets that started as a subprime mortgage crisis in the summer of 2007 grew into a global financial crisis over the course of 2008 and, particularly in the second half year, also spilled over into the real economy. The dynamics of economies in above all industrialized regions such as the United States, Europe, and Japan suffered considerable declines, and growth even weakened in the emerging markets. The global economic climate according to the Ifo World Economic Survey fell to its lowest point in twenty years at the end of 2008.

According to the IMF, global economic growth slowed significantly in 2008, with real GDP now amounting to 3.4 percent. Global economic growth is expected to drop even lower in 2009. The greatest risks of an ongoing recession are, thus, the extension of the financial market crisis as well as the considerable slowing of growth in China and other emerging markets as well as the loss of confidence in states' financial strength.

The significant effects were first seen in the automotive industry. Numerous car manufacturers have cut back their production significantly. Toward the end of 2008, the entire automotive supplier industry was affected by this. However, other industry sectors were also impacted by the global uncertainty, thus, making them cautious in issuing orders. Automation technology, like engineering, has also been affected by the crisis. In Europe, private consumption and anti-cyclical markets such as medical technology showed a rather stable development.

The German economy posted merely weak growth in 2008. The price-adjusted gross domestic product (GDP) at 1.3% was well below the rate from the previous years of 2007 (2.5%) and 2006 (3.0%). The Ifo Business Climate Index deteriorated continuously in the second half of 2008. Corporate investments will, in all likelihood, deteriorate significantly against the background of the financial market crisis and the increasingly more restrictive issuance of credit in 2009. The German Institute for Economic Research expects Germany's gross domestic product to fall by more than three percent in the coming year. The head economist of Deutsche Bank even believes a five percent decline in economic performance to be possible (db Research, February 2009).

General Industry-specific Conditions

According to the Semiconductor Industry Association (SIA), in 2008, the semiconductor sector posted its first sales decline in an annual comparison since the crisis in 2001. Based on fears of a global recession, worldwide semiconductor sales dropped by 2.8 percent to USD 248.6 billion (2007: USD 255.6 billion). All areas were affected by the weak demand. According to the SIA, however, the strongest decreases were seen in the field of DRAM chips, where falling chip prices outweighed the increase in orders. On the other hand, considerably weak demand was also seen on the part of the automobile industry as well as the markets for PCs, cellular telephones, and information technology for companies.

The German Electrical and Electronics Industry Association (ZVEI) has stated that the German semiconductor market posted a sales decline of approximately 18 percent in 2008. The consequences of the global economic crisis were given as a reason for this. Only the consumer electronics market showed stronger impulses. This

posted sales growth of 1.7 percent to € 23.7 billion in Germany in 2008. In particular, televisions with LCD and plasma displays, portable navigation devices, digital audio and video players, digital cameras, and laptops and game consoles were among the growth drivers.

Company Development

Despite the continuously difficult sector environment since 2007, the SUSS MicroTec Group managed to increase its sales and EBIT before extraordinary expenses in 2008. The Company generated sales of € 149.3 million overall, thus beating the previous year's figure of € 145.6 million by 2.5 percent. The order entry of € 139.0 million (previous year: € 149.7 million), on the other hand, reflects the greater reluctance to invest on the part of the semiconductor industry in the scope of the global economic crisis.

As the SUSS MicroTec Group, beginning with the 4th quarter of 2007, also posted strong orders in the first half of 2008, the Company had already anticipated lower order entry as of mid-year. It began implementing restructuring and cost reduction measures at an early stage when the financial crisis intensified in September 2008 and fears of a recession rose. These measures included both a Company-wide hiring freeze, general limits on travel (unless in conjunction with concrete customer projects), highly restrictive budgeting of expenses for external service providers, and the reanalysis and approval of investment projects. Moreover, the management and a portion of the employees refrained from taking their vacation time. In addition, the number of employees was reduced from 709 to 674 as of the end of the fiscal year. 52 temporary workers (12 in Waterbury, Vermont, USA and 40 in Germany) were also laid off.

Earnings before interest and taxes (EBIT) were characterized by extraordinary expenses, particularly amortization of intangible assets totaling € 18.3 million in the 2008 fiscal year. These extraordinary expenses, however, did not have an impact on liquidity, with the exception of € 0.8 million. Before consideration of these extraordinary expenses, EBIT increased over the previous year by approximately 21 percent to € 7.3 million (previous year: € 6.0 million). Including the extraordinary expenses that accrued in the 3rd quarter, in contrast, EBIT amounted to € -11.0 million.

Considering the economic deterioration, particular attention was paid to improving liquidity and the management of the working capital. The cost savings measures quickly proved successful here. Cash amounted to € 24.4 million as of the end of the 2008 fiscal year. Net Cash increased significantly compared to September 30, 2008 by € 7.9 million to € 9.4 million as of the end of the fiscal year (previous year: € 7.6 million). The free cash flow before consideration of available-for-sale securities came to € 1.9 million as of the end of the 2008 fiscal year (previous year: € -7.7 million).

The extensive restructuring and cost reduction measures carried out allowed the SUSS MicroTec Group to lower its breakeven point to a sales level of less than € 120 million as early as the end of the 2008 fiscal year.

The order backlog as of December 31, 2008 amounted to € 69.7 million (previous year: € 77.5 million).

The ratio of newly received orders to realized sales (book-to-bill ratio) in 2008 was 0.93 after 1.03 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. This market is also more susceptible to fluctuation than those for compound semiconductors, MEMS, and testing tools.

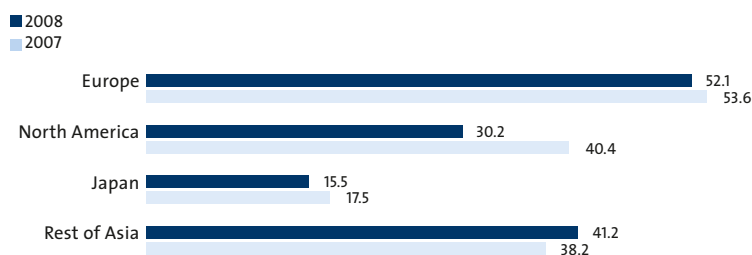
Order Entry by Region

The order entry in **Europe** fell by approximately 2.8 percent to €52.1 million after posting a figure of €53.6 million in the previous year. **North America** posted an order entry decline of 25.2 percent to €30.2 million after €40.4 million in 2007.

While **Japan** generated approximately 11.4 percent fewer orders in 2008 than in the previous year (€17.5 million) with €15.5 million, the SUSS MicroTec Group posted an order entry of €41.2 million in **Asia** (excluding Japan). This is 7.9 percent or €3.0 million more than in the previous year. The positive development was above all attributable to the demand from advanced packaging customers, who, after their reluctance to invest in 2007, made several significant orders for lithography equipment in the first half of 2008.

ORDER ENTRY BY REGION

in € million



Sales by Region

As was already described, sales increased by 2.5 percent over the previous year to € 149.3 million. The region of **Asia** played the largest part in this. However, in **Europe** the SUSS MicroTec Group posted approximately 4 percent more sales than in the previous year at € 50.2 million.

Sales in **North America** fell by approximately 5 percent from € 41.2 million in 2007 to € 39.3 million.

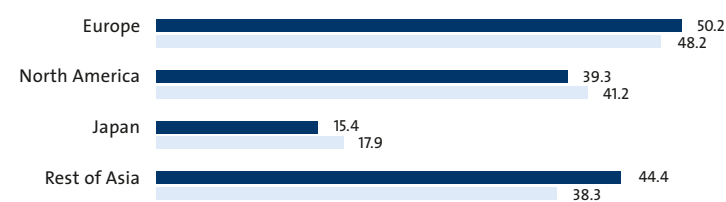
In **Japan**, sales at € 15.4 million fell short of the previous year's figure of € 17.9 million by approximately 14 percent. The Japanese yen in particular was seen as having an unfavorable exchange rate throughout the year, which had a negative effect on sales.

SALES BY REGION

in € million

■ 2008

■ 2007



Business Development in the Individual Divisions

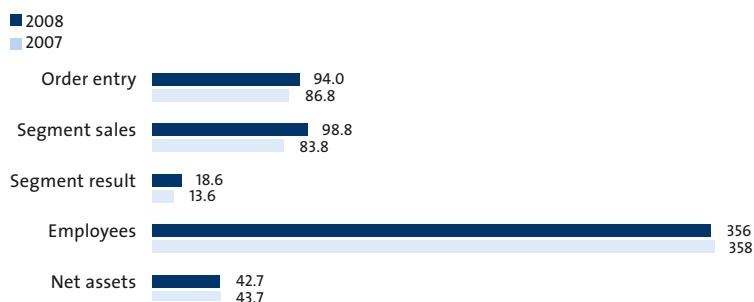
Lithography

The Lithography division includes the development, manufacture, and sale of the Mask Aligner, Developer, and Coater product lines. These product lines are developed and produced in Germany at the locations in Garching near Munich and Vaihingen an der Enz. In addition, important parts of the sales organization in North America and Asia operate for this division. Lithography is the SUSS MicroTec Group's core business with a sales share of 66 percent of the overall business. The product lines address the markets of MEMS, compound semiconductors, and advanced packaging, as well as 3D integration.

In the 2008 fiscal year, the Lithography division lifted its sales, order entry, and earnings significantly over the previous year. Sales at €98.8 million exceeded the previous year's figure of €83.8 million by approximately 18 percent. The order entry improved by approximately 8 percent over the previous year to €94.0 million (previous year: €86.8 million). The rise in demand thus affected all product lines equally. The division result improved by €5.0 million or 36.8 percent to €18.6 million. The gross profit margin, on the other hand, fell from previously 46.9 percent to 44.4 percent.

LITHOGRAPHY SEGMENT OVERVIEW

in € million



Substrate Bonder

The Substrate Bonder division includes the development, production, and sale of the Substrate (Wafer) Bonder at the American location in Waterbury, Vermont. Bonder product lines are also sold outside of Waterbury via smaller units in Europe and Asia. Markets addressed by the Substrate Bonder include MEMS, compound semiconductors, and 3D integration.

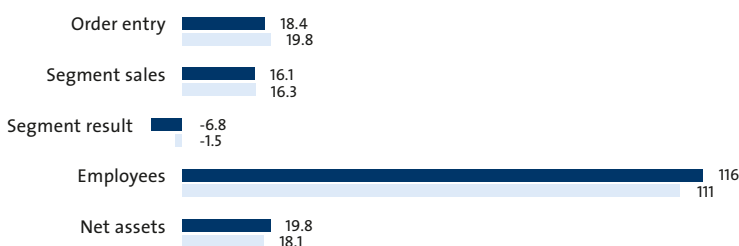
The Substrate Bonder division generated sales of €16.1 million in the 2008 fiscal year. These were approximately at the level of the previous year (€16.3 million). The order entry decreased by approximately 7 percent to €18.4 million compared with the previous year (€19.8 million). The division result of €-6.8 million was characterized by extraordinary expenses totaling €3.9 million in the lapsed year. These expenses were comprised of impairments on raw materials, supplies, and consumables, as well as demo equipment amounting to €1.8 million and value adjustments to a customer project totaling €1.9 million. Moreover, severance payments totaling €0.1 million weighed on the result. The gross profit margin fell accordingly from 31.3 percent to 6.0 percent.

SUBSTRATE BONDER SEGMENT OVERVIEW

in € million

■ 2008

■ 2007



Test Systems

The Test Systems division encompasses development, production, and Europe-wide sales. It is located in Sacka near Dresden, Germany. Accounting for approximately 17 percent of sales in the overall operations of the SUSS MicroTec Group, Test Systems represents the Group's second-largest division. Accordingly, the division has the most employees of the Group's international sales organizations (North America and Asia) after Lithography. Test Systems addresses markets including MEMS, compound semiconductors, and semiconductor engineering.

The Test Systems division generated sales of €25.0 million in a continuously difficult market environment in 2008 (previous year: €27.8 million), as well as an order entry of €20.8 million after €29.9 million in the previous year. Continuous competitive pressure and the margin pressure triggered as a consequence had a negative impact on the segment result. This was additionally burdened by extraordinary expenses of €1.1 million overall. These were primarily comprised of impairments on raw materials, supplies, and consumables, as well as demo equipment totaling €0.5 million and redundancy payments of €0.3 million.

TEST SYSTEMS SEGMENT OVERVIEW

in € million

■ 2008

■ 2007



Others Division

The Others division includes the Mask business for the semiconductor industry (Palo Alto, California, USA) as well as the Micro-optics activities at the Neuchâtel, Switzerland location, and C4NP. The Others division furthermore includes costs for central Group functions that can not be attributed to the segments.

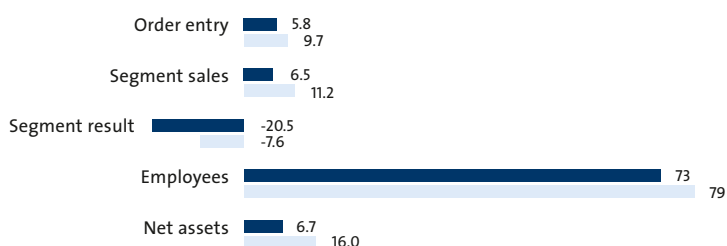
The Micro-optics business field generated sales of €1.8 million in the 2008 fiscal year after €3.5 million in the previous year. The sales contribution from the Mask business fell from €6.3 million in the previous year to €3.7 million. The considerably weaker development of this business was traced back to problems from a key customer as well as the continuously difficult market environment. Against the background of this altered sales and earnings position, the goodwill allocated to the Mask business was revalued. This had an impact on the segment result. The segment result of € -20.5 million was characterized overall by extraordinary expenses of €12.9 million. Of this amount, €8.0 million referred to an impairment on capitalized development costs for the C4NP business field as well as €4.4 million for an impairment on goodwill of the Mask business. Furthermore, severance payments of €0.4 million weighed on the segment result overall.

OTHERS SEGMENT OVERVIEW

in € million

■ 2008

■ 2007



EARNINGS, ASSETS, AND FINANCIAL POSITION

Earnings Position

Earnings in 2008 were characterized by extraordinary expenses of €18.3 million, particularly from intangible assets. EBIT (earnings before interest and taxes) thus deteriorated to €-11.0 million (previous year: €6.0 million). The development of operating activities, which was by all means intact, shows the EBIT adjusted for extraordinary expenses. This amounted to €7.3 million, which exceeded the previous year's figure by €1.3 million.

The one-off extraordinary expenses of €18.3 million in the 3rd quarter were primarily comprised of the following:

- + Impairment on capitalized development costs for C4NP amounting to €8.0 million.
- + Impairment on the valuation of goodwill of American subsidiary Image Technology Inc. totaling €4.4 million.
- + Impairment on raw materials, supplies, and consumables, as well as demo machines in the amount of €2.7 million, particularly at Suss MicroTec Inc.
- + Compensation expenses totaling €0.8 million.
- + Value adjustment for a customer project amounting to €1.9 million.
- + Others in the amount of €0.5 million.

The extraordinary expenses had no effect on liquidity, with the exception of €0.8 million.

Gross profit fell by €14.3 million, from €60.9 million to €46.6 million. The gross profit margin dropped from 41.8% to 31.2%. The gross profit adjusted for extraordinary expenses amounted to €60.0 million, and the gross profit margin was 40.2%.

Gross profit was also negatively impacted in the lapsed fiscal year by the development of the US dollar and Japanese yen exchange rates. Moreover, additional costs of €1.2 million (previous year: €1.9 million) were posted once again for the C4NP tool sets still to be delivered to IBM.

The administrative and sales expenses were lowered by €0.5 million compared with the previous year from €46.8 million to €46.3 million. The expenses in the area of administration were cut from €20.6 million to €19.5 million, whereas sales expenses increased from €26.1 million to €26.8 million. Research and development expenses increased slightly from €7.1 million to €7.3 million.

A tax expense of €2.1 million was posted in the year under review despite the negative earnings before tax. This is primarily attributable to value adjustments of deferred tax claims amounting to €2.7 million (previous year: revaluation of €1.0 million).

The Group generated annual income of €-13.9 million (previous year: €4.5 million). Earnings per share amounted to €-0.82 after €0.26 in the previous year.

Sales per employee rose by 8.1 percent over the previous year from €198,000 to €214,000.

Assets and Financial Position

The Company's goal of always maintaining sufficient short-term liquidity reserves for the operating activities was clearly reached in 2008 as well. In addition to the inventory of cash on hand of € 20.6 million (previous year: € 20.1 million) and current held-for-sale securities of € 3.8 million (previous year: € 0.0 million), the Group also has credit lines of € 10.4 million overall (previous year: € 16.2 million). These credit lines are not tied to financial covenants. As of the balance sheet date, the Group had loan commitments from two banks for a domestic credit line of € 6.0 million. The credit agreements needed were signed with one of these banks in the year under review, effectively making part of the € 3.0 million in credit available. The loan agreement with the second bank in the consortium was signed in January 2009. The lines are secured in line with banking practice and are guaranteed until March 31, 2009 initially.

The inflow of cash and cash equivalents from operating activities was increased significantly over the previous year. Operating cash flow jumped from € 1.5 million to € 9.4 million. Cash flow from investing activities excluding the acquisition of current available-for-sale securities, were reduced compared with the previous year from € 9.2 million to € 7.5 million. This yielded a positive free cash flow of € 1.9 million (previous year: € -7.7 million). The cash flow from financing activities totaled € 1.4 million compared to € 7.8 million. The reason for the decline was the issue of a promissory note bond totaling € 9.0 million in the previous year.

The net cash position, which is the balance from cash resources and financial debt, improved marginally over the course of the year. The positive balance of € 7.6 million seen at the end of 2007 increased in 2008 to € 9.4 million. This gives the Group sufficient financial leeway to survive the highly difficult economic environment expected for the coming quarters as well as to finance necessary product developments and other strategic activities.

In addition to goodwill, capitalized development costs primarily determine the noncurrent assets. Goodwill is allocated to the segment Lithography (€ 13.6 million, previous year: € 13.6 million) and Test Systems (€ 4.2 million, previous year: € 4.1 million). The goodwill of € 4.4 million allocated to the Mask business in the Others segment was fully impaired in the year under review. The item "development costs" was lower versus the previous year from € 16.2 million to € 10.3 million. The considerable decrease is attributable to impairment of € 8.8 million, € 8.0 million of which was allocated to the C4NP project. As of the balance sheet date, no additional capitalized development costs were shown for this project (previous year: € 7.8 million). Furthermore, capitalized development costs of € 3.5 million (previous year: € 2.9 million) for the Lithography division, € 6.5 million (previous year: € 5.1 million) for the Substrate Bonder division, and € 0.4 million (previous year: € 0.4 million) for Test Systems are each still included. Residual book values of € 1.5 million (previous year: € 2.0 million) are also included for licenses and patents acquired in the Lithography and Substrate Bonder divisions, as well as € 3.3 million (previous year: € 1.3 million) in the Others division. The increase of the latter is due to the Group-wide introduction of the SAP ERP system currently underway, which, after going live at three Group companies in Germany on July 1, 2008, saw a successful interim conclusion.

Tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment. Tangible assets changed only marginally with an increase from €5.0 million in the previous year to €5.4 million. Deferred tax claims were reduced by €1.4 million, primarily as a result of the use of capitalized loss carry-forwards at Suss MicroTec Lithography GmbH in the fiscal year, and amounted to €9.1 million as of the balance sheet date.

In summary, the noncurrent assets decreased significantly by €9.5 million, from €58.1 million to €48.6 million. The primary reason for this was the impairment of goodwill and the capitalized development costs.

In terms of working capital, inventories increased from €53.8 million to €54.6 million, whereby the share of finished goods rose from €6.8 million to €10.9 million. All in all, inventories did not show a satisfactory development in the lapsed fiscal year. With the intensified efforts to reduce inventories in the second half of the year, the first visible success was seen in the fourth quarter, especially in the area of raw materials, supplies, and consumables. These efforts are supported by the Group-wide introduction of the SAP ERP system. This went live at the first three German companies on July 1, 2008 and will make it possible to thoroughly manage inventories across the Company for the first time.

Customer down payments increased significantly by €5.1 million from €14.3 million to €19.4 million.

The equity ratio was lowered compared to the previous year from 62.8% to 59.0%.

Summary Statement on the Business Position

In summary, SUSS MicroTec generated Group EBIT of €-11.0 million in the 2008 fiscal year. This was marked by one-off extraordinary expenses of €18.3 million. Before taking the extraordinary expenses into consideration, the Group generated EBIT of €7.3 million, thus proving it can still remain clearly profitable, even in a difficult market environment.

As a result of the operating profit performance and the improved net liquidity, the Company has enough financial leeway to survive what is expected to be a highly difficult economic environment, as well as to finance the necessary product developments and other strategic activities.

Investments

Due to the structure of the Company, investments in tangible assets are not a significant component of its development. The fundamental value is created 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 2 percent to 3 percent of sales in the long term. The only exceptions are the Masks and Micro-optics businesses included in the Others division. Both cases involve small-scale production, which requires the appropriate production tools. Investments in these areas lead directly to a significant rise in the Group's tangible asset investments.

The larger portion of investments is to be allocated to intangible assets given the capitalization requirement in place with certain preconditions according to IFRS. The dominant projects in 2008 were the completion of a commercial C4NP line consisting of several tools as well as the expansion of the product range in the Substrate Bonder division. In the long term, the Company assumes that approximately 25 percent to 35 percent of research and development expenses will be capitalized. The remaining amount will be recorded as expenses.

The Group-wide introduction of the SAP ERP system began in the lapsed fiscal year. Within the scope of the project, investments of approximately € 3 million will be made in software and hardware over the next two to three years. The project has an overall volume of € 6 million.

The Holding Company – SUSS MicroTec AG

The holding company is responsible for the control and management of the SUSS MicroTec Group. One of its tasks is the strategic orientation, for example the expansion of the product portfolio, acquisitions, and financial issues for the Group as a whole. The holding company is also responsible for corporate identity, investor relations, and marketing. Furthermore, the holding company assumes the financing of strategically important development projects of the operating subsidiaries. As seen in the case of C4NP, the holding company also assumes the principle function provided that this seems reasonable for economic or other reasons.

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

PRESENTATION OF THE KEY FINANCIAL FIGURES OF THE HOLDING COMPANY

Company in T€	SMT AG (HGB)			
	2008	2007	Change	in %
Annual loss	-406	-2,837	2,431	86%
Shareholders' equity	96,400	96,177	223	0%
Total assets	119,623	112,141	7,482	7%
Equity ratio in %	81%	86%		
Fixed assets	95,881	84,406	11,475	14%
% of total assets	80%	75 %		
Current assets	23,742	27,735	-3,993	-14%
% of total assets	20%	25%		

Significant Changes in the Assets and Financial Position

The introduction of the SAP ERP system at three Group companies resulted in a €2.0 million increase in intangible assets. As of the balance sheet date, this amounted to €3.2 million.

In the lapsed fiscal year, loans to Suss MicroTec Inc. in the amount of €22.2 million were converted into shareholders' equity. This resulted in the rise in shares of affiliated companies on the one hand, and the decline in loans to affiliated companies on the other. The scheduled repayment of €5.6 million had the opposite effect.

Current receivables from affiliated companies fell by €10.8 million. This decline is primarily attributable to the repayment of a current bond by Suss MicroTec Lithography GmbH, Suss MicroTec Inc. and Suss MicroTec KK.

The significant part of this repayment by Suss MicroTec Inc. is based on the settlement of the purchase price receivable of €5.0 million from the transfer of shares (50%) of Suss MicroTec Test Systems GmbH to SUSS MicroTec AG with the corresponding repayment liabilities.

SUSS MicroTec AG managed to expand its liquidity position in the year under review. This was primarily the result of the positive free cash flow of the subsidiaries associated with the corporation through the Group cash pooling. The expanded liquidity position can be seen in both the rise in deposits with banks of €3.2 million and the acquisition of securities totaling €3.8 million. The latter refers exclusively to bonds from companies that have a rating in the investment grade range.

Liabilities to associated companies increased in the year under review, from €4.8 million as of the previous year's balance sheet date to €11.2 million. This rise was primarily the result of the positive development of the financial position at Suss MicroTec Lithography GmbH. The cash flows resulting from this were transferred to bank accounts of SUSS MicroTec AG via the existing cash pooling.

Liabilities to banks remained unchanged over the course of 2008 and still exist from the promissory note bond due in December 2012.

The change in shareholders' equity (€ 0.2 million) is the result of the annual loss for the fiscal year (€ 0.4 million) and the allocations to capital reserves (€ 0.6 million) due to existing stock option plans.

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

In the annual financial statements of SUSS MicroTec AG under commercial law, net loss of € -0.4 million was generated in the 2008 fiscal year (previous year: € -2.8 million).

As a result of the existing profit transfer agreement with Suss MicroTec Test Systems GmbH, Sacka (Germany), € 2.0 million was recognized as a loss at the holding company (previous year: € -0.04 million). The profit and loss transfer agreement with Suss MicroTec REMAN GmbH, Oberschleissheim (Germany) concluded in the 2008 fiscal year resulted in income of € 0.6 million at the holding company.

Other operating income primarily includes foreign currency gains totaling € 3.1 million (previous year: € 1.4 million).

Other operating expenses primarily include the continued charges from development services amounting to € 0.7 million (previous year: € 2.2 million) in the scope of the C4NP project, as well as foreign currency losses of € 2.4 million (previous year: € 3.4 million). The expenses from internally generated development services are not capitalized in accordance with German commercial law.

Earnings from shareholdings of € 2.7 million (previous year: € 0.0 million) include payouts of the two subsidiaries Suss MicroTec Ltd., Coventry, UK and Suss MicroTec (Taiwan) Company Ltd., Hsin Chu, Taiwan.

The altered business model with a reduction of the previously exercised sales activities at the subsidiaries in France and England made write-downs on financial assets totaling € 1.9 million necessary in the period under review. These were composed of € 1.4 million for the valuation of the share in Suss MicroTec SAS, Lyon, France and € 0.5 million for the valuation of the share in of Suss MicroTec Ltd., Coventry, UK.

Interest expenses in the fiscal year increased by € 1.0 million, most of which was attributable to interest on the promissory note bond amounting to € 0.5 million and the negative fair value of the interest rate swap for a part of the promissory note bond totaling € 0.4 million.

SUSS MicroTec AG had an average of 20 employees in the 2008 fiscal year (previous year: 17 employees).

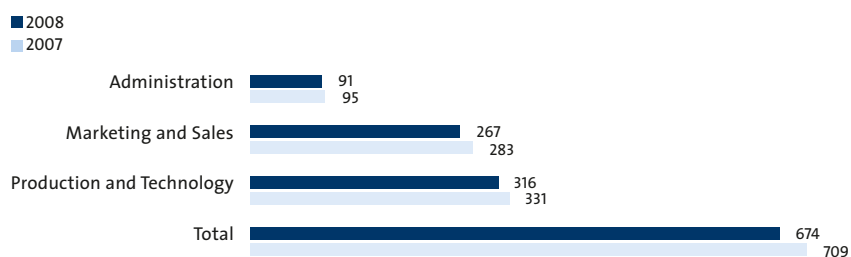
In addition to the development of the US dollar, the short and medium-term development of SUSS MicroTec AG above all depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing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

Group Employees

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

As of the end of the 2008 fiscal year, the Group had 674 employees within the individual companies (previous year: 709; -4.9%).

DEVELOPMENT OF THE NUMBERS OF EMPLOYEES BY SEGMENT



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

The common stock of SUSS MicroTec AG amounting to €17,019,126 is divided into 17,019,126 no-par, ordinary bearer shares. There are no distinct stock categories.

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

As of the balance sheet date, Mr. Tito Tettamanti holds an investment of 20.07% in the capital of SUSS MicroTec AG (previous year: 10.34%). The voting rights assigned to him are thus held by Sterling Strategic Value Limited, Tortola, British Virgin Islands and Gritlot Limited, Douglas, Isle of Man, which are controlled by Mr. Tettamanti. There are no other direct or indirect investments in the capital of SUSS MicroTec AG exceeding 10% as of the balance sheet date.

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

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

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

Upon resolution by the Shareholders' Meeting on June 19, 2008, the Management Board has been authorized to increase the Company's capital stock in the period through June 19, 2013 one or more times by up to a total of €4,254,775 through the issuance of up to 4,254,775 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. The authorization granted by the resolution from the shareholders' meeting on June 16, 2004 to increase the capital stock by up to a total of €6,022,358 in the period until June 16, 2009 through the issuance of up to 6,022,358 new shares for cash and non-cash equivalents was revoked at the Shareholders' Meeting on June 19, 2008.

The promissory note contracts concluded in the previous year include a change-of-control clause. According to this, the lenders have the option of extraordinary cancellation if one or more individuals not among the scope of existing main shareholders holds or has acquired a number of shares of SUSS MicroTec AG representing 50% or more of the voting rights. There are no other significant agreements on the part of SUSS MicroTec AG subject to the condition of a change of control resulting from a corporate takeover bid.

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

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

CORPORATE GOVERNANCE

The Management and Supervisory Boards of SUSS MicroTec AG are committed to adhering to a high degree of corporate governance. As seen in previous years, the Management and Supervisory Boards, therefore, submitted the declaration of compliance in accordance with Section 161 of the German Stock Corporation Law (AktG) once again on November 7, 2008. They also explained that they have complied with the recommendations of the German Corporate Governance Code in the version from June 14, 2007 with two exceptions – a deductible for D&O insurance and the remuneration of Supervisory Board members. They have also declared that they will comply with the Code in the future in its updated version from June 6, 2008 with three exceptions – a deductible for D&O insurance, the creation of committees, and the remuneration of the Supervisory Board. Please refer to the separate Corporate Governance Report on page 32 to 42 in the 2008 Annual Report.

SUBSEQUENT EVENTS

On January 7, 2009, Dr. Winfried Süß, Germany, informed the Company in accordance with Section 21 (1)(1) of the German Securities Trading Law (WpHG) that his voting rights share in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 5% and 3% on December 31, 2008 and, as of this date, amounted to 0% (0 voting rights).

On January 7, 2009, Süß SCS, Strassen, Luxembourg, informed the Company in accordance with Section 21 (1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3% and 5% on December 31, 2008 and, as of this date, amounted to 7.53% (1,281,000 voting rights).

On January 7, 2009, Falcivest, SCS, Strassen, Luxembourg, informed the Company in accordance with Section 21 (1)(1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% on December 31, 2008 and, as of this date, amounted to 3.04% (518,194 voting rights).

On January 7, 2009, Falcivest, SCS, Strassen, Luxembourg, informed the Company in accordance with Section 21 (1)(1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 3% on January 2, 2009 and, as of this date, amounted to 2.99% (508,194 voting rights).

On January 7, 2009, Terramater (Stichting), Amsterdam, Netherlands, informed the Company in accordance with Section 21 (1)(1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3%, 5%, and 10% on December 31, 2008 and, as of this date, amounted to 10.57% (1,799,194 voting rights). Of this amount, 10.57% (1,799,194 voting rights) is allocated to the company in accordance with Section 22 (1)(1)(1) of the German Securities Trading Law (WpHG). The voting rights allocated to Terramater are thus held by the following companies under its control, each with a voting rights share in SUSS MicroTec AG of 3% more:

- + Süss SCS, Strassen, Luxembourg
- + Falcivest, SCS, Strassen, Luxembourg

On January 7, 2009, Crest Capital S.A., Strassen, Luxembourg, informed the Company in accordance with Section 21 (1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3%, 5%, and 10% on December 31, 2008 and, as of that date, amounted to 10.57% (1,799,194 voting rights). Of this amount, 10.57% (1,799,194 voting rights) is allocated to the company in accordance with Section 22 (1)(1)(1) of the German Securities Trading Law (WpHG). The voting rights allocated to Crest Capital S.A. are thus held by the following companies under its control, each with a voting rights share in SUSS MicroTec AG of 3% or more:

- + Süss SCS, Strassen, Luxembourg
- + Falcivest, SCS, Strassen, Luxembourg.

On January 23, 2009, Falcivest, SCS, Strassen, Luxembourg, informed the Company in accordance with Section 21 (1)(1) of the German Securities Trading Law (WpHG) that its voting rights share in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% on January 23, 2009 and, as of this date, amounted to 3.02% (513,194 voting rights).

RISK REPORT

Global activities in the field of high technology yield general and current risks for the Company. The Management Board has taken the 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.

General Business Risks 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. Triggered by the undesirable development on the American mortgage market, the capital and credit markets were subject to considerable fluctuations and distortions in the year under review, thus causing a global financial crisis. This weighed on the global macroeconomic development in the reporting year, especially in the United States and other industrialized nations. Additional negative feedback effects on the merchandise market are expected by the financial sector. Should the politico-economic and fiscal measures resolved fail to help gradually restore confidence in the financial market, there will be greater risk of an even deeper and longer recession. Liquidity problems on the part of banks will then lead to a further tightening in the issue of credit, investments will subside even more, and higher unemployment rates and declining consumption will also weigh additionally on the economic prospects in emerging markets.

Should the financial market crisis and the recession continue and/or expand, there can be no guarantee that they will not have a major negative impact on the assets, financial, and earnings position. The credit crunch presently seen on the financial markets, for example, could make it more difficult for the Company's customers to receive financing. This may lead them to change or delay purchases of products as intended or to not carry out certain transactions. Against this background, cancellations of orders already issued also cannot be ruled out. Moreover, insufficient generation of sales or more difficult access to the capital markets on the part of the Company's customers may put them in a position where they are unable to pay outstanding invoices on time or in full. This could have a negative impact on the earnings and cash flows.

Numerous other factors, such as fluctuations in energy and raw material prices as well as global political conflicts, including the situation in the Middle East and other regions, will continue to have an impact on macroeconomic factors and capital markets around the world. Uncertainty about political and economic conditions may negatively impact the demand for the Company's products, and may also make budgeting and forecasts more difficult.

Cyclical Market Fluctuations and Market Development

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

Market Positioning

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

Dependence on Individuals' Expertise

The Company depends on the expertise of individual employees in 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.

Operating Risks

Assets and Earnings Position

As a result of a further intensification of the recession, the possibility of the Group failing to reach the sales targets it set for 2009 cannot be ruled out. The cost savings measures that have been implemented and are currently underway therefore may not be enough to generate a positive operating result. The Group is countering this risk with the stringent evaluation of the early indicators available, primarily the Company's order entry. The Company already has another catalogue of possible measures to lower its breakeven sales, although some of these would not have an impact on earnings prior to 2010. A deterioration of the earnings position going beyond the Group planning prepared could make impairments necessary in the framework of future impairment tests. This would result in the devaluation of both the holding company's and the Group's asset values. These impairments would impact the assets and earnings position, but would not have an effect on liquidity.

Pricing Pressure

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

Residual Risks, Particularly Liability Risks

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. The liability risk for SUSS MicroTec may increase given the use of the products within the production environment of companies with rising need for 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.

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 within 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 payment conditions and safeguards to which the Company's individual sales units can agree in certain cases 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 € 24.1 million (previous year: € 26.1 million), € 13.3 million overall was neither overdue nor impaired as of the balance sheet date (previous year: € 15.4 million). As of December 31, 2008, there were no indications of payment defaults occurring.

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

Age analysis of overdue receivables without impairment

in T€	2008	2007
1 – 30 days	4,962	5,103
31 – 60 days	3,414	2,501
61 – 90 days	999	1,660
Overdue receivables without impairment	9,375	9,264

As of the balance sheet date, a total of € 1.5 million (previous year: € 1.5 million) of the gross inventory of receivables was overdue and impaired. The age structure of overdue and impaired receivables as of the balance sheet date and that of the previous year are shown in the following table:

Age analysis of overdue receivables with impairment

in T€	2008	2007
91 – 180 days	930	616
181 – 360 days	294	784
> 360 days	235	60
Overdue receivables without impairment	1,459	1,460

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

Liquidity Risks

The global financial market crisis may limit the Company's options for debt financing. Should the Company miss its 2009 forecast significantly, the possibility of covenants from the existing promissory note bond not being maintained cannot be ruled out. A promissory note bond of € 9.0 million total was issued in 2007.

In the scope of a bank consortium, two banks are currently issuing a credit line of € 6.0 million with an initial term until March 31, 2009. At present, the Company is making use of portions of this credit line in order to offer down payment guarantees in the operating activities. Should it be unable to extend the credit line beyond

March 31, 2009, the Company would have to abstain from down payments in the future from customers that insist on guarantees of this kind. For several years an independent bank credit line guarantee in the amount of € 4.5 million is given by an insurance company, which is also used for 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 (25).

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 global operating activities as well as investment and financing alternatives.

SUSS MicroTec's international orientation exposes it to foreign currency risk in the scope of its normal operating activities. The exchange rate of the US dollar, in particular, has a significant impact on the Group's earnings position as well as SUSS MicroTec AG's. As such, the pro-rata value added in the United States should be continuously increased in order to generate added value in this currency region that is adequate for the sales shares. The currency is hedged 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. In addition, a base volume is hedged for a period of twelve months. Forward exchange dealings are used as hedging instruments. For further details, please refer to the Note (31).

The sensitivity to foreign currency 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 of the euro-equivalent value of € 690,000 as of the balance sheet date (previous year: € 11,000) and a corresponding reduction in annual income.

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

in T€	2008		
	USD	JPY	Total
Cash and cash equivalents	2,620	139	2,759
Accounts receivable	4,859	2,611	7,470
Accounts payable	-301	-721	-1,022
Customer prepayments	-1,625	0	-1,625
Net exposure	5,553	2,029	7,582
Effect of a 10% appreciation of the euro on annual net income	-505	-185	-690

	2007		
	USD	JPY	Total
Cash and cash equivalents	388	167	555
Accounts receivable	1,864	277	2,141
Accounts payable	-1,431	-62	-1,493
Customer prepayments	-1,082	0	-1,082
Net exposure	-261	382	121
Effect of a 10% appreciation of the euro on annual net income	24	-35	-11

The Company's interest rate risk is limited, as the variable components of the promissory note bond placed in the previous year have been hedged by term-congruent interest rate swaps. The conditions, which were originally variable, have thereby been converted into fixed conditions.

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

Overall Risk

No risks that threaten the Company's existence were identified within the Group in the 2008 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

Risk Management System

The risk management system has long been a component of the corporate management for the purpose of recognizing and controlling risks, and for meeting the legal requirements (KonTraG – German Corporate Segment Supervision and Transparency Act).

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.

Organization and Documentation of Risk Management

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

The risk management 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 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.

Risk Assessment

Risks are assessed 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, takes the corresponding countermeasures into account, and like the determination of the maximum amount of damage, is based on the knowledge and experience of the risk officers. It is, therefore, always in line with the most up-to-date status. The indication of the risk value pertains to the next 12 or 24 months in each case.

Risks are rated as “significant” for the Company if they reach or exceed a maximum damage amount of € 1 million as either an individual or a cumulative risk.

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 previously mentioned.

The avoidance of risk and organization of countermeasures is carried out on a subsidiary basis. 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 levels.

FORECAST REPORT

After seeing sales decline in the 2007 fiscal year, the SUSS MicroTec Group showed a marginally positive development contrary to the generally weak sector environment and posted a 2.5 percent increase in sales. The financial market crisis brought on by the collapse of the subprime mortgage market in 2007, however, impacted the real economy in the second half of 2008, particularly in the United States, Europe, and other industrialized regions. In the part of the chip industry associated with consumer electronics, the effects of the economic downturn had already begun to clearly show in mid-2008 by way of product underutilizations and a rising degree of reluctance to invest. Against this backdrop, SUSS MicroTec, like leading industry

representatives, also assumes a significant drop in sales in 2009. Positive impulses could come from the fiscal and politico-economic measures already concluded, which are intended to strengthen the confidence of financial markets among one another and the consumers' confidence in the economy.

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

Semiconductor Industry

Given the global economic crisis, the semiconductor industry posted a 2.8 percent drop in sales to USD 248.6 billion (SIA, February 2009) in 2008. This was the first decline since the crisis year 2001. For 2009, the two market research institutes Gartner and IDC (International Data Corporation) assume another worldwide decline in sales of 24.1 percent and 22.0 percent, respectively. In the worst case scenario, Gartner even believes a drop in global semiconductor unit sales of 33 percent is possible. The negative expectation is based on significantly lowered delivery figures in the principle sales areas for semiconductors as well as the rapid price decline, particularly with DRAM chips. Both market research institutes see the chance of a sector recovery in 2010, while positive growth of 7.5 is forecast for Gartner (as of February 2009).

Semiconductor Equipment Industry

The negative basic sentiment as well as the existing overcapacities on the part of chip manufacturers and foundries will continue to have a significant effect on equipment manufacturers according to leading market research institutes. According to VLSI Research Inc., the semiconductor equipment industry had already posted a 25.3 percent decline in 2008. For 2009, the forecasts of market researchers range from losses of 34 percent (Gartner, February 2009) to 49 percent (VLSI, January 2009). However, when evaluating the figures, it should be noted that they reflect markets critical for major front-end-based manufacturers such as Applied Materials and ASML.

SUSS MicroTec, on the other hand, is not particularly active in the classic front-end of chip manufacturers. Instead, the Company primarily operates as an innovative, specialized equipment manufacturer in the niche markets of MEMS, advanced packaging, compound semiconductors, and 3D integration. Few forecasts exist for these niche markets.

Expected Development on the Major Markets

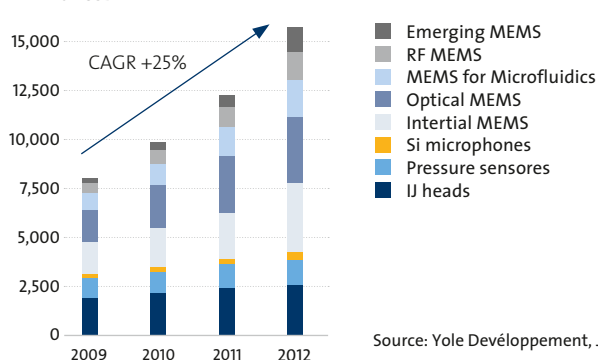
The Microsystems Technology (MEMS) Market

Yole Développement, one of the leading research institutes for the MEMS market, forecasts an average growth rate of 25 percent per year with expected sales in the microsystems technology segment of USD 15.7 billion in 2012 (as of January 2009). Approximately 40 percent of the SUSS MicroTec Group's sales are generated in the MEMS market, which is comparatively small, but shows constant growth without the cycles typical of the semiconductor industry. A strong driver of this market thus far has been the automobile sector, where safety solutions such as ABS (antilock braking system) and ESP (Electronic Stability Program) have now become standard equipment among the product portfolio. The markets for inkjet print heads and projection systems are also now among the constantly growing areas of application for MEMS, despite the fact that their growth rates are also limited due to the high degree of saturation and the pricing pressure.

From today's point of view, the markets for silicon microphones, radio frequency MEMS, accelerometers, and new types of MEMS solutions (such as micro fuel cells) will feature the strongest growth rates. The consumer products segment will thus show above-average growth in the automobile sector, industry, and medical engineering in the next few years compared to the MEMS markets. Primarily the demand on the part of consumers in communications and consumer electronics for multiple, integrated functions is expected to trigger a strong impulse. On the supply side, manufacturers will react to the rising demands with new products and applications. As such, rotary rate sensors and multi-axle acceleration sensors are used as instruments in wireless electronic devices, for example as image stabilizers in cellular telephones and in game consoles. The market research institute iSuppli has also stated that videogame controllers, such as the ones built into the Nintendo Wii and the Sony PlayStation, will be among the strongest drivers of growth in the years to come.

On the other hand, 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 a constantly higher number of MEMS components per tool to be produced.

THE MEMS MARKET in million USD

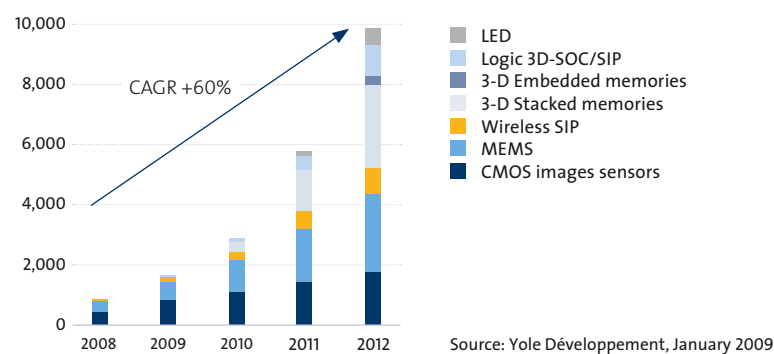


Source: Yole Développement, January 2009

Advanced Packaging and 3D Integration

As for wafer level packaging (advanced packaging), the researchers from TechSearch International Inc. (as of September 2008) forecast a rise in the number of bumped 200 mm wafers from 3.6 million to 7.5 million in the period from 2008 to 2012. This is an average annual growth rate of approximately 20 percent. However, a proportionate increase in equipment cannot be assumed in the interpretation of figures. The market research institute Yole Développement expects growth in advanced packaging to come primarily in 3D integration. This sub-market of advanced packaging, which is still young, will feature an average annual growth rate of approximately 82 percent through 2012 according to Yole Développement (as of January 2009). The significant growth drivers here are primarily the CMOS image sensors, as well as MEMS and wireless SIP (system in package).

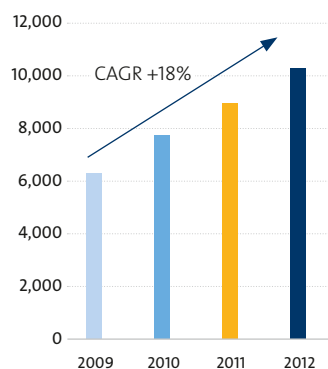
THE 3D MARKET in million devices



Compound Semiconductors (LED)

The market for compound semiconductors is heavily diversified, thus making it difficult to assess in global terms. In this market, however, SUSS MicroTec concentrates on the LED (light-emitting diode) growth segment, which can easily be defined as a growth driver. Compared to conventional light bulbs, LEDs save space, have a service life up to 50 times longer, and consume less energy. As the highly efficient light-emitting diodes in the last few years were three to four times as expensive as conventional lighting methods, modern equipment improves efficiency and, thus, allows for the increasingly cost-effective production of semiconductors. In addition, the adoption of the EU regulation from December 8, 2008 will promote growth on the market for LEDs. According to the ordinance, manufacturers will have to gradually take conventional light bulbs and halogen lamps off the market starting in 2009. Yole Développement therefore forecasts an average annual growth rate of approximately 18 percent for the global LED market with a market volume of USD 10 billion in 2012.

THE LED-MARKET
in million USD



Source: Yole Développement, January 2009

Endogenous Indicators

Aside from the condition of the markets, the innovation potential of our product range is also a critical factor for our success. We know from experience that at least some of the temporary weaknesses at chip manufacturers can be offset by orders from research customers. Exactly for this Market we have added new systems both in the field of Lithography as well as in the field of Test systems to the product portfolio.

Furthermore, the Company assumes that its new developments for 3D integration, wafer level redistribution, nanoimprinting, and other applications will attract the interest of chip manufacturers, who will gradually integrate these new processes into their production, already in 2009. In addition we plan for 2009 to expand our global customer services, that on basis of the already high worldwide installed base will contribute significantly to the basic utilization.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP

The current development of our target markets and the difficulty in assessing the investment behavior of our customers that is associated with this make it very hard to provide concrete forecasts for the 2009 and 2010 fiscal years at the moment. Against the backdrop of the global economic crisis, however, we do expect a significant drop in sales for 2009 compared to the 2008 fiscal year.

The current forecasts by leading market research institutes such as Gartner and VLSI Research Inc. anticipate a market decline of between 34 and 49 percent for the semiconductor equipment industry in 2009.

Although these forecasts primarily refer to markets that are crucial to large front-end-oriented manufacturers and are, therefore, less significant for the SUSS MicroTec Group, the Company began preparing for the extremely difficult economic environment at an early stage with extensive restructuring and cost reduction measures in the second half of 2008. As such, the breakeven was lowered to a sales level of less than € 120 million as early as the end of the 2008 fiscal year. The additional measures for reducing costs, the reduction of vacation time and existing overtime hours on compensation time accounts, as well as the targeted use of reduced working hours provide the Company with instruments to react flexibly should the global economic crisis intensify.

Overall, we expect the operating business to generate sufficient free cash flow to the extent that no additional need for liquidity should arise for the organic growth of the base business.

FORWARD-LOOKING STATEMENTS

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

Garching, Germany, March 10, 2009

The Management Board



Frank Averdung
President and
Chief Executive Officer



Michael Knopp
Member of the
Executive Board



Christian Schubert
Member of the
Executive Board

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (IFRS)

		01/01/2008 – 12/31/2008	
in T€	Notes	Continuing operations	Discontinued operations
Sales	(3)	146,541	2,771
Cost of sales	(4)	-100,048	-2,618
Gross profit		46,493	153
Selling costs		-26,761	-13
Research and development costs		-7,299	0
Administration costs		-19,417	-124
Goodwill impairment		-4,426	0
Other operating income	(5)	5,608	19
Other operating expenses	(6)	-5,256	0
Analysis of net income from operations (EBIT):			
EBITDA (Earnings before Interest and Taxes, Depreciation and Amortization)		7,303	35
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-18,361	0
Net income from operations (EBIT)		-11,058	35
Financial income/expense	(7)	-824	0
Income before taxes		-11,882	35
Income taxes	(8)	-2,054	0
Net profit or loss		-13,936	35
Thereof minority interests		-30	0
Thereof equity holders of SUSS MicroTec		-13,906	35
Earnings per share			
Basic earnings per share in €	(9)	-0.82	0.00
Diluted earnings per share in €	(9)	-0.82	0.00

01/01/2007 – 12/31/2007

Group	Continuing operations	Discontinued operations	Group
149,312	139,155	6,399	145,554
-102,666	-80,878	-3,786	-84,664
46,646	58,277	2,613	60,890
-26,774	-24,989	-1,155	-26,144
-7,299	-6,970	-155	-7,125
-19,541	-20,258	-389	-20,647
-4,426	0	0	0
5,627	4,382	0	4,382
-5,256	-5,381	-12	-5,393
7,338	9,719	907	10,626
-18,361	-4,658	-5	-4,663
-11,023	5,061	902	5,963
-824	-205	-89	-294
-11,847	4,856	813	5,669
-2,054	-1,150	0	-1,150
-13,901	3,706	813	4,519
-30	114	0	114
-13,871	3,592	813	4,405
-0.82	0.21	0.05	0.26
-0.82	0.20	0.05	0.25

CONSOLIDATED BALANCE SHEET (IFRS)

Assets in T€	Notes	12/31/2008	12/31/2007
Non-current assets		48,600	58,130
Intangible assets	(11)	15,113	19,483
Goodwill	(12)	17,767	21,961
Tangible assets	(13)	5,421	5,049
Other investments	(14)	5	5
Current tax assets	(20)	573	619
Other assets	(15)	664	519
Deferred tax assets	(8)	9,057	10,494
Current assets		104,960	105,000
Inventories	(16)	54,596	53,750
Accounts receivable	(17)	23,142	25,582
Other financial assets	(18)	848	3,023
Securities	(19)	3,759	2
Current tax assets	(20)	298	847
Cash and cash equivalents		20,603	20,092
Other assets	(21)	1,714	1,704
Total assets		153,560	163,130

Liabilities & shareholders' equity
in T€

	Notes	12/31/2008	12/31/2007
Equity		90,617	102,568
Total equity attributable to shareholders of SUSS MicroTec AG		90,370	102,291
Subscribed capital	(22)	17,019	17,019
Reserves	(22)	74,142	87,383
Accumulated other comprehensive income	(22)	-791	-2,111
Minority interests		247	277
Non-current liabilities		18,554	19,309
Pension plans and similar commitments	(23)	3,026	2,738
Provisions	(24)	902	737
Financial debt	(25)	9,199	9,255
Other financial liabilities	(26)	0	51
Deferred tax liabilities	(8)	5,427	6,528
Current liabilities		44,389	41,253
Provisions	(27)	3,161	2,922
Tax liabilities	(30)	801	2,213
Financial debt	(25)	5,758	3,184
Other financial liabilities	(28)	5,365	4,089
Accounts payable		5,116	8,828
Other liabilities	(29)	24,188	20,017
Total liabilities and shareholders' equity		153,560	163,130

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

in T€	01/01/2008 – 12/31/2008	01/01/2007 – 12/31/2007
Net profit or loss (after taxes)	-13,901	4,519
Amortization of intangible assets	12,305	3,129
Goodwill impairment	4,426	0
Depreciation of tangible assets	1,630	1,534
Profit or loss on disposal of assets and liabilities of discontinued operations	0	98
Profit or loss on disposal of intangible and tangible assets	98	333
Change of reserves on inventories	287	1,540
Change of reserves for bad debts	563	-579
Non-cash stock based compensation	630	619
Non-cash income from the reversal of provisions	-135	-773
Non-cash interest expenses from increase of convertible debt	18	20
Other non-cash effective income and expenses	-1,628	2,090
Change in inventories	291	-4,453
Change in accounts receivable	3,227	-2,988
Change in other assets	709	-718
Change in pension provisions	288	182
Change in accounts payable	-3,880	2,818
Change in other liabilities and other provisions	4,119	-5,429
Change of deferred taxes	336	-472
Cash flow from operating activities – continuing and discontinued operations	9,383	1,470
Cash flow from operating activities – continuing operations	10,143	3,329

in T€	01/01/2008 – 12/31/2008	01/01/2007 – 12/31/2007
Disbursements for tangible assets	-1,801	-2,514
Disbursements for intangible assets	-7,582	-8,605
Purchase of current available-for-sale securities	-3,757	0
Proceeds from disposal of intangible and tangible assets	12	6
Proceeds from non-current assets held for sale	1,906	1,956
Cash flow from investing activities – continuing and discontinued operations	-11,222	-9,157
Cash flow from investing activities – continuing operations	-13,128	-11,103
Increase of bank loans	0	8,910
Repayment of bank loans	-680	-1,503
Repayment of convertible bond	-373	0
Change in current bank liabilities	2,573	591
Change in other financial debt	-117	-191
Proceeds from issuance of common stocks	0	32
Cash flow from financing activities – continuing and discontinued operations	1,403	7,839
Cash flow from financing activities – continuing operations	1,403	7,951
Adjustments to funds caused by exchange-rate fluctuations	947	-519
Change in cash and cash equivalents	511	-367
Funds at beginning of the year	20,092	20,459
Funds at end of the period	20,603	20,092
Cash flow from operating activities includes:		
Interest paid during the period	838	331
Interest received during period	639	522
Tax paid during the period	2,965	1,138
Tax refunds during the period	470	342

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (IFRS)

in T€	Subscribed capital	Additional paid-in capital	Earnings reserve
As of January 01, 2007	17,007	91,573	433
Issuance of shares: Exercise of stock options	12	20	
Issuance of subscription rights		619	
Net profit or loss			
Unrealized loss from securities, net of tax			
Foreign currency adjustment			
As of December 31, 2007	17,019	92,212	433
As of January 01, 2008	17,019	92,212	433
Issuance of subscription rights		630	
Net profit or loss			
Unrealized loss from securities, net of tax			
Foreign currency adjustment			
As of December 31, 2008	17,019	92,842	433

	Retained Earnings	Other Comprehensive Income	Total equity attributable to shareholders of SUSS MicroTec AG	Minority interests	Equity
	-9,667	-354	98,992	163	99,155
			32		32
			619		619
	4,405		4,405	114	4,519
		63	63		63
		-1,820	-1,820		-1,820
	-5,262	-2,111	102,291	277	102,568
	-5,262	-2,111	102,291	277	102,568
			630		630
	-13,871		-13,871	-30	-13,901
		-38	-38		-38
		1,358	1,358		1,358
	-19,133	-791	90,370	247	90,617

FIXED ASSET MOVEMENT SCHEDULE (2008)

in T€	Acquisition and manufacturing costs					31/12/2008
	01/01/2008	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	17,979	169	2,823	0	1	20,970
2. Development costs	25,800	526	4,759	0	126	30,959
3. Capitalized leased property Software	146	45	0	0	0	191
	43,925	740	7,582	0	127	52,120
II. Goodwill	36,372	232	0	0	0	36,604
III. Tangible assets						
1. Land, buildings, fixtures	3,581	256	122	0	56	3,903
2. Technical equipment and machinery	9,622	546	345	-203	142	10,168
3. Other equipment, office and plant furnishings	10,919	332	1,061	203	361	12,154
4. Motor vehicles	508	7	5	0	4	516
5. Facilities under construction	24	-13	139	0	12	138
6. Capitalized leased property						
Land, buildings, fixtures	324	22	90	0	0	436
Technical equipment and machinery	794	114	39	0	132	815
Other equipment, office and plant furnishings	754	7	0	0	0	761
	26,526	1,271	1,801	0	707	28,891
IV. Financial assets						
1. Investments in associated companies, at equity	2,095	0	0	0	0	2,095
2. Other investments	173	0	0	0	0	173
	2,268	0	0	0	0	2,268

Depreciation and amortization

Net book values

01/01/2008	Translation adjustment	Additions	Reclassifications	Disposals	31/12/2008	31/12/2007	31/12/2008
14,687	136	1,380	0	1	16,202	3,292	4,768
9,609	206	10,925	0	126	20,614	16,191	10,345
146	45	0	0	0	191	0	0
24,442	387	12,305	0	127	37,007	19,483	15,113
14,411	0	4,426	0	0	18,837	21,961	17,767
2,895	185	174	0	56	3,198	686	705
8,118	410	422	-163	142	8,645	1,504	1,523
8,668	253	819	163	263	9,640	2,251	2,514
405	6	29	0	4	436	103	80
0	0	0	0	0	0	24	138
154	14	103	0	0	271	170	165
505	85	78	0	132	536	289	279
732	7	5	0	0	744	22	17
21,477	960	1,630	0	597	23,470	5,049	5,421
2,095	0	0	0	0	2,095	0	0
168	0	0	0	0	168	5	5
2,263	0	0	0	0	2,263	5	5

FIXED ASSET MOVEMENT SCHEDULE (2007)

in T€	Acquisition and manufacturing costs					31/12/2007
	01/01/2007	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	16,629	-291	1,755	0	114	17,979
2. Development costs	19,647	-697	6,850	0	0	25,800
3. Capitalized leased property Software	154	-8	0	0	0	146
	36,430	-996	8,605	0	114	43,925
II. Goodwill	37,137	-765	0	0	0	36,372
III. Tangible assets						
1. Land, buildings, fixtures	6,051	-208	139	259	2,660	3,581
2. Technical equipment and machinery	10,397	-894	736	-23	594	9,622
3. Other equipment, office and plant furnishings	10,577	-229	1,356	23	808	10,919
4. Motor vehicles	482	-4	73	0	43	508
5. Facilities under construction	159	-8	132	-259	0	24
6. Capitalized leased property						
Land, buildings, fixtures	280	-34	78	0	0	324
Technical equipment and machinery	1,320	-32	0	0	494	794
Other equipment, office and plant furnishings	1,144	-11	0	0	379	754
	30,410	-1,420	2,514	0	4,978	26,526
IV. Financial assets						
1. Investments in associated companies, at equity	2,095	0	0	0	0	2,095
2. Other investments	173	0	0	0	0	173
	2,268	0	0	0	0	2,268

Depreciation and amortization

Net book values

01/01/2007	Translation adjustment	Additions	Reclassifications	Disposals	31/12/2007	31/12/2006	31/12/2007
13,796	-240	1,239	0	108	14,687	2,833	3,292
7,968	-247	1,888	0	0	9,609	11,679	16,191
152	-8	2	0	0	146	2	0
21,916	-495	3,129	0	108	24,442	14,514	19,483
14,411	0	0	0	0	14,411	22,726	21,961
5,005	-170	248	0	2,188	2,895	1,046	686
9,140	-793	245	0	474	8,118	1,257	1,504
8,782	-195	826	0	745	8,668	1,795	2,251
420	-5	29	0	39	405	62	103
0	0	0	0	0	0	159	24
70	-13	97	0	0	154	210	170
928	-22	84	0	485	505	392	289
1,117	-11	5	0	379	732	27	22
25,462	-1,209	1,534	0	4,310	21,477	4,948	5,049
2,095	0	0	0	0	2,095	0	0
168	0	0	0	0	168	5	5
2,263	0	0	0	0	2,263	5	5

SEGMENT REPORTING (IFRS)

Segment information by business segment

	Lithography		Substrate Bonder		Test systems	
in T€	2008	2007	2008	2007	2008	2007
External sales	98,843	83,836	16,145	16,313	25,046	27,810
Internal sales	0	0	0	0	0	0
Total sales	98,843	83,836	16,145	16,313	25,046	27,810
Result per segment	18,607	13,639	-6,845	-1,484	-2,357	517
Significant non-cash items	-2,443	-1,148	-2,186	-383	-620	-216
Segment assets	64,080	62,647	25,612	24,044	15,986	18,535
- thereof goodwill	13,599	13,599	0	0	4,168	4,060
Unallocated assets						
Total assets						
Segment liabilities	-21,384	-18,908	-5,805	-5,917	-4,121	-4,237
Unallocated liabilities						
Total liabilities						
Depreciation and amortisation	2,195	2,721	1,914	1,173	453	324
- thereof scheduled	2,195	2,721	1,251	1,173	352	324
- thereof impairment loss	0	0	663	0	101	0
Capital expenditure	2,496	2,192	2,736	4,425	378	740
Average workforce during the year	356	358	116	111	154	159

Segment information by region

	Sales		Capital expenditure		Assets	
in T€	2008	2007	2008	2007	2008	2007
Europe	50,225	48,173	6,352	5,498	74,235	79,779
North-America	39,301	41,154	2,883	4,893	36,429	39,499
Japan	15,396	17,867	99	209	5,926	6,254
Rest of Asia	44,382	38,329	49	277	924	734
Rest of world	8	31	0	242	0	2,411
Consolidation effects	0	0	0	0	-1,466	-2,852
Total	149,312	145,554	9,383	11,119	116,048	125,825

Other		Continuing operations		Discontinued Operations (Device Bonder)		Consolidation effects		Total	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
6,507	11,196	146,541	139,155	2,771	6,399	–	–	149,312	145,554
6,598	6,072	6,598	6,072	0	0	-6,598	-6,072	0	0
13,105	17,268	153,139	145,227	2,771	6,399	-6,598	-6,072	149,312	145,554
-20,463	-7,611	-11,058	5,061	35	902	–	–	-11,023	5,963
-13,025	-2,212	-18,274	-3,959	-160	233	–	–	-18,434	-3,726
10,325	20,365	116,003	125,591	45	234	–	–	116,048	125,825
0	4,302	17,767	21,961	0	0	–	–	17,767	21,961
								37,512	37,305
								153,560	163,130
-3,625	-4,360	-34,935	-33,422	-354	-1,399	–	–	-35,289	-34,821
								-27,654	-25,741
								-62,943	-60,562
13,799	440	18,361	4,658	0	5	–	–	18,361	4,663
1,353	440	5,151	4,658	0	5	–	–	5,151	4,663
12,446	0	13,210	0	0	0	–	–	13,210	0
3,773	3,753	9,383	11,110	0	9	–	–	9,383	11,119
73	79	699	707	0	28	–	–	699	735

NOTES

to the consolidated financial statements according to IFRS for 2008

(1) Description of business activity

Süss MicroTec AG (the „entity“ or „Company“), domiciled at D-85748 Garching, Schleissheimer Str. 90, and its subsidiaries constitute an international entity that manufactures and distributes products using microsystems technology and micro-electronics. Production is at facilities in Garching, Sacka and Vaihingen in Germany, Waterbury and Palo Alto in the USA, and Neuchatel in Switzerland. The products are distributed via the production facilities themselves and through distribution companies in France, the United Kingdom, Japan, Thailand, Singapore, Taiwan, China and Korea. In countries in which the Group does not have offices of its own, distribution is through trade representatives.

(2) Summary of the principal accounting principles

a) Basis of presentation

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

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

The consolidated financial statements and the group management report for the year ended December 31, 2008, will be submitted to and published in the electronic Federal Gazette.

b) Standards and interpretations that have not been applied prior to the mandatory applicable date

The IASB has issued the following standards, interpretations and revisions of existing standards, the application of which is not yet mandatory and which have also not been applied early:

IFRS 8 Operating Segments

Im November 2006 the IASB published IFRS 8 Operating Segments, which will replace IAS 14 Segment reporting. IFRS 8 changes the segment reporting from the „risk and reward approach“ set out in IAS 14 to the management approach with regard to the segment identification. The relevant information here is that which is regularly made available to the chief operating decision-maker for decision-making purposes. Simultaneously, the measurement of the segments has been changed from the financial accounting approach set out in IAS 14 to the management approach.

IFRS 8 is mandatory for financial years beginning on or after January 1, 2009.

On its initial application by SUSS MicroTec AG, IFRS 8 will lead to additions to the disclosures made in the segment reporting.

Amendments to IAS 23 Borrowing Costs

The significant amendment that was published by IASB in March 2007 involves cancellation of the option of recording costs of outside capital directly as expense that can be allocated to the acquisition, construction or manufacture of a qualifying asset. A qualifying asset exists in this case if a considerable period of time is required to put the asset in its intended usable or saleable condition. Entities must therefore in future capitalise such costs of outside capital as a part of the acquisition costs of the qualifying assets.

The standard is to applied for the first time to costs of outside capital for qualifying assets whose commencement for capitalisation is on or after January 1, 2009.

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

IFRIC 13 Customer Loyalty Programmes

On June 28, 2007, the International Financial Reporting Interpretations Committee (IFRIC) published the interpretation IFRIC 13 „Customer Loyalty Programmes“. This interpretation deals with accounting for and measurement of customer loyalty programmes. Under customer loyalty programmes, customers generally acquires points (bonuses) that enable them to obtain goods or services free of charge or at a reduced price, whether from the seller or from a third party. Here the outstanding question was whether the bonuses represent a debt in connection with a completed sales transaction or a deposit in the meaning of a prepayment for a future sale. Under the interpretation as now issued, the proceeds from the sale must be divided into two components. One portion relates to the present transaction that gave rise to the bonuses. The other portion relates to the future transaction that derives from the bonuses to be redeemed. The portion of the proceeds that is allocated to the supply or performance already rendered must be recorded in the income statement. The portion of the revenues that is to be allocated to the bonus must be recognised as a debt in the meaning of a prepayment until the bonus has been redeemed by the customer and the obligation arising from the bonus fulfilled.

The interpretation is applicable at the latest at the commencement of the first financial year following December 31, 2008.

SUSS MicroTec AG does not expect any significant effects from the initial application in the financial year 2009.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The International Financial Reporting Committee (IFRIC) published on 5 July 2007 the Interpretation IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.” The interpretation gives advise on how to specify the limit pursuant to IAS 19 Employee Benefits for a surplus that can be recognised as a defined benefit asset. Furthermore, it provides an explanation on the effects on the measurement of assets and provisions from defined benefit plans on account of a legal obligation to a minimum contribution payment, for example, by law or under the stipulations of the plan. This ensures that companies can account for a plan asset surplus as an asset consistently.

The interpretation is applicable at the latest at the commencement of the first financial year following December 31, 2008.

SUSS MicroTec AG does not expect any significant effects from the initial application in the financial year 2009.

IAS 1 Presentation of Financial Statements

In September 2007, the International Accounting Standards Board (IASB) published IAS 1 Presentation of Financial Statements. IAS 1 replaces IAS 1 „Presentation of Financial Statements“ (revised in 2003), in the version of 2005. The purpose of the revision is to improve the possibility of analysis and the comparability of financial statements for their users. IAS 1 governs the principles for the presentation and structure of financial statements and contains furthermore minimum requirements for the content of financial statements.

The new standard is to be applied for financial years beginning on or after January 1, 2009.

SUSS MicroTec AG does not expect any significant effects from the initial application in the financial year 2009.

IFRS 2 Share-based Payment

In January 2008 the IASB published changes to IFRS 2 “Share-based Payment.” The changes relate mainly to the definition of vesting conditions and the arrangements for the cancellation of a plan by a party other than the enterprise. The changes make clear that vesting conditions are only service conditions and performance conditions.

As a consequence of the changes to the definitions of the vesting conditions, non-vesting conditions must be accounted for in the measurement of the fair value of the equity instrument being granted. If the enterprise or the other contractual party has an option on whether a non-vesting condition is fulfilled, the non-fulfilment is to be treated as a cancellation.

The changes are to be applied for financial years beginning on or after January 1, 2009.

SUSS MicroTec AG does not expect any effects from the initial application in the financial year 2009.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

In July 2008, the IFRIC published IFRIC 16 “Hedges of a Net Investment in a Foreign Operation.” The purpose of the Interpretation is to clarify two matters arising from the two standards IAS 21 The Effects of Changes in Foreign Exchange Rates and IAS 39 Financial Instruments: Recognition and Measurement in connection with the accounting of the hedging of foreign exchange risks within an entity and its foreign business operations.

IFRIC 16 makes clear what is to be seen as a risk in hedging a net investment in a foreign business operation and where within a group the hedging instrument may be held to lessen this risk.

The Interpretation is to be applied for financial years beginning on or after 1 October 2008.

SUSS MicroTec AG does not expect any effects from the initial application in the financial year 2009.

c) Principal accounting and measurement methods

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

Goodwill

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

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

Impairment is recorded if the carrying 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. SUSS Micro-Tec AG determined for the reporting year the recoverable amount of a segment on the basis of value in use. These values are based generally on valuations using discounted cash flows.

Other intangible assets

Purchased and internally generated intangible assets are capitalised 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 recognised at acquisition or manufacturing costs and amortised normally on the straight-line method over their useful life, which is a maximum of 10 years.

Development costs in connection with product development are capitalised 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 generate a future economic benefit. The capitalised development performances comprise all costs that are directly attributable to the development process, including overheads relating to development. Costs of outside capital are not capitalised. Capitalised development costs are amortised normally straight-line from the commencement of production over the expected product life cycle of, as a rule, three to five years.

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

Tangible assets

Tangible assets are recognised 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 assets are given below:

Land, 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 retired and the difference to sales proceeds 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 capitalised at the present value of all future minimum lease payments and the leasing debt is recorded on the liabilities side. The capitalised items are depreciated over their relevant useful life, the lease debt is redeemed and interest is paid in accordance with the terms and conditions of the lease agreement. In the case of an operating lease, there is no capitalisation, and the lease payments are recorded as expense in the periods when incurred.

There was no re-measurement of tangible assets pursuant to IAS 16.

Impairment of intangible and tangible assets

Intangible assets, including goodwill, and tangible assets are subject to impairment if the carrying 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. Where it is not possible to determine the realisable amount for individual assets, the cash flow is determined for the next higher grouping of assets for which such a cash flow can be computed. Allocation of goodwill is on the basis of the reporting units (segments).

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

Other investments

Other investments on which no material influence can be exercised or that are of subordinate importance for the net assets, financial position and results of operations are allocated to the measurement category of „available for sale“ and are recognised at acquisition costs less any necessary impairment since it is not possible to determine their fair value reliably.

Inventories

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

The manufacturing costs of work in progress and finished goods include direct material and production costs as well as attributable material and production overheads. Interest on outside capital is not capitalised.

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

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

Financial instruments

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

The entity records financial instruments in the balance sheet as soon as the SÜSS Group becomes a contractual partner to a financial instrument. Initial recognition of the financial instruments is at market value. Subsequent measurement of financial assets and liabilities is in accordance with the category they have been allocated to – financial assets available for sale, loans and receivables, financial liabilities, or financial assets and 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 and receivables and measured at adjusted costs of acquisition. Appropriate adjustments are made on doubtful receivables and receivables considered to be unrecoverable. These impairments are recorded on separate adjustment accounts.

Securities

Securities are classified as financial assets available for sale. They are recognised at fair values whenever these can be determined reliably. Unrealised gains and losses are shown, after consideration of deferred taxes, under other comprehensive income. In the case of impairment, the other comprehensive income is reduced by the impairment amount and the corresponding amount is recognised directly in the income statement.

Cash and cash equivalents

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

Share-based remuneration

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

Pension plans and similar commitments

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

Provisions

Provisions are formed under IAS 37 when there is an obligation to outside parties whose fulfilment 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 recognised on the basis of corresponding interest rates at their discounted settlement amount as at the balance sheet date.

Financial debt

Financial debt includes bank borrowings, bonds, and liabilities from finance leases. Liabilities to banks and from bonds are allocated to the financial liabilities category and measured at adjusted acquisition costs. The liabilities from finance leases are allocated to the category „lease liabilities“ and are measured in accordance with IAS 17.

Other financial liabilities

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

Accounts payable

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

Discontinued operations

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

Revenue recognition

In accordance with IAS 18, revenue from the sale of machines is recognised at the time of passage of ownership or of risk to the customer, if a price has been agreed or can be determined and it may be assumed that this price will be paid.

If, in addition to the delivery of a machine, installation and final acceptance have been contractually agreed with the customer, revenue is only realised when installation and assembly have been completed.

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

Cost of sales

The cost of sales comprises the manufacturing and procurement costs of the products and spare parts sold. It comprises, apart from directly attributable individual material and manufacturing costs, overheads including depreciation of production plant and amortisation on intangible assets as well as the markdowns on inventories.

Research and development costs

Expenses for research and expenses for development work that cannot be capitalised 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 for all temporary differences between the fiscal measurement bases of the assets and debts and their recognised values in the IFRS consolidated balance sheet as well as on tax loss carryforwards. The deferred taxes are computed on the basis of tax rates that apply or are expected to apply at the time of realisation in the light of the present legal situation in the individual countries. Deferred tax claims on temporary differences or on loss carryforwards are only recognised if it seems sufficiently certain that they can be realised in the near future.

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

EPS – Earnings per Share

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

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

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

Derivative financial instruments

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

Derivative financial instruments are accounted for pursuant to IAS 39. Derivative financial instruments are allocated to assets and liabilities held for trading purposes, are recognised at their market values and presented under other current financial assets or other current financial liabilities. They are first recognised on the day of transaction. Changes in market value are generally recorded in the income statement under other operating income or expenses. The Company does not use hedge accounting, although the derivative financial instruments are effectively hedging transactions.

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 treated with effect on the income statement and generally offset in the periods in which the expenses are incurred that are to be met by the subsidies. Subsidies relating to capitalisable development costs are subtracted from the capitalisation total.

Transactions in foreign currency

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

d) 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 as at the balance sheet date, and the presentation of income and expenses. In individual cases the actual values may deviate from the assumptions and estimates made.

Accounts receivable

Adjustments on doubtful receivables involve in considerable measure estimates and judgements 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 corresponding, and vice versa. As at December 31, 2008, the total adjustment on accounts receivable came to T€ 994 (2007: T€ 538).

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 flow. The cash flow for the immediate future is determined on the basis of the current 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. An annual growth rate has been computed of 1.9% (2007: 1.5%) on average. The forecast net cash flow is discounted using a risk-adjusted interest rate of 9.2% (2007: 8.9%). These premises and the underlying method may have a considerable influence on the values concerned and finally on the amount of any possible impairment of goodwill.

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

Pension plans and similar commitments

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

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

Provisions

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

e) Consolidation

Consolidation principles

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

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

Translation of annual financial statements in foreign currency

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

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

	2008		2007	
	Balance sheet	P&L	Balance sheet	P&L
1 € vs 1 USD	1.398	1.474	1.472	1.374
1 € vs 100 JPY	126.400	152.522	165.000	161.628
1 € vs 1 GBP	0.960	0.799	0.735	0.686
1 € vs 1 CHF	1.486	1.585	1.656	1.643
1 € vs 100 TWD	46.267	46.614	47.897	45.118
1 € vs 100 SGD	2.018	2.078	2.115	2.065
1 € vs 100 CNY	9.663	10.301	10.736	10.317
1 € vs 1 KRW	1,784.480	1,604.175	—	—
1 € vs 100 THB	48.855	48.672	43.825	44.546

The resulting translation differences are shown as separate components of equity (other comprehensive income).

Disclosures on the scope of consolidation

In the fourth quarter, the newly formed Suss MicroTec Korea Co. Ltd., which is wholly owned by SUSS MicroTec AG, was included in the scope of consolidation. Suss MicroTec Korea Co. Ltd. is purely a distribution company, the purpose of which is to strengthen the Group's presence in Korea. This change in the scope of consolidated is not significant for the results of operations, financial position and net assets of the Group.

Also in the fourth quarter, the participation of SUSS MicroTec AG in MFI Technologies Group, Vancouver, was de-consolidated and is therefore no longer included in the scope of consolidation. As part of the simplification of the Group's holding structure, the two companies in the MFI Technologies Group (MFI Technologies Inc., Vancouver, and MFI Technologies Corporation, USA), neither of which have in recent years been engaged in active business operations or hold recoverable assets, were wound up. The deconsolidation generated deconsolidation income of T€ 121.

There were no other changes to the scope of consolidation in the financial year 2008.

Therefore, the following subsidiaries and associates of SUSS MicroTec AG (ultimate parent company) were included in the consolidated financial statements as at December 31, 2008 (figures on capital and net income of the individual companies according to local law and in local currency):

Entity	Currency	Subscribed capital	Investment	Equity total	Net income	Consolidation
Süss MicroTec AG, Garching	EUR	17,019,126.00	Holding	96,400,251.96	-405,908.46	
Süss MicroTec Lithography GmbH, Garching	EUR	2,000,100.00	100%	31,247,556.81	8,415,527.83	full
Süss MicroTec Test Systems GmbH, Sacka *	EUR	511,291.88	100%	8,793,426.02	-2,035,622.10	full
Süss MicroTec Ltd., Coventry	GBP	10,000.00	100%	1,124,695.86	623,606.11	full
Süss MicroTec KK, Yokohama	JPY	30,000,000.00	100%	392,422,800.00	-3,579,375.00	full
Süss MicroTec S.A.S., Lyon	EUR	1,275,000.00	100%	-359,291.00	-543,830.00	full
Süss MicroOptics S.A., Neuchatel	CHF	500,000.00	85%	3,132,713.38	-60,407.82	full
Süss MicroTec Inc., Waterbury	USD	105,000.00	100%	28,233,827.88	-13,455,445.23	full
Süss MicroTec (Taiwan) Company Ltd., Hsin Chu	TWD	5,000,000.00	100%	77,586,344.00	65,230,496.00	full
Süss MicroTec Company Ltd., Shanghai	CNY	1,655,320.00	100%	3,840,571.02	-1,640,911.64	full
Image Technology Inc., Palo Alto	USD	24,287.00	100%	2,815,502.17	-179,550.45	full
HUGLE Lithography Inc., San Jose **	USD	1,190,442.00	53.1%	-39,579.00	1,200.00	at cost
Süss MicroTec Company Ltd, Bangkok ***	THB	4,000,000.00	49%	15,229,941.87	1,527,639.27	full
Süss MicroTec REMAN GmbH, Oberschleissheim *	EUR	25,564.59	100%	205,872.06	603,698.79	full
Süss MicroTec (Singapore) Pte Ltd., Singapore	SGD	25,000.00	100%	-687,512.67	-677,687.87	full
Süss MicroTec Korea Co. Ltd., Seoul	KRW	50,000,000.00	100%	2,743,673.10	-47,256,326.90	full
Zentrum für Technologie- strukturentwicklung, Glaubitz	EUR	51,129.19	10%	n/a	n/a	at cost
ELECTRON MEC. S.R.L., Milan ****	EUR	52,000.00	10%	1,172,523.00	-19,205.00	at cost

* Net income before profit pooling agreement with Süss MicroTec AG

** Entity considered at cost due to immateriality

*** Included in the consolidated financial statements due to exercise of control

**** Figures according to Financial Statements as at 31 Dec 2007

The financial statements of all the companies included are as at December 31 of the relevant year.

Company acquisitions

The Company did not make any acquisitions, either in the financial year 2008 or in the prior year.

Discontinued operations

In the prior year, SUSS MicroTec AG sold its business with Device Bonders. Suss MicroTec S.A.S., which is located in St. Jeoire, France and is a 100% subsidiary of the group holding company, agreed with the former management of Suss MicroTec S.A.S. on the sale of the Device Bonder business to a company held by the former management of Suss MicroTec S.A.S. under a management buyout.

Under an asset deal, all material assets and liabilities of the Device Bonder business of Suss MicroTec S.A.S. were sold. The transfer of the device bonder business took economic effect as at January 1, 2007. The purchase price was T€ 2,000 and corresponded therewith approximately to the difference between the assets transferred and the liabilities assumed by the purchaser as at the date of economic transfer. Cash changes in the assets transferred and liabilities assumed in the period from January 1, 2007, to July 16, 2007, were settled between the parties separately. From the Group perspective, there was overall a loss on disposal of T€ 98.

In the past financial year, the Group worked off the order backlog remaining at the prior year closing date with Device Bonders so that there were no outstanding orders involving Device Bonders as at the closing date.

The purchase price receivables outstanding as at the prior year closing date in the amount of T€ 1,906 were paid in full in the reporting year.

The assets transferred to – and the liabilities assumed by – the purchaser break down in the Group perspective as follows:

in T€	07/16/2007
Transferred Assets	
Intangible assets	4
Tangible assets	589
Other non-current assets	1
Inventories	4,624
Accounts receivable trade	346
Accounts receivable intercompany	793
Other current assets	73
	6,430
Liabilities assumed by purchaser	
Pension plans and similar commitments	40
Financial debt (non-current)	992
Other non-current liabilities	3
Current provisions	35
Financial debt (current)	178
Accounts payable trade	676
Accounts payable intercompany	196
Other current liabilities	565
	2,685

The following explanations on the consolidated statement of income contain both the continuing and the discontinued operations of the Group. A separate presentation of the continuing and discontinued operations is shown in the consolidated statement of income.

Risk reporting

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

COMMENTS ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

(3) Sales

The sales are made up as follows:

in T€	2008	2007
Machines	122,188	115,294
Spare parts	14,219	13,848
Service	6,772	5,327
Miscellaneous	6,133	11,085
Total	149,312	145,554

For information on the breakdown of the sales revenues in terms of product lines and regions, we refer to the segment reporting. The miscellaneous sales include revenues from the mask business and the micro-optics and C4NP areas.

(4) Cost of sales

The cost of sales include total impairments on capitalised internally generated performances of T€ 10,925 (2007: T€ 1,888), T€ 8,784 of which was extraordinary in character and recorded in the third quarter. Of this amount T€ 8,020 related to the impairment of the C4NP project and T€ 663 or respectively T€ 101 to the impairment of development projects in the areas Substrate Bonder and Test Systems. Details of the impairment of the C4NP project are provided in paragraph 11. The prior year figure does not contain any impairments.

The cost of sales also includes impairments on demonstration equipment and finished products in the amount of T€ 2,488 (2007: T€ 1,824) and impairments on raw materials, supplies and consumables in the amount of T€ 2,548 (2007: T€ 2,635). These impairments comprise T€ 2,922 due to technological obsolescence especially in the area of Substrate Bonders. Furthermore, T€ 1,181 was incurred in impairment (2007: T€ 1,889) under the measurement of the net realizable value of semi-processed inventory stocks for the C4NP machines still to be delivered.

Furthermore, the cost of sales include redundancy pay of T€ 319 (2007: T€ 0), incurred in connection with staff reduction measures in the areas Substrate Bonder and Test Systems.

(5) Other operating income

Other operating income is made up as follows:

in T€	2008	2007
Foreign currency gains	4,416	2,637
Income from the release of provisions	135	773
Other subsidies	219	65
Deconsolidation MFI	121	0
Insurance payments	44	24
Income from the release of doubtful accounts	0	578
Lease income	0	166
Miscellaneous	692	139
Total	5,627	4,382

Due to the devaluation of the Euro against the US-Dollar and the Japanese Yen in the final quarter of the reporting year, the Company obtained foreign currency gains in its operating business that was conducted in the foreign currencies US-Dollar and Japanese Yen. In addition, in the first half of the year especially, the Company realised currency gains from the hedging of foreign currencies.

The income from the release of provisions of T€ 135 (2007: T€ 773) results – as in the prior year – mainly from lower warranty and guarantee costs. In the prior year the release also resulted from lower risk provisions of the parent enterprise.

In the reporting year, there was no income from the release of adjustments on receivables. In the prior year, the specific adjustments of the Group that had been formed on a portfolio basis were lower due to a very low default rate on customer receivables.

The other subsidies were, as in the prior year, in particular subsidies received for development projects, which were to be taken to income.

(6) Other operating expenses

The other operating expenses are made up as follows:

in T€	2008	2007
Foreign currency losses	3,723	3,797
Allowances for doubtful accounts	563	0
Other taxes	282	242
Losses from the disposal of tangible and intangible assets	9	247
Miscellaneous	679	1,107
Total	5,256	5,393

A further devaluation of the US-Dollar over the Euro in the first half of the year led to foreign currency losses in the operating business. The currency result also suffered from realised and unrealised currency losses from foreign currency contracts involving the US-Dollar and the Japanese Yen especially in the final quarter of the reporting year. Whereas in the prior year there were unrealised currency losses from the valuation of intra-group foreign currency loans, that SUSS MicroTec AG had extended to Suss MicroTec Inc., these were only slight in the year under review. This is mainly because major portions of one intra-group foreign currency loan was converted into indefinite loans and into equity of the US subsidiary. Instead of presenting the effects from the measurement of this loan item as at the balance sheet date in the income statement, the Company now presents it under other comprehensive income, as provided for under IAS 21.

Allowances for doubtful accounts of T€ 563 related mainly to the Substrate Bonder and Test Systems segments.

(7) Financial result

The financial result consists of interest expense and income and the other financial result.

The interest expense was composed as follows:

in T€	2008	2007
Bank loans	671	412
Pension plans	113	247
Warrant-linked bond	26	39
Interest swap contracts	389	10
Accrued interest	66	0
Other interest	94	0
Total	1,359	708

The interest expense from interest swaps in the amount of T€ 389 (2007: T€ 10) mainly presents market value changes in interest hedges.

Of the interest expenses from the warrant-linked bond, T€ 8 (2007: T€ 19) related to interest payments to the bond creditors and T€ 18 (2007: T€ 20) to the topping-up amount in order to reach the repayment amount on maturity.

The interest income of T€ 584 (2007: € 522) results mainly from money market investments and securities.

The other financial result of the reporting year included commissions on bank guarantees of T€ 49. In the prior year it contained an impairment in the amount of T€ 108 on financial assets held for sale.

(8) Income taxes

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

in T€	2008	2007
German corporate tax	675	-62
German trade income tax	594	-33
Foreign corporate tax	785	1,245
Subtotal	2,054	1,150
... current taxes	1,607	1,668
... deferred taxes	447	-518

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

in T€	2008	2007
Expected tax rate		
Corporate income tax rate	15.00 %	25.00 %
Solidarity surcharge	5.50 %	5.50 %
Trade income tax rate	12.43 %	14.90 %
Composite tax rate	28.25 %	37.34 %
Earnings before taxes	-11,847	5,669
Expected income taxes	-3,347	2,117
Different foreign tax rates	-865	-642
Remeasurement of german tax rates	0	1,310
Impairment of goodwill	1,250	0
Trade tax imputation credit of interests on long-term loans	94	25
Other non-tax deductible expenses	933	385
Income taxes from prior years	5	230
Change of valuation allowance on loss carry-forwards	2,698	-1,044
Change of permanent differences	1,289	0
Utilization of loss carry-forwards not recognized in prior years	0	-1,224
Non taxable income	-35	-26
Miscellaneous	-32	19
Effective taxes	2,054	1,150

The deviation between expected income taxes and actual taxes is T€ 5,401. Instead of presenting tax income of T€ 3,347, the Company booked tax expense of T€ 2,054 in the reporting year.

This deviation is mainly due to high adjustments on deferred tax assets. In the reporting year, adjustments totalling T€ 2,698 were made on deferred tax assets. The adjustments related to deferred tax assets of T€ 2,279 from loss carryforwards and tax assets set up on temporary differences amounting to T€ 419. The major portion of these adjustments was at Suss MicroTec Inc. in the USA. In the prior year there had been net mark-ups on deferred tax assets of T€ 1,044.

Furthermore the impairment on the goodwill relating to the mask business of T€ 1,250 and non-deductible operating expenditure of T€ 933 contributed to the deviation of the effective income taxes from the expected income taxes. The impairment on goodwill is not tax-deductible and must therefore be recognised as a reconciliation posting. The non-deductible operating expenses include mainly the expense recorded at the parent company arising from the share option schemes.

Consequent on the intragroup transfer of the interests in Suss MicroTec Test Systems GmbH from Suss MicroTec Inc. to SUSS MicroTec AG permanent differences arose. These generated a reconciliation item between effective and expected income taxes of T€ 1,289.

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

The deferred taxes are attributable to the following balance sheet items:

	Assets		Liabilities	
in T€	2008	2007	2008	2007
Other current liabilities	2,579	1,308	12	5
Pension plans and other commitments	1,125	781	0	0
Accounts receivable	249	37	18	21
Other non-current provisions	537	179	0	0
Intangible assets	2	0	1,029	3,078
Other current assets	3	3	350	110
Financial debt	0	0	108	30
Goodwill	0	0	1,097	861
Inventories	1,474	1,376	48	91
Tangible assets	1	0	2,688	2,329
Miscellaneous	1	1	77	3
Loss carryforwards	3,086	6,809	0	0
Total	9,057	10,494	5,427	6,528

The Group has loss carryforwards of T€ 36,841 (2007: T€ 38,747). Of this amount, a total of T€ 4,993 will have lapsed by December 31, 2013. In the period from 2022 to 2028, a total of T€ 14,132 will lapse. Loss carryforwards of T€ 17,716 can be used indefinitely.

The reduction in the loss carryforwards in comparison with the prior year results mainly from the utilisation of loss carryforwards at Suss MicroTec Lithography GmbH and SUSS MicroTec AG.

No deferred tax assets were recognised on loss carryforwards of T€ 19,125 (2007: T€ 14,640).

Deferred taxes included as at the balance sheet date total impairments of T€ 10,021 (2007: T€ 7,411). Of these, T€ 7,944 (2007: T€ 6,004) related to loss carryforwards and T€ 2,077 (2007: T€ 1,407) to temporary differences.

(9) Earnings per share

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

in T€	2008	2007
Profit /loss	-13,901	4,519
Less minority interests	-30	114
Profit attributable to shareholders of SÜSS MicroTec AG	-13,871	4,405
Adjustments of profit		
Interest recognised related to dilutive potential ordinary shares	0	26
Profit/loss attributable to shareholders of SÜSS MicroTec AG after consideration of diluting effects	-13,871	4,431
Weighted average number of shares outstanding, undiluted	17,019	17,012
Dilution due to existing stock option plans	0	61
Dilution due to existing warrant-linked bond	0	373
Weighted average number of outstanding shares, diluted	17,019	17,446
Earnings per share (€), undiluted	-0.82	0.26
Earnings per share (€), diluted	-0.82	0.25

The subscription rights issued for shares in the Company were not taken into consideration in computing the diluted earnings, since their inclusion would lead to a negative dilution effect.

Further information on the convertible bond and on the share option schemes is provided in the notes under paragraphs 22 and 25.

(10) Other disclosures on the IFRS Consolidated Statement of Income

Personnel expenses

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

in T€	2008	2007
Wages and salaries	40,235	39,915
Social security expenses	4,458	4,461
Pensions expenses	2,143	2,430
Total	46,836	46,806

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

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

Cost of materials

The cost of materials in 2008 came to T€ 56,977 (2007: T€ 52,714).

Amortisation and depreciation

Amortisation and depreciation are made up as follows:

in T€	2008	2007
Intangible assets	12,305	3,129
Goodwill	4,426	0
Tangible assets	1,630	1,534
Total	18,361	4,663

Apart from writedowns of capitalised development costs of T€ 10,925 (2007: 1,888), in the year under review, writedowns of T€ 1,380 (2007: T€ 1,239) were made on concessions, industrial property rights and similar rights and assets as well as licenses in such rights and assets. There were no writedowns on capitalised intangible leased items in the reporting year (2007: T€ 2).

Of the writedowns undertaken on capitalised development performances, T€ 8,784 were non-scheduled. T€ 8,020 of these impairments related to the C4NP-project and T€ 663 and T€ 101 to product developments relating to Substrate Bonder and Test Systems. The impairments have been allocated in full to the cost of sales. Details on the impairments on the C4NP project are provided in paragraph 11.

The main portion of the amortisation on concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets in an amount of T€ 892 (2007: T€ 1,097) is contained under administration costs.

With regard to the impairment of goodwill, we refer to paragraph 12 Goodwill.

In the corresponding prior year period, no impairment was recorded on fixed assets.

EXPLANATIONS ON THE ASSETS SIDE

(11) Intangible assets

Intangible assets include patents, licenses and similar rights of T€ 4,768 (2007: T€ 3,292), and development work of T€ 10,345 (2007: T€ 16,191) as at the balance sheet date.

The capitalised development performances relate mainly to the development of new machines in the lithography and substrate bonder segments. Impairment of T€ 8,020 was recorded on capitalised development performances in connection with the development of a production line for the C4NP technology in the reporting year. As a result, all development costs connected with the C4NP project have been fully adjusted.

In the year under review, the Group was unable to win a further customer for the C4NP technology alongside the first-time installation at IBM. This meant that it was no longer possible to draw up a resilient sales scenario for the C4NP machines, and consequently capitalised development costs totalling T€ 8,020 were written off on the basis of an impairment test in the third quarter.

(12) Goodwill

The decline in goodwill in the year under review to T€ 17,767 results mainly from impairment in the amount of T€ 4,426 of goodwill in the Masks area. The masks area comes under the segment Other and is identical with the subsidiary Image Technology Inc.

The impairment was necessary on account of a change in the sales and earnings position. The markedly weaker development is due to problems of one key customer that have a sustained effect on the business prospects, as well as the extremely difficult market environment in the Masks business. With the cost-cutting measures that have already been taken at the subsidiary, the board assumes that it has laid the basis for a future successful development, albeit at a much low level of sales. Against this background a corresponding impairment of the goodwill was however inevitable.

The goodwill presented as at the balance sheet date does not contain any foreign currency portion. At the prior year balance sheet date this had stood at TUSD 9,588. The foreign currency differences resulting from the valuation at the prior year balance sheet date in the amount of T€ -765 were recorded under other comprehensive income in accordance with IAS 21, and therefore without impacting the income statement.

(13) Tangible assets

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

The tangible assets also include, with a residual carrying value of T€ 461 (2007: T€ 481), leased plant and machinery, leased operating and business equipment, and leased land, buildings & fixtures, which are attributable to the Group as economic owner on account of the design of the lease agreements on which they are based („finance leases“).

(14) Other investments

The Group holds other corporate investments with shareholdings of less than 20%. These are measured at market values when market values are available. In other cases, the measurement is at acquisition cost less necessary impairment.

(15) Other (non-current) assets

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

in T€	2008	2007
Reinsurance pension obligations	514	398
Deposits	149	120
Miscellaneous	1	1
Total	664	519

(16) Inventories

The inventories may be broken down as follows:

in T€	2008	2007
Materials and supplies	23,447	25,862
Work in process	19,999	17,795
Finished goods	10,852	6,830
Demonstration equipment	11,722	14,412
Merchandise	122	110
Inventory reserves	-11,546	-11,259
Total	54,596	53,750

Of the total inventories of T€ 54,596 (2007: T€ 53,750) recognised in the balance sheet as at December 31, 2008, T€ 15,669 (2007: T€ 22,308) is accounted for at net realisable value.

(17) Accounts receivable

Accounts receivable break down as follows:

in T€	2008	2007
Accounts receivable – gross	24,136	26,120
Valuation allowance	-994	-538
Accounts receivable	23,142	25,582

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

in T€	2008	2007
Valuation allowance as of beginning of fiscal year	538	1.116
Change in valuation allowances recorded in the income statement in the current period	-107	-326
Recoveries of amounts previously written-of	-337	-790
Increase in valuation allowances	900	538
Valuation allowances as of fiscal year-end	994	538

(18) Other financial assets

The following items are presented under other financial assets:

in T€	2008	2007
Outstanding purchase price receivables	0	1,906
Currency forwards	132	397
Others	716	720
Total	848	3,023

The Company shows under other financial assets the positive market values from the forward currency transactions. Further details on the forward currency transactions are provided in paragraph 31 „Additional information on financial instruments“.

(19) Securities

In the past financial year, SUSS MicroTec AG invested part of its liquidity in securities held for sale. The securities concerned are corporate bonds. The securities purchased are all from corporations with an investment grade rating. The securities have been measured at market prices. Any fluctuations in the market price are recorded under equity in other comprehensive income and therefore do not affect profit and loss. As at the balance sheet date, the Company held securities with a value of T€ 3,759 (2007: T€ 2).

(20) Tax assets

The non-current tax receivables result exclusively from the capitalisation of the corporation tax credits of German group companies in the amount of T€ 573 (2007: T€ 619) 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 the amendment 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 3.77% p.a.

The current tax receivables consist of advance tax payments of T€ 298 (2007: T€ 847).

(21) Other (current) assets

The following items are contained under other current assets.

in T€	2008	2007
Prepaid expenses	668	716
Deposits paid	208	606
Miscellaneous	838	382
Total	1,714	1,704

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

EXPLANATIONS ON LIABILITIES & SHAREHOLDERS' EQUITY

(22) Equity

Subscribed capital

The nominal capital of SUSS MicroTec AG as at the prior year closing date was T€ 17,019. Since no subscription rights were exercised in the reporting year, the nominal capital is unchanged. It is divided into 17,019,126 individual shares with a notional share in the subscribed capital of € 1.00. We refer here to the statement of changes in equity.

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

As at the balance sheet date the approved capital amounted to T€ 4,255 (2007: T€ 6,022).

As at December 31, 2008, the Company had a contingent capital totalling T€ 5,369 (2007: T€ 4,469). It can be used in an amount of up to T€ 3,674 for the issue of convertible bonds. The remainder in the amount of T€ 1,695 is for the granting of subscription rights to members of the board or the management and to other management personnel in the Group. Here T€ 45 relate to the share option plan 2002; T€ 750 to the share option plan 2005; and T€ 900 to a new share option plan.

in T€	2008	2007
Subscribed capital	17,019	17,019
Authorized capital	4,255	6,022
Conditional capital	5,369	4,469

Reserves

The Group's reserves are composed as follows:

in T€	2008	2007
Additional paid-in capital	92,842	92,212
Earnings reserve	433	433
Retained earnings	-19,133	-5,262
Total	74,142	87,383

T€ 630 was allocated to the additional paid-in capital from the granting of subscription rights under the existing share option schemes, with effect on income. No share options were exercised in the reporting year.

The earnings reserve is unchanged over the prior year.

The retained earnings decreased by the amount of the annual loss of T€ -13,871, after accounting for minority shares, to stand at T€ -19,133.

Other comprehensive income

The development of other comprehensive income is as follows:

in T€	2008	2007
Foreign currency conversions	-2,111	-291
Unrealized loss from securities	0	-63
January 1	-2,111	-354
Pre-tax changes		
Foreign currency conversions	1,358	-1,820
Unrealized gain from securities	-53	101
Tax effects		
Unrealized gain from securities	15	-38
December 31	-791	-2,111

Management of equity

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

Share option schemes of SUSS MicroTec AG

Share option scheme 2002

At the Shareholders' Meeting held on June 14, 2002, a resolution was passed to increase the nominal capital by up to T€ 500 through the issue of up to 500,000 shares in order to grant subscription rights to members of the management board, of management and further managerial personnel of the Group companies in the period extending until December 31, 2007. The subscription rights can be exercised in full after a waiting period of two years.

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

- + the listed price of the shares at the time of exercise of the subscription right exceeds the strike price by at least 0.625% per full calendar month between the end of the purchase term of the subscription right being exercised and the time of the exercise of the subscription right (corresponding to 7.5% for 12 months) and, additionally, the listed price in percentage terms has developed in the same period the same as or better than the Nemax Technology Index or a comparable successor index.

or

- + the listed rate of the shares at the time of exercise exceeds the strike price by an average of at least 0.833% per full calendar month (10% per annum) between the end of the purchase period of the subscription right being exercised and the time of exercise.

The subscription rights lapse if the employment relationship ends during the waiting period, or otherwise three years after the end of the purchase term.

Share option scheme 2005

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

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

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

or

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

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

Share option scheme 2008

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

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

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

or

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

In the reporting year, an amount of T€ 630 (2007: T€ 619) was allocated for these schemes to the additional paid-in capital with effect on the income statement.

No share options were issued during the year under review. Of the capital approved at the shareholders' meeting held on June 21, 2005, a total of 350,300 subscription rights was granted in the prior year at a subscription price of € 8.39.

As at December 31, 2008, there were in all 587,650 outstanding subscription rights (2007: 668,950 subscription rights).

The weighted average market value of the options granted in the prior year in the amount of € 3.0392 was computed using the Black-Scholes option valuation model.

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

	Number of stock options	weighted average subscription price in €
01/01/2007	413,900	10.85
granted 2007	350,300	8.39
exercised 2007	12,200	2.58
expired 2007	83,050	30.58
12/31/2007	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
negotiable	900,200	

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

Subscription price level	Number of stock options	weighted average subscription price in €	weighted average term of maturity month
under € 2.50	4,500	1.11	5
€ 2.50 – € 4.99	141,550	4.78	21
€ 5.00 – € 7.49	0	0.00	0
€ 7.50 – € 9.99	441,600	8.12	25
from € 10.00	0	0.00	0
	587,650	7.26	24

(23) Pension plans and similar commitments

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

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

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

The pension obligations are composed as follows:

in T€	2008	2007
Domestic liabilities	1,839	1,935
Foreign liabilities	1,187	803
Total	3,026	2,738

Defined benefit plans

The Group maintains defined benefit pension plans in Germany, Japan and Switzerland. The existing pension commitments in Germany comprise claims to old age, invalidity and surviving dependents' pensions and are linked to annual salary or else take the form of fixed commitments. The persons with entitlement are selected members of the management.

The main actuarial assumptions are shown below:

	2008	2007
Discount factor	5.60%	5.45% – 5.62%
Return on plan assets	4.30% – 5.20%	3.80% – 5.00%
Salary increase	0.0%	0.0%
Pension increase	2.0%	1.0%

Life expectancy according to tables of Dr. Heubeck 2005

No rises have been included with respect to salary as there are no longer any active claimants waiting under the German plans.

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

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

The main actuarial assumptions are shown below:

	2008	2007
Discount factor	3.50%	3.25%
Return on plan assets	3.50%	3.50%
Salary increase	1.5%	1.5%
Pension increase	0.8%	0.8%

The present values of defined benefit obligations and the market values of the plan assets developed in the financial years 2008 and 2007 as follows:

in T€	2008	2007
Defined benefit obligation as of January 1	4,174	3,986
First-time consideration of SMO	0	320
Service cost	125	168
Interest cost	173	306
Pension payments	-271	-234
Actuarial (-) gain / (+) loss	359	-335
Foreign exchange fluctuations	259	-37
Defined benefit obligation as of December 31	4,819	4,174

The actuarial loss in the reporting year is mainly due to the rise in the pension increase that is forecast.

in T€	2008	2007
Plan assets as of January 1	1,640	1,281
First-time consideration of SMO	0	320
Expected return on plan assets	60	59
Net-contributions	-80	1
Actuarial (+) gain / (-) loss	1	-21
Foreign exchange fluctuations	43	0
Plan assets as of December 31	1,664	1,640

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

in T€	2008	2007
Defined benefit obligation	4,819	4,174
Plan assets	-1,664	-1,640
Net obligation	3,155	2,534
Actuarial (+) gain / (-) loss not yet recognised	-129	204
Balance sheet amount as of December 31	3,026	2,738

Of the present value of the pension obligations, T€ 2,794 (2007: T€ 2,303) relates to pension claims financed by funds.

The pension expenses break down as follows:

in T€	2008	2007
Service costs	125	168
Personnel expenses component	125	168
Interest expenses component	173	306
Expected income from plan assets	-60	-59
Interest expenses component	113	247

The personnel expense component of the reporting year relates in the amount of T€ 36 (2007: T€ 168) to administration costs and in the amount of T€ 89 (2007: T€ 0) to selling expenses.

The development of the present value of defined benefit obligations, of the plan assets and of the actuarial gains and losses, broken down by present value of defined benefit obligations and plan assets, is shown in the following table:

in T€	2008	2007	2006	2005
Defined benefit obligation	4,819	4,174	3,986	4,013
Plan assets	1,664	1,640	1,281	1,265
Funded status	3,155	2,534	2,705	2,748

Experience adjustments in accordance with IAS 19.120 Ap were not necessary in the period under review because the quantities subject to measurement were unchanged.

Defined contribution plans

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

The amounts flowing into the profit participation plan are revised annually. All contributions by the 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 USD 0.50 for each USD 1.00 of the employee contribution up to a maximum employee contribution of USD 2,000 (i.e. the maximum employer contribution is USD 1,000). The employees have entitlement to the full employer contribution only after completing their third year of employment. Prior to this, they do not have any claim to employer contributions.

In the financial year 2008, the expenses to the Group from the profit participation plan came to TUSD 0 (2007: TUSD 0) and for the 401 (k) plan TUSD 120 (2007: TUSD 145).

Furthermore, in the reporting year employee contributions were paid to the statutory pension scheme in the amount of T€ 1,832 (2007: T€ 1,956).

(24) (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 T€	As of Jan 01, 2007	Utilization	Reversal	Additions	As of Dec 31, 2007
Pre-retirement arrangements	737	-70	-11	246	902

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

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

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

(25) Financial debt

The maturity structure of the bonds, bank borrowings and liabilities from finance leases as at December 31, 2008, and the prior year balance sheet date is as follows:

December 31, 2008				
in T€	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
Bank liabilities	5,614	9,047	0	14,661
Liabilities from finance lease	144	152	0	296
Total	5,758	9,199	0	14,957

December 31, 2007				
in T€	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term more than 5 years	Total
Bank liabilities	2,624	9,082	0	11,706
Liabilities from bonds	355	0	0	355
Liabilities from finance lease	205	173	0	378
Total	3,184	9,255	0	12,439

Bank borrowings

Of the bank liabilities, T€ 5,538 (2007: T€ 1,874) relate to the utilisation of credit facilities and T€ 9,123 (2007: T€ 9,832) to long-term loans.

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

in T€	2008	2007
Credit line	10,388	16,188
Utilization	5,538	1,874
Open credit line	4,850	14,314

The reduction in the credit lines reflects mainly the restructuring of the existing domestic credit line, with the previously available credit line being reduced from T€ 12,000 to T€ 6,000 and the syndicate being reduced from three banks to two. The banks had given their approval for the relevant credit as at the balance sheet date. The necessary credit agreements were signed with one these banks during the reporting year, so that a portion of the line in the amount of T€ 3,000 was effectively available as at the balance sheet date. The credit agreement with the second syndicated bank was signed in January 2009.

The new line was agreed without covenants and runs initially until March 31, 2009. It is – unchanged from the lapsed credit line – connected with the pledging of the current assets of the domestic companies concerned and is can be used optionally as a cash or a guarantee line. As at the balance sheet date, the line was utilised in the amount of T€ 2,089 in the form of guarantees.

A local credit line in Japan has been extended from 300 million YEN in the prior year to 700 million YEN. This line is provided by two banks and was granted without collateral. As at the balance sheet date it was utilised in full.

The average interest rate for the utilisation of the credit facilities was 1.98% (2007: 4.34%).

In the prior year the Company placed a promissory note loan totalling T€ 9,000 under the lead of UniCredit (HVB). The promissory note loan consists of three placements each in an amount of T€ 3,000, whereby one bears interest at 6% and two bear variable interest. The loan has a term of five years and will serve the refinancing of current liabilities and of medium-term to long-term finance for the company and investment. It is unsecured and subject to adherence to various financial covenants. In order to avoid interest risks, the Company has secured the two variable interest promissory notes with swap contracts with matching terms.

The loan levels at the end of the reporting year were as follows:

Entity in T€	2008	2007	Interest rate	Due date
SÜSS MicroTec AG	2,976	2,970	6,00%	12/18/2012
SÜSS MicroTec AG	2,976	2,970	6,17%	12/18/2012
SÜSS MicroTec AG	2,976	2,970	6,06%	12/21/2012
Süss MicroTec Test Systems GmbH	0	318	3,25%	3/31/2008
Süss MicroTec Lithography GmbH	13	366	3,75%	4/30/2011
Image Technology Inc.	182	238	9,27%	3/26/2011
Other loans < € 1 million	0	0		
Total	9,123	9,832		
thereof due current	76	750		
thereof due non-current	9,047	9,082		
... due in 2009	76			
2010	84			
2011	35			
2012	8,928			
2013	0			
... later	0			
	9,123			

Liabilities from bonds

As agreed, SÜSS MicroTec AG repaid on October 31, 2008, the still outstanding portion of the warrant-linked bond issued in 2004. It bore interest of 6% p.a. The warrant-linked bond was recognised in the balance sheet net of the issue costs, which were amortised over the term of the bond.

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 buildings, land and fixtures, plant and machinery as well as for other plant, operating and office equipment, the underlying assets of which are capitalised and subject to normal depreciation.

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

in T€	Finance lease	Operating lease	thereof Operating lease with related parties
Depreciation/expenses 2008	186	3,053	931
Depreciation/expenses 2007	186	2,769	1,785
Future financial obligation ... due in 2009	189	2,899	0
2010	54	2,600	0
2011	53	1,884	0
2012	35	1,758	0
2013	2	1,250	0
... later	0	0	0
Total	333	10,391	0
thereof interest	37		
Liabilities as of 12/31/2008	296		
due short-term	144		
due long-term	152		

(26) Other (non-current) financial liabilities

As at the balance sheet date the Company shows other non-current liabilities of T€ 0 (2007: T€ 51).

(27) (Current) provisions

The current provisions are made up as follows:

in T€	2008	2007
Warranty provisions	1,907	1,838
Severance payments	683	9
Miscellaneous provisions	571	1,075
Total	3,161	2,922

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

The provision for severance pay accounts for personnel reduction measures at the Dresden and Lyon, France, locations as well as the departure of Dr. Schneidewind.

The current provisions have developed as follows:

in T€	As of Jan 01, 2008	Utilization	Reversal	Additions	As of Dec 31, 2008
Warranty provisions	1,838	-1,062	-59	1,190	1,907
Severance payments	9	-3	-6	683	683
Miscellaneous provisions	1,075	-1,001	-59	556	571
Total	2,922	-2,066	-124	2,429	3,161

(28) Other (current) financial liabilities

The other current financial liabilities break down as follows:

in T€	2008	2007
Bonuses and commissions	1,743	1,116
Third party services	1,591	1,660
Compensation of supervisory board	87	165
Currency forwards	361	0
Interest forwards	351	10
Miscellaneous	1,232	1,138
Total	5,365	4,089

Under other financial liabilities the Company shows the negative market values from the forward currency transactions and interest derivatives. Further details on the forward currency transactions and interest hedges are provided in paragraph 31 „Additional information on financial instruments“.

(29) Other (current) liabilities

Other current liabilities break down as follows:

in T€	2008	2007
Customer deposits	19,368	14,323
Accrued personnel expenses	3,489	4,914
Deferred income	776	597
Turnover tax	555	183
Total	24,188	20,017

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

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

(30) Tax liabilities

The tax liabilities are made up of domestic income taxes of T€ 201 (2007: T€ 2,005) and foreign income taxes of T€ 600 (2007: T€ 208).

OTHER DISCLOSURES

(31) Additional information on financial instruments

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

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

in T€	2008	2007
Financial assets		
Financial assets held for sale	3,759	2
Loan and receivables	23,858	28,208
Financial assets held for trading	132	397
	27,749	28,607
Financial liabilities		
Financial liabilities held for trading	712	10
Financial debt	24,430	25,019
	25,142	25,029

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

in T€	2008		2007	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	20,603	20,603	20,092	20,092
Account receivable	23,142	23,142	25,582	25,582
Other investmens	5	5	5	5
Other financial assets	848	848	3,023	3,023
denominated at amortized costs	716	716	2,626	2,626
denominated at fair value	132	132	397	397
Securities, denominated at fair value	3,759	3,759	2	2
Financial liabilities				
Accounts payable	5,116	5,116	8,828	8,828
Financial debt	14,957	14,939	12,439	12,524
Warrant-linked bond	0	0	355	391
Bank liabilities	14,661	14,617	11,706	11,758
Liabilities from finance lease	296	322	378	375
Other financial liabilities	5,365	5,365	4,140	4,140
denominated at amortized costs	4,653	4,653	4,130	4,130
denominated at fair value	712	712	10	10

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 carrying values correspond to the market values of the instruments.

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

Other investments: It is not possible to determine reliably the market value of the other investments. The other investments are moreover of subordinate significance for the presentation of the net assets, financial position and results of operations of the enterprise.

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

The valuation of other financial assets and liabilities that are measured at market value depends on their type. 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 the 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. For liabilities with variable interest rates, the carrying values are approximately their market values, since the interest rates are based on variable interest that is oriented on market rates.

Warrant linked bond: In order to determine the market value of the financial liabilities existing on the basis of the warrant linked bond, the existing yield is compared with a reference interest rate that a financial institution would use. Here consideration is given in particular to the subordination and the fact that the convertible bond is not secured. Similarly, assumptions are made for the current rating of the Group.

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

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

in T€	2008	2007
Loans and receivables	107	326
Financial assets and liabilities held for trading	-967	32
Financial assets held for sale	8	-108

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 year under review, the change in market value of the financial assets held for sale in the amount of TEUR 53 was – after accounting for deferred taxes – recorded under other comprehensive income. In the prior year, the change in market price was recorded directly in the income statement on the grounds of permanent impairment. In addition, for the same reason, the market fluctuations recorded in other comprehensive income in previous year in the amount of TEUR 101 was adjusted with effect on the income statement.

Derivative financial instruments

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

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

in T€	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Currency forwards	132	361	397	0
Interest forwards	0	351	0	10

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

The Company seeks to limit interest risks arising from the sensitivity of financial debt to fluctuations in the level of market interest rates by deploying interest derivatives such as interest swaps. The Company hedged the variable part of the promissory note loans issued in the prior year with swaps contracts with matching terms. 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. The Company presents the interest swap in the consolidated balance sheet at its market value. Since hedge accounting is not applied, the market value fluctuations are recorded under interest income and expense.

(32) Related parties

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

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

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

The Group was affected in the financial year 2008 by the disclosure obligations relating to business relationships with members of the supervisory board of SUSS MicroTec AG and their close family relatives.

On June 19, 2008, Dr. Winfried Süß resigned his office as chairman of the supervisory board of SUSS MicroTec AG. All expenses incurred until this point in time that meet the aforementioned criteria are shown below.

Süss Grundstücksverwaltungsgesellschaft GbR and Hunger Mountains

Various group companies (Süss MicroTec Lithography GmbH, Süss MicroTec Test Systems GmbH, Süss MicroTec Inc.) rent their premises from Süss Grundstücksverwaltungsgesellschaft GbR or Grundstücksgesellschaft Hunger Mountains, USA.

in T€	2008	2007
Rental expenses	931	1.785

The Süß family

The following table presents the main relationships between the Company and the Süß family.

in T€	2008	2007
Salaries, Pensions	233	415

Peter Heinz

Mr. Peter Heinz, who until June 19, 2008, was a member of the supervisory board of SUSS MicroTec AG, has since 2007 been a member of the Board of Image Technology Inc., a 100% subsidiary of Süss MicroTec Inc. Mr. Heinz received remuneration for his activity on the basis of TEUR 4.

For details of the remuneration of the supervisory board and the management board, please see paragraph 36.

(33) Financial obligations and contingent liabilities

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

in T€	2008	2007
Purchase contingencies	10,458	9,142
Obligations from rental contracts	9,843	3,722
Miscellaneous	1,123	267
Total	21,424	13,131

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

Due to the retirement of Dr. Winfried Süß from the supervisory board the obligations from rental contracts include no longer any obligations to related companies or persons (2007: TEUR 3,335).

(34) Explanations on the consolidated cash flow statement

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

The item cash and cash equivalents in the cash flow statement comprises all of the liquid funds shown in the balance sheet, i.e. cash in hand, cheques and deposits with banks if available within three months without significant fluctuations in value. In the reporting year, part of the liquid funds, TEUR 350 (2007: TEUR 350) as at the balance sheet date, served as collateral for a deposit insurance contract. Furthermore, a balance of TEUR 362 (2007: TEUR 0) was pledged to cover a rental surety.

The cash flow from investing and financing activities are computed on the basis of payments. On the other hand, the cash flow from operating activities is derived indirectly from profit or loss for the year.

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

The other non-cash income and expenses in an amount of TEUR -1,628 (2007: TEUR 2,090) contain mainly currency effects.

(35) Segment reporting

Information about the segments

The activities of the SUSS Group are analysed in the segment reporting in accordance with the rules of IAS 14 ("Segment Reporting") by product lines as the primary reporting format and by regions as the secondary reporting format. This analysis is aligned with the internal control and reporting system and takes into consideration the different risk and earnings structures of the segments.

The activities of the SUSS Group are divided into the segments Lithography, Substrate Bonder, and Test systems. The Device Bonder area, that was discontinued in July 2007, was presented as a distinct segment for the last time in the year under review since the order backlog for Device Bonders as at the transfer date had been worked off by the balance sheet date. The segment Other combines further activities of the Group and the non-allocatable costs of the Group functions.

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

The segment **Substrate Bonder** encompasses the development, production and distribution of the product line Substrate Bonder. The activities in this segment are concentrated mainly at Waterbury, Vermont, in the USA. Apart from through Waterbury itself, distribution is worldwide in small units at locations in Europe and Asia. Bond cluster, which enables vacuum-free bonding, is a major cornerstone of this segment. A further cornerstone is the supply of manual machines for 6 and 8 inch wafers applications.

The segment **Test Systems** is located at Sacka, near Dresden. Development, production and distribution in Europe are located there. It is for this segment, second to lithography, that most of the employees in the international distribution organisations (North America, Asia) work. The test systems are mainly for laboratory applications, in particular for error analysis, but also for applications in the production environment (microsystems technology, LED testing systems).

The Device Bonder segment, that was sold in the prior year, covered the development, production and distribution of the product line device bonder. The segment activities were located at St. Jeoire, France. This facility also hosted substantial parts of the distribution organisation in addition to development and production activities. On account of the technical complexity and the low size of the market, there were no other noteworthy distribution organisations within the Group active for this segment.

Besides covering non-allocatable costs of SUSS MicroTec AG, the segment **Other** shows the operational activities in the Mask area as well as activities in the areas Micro-optics and C4NP.

Other comments on segment reporting

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

In contrast to the treatment in the prior year consolidated financial statements, the segment result has been adjusted to include income and expenses from the translation of foreign currency and from disposals of assets. The sum of the segment results now corresponds to the operating Group result (EBIT). Interest income and expenses as well as income taxes were not previously accounted for in the segment result. The prior year figures have been adjusted accordingly.

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

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

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

The investments are additions of intangible and tangible assets.

The depreciation charges in the year under review include impairment of TEUR 13,210. Of this amount, TEUR 663 related to the Substrate Bonder segment, TEUR 101 to the Test systems segment, and TEUR 12,446 to the segment Other. The impairment in the segment Other was constituted in an amount of TEUR 4,426 by the impairment of the goodwill of the Masks area and in an amount of TEUR 8,020 by the impairment of the capitalised development costs for the C4NP project. No impairment was recorded in the prior year.

Differently to the treatment in the consolidated financial statements as at December 31, 2007, SUSS MicroTec AG has adjusted the presentation of the employee numbers in the segment reporting. For the year under review, the employees in the Group's administrative areas have been allocated for the first time to the segment for which they are most active. Previously these employees had been allocated to the segment Other. The presentation in the corresponding prior year period has been adjusted.

For the geographical segment reporting, the sales revenues are segmented according to the location of the customers. The assets and investments were calculated on the basis of the location of the group company concerned.

(36) Management board and supervisory board

Management board of the ultimate parent company

The members of the management board of Süss MicroTec AG in 2008 were:

Dr. Stefan Schneidewind academic title Diplom-Ingenieur, resident in Oberschleissheim, chairman of the board of management until October 2, 2008

Responsible for the areas: Research and development, patents, materials management and logistics, production, work safety, quality management and environmental protection, distribution and marketing, Group strategy

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

Responsible for the areas: Finance and accounting, information technology, law, tax and insurance, human resources, facility management, investor relations (temporarily from October 2, 2008, distribution and marketing, research and development, patents, Group strategy)

Christian Schubert academic title Diplomkaufmann, resident in Metten, member of the board of management since October 2, 2008

Responsible for the areas: materials management and logistics, production, work safety, quality management, environmental protection

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

As short-term variable remuneration, the board members receive an annual bonus which is linked to individually specified objectives. Subsequent changes to the defined objectives are not permitted.

The total cash remuneration of the management board in the reporting year was T€ 598. In addition to their fixed salary (including the allowances for social security insurance and the monetary value of the private use of the company car), Dr. Schneidewind and Mr Knopp were paid totals of T€ 141 and T€ 29 from the provision formed as at the prior year balance sheet date for the variable component of the remuneration.

With effect from October 2, 2008, Dr. Schneidewind was relieved of his duties as chairman of the management board of the Company.

In the reporting year a provision of T€ 100 was formed for the bonuses for the year 2008 of Dr. Schneidewind, Mr Knopp and Mr Schubert.

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

	2008			2007			
in T€	Dr. Stefan Schneide- wind	Michael Knopp	Christian Schubert	Dr. Stefan Schneide- wind	Michael Knopp	Dr. Stefan Reineck	Stephan Schulak
Compensation							
Fixed	221	215	62	295	70	200	58
Variable	32	53	15	158	33	0	0
Total	253	268	77	453	103	200	58
Stock options							
Number of stock options				70,000	30,000	40,000	0
Exercise price				8.39	8.39	8.39	n/a

Moreover, on account of the options granted to board members in 2006 and 2007, T€ 287 (2007: T€ 222) was recognised as personnel expense in the Holding.

There is a pension provision of T€ 5 (2007: T€ 4) for one former member of the management board of the Company.

Moreover, salary payments of T€ 74 (2007: T€ 0) were paid to a former member of the board and a provision was formed of T€ 282 (2007: T€ 0) for salaries still to be paid.

Supervisory board

The members of the supervisory board in the financial year 2008 were:

Dr. Winfried Süß Munich, managing director (retired), chairman of the supervisory board until June 19, 2008.

Gerhard Rauter Dresden, managing director in charge of production at Q-Cells AG in Bitterfeld-Wolfen, deputy chairman of the supervisory board until June 19, 2008

Further appointments: SOLIBRO GmbH, Bitterfeld-Wolfen (member of the advisory council)
Calyxo GmbH, Bitterfeld-Wolfen (member of the advisory council)
Sontor GmbH, Bitterfeld-Wolfen (member of the advisory council)
Westfälische Hochschule Zwickau (a tertiary education institution)
(member of the board of trustees)

Peter Heinz Waterbury, Vermont, USA, managing director (retired), until June 19, 2008

Further appointments: H&H Associates Inc., Waterbury, Vermont, USA (member of the supervisory board)
Image Technology Inc., Palo Alto, California, USA (board member)

Prof. Dr. Anton Heuberger	Munich, professor at TU CAU Kiel, until June 19, 2008
Heinz-Peter Verspay	Cologne, lawyer in the lawfirm Hecker, Werner, Himmelreich & Nacken, until June 19, 2008
Further appointments:	<p>Lang Audiovision AG, Lindlar (chairman of the supervisory board)</p> <p>Pharma Benchmark AG, Cologne (member of the supervisory board)</p> <p>Advent Solar AG, Cologne (member of the supervisory board)</p> <p>World Timers Association AG, Bergisch Gladbach (member of the supervisory board)</p>
Dr. Franz Richter	resident in Eichenau, board member of Thin Materials AG in Eichenau, chairman of the supervisory board from June 19, 2008
Further appointments:	<p>Siltronic AG, Munich (member of the supervisory board)</p> <p>EpiSpeed AG, Zug, Switzerland (member of the administrative board)</p> <p>Replisaurus Technologies Inc., Kista, Sweden (Chairman of the Board of Directors)</p> <p>Semi International, San Jose, California, USA (Member of the Board of Directors)</p>
Dr. Stefan Reineck	resident in Kirchardt, managing director of Dr. Reineck Management & Consulting GmbH, deputy chairman of the supervisory board from June 19, 2008
Further appointments:	<p>AttoCube Systems AG, Munich (chairman of the supervisory board)</p> <p>NanoScape AG, Martinsried (chairman of the supervisory board)</p> <p>aleo solar Aktiengesellschaft, Prenzlau (member of the supervisory board)</p> <p>TF Instruments Inc., Monmouth Junction, New Jersey, USA (Member of the Board of Directors)</p> <p>Phoseon Technology Inc., Hillsboro Oregon, USA (Member of the Board of Directors)</p> <p>Johanna Solar Technology GmbH, Brandenburg an der Havel (chairman of the advisory board)</p>
Jan Teichert	resident in Metten, member of the management board of Einhell Germany AG, Landau (Isar), from June 19, 2008

Apart from the reimbursement of expenses incurred in exercising his office, each member of the supervisory board receives a fixed remuneration in each financial year. Pursuant to the amendment of the articles of association resolved June 19, 2008, the chairman of the supervisory board receives a fixed remuneration of €45,000 p.a., his deputy €40,000 p.a. and the further member €35,000 p.a. If an officer of the supervisory board is a member for only part of the financial year, the remuneration is awarded in proportion to the duration of membership. In addition, the members of the supervisory board receive an amount of €1,500 for attendance at any session of the supervisory board or one of its committees.

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

2008					
All amounts in €	Membership in 2008	Fixed remuneration	Attendance fee	Out of pocket expenses and VAT	Total
Dr. Winfried Süß	up to 06/19/2008	22,500.00	10,500.00	0.00	33,000.00
Gerhard Rauter	up to 06/19/2008	11,250.00	3,000.00	412.00	14,662.00
Peter Heinz	up to 06/19/2008	7,500.00	4,500.00	4,338.08	16,338.08
Prof. Dr. Anton Heuberger	up to 06/19/2008	7,500.00	3,000.00	3,385.00	13,885.00
Heinz-Peter Verspay	up to 06/19/2008	7,500.00	3,000.00	2,156.25	12,656.25
Dr. Franz Richter	since 06/19/2008	22,500.00	9,000.00	25,416.83	56,916.83
Dr. Stefan Reineck	all year	27,500.00	19,500.00	20,521.46	67,521.46
Jan Teichert	since 06/19/2008	17,500.00	9,000.00	5,086.00	31,586.00

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

2007					
All amounts in €	Membership in 2008	Fixed remuneration	Attendance fee	Out of pocket expenses and VAT	Total
Dr. Winfried Süß	all year	–	–	0.00	0.00
Gerhard Rauter	all year	22,500.00	22,500.00	2,684.87	47,684.87
Dr. h.c. Horst Görtz	up to 09/30/2007	11,250.00	19,500.00	9,202.91	39,952.91
Peter Heinz	all year	15,000.00	13,500.00	9,923.94	38,423.94
Prof. Dr. Anton Heuberger	all year	15,000.00	10,500.00	7,649.93	33,149.93
Dr. Stefan Reineck	since 10/01/2007	3,750.00	1,500.00	997.50	6,247.50
Dr. Christoph Schücking	up to 07/06/2007	7,500.00	9,000.00	3,983.38	20,483.38
Heinz-Peter Verspay	since 07/06/2007	7,500.00	6,000.00	0.00	13,500.00

From his time as managing director of the predecessor company of Süss MicroTec Lithography GmbH, there is a pension provision for Dr. Süß, the chairman of the supervisory board until June 19, 2008, which as at the balance sheet date stood at T€ 2,025 (2007: T€ 1,871).

Share and option holdings of the members of the corporate bodies as at year end:

in T€	2008		2007	
	Shares	Options	Shares	Options
Dr. Stefan Schneidewind (until 10/2/2008)	18,278	150,000	18,278	150,000
Michael Knopp	22,500	30,000	5,000	30,000
Christian Schubert (since 10/2/2008)	0	0	–	–
Dr. Winfried SÜSS (up to 06/19/2008)	–	–	1,131,000	0
Dr. Franz Richter (since 06/19/2008)	101,040	0	–	–
Jan Teichert (up to 06/19/2008)	0	0	–	–
Gerhard Rauter (up to 06/19/2008)	–	–	0	0
Dr. h.c. Horst Görtz (up to 09/30/2007)	–	–	17,216	0
Peter Heinz (up to 06/19/2008)	–	–	1,338	0
Dr. Christoph Schücking (up to 07/06/2007)	–	–	500	0
Prof. Dr. Anton Heuberger (up to 06/19/2008)	–	–	0	0
Heinz-Peter Verspay (up to 06/19/2008)	–	–	0	0
Dr. Stefan Reineck	6,600	40,000	1,600	40,000

(37) Employees

In the reporting year, an average of 699 employees (2007: 753) were employed in the SUSS Group.

Status at year end:

	2008	2007
Administration	91	98
Sales and Marketing	267	283
Operations	316	350
Total	674	731

Differently to the figures in the prior year, the headcount in the year under review does not include board managers and apprentices.

The prior year figures have not been adjusted accordingly. By computing the headcount for prior year in the same way as for the reporting year, the headcount would amount to 709 employees as at December 31, 2007 respective an average of 735 employees was employed in 2007.

(38) Auditor's fees

The expense recorded in the financial year 2008 for fees for the auditor of the consolidated financial statements, KPMG AG, Wirtschaftsprüfungsgesellschaft, pursuant to § 314 (1) Nr. 9 HGB, is TEUR 425 (2007: TEUR 340) and is composed as follows:

in T€	2008	2007
Year-end audits	296	297
Tax advisory services	51	2
Miscellaneous	78	41
Total	425	340

The item audit of the financial statements includes the entire fee for the audit of the annual financial statements of SUSS MicroTec AG and the audit of the consolidated financial statements as well as the annual financial statements of subsidiaries audited by KPMG AG Wirtschaftsprüfungsgesellschaft.

The item tax consultancy includes the fee for tax advice of SUSS MicroTec AG in selected individual fiscal questions.

A major component of the other performances are consultancy services in connection with the introduction of SAP.

(39) Corporate Governance

The management board and supervisory board of SUSS MicroTec AG submitted the declaration of compliance in accordance with Section 161 of the German Stock Corporation Law (AktG) on November 7, 2008. They also explained that they complied with the recommendations of the German Corporate Governance Code in the version from June 14, 2007 with two exceptions – a deductible for D&O insurance and the remuneration of the supervisory board members. They have also declared that they will comply with the Code in the future in its updated version from June 6, 2008 with three exceptions – a deductible for D&O insurance, the creation of committees, and the remuneration of the supervisory board.

SUSS MicroTec AG made this declaration permanently available under www.suss.com.

(40) Disclosure pursuant to § 160 No. 8 AktG

In the reporting year, the following notifications were made to the Company pursuant to § 21 (1) WpHG (securities trading act) in conjunction with § 32 (2) InvG (investment act):

On February 22, 2008, Mr Tito Tettamanti of the United Kingdom of Great Britain and Northern Ireland notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on February 19, 2008, his share of voting rights in SUSS MicroTec AG, Garching, Germany, had exceeded the threshold of 10% and amounted on this day to 10.34% (1,760,491 voting rights of 17,019,126 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act) 10.34% are

attributable to him. The voting rights attributed to him are held via the following entities controlled by him, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands.

On February 22, 2008, Sterling Strategic Value Limited, Tortola, British Virgin Islands, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 10% on February 19, 2008, and amounted on this day to 10.34% (1,760,491 voting rights of a total of 17,019,126 voting rights).

On March 18, 2008, Mr Tito Tettamanti, United Kingdom of Great Britain and Northern Ireland, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) of the following corrections to the voting rights notifications he had already made:

As a correction to my notification of November 12, 2007, I herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that my portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% on November 12, 2007, and amounted on this day to 3.99% (678,431 voting rights). 3.99% (678,431 voting rights) were to be attributed to me pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to me were held via the following entities controlled by me, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Gritlot Limited, Douglas, Isle of Man
- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

As a correction to my notification of December 20, 2007, I herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that my portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% on December 19, 2007, and amounted on this day to 8.53% (1,451,567 voting rights). 8.53% (1,451,567 voting rights) were to be attributed to me pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to me were held via the following entities controlled by me, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Gritlot Limited, Douglas, Isle of Man
- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

As a correction to my notification of February 21, 2008, I herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that my portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 10% on February 19, 2008, and amounted on this day to 10.34% (1,760,491 voting rights). 10.34% (1,760,491 voting rights) were to be attributed to me pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to me were held via the following entities controlled by me, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Gritlot Limited, Douglas, Isle of Man
- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On March 18, 2008, Gritlot Limited, Douglas, Isle of Man made the following voting right notifications pursuant to § 21 subsection 1 WpHG (securities trading act):

We herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that on November 12, 2007, our portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.99% (678,431 voting rights). 3.99% (678,431 voting rights) were attributable to us pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to us were held via the following entities controlled by us, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

We herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that on December 19, 2007, our portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 5% and amounted on this day to 8.53% (1,451,567 voting rights). 8.53% (1,451,567 voting rights) were attributable to us pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to us were held via the following entities controlled by us, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

We herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that on February 19, 2008, our portion of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 10% and amounted on this day to 10.34% (1,760,491 voting rights). 10.34% (1,760,491 voting rights) were attributable to us pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act). The voting rights attributed to us were held via the following entities controlled by us, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On April 29, 2008, Sal. Oppenheim jr. & Cie KGaA, Cologne, Germany, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) the following correction to its notification on voting rights of March 5, 2007:

As a correction to our notification of March 5, 2007, we herewith give notification pursuant to § 21 subsection 1 WpHG (securities trading act) that on February 27, 2007, our portion of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the threshold of 5% and amounted on this day to 0% (0 voting rights).

On July 7, 2008 Mr Tito Tettamanti of the United Kingdom of Great Britain and Northern Ireland notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on July 2, 2008, his share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 15% and amounted on this day to 15.02% (2,555,569 voting rights out of a total of 17,019,126 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act), 15.02% (2,555,569 voting rights) are attributable to him. The voting rights attributed to him are held via the following entities controlled by him, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Gritlot Limited, Douglas, Isle of Man
- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On July 7, 2008, Gritlot Limited, Douglas, Isle of Man, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on July 2, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 15% and amounted on this day to 15.02% (2,555,569 voting rights out of a total of 17,019,126 voting rights). Pursuant to § 22 subsection

1 sentence 1 number 1 WpHG (securities trading act), 15.02% (2,555,569 voting rights) are attributable to it. The voting rights attributed to it are held via the following entities under its control, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On July 7, 2008, Sterling Strategic Value Limited, Tortola, British Virgin Islands, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on July 2, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 15%, and amounted on this day to 15.02% (2,555,569 voting rights of a total of 17,019,126 voting rights).

On October 23, 2008, Mr Tito Tettamanti of the United Kingdom of Great Britain and Northern Ireland notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on October 22, 2008, his share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 20% and amounted on this day to 20.073% (3,416,191 voting rights out of a total of 17,019,126 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act), 20.073% (3,416,191 voting rights) are attributable to him. The voting rights attributed to him are held via the following entities under his control, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Gritlot Limited, Douglas, Isle of Man
- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On October 23, 2008, Gritlot Limited, Douglas, Isle of Man, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on October 22, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 20% and amounted on this day to 20.073% (3,416,191 voting rights out of a total of 17,019,126 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act), 20.073% (3,416,191 voting rights) are attributable to it. The voting rights attributed to it are held via the following entities under its control, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Sterling Strategic Value Limited, Tortola, British Virgin Islands

On October 23, 2008, Sterling Strategic Value Limited, Tortola, British Virgin Islands, notified us pursuant to § 21 subsection 1 WpHG (securities trading act) that on October 22, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 20% and amounted on this day to 20.073% (3,416,191 voting rights of a total of 17,019,126 voting rights).

On January 7, 2009, Dr. Winfried Süß, Grünwald, Germany, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on December 31, 2008, his share of voting rights in SUSS MicroTec AG, Garching, Germany, fell below the thresholds of 5% and 3% and amounted on this day to 0% (0 voting rights).

On January 7, 2009, Süß SCS, Strassen, Luxembourg, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on December 31, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3% and 5% and amounted on this day to 7.53% (1,281,000 voting rights).

On January 7, 2009, Falcivest, SCS, Strassen, Luxembourg, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on December 31, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.04% (518,194 voting rights).

On January 7, 2009, Falcivest, SCS, Strassen, Luxembourg, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on January 2, 2009, 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% (508,194 voting rights).

On January 7, 2009, Terramater (Stichting), Amsterdam, Netherlands, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on December 31, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3%, 5% and 10% and amounted on this day to 10.57% (1,799,194 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act), 10.57% (1,799,194 voting rights) are attributed to it. The voting rights attributed to Terramater are held via the following entities under its control, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Süss SCS, Strassen, Luxembourg
- + Falcivest, SCS, Strassen, Luxemburg

On January 7, 2009, Crest Capital S.A., Strassen, Luxembourg, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on December 31, 2008, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the thresholds of 3%, 5% and 10% and amounted on this day to 10.57% (1,799,194 voting rights). Pursuant to § 22 subsection 1 sentence 1 number 1 WpHG (securities trading act), 10.57% (1,799,194 voting rights) are attributed to it. The voting rights attributed to Crest Capital S.A. are held via the following entities under its control, whose share of voting rights in SUSS MicroTec AG amounts in each case to 3% or more:

- + Süss SCS, Strassen, Luxembourg
- + Falcivest, SCS, Strassen, Luxemburg

On January 23, 2009, Falcivest, SCS, Strassen, Luxembourg, notified us pursuant to § 21 subsection 1 sentence 1 WpHG (securities trading act) that on January 23, 2009, its share of voting rights in SUSS MicroTec AG, Garching, Germany, exceeded the threshold of 3% and amounted on this day to 3.02% (513,194 voting rights).

(41) Release of the financial statements

The management board of SUSS MicroTec AG has released the IFRS consolidated financial statements on March 10, 2009 for perusal by the supervisory board. The supervisory board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

Garching, 12 March 2009

The Management Board



Frank Averdung



Michael Knopp



Christian Schubert

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, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Garching, March 10, 2009



Frank Averdung



Michael Knopp



Christian Schubert

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Süss MicroTec AG, Garching, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the report on the position of the Company and the group for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institute der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU. The additional requirements of German commercial law pursuant to § 315a HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 12, 2009

KPMG AG

Wirtschaftsprüfungsgesellschaft

Renner

Wirtschaftsprüfer

Jenuwein

Wirtschaftsprüfer

(Independent Auditors)

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 using through the massive silicon which, as a general rule, is heavily thinned.

300mm technology

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manufacturing microchips. The largest number of silicon wafers by far (~42%) used around the world today is 300 millimeters 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 front-end manufacturing of microchips themselves, such as lithography and photoresist technologies.

Back-end

This term is used to describe the second (rear) link in the microchip production chain. The back-end 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, back-end process work is primarily done in Asia, where semiconductor manufacturers have back-end facilities of their own or allow foundries to handle testing and packaging.

Bonding

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct

bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer's silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

Bump

A metallic (solder, gold, or similar) three-dimensional contact on a chip. In simple terms, it is described as a ball of solder on a single microchip contact.

C4NP

IBM paved the way for flip chip bonding in the late 1960s. This technology was used for the first time in 1973 in IBM System 3. Since then, billions of chips have made contact with the outside world via this process under the name IBM C4. C4 stands for “controlled collapse chip connection” and is sometimes also used as a synonym for flip chip bonding. C4NP is the next generation technology, which IBM developed in conjunction with SUSS MicroTec on the basis of the proven C4 process. “NP” stands for “new process”.

Chip

General term used for semiconductor components. In electronics, a chip or microchip is understood to mean an integrated circuit embedded in housing. From the outside, all one generally sees is the black housing and the connection point that links the chip and printed circuit board (by wire or flip chip bonding). The piece of silicon in the housing is frequently also referred to as the chip or microchip.

Cluster

A group of individual process modules (e.g. Coater, Aligner) which is fed wafers for processing by a central robot.

Coater

A Coater is a special machine for the production of semiconductors. It disperses photosensitive resist to the wafer by way of rotational power.

Compound Semiconductor

Semiconductor composed of several elements, such as gallium arsenide, indium phosphide, silicon germanium, etc. Advantages over simple semiconductors include: speed, high temperature compatibility, and lower energy consumption.

Cost of Ownership (CoO)

This assesses acquisition and operating costs as well as the costs of clean room space and wear and tear and maintenance of the machines. These costs are then calculated in relation to the proportion of functioning components at the end of the production process. The higher the output of perfect chips, the better the cost of ownership of the machines for the customers. An outstanding COO is of major significance, especially in mass production.

Die

Die, IC (integrated circuit), and chip are terms often used synonymously. Integrated circuits are known as dies until the point at which they are integrated into housing. Wafers are referred to as dies long as they are going through the individual process steps. The term “chips” is only used after the dies are isolated and packaged.

DRAM

DRAM = dynamic random access memory. Electronic memory chip components primarily used in computers. This is the world’s most widely used memory chip.

Fab

This is a manufacturing facility which specializes in the production of ICs on wafers (chips). Today, building a large, modern fab complete with the required clean rooms and equipment costs approximately USD 1.5 billion to USD 4 billion.

Flip chip bonding

An advanced bonding technique between chip and housing that makes higher clock frequencies possible in signal transmission. The active side of the chip is face down and therefore has to be “flipped” before assembly.

Foundry

A chip factory where microchips are manufactured to a circuit design that is specified by the customer. Making goods to order in this way, the foundry operators have no chip design or product sales/marketing costs and can, therefore, focus their R&D resources entirely on the process technology. The globally leading foundries are located in Taiwan and Singapore.

Front-end

Front-end processes are the production steps carried out on the wafer as a whole. This is where the chip itself is made. Back-end processes in which chips are tested on the wafer follow. There, the wafer is cut into individual chips that are then inserted into housing.

IC

An integrated circuit (IC) consists of electronic components such as transistors, resistors, and capacitors that are integrated on a tiny microchip. Today, tens of millions of this type of cells are housed in circuits on a single chip. This high integration density has led to a high degree of chip performance.

LED

Light-emitting diode. LEDs are semiconductor components that can generate light. They emit a very bright light, yet, at the same time, consume very little energy. Moreover, their life span is more than ten times that of a conventional light bulb.

Lithography

The electrical circuits of ICs are created by structuring individual strata on a silicon wafer in a type of layer structure. To create very small structures in the individual strata, the wafer is coated with a light-sensitive material (photoresist) and then exposed using a mask. The structures on the mask are thus superimposed on the wafer by means of casting a shadow. Where the mask blocks the light, the photoresist on the wafer is not exposed. Where it is transparent, light falls onto the wafer and the photoresist is exposed. During development after exposure, the exposed photoresist areas are cleared above the strata and can be accessed by the following process step. Nowadays, typical structure sizes for front-end lithography applications are between 32 nm (0.032 micrometers) and 0.6 micrometers. In the back-end, structure sizes ranging from several microns to tens of microns are generated by photolithography to create, for example, bumps for flip chip bonding.

Mask

A plate of glass or quartz glass on which the patterns needed to manufacture an IC are mapped. These patterns consist of transparent and opaque areas that correspond in size and shape to the circuits required.

Mask Aligner

Mask Aligners align a glass mask to a wafer (covered with photosensitive material previously spun or sprayed on by a coater) with sub-micrometer accuracy. The glass mask is patterned with the structures which need to be transferred onto the wafer. These structures will then build electrical circuits, grooves and bridges – all the various things that the chip needs in order to function. The pattern is transferred onto the wafer by means of exposure not un-similar to a photographic procedure.

MEMS

Microelectromechanical systems (MEMS) is the term used primarily in North America for microsystems technology (MST), a term more common in Europe. Semiconductor production technologies and processes are used to manufacture mechanical and other non-electrical elements. MEMS products are used, for example, in the automobile industry, telecommunications, optoelectronics, and medical technology.

Micrometer/micron

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

Microsystem

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

Microsystems technology

This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1 mm. In the United States and Asia, in contrast, microsystems technology or the more frequently used microelectromechanical systems (MEMS) means the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

Nanoimprinting/nanoimprint lithography (NIL)

A mechanical method to create two- or three-dimensional structures in the nanometer range with a casting or stamping tool. In contrast to photolithographic production of devices on semiconductor wafers, the structures are formed by stamping patterns in soft polymers. The future importance of nanoimprinting will be in cost savings. Classical photolithography equipment will, if extended to extremely short wavelengths of light (EUV, x-ray), become too expensive.

Nanotechnology

(Greek. *nānos* = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter (10^{-9} m) and defines a border range where the typical dimensions of a single molecule are found. Nanotechnology is a stringent continuation and expansion of microtechnology with mostly unconventional, new approaches. The tasks of nanotechnology include creating materials and structures in the nanometer range.

Optoelectronics

By deliberately combining semiconductor electronics technologies and III-V materials such as gallium arsenide, light can be generated or detected (semiconductor lasers, LEDs, photodiodes, etc). This technology is primarily used in telecommunications to transmit very large quantities of data (fiber-optic networks). LEDs are also being used increasingly in automobiles and domestically due to their many advantages, such as low energy requirement, extreme brightness, and very long lifespan.

Packaging foundries

See back-end.

Photoresist

A light-sensitive material that is first applied as a layer to the wafer and then exposed through a mask using ultraviolet light. In exposed areas, the ultraviolet light brings about chemical changes. These areas are dissolved from the layer during development, leaving a relief-like structure in the photoresist coating. This process is highly similar to photography.

Prober

The Prober carries out individual analytical microchip tests. With the help of probe heads, electronic signals from microscopically small structures within the chip are detected and analyzed. Another possibility is the endurance test, which uses pressure, electricity, force, heat, and refrigeration to see if the chips satisfy requirements; errors are thus detected early on. The modular construction of our Prober systems makes them extremely flexible, which is highly valued, particularly in development projects.

Semiconductor

A monocrystalline material of which the electrical resistance can be changed by implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

Sensor

A component used to record and convert measurements such as temperature, pressure, and acceleration. These measurements are converted into electrical signals and relayed to a signal evaluation unit.

Silicon

A material with the structure of a crystal lattice with semiconducting properties. Semiconducting means that the material can be used as a conductor or non-conductor depending on the inclusion of certain foreign atoms. In the semiconductor industry, the most common base material used is silicon in monocrystalline disk form.

Spin / Spray Coaters

Coaters spread a photosensitive resist on the wafer. The SUSS MicroTec Spin Coater specializes in thick photo resists, which are applied to the wafers. The Spray Coater sprays a substrate and can thus also coat three-dimensional structures evenly.

Substrate Bonder

The Substrate Bonder connects two or more substrates (primarily wafers) aligned to one another in an extremely precise manner. This is done using soldering, adhesion, or another physical-chemical process. Many MEMS components require this processing step, as it is the only way to ensure that airbags, tire pressure sensors, GPS sensors, ink-jet printers, etc. work.

System-on-chip

Highly complex ICs incorporating many different functions. Until recently, these functions had to be accommodated on several ICs. The enormous innovative momentum in process technology that has made it possible to manufacture ICs with ever smaller structure widths now means that different kinds of memory, digital signal processors, and analog functions can be accommodated on one chip. The advantage is that instead of many chips, only a handful or even a single one is needed, thereby reducing the space needed, the assembly requirements (and therefore the cost of the finished product), and, very importantly, the power consumption. This prolongs the battery life in battery-powered equipment such as laptops and cellular telephones. The trend towards ever smaller and more portable devices that should also be less and less expensive makes system-on-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 losses. 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 150 mm to 200 mm and today to even 300 mm. Twice as many chips fit onto the surface area of the latest 300 mm wafers than onto a 200 mm 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 CALENDER 2009

Annual Report 2008	March 26, 2009
SCF – Small Cap Forum, Frankfurt	April 28 – 29, 2009
Quarterly Report 2009	May 7, 2009
Analysts' Conference 2009, Hotel Hessischer Hof, Frankfurt	May 7, 2009
Shareholders' Meeting, Haus der Bayerischen Wirtschaft, München	June 24, 2009
Interim Report 2009	August 6, 2009
Nine-month Report 2009	November 5, 2009
German Equity Forum, Frankfurt	November 9 – 11, 2009

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HIGHLIGHTS 2008

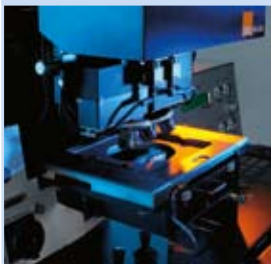
JAN



Suss MicroTec Lithography Passes ISO Certification with Flying Colors

TÜV SÜD recognizes Suss MicroTec Lithography GmbH for the successful introduction of its quality management system in accordance with ISO 9001. The ISO certificate documents the constantly high quality of production processes at the German plants in Garching near Munich and Vaihingen/Enz, thus, meeting the highest international standards.

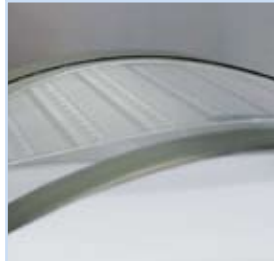
MAR



New Nanoimprint Lithography Tool (NIL) Unveiled

SUSS MicroTec presents the first nanoimprint lithography tool (NIL) to industry experts. The new NIL tool, which can be easily retrofitted to all of SUSS MicroTec's Mask Aligner systems, enables customers to enter into the world of nanostructuring in a cost-effective manner, and, thus, imprint structures smaller than 100nm.

APR



SUSS MicroTec Signs License Agreement with Philips Research

SUSS MicroTec concludes a license agreement with Philips Research for the exclusive sale of SCIL (Substrate Conformal Imprint Lithography) technology. SCIL represents a new technology for imprinting nanostructures in the sub-50nm range. The corresponding equipment can be retrofitted to any of SUSS MicroTec's manual Mask Aligner systems.

SUSS MicroTec Installs World's First 300mm WLR Test System at Japanese Manufacturer

SUSS MicroTec introduces the world's first 300mm WLR (Wafer Level Reliability) test system at a Japanese semiconductor manufacturer. The PM300WLR test system, which was developed especially for reliability tests, allows for test procedures to be carried out on a wafer level and, therefore, before the component is packaged. This helps shorten production cycle times and reduce waste on the component level.

JUN



Shareholders' Meeting – Election of New Supervisory Board

On June 19, 2008, the ordinary shareholders' meeting agrees to reduce the size of the Supervisory Board to now three members and elects the proposed candidates Dr. Franz Richter, Dr. Stefan Reineck, and Jan Teichert to the Supervisory Board by a large majority. In the course of this regular Supervisory Board election, Dr. Winfried Süß surrendered his seat as the Chairman of the Supervisory Board after giving more than 50 years of service and commitment to SUSS MicroTec (former Karl Süß) as a reason of old age.

JUL



SUSS MicroTec Introduces 300mm Mask Aligner for 3D Packaging

SUSS MicroTec presents the second generation of the MA300 production Mask Aligner to industry experts at SEMICON West in San Francisco. The 300 mm system, which is equipped with a higher level of performance, offers not only highly precise front alignment, but also bottom-side and infrared (IR) alignment. This makes it possible to process both sides of the structured wafers in 3D packaging.

SAP System Goes Live

July 1, 2008, the first three German companies of the SUSS MicroTec Group change over to the new SAP system on schedule. A total of eight system modules from financial accounting to life cycle management were adjusted for SUSS MicroTec in just six months and successfully implemented at the locations.

AUG



SUSS MicroTec Retains Test Systems Division

After thorough examination, SUSS MicroTec announces that the Company will hold on to its Test Systems division. The Management Board examined strategic options for a possible separation from the division despite the difficult investment climate.

SUSS MicroTec Offers CB Wafer Bonder Series for Advanced MEMS

SUSS MicroTec announces a CB series with semi and fully-automated Wafer Bonder systems for the advanced MEMS market in the automobile and electronics industries. The new CB Wafer Bonder series is especially geared towards applications of metal bonding, in that it can withstand extreme pressure and temperatures of up to 90kN and 600°C.

SEP



American SUSS MicroTec Subsidiary Successfully Obtains ISO Certification

Suss MicroTec Inc., Waterbury, VT, is the second subsidiary of the SUSS MicroTec Group to successfully obtain the internationally recognized certification in accordance with ISO 9001. Following certification of Suss MicroTec Lithography GmbH in January, the American development and production location verified the reliability as well as the process and system orientation of the quality management implemented across the SUSS MicroTec Group.

SUSS MicroTec Introduces XBC Wafer Bonder for CMOS Image Sensors

SUSS MicroTec presents the new 300mm Wafer Bonder product series particularly for the production of CMOS image sensors at SEMICON Taiwan. The new XBC300 is characterized by a high capacity and the ability to execute a series of bond processes on what is currently the market's smallest footprint.

OCT



Christian Schubert Appointed as New Board Member

Dr. Stefan Schneidewind is asked to step down from the Supervisory Board, effective immediately due to differing opinions on the further strategic alignment of the Company. Master of Business Administration (Diplom-Kaufmann) Christian Schubert is appointed to the Management Board of SUSS MicroTec AG with effect from October 2, 2008.

SUSS MicroTec Presents Mask Aligner for Large-Area Nanoimprinting Lithography

SUSS MicroTec unveils the manual Mask Aligner with an integrated functionality for large-area nanoimprinting lithography. The SCIL (Substrate Conformal Imprint Lithography) technology, developed in conjunction with Philips Research and MiPlaza in the Dutch town of Eindhoven, allows for structures < 200 nm to be imprinted on a large-area basis for the first time.

Next Generation Manual Mask Aligner for Industrial Research Presented

SUSS MicroTec brings the third generation of the MA/BA8 to the market. The new manual Mask and Bond Aligner has an exposure optic developed especially for the exposure of thick resist layers and is also suitable for processing nearly all types of wafer and substrate materials. In addition, it can be retrofitted quickly and easily to meet the demands of new technologies such as UV nanoimprinting, micro lens lithography, UV bonding, and extended bonding alignment.

NOV



Frank P. Averdung Selected as New Chief Executive Officer


The Supervisory Board of SUSS MicroTec AG appoints Frank P. Averdung (54) to the Company's Management Board. The managing director of Carl Zeiss SMS (Semiconductor Metrology Systems) is to assume the position of the Chief Executive Officer no later than June 1, 2009.

DEC



Suss MicroTec Test Systems Announces Strategic Alliance

Suss MicroTec Test Systems, Dresden, concludes a strategic alliance with MPI Corporation and Chain Logic International Corporation, Taiwan. The purpose is to optimize the product and service offering for the field of semiconductor testing. The strategic business relationship includes a global sales partnership for semiconductor testing facilities and products as well as future bilateral outsourcing in the field of research and development for test systems.



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